



**Fresno County
Superintendent of
Schools**

Accounts Payable Audit Manual

Revised August 2026

*Fresno County Superintendent of Schools
District Financial Services Department
1111 Van Ness Avenue
Fresno, CA 93721*

Phone: (559) 265-3021

Fax: (559) 497-3751

www.dfs.fcoe.org



PREFACE

The purpose of the **ACCOUNTS PAYABLE AUDIT MANUAL** is to help school districts across Fresno County process and pay commercial claims in proper form and conform to current legal requirements and good business practices.

The manual is intended for use by district staff involved in any phase of accounts payable processing. Review the manual carefully. We encourage any suggestions regarding our service and proposed changes, which could (1) save time for districts, (2) eliminate any unnecessary activity or duplication of effort, or (3) improve processing procedures.

The manual's format has been designed to facilitate item insertion and/or deletion as revisions occur. Some hyperlinks may work better by pasting the URL directly into the user's web browser.

We appreciate your cooperation. If you have any questions or suggestions, please contact one of your District Assistance Team members or the District Financial Services Department at (559) 265-3021.

OVERVIEW	1
Required Contents of District Orders to Pay	1
Authorized Signatures on District Orders to Pay	1
Insufficient Cash to Approve Warrants	1
AUDITING TIMELINES AND PROCEDURES	3
Accounts Payable Auditing Timelines.....	3
All Payment Orders Subject to a 5% Random Audit.....	3
Accounts Payable Auditing Procedures (General).....	3
Submitting Items Selected for Audit.....	4
Auditing Warrants	5
Contents of Invoices	7
E-Commerce Purchases	8
Rules and Regulations – Best Practices	8
AUDIT REQUIREMENTS	9
Advance Payments.....	9
Use of Public Funds.....	9
Awards.....	10
Employees/Pupils.....	10
Non Employees.....	11
Cash Payments Toward The Cost Of Benefits.....	12
Employee Reimbursements.....	13
District Credit Cards	14
Credit Card Audit Requirements	14
Delivery Services	15
Associated Student Body Funds (ASB).....	15
Referees and Others Paid from ASB	15
Discussion of Allowance Costs	15
Field Trips and Special Activities.....	17
Hearings – Certificated Employee Dismissal	18
Lecturers	19
Meals and Beverages at District Functions.....	19
Membership/Dues.....	21
Mileage or Monthly Car Allowance	21
Employees.....	22
Monthly Car Allowance.....	22
Board Members.....	22
Parent or Guardian	22
Check Reissues	23
Personal Property Damages.....	24
Purchase of Real Property	25
Surplus Property	25
Purchases from Private Sellers and Other Entities.....	26
REVOLVING CASH FUNDS.....	26
Establishment.....	27
Reimbursement.....	28
TRAVEL EXPENSES.....	29
Overview	29
Employees	29
Governing Board Members.....	34

TABLE OF CONTENTS

Representatives of the Board	34
Personnel Commission	35
Employment Candidates	35
Students	35
BIDDING REQUIREMENTS.....	36
Formal Bidding.....	36
Contract Checklist	36
Letting of Contracts to Lowest Bidder.....	37
Bid Security	37
Notice Calling for Bids.....	38
Unlawful Splitting of Bids.....	38
Prequalification.....	39
Change Orders	39
PURCHASES WITHOUT BIDS.....	41
Purchases of Surplus Property	42
Emergency Repair Contracts	43
Piggyback Bids.....	44
Sole Source	47
CUPCCAA	50
Public Projects	50
Formal and Informal Bidding	50
INDEPENDENT CONTRACTORS.....	54
STRS Retirees.....	56
PERS Retirees.....	57
WARRANTS.....	59
Duplicate (Replacement of Lost/Stolen/Destroyed Check)	59
Six-Month Cancels	59
Canceling a Warrant	59
Warrant Voided By Age – Issuance of a New Warrant	59
APPENDIX A Abbreviations.....	60
APPENDIX B Guidance Regarding Use of District Funds for Field Trip Expenses.....	61
APPENDIX C Independent Contractor	63
APPENDIX D ASB Activities, Events, Fundraisers, Purchases, Expenditures, and Governance.....	66

Reference

OVERVIEW

EC §42636 California Education Code (EC) charges the Fresno County Superintendent of Schools (FCSS) with determining the propriety and legality of expenditures/warrants issued by school districts. The Fresno County Superintendent of Schools takes this responsibility seriously, and we attempt to comply with the charge while minimizing any disruption and/or inconvenience to school districts.

The audit procedures outlined in the Accounts Payable Audit Manual are designed to assist school districts with processing and paying commercial claims in proper form, in conformance with current legal requirements and good business practices.

Required Contents of District Orders to Pay

EC §42634 Each order drawn against the funds of a school district (Payroll or Accounts Payable) shall be numbered and shall state (a) the particular fund or funds of the district against which it is drawn, (b) the amount of the payment to be made from each fund, and (c) the rate of salary and the period of service of any employee of the district for whom an order is issued for payment of salary or wages. If drawn for any purpose other than the payment of salaries or wages of the school district employees, **the order (Accounts Payable) shall be accompanied by an itemized bill showing the separate items and the price of each.**

Authorized Signatures on District Orders to Pay

EC §42632 Each order drawn on a school district's funds **shall** be signed by at least a majority of the district's governing board members or by a person or persons authorized by the governing board to sign orders in its name. No person other than an officer or employee of the district shall be authorized to sign orders.

All signature stamps **must** be initialed and dated by an authorized employee.

Insufficient Cash to Approve Warrants

EC §42636 If a district does not have sufficient cash to cover the daily expenditures and its fund cash balance becomes negative, no additional warrants will be processed until the fund is replenished.

Year-End Closeout

Current liabilities for expenses carried over into a new fiscal year should be generated. For more information, see the FCSS Year-End Closing Manual.

Records Retention

Districts must retain all records in accordance with California regulations and the CASBO Records Retention Manual. Documents collected by FCSS during an audit are not FCSS records and will not be retained.

Reference

2 CCR
16020 -
16028

Disclaimer

This Accounts Payable Audit Manual is designed to assist school districts in complying with FCSS's statutory oversight responsibilities. Districts are encouraged to consult their legal counsel, as this manual does not constitute legal advice.

Reference

AUDITING TIMELINES AND PROCEDURES

Accounts Payable Auditing Timelines

The routine audit process takes *approximately seven workdays to complete from the date the FCSS Audit Specialist receives the audit documentation*. The warrant runs will be processed in the order of receipt.

All Payment Orders will be subject to a 5% Random Audit

Due to the methodology employed in selecting payments for an audit, the number of items selected may sometimes be fewer than five percent (5%) of the warrant run. The FCSS reserves the right to identify additional payment items to meet the five percent (5%) goal or to audit specific target areas adequately.

Accounts Payable Auditing Procedures (General)

EC §42636

To serve districts and maintain adequate control over commercial warrant processing, the FCSS's procedures encompass the following:

- District expenditures will be audited on a "post-processing" basis unless (1) financial oversight status is "qualified" or "negative" and pre-approval is warranted or (2) the district requests a review before incurring the expense.
- Commercial warrants will be released once the corresponding invoices are in our office and audited, or no less than one business day from receiving valid supporting documentation and having it audited.
- The audit will be performed randomly for five percent (5%) of district warrants and 100% of other specific focus areas. Those areas are as follows:
 1. Travel/Conference Claims (52000 Object Codes) - \$500 or more per transaction line. The Object Code commonly used for this expenditure is 5200XX.
 2. For consultant or independent contractor services, it is important to use Form W-9. The relevant expenditure code commonly associated with these services is 5800XX. The district should consult its legal counsel to update its Independent Contractor forms and policies. This form should be kept on file for any project completed by an independent contractor.
 3. Public works projects of \$15,000 or more.
 4. Expenditure on goods & services over the current bid limit of **\$119,100. Changes January 1st of each year.**

PCC
§20111(a)

Reference

5. Revolving Cash Fund Replenishments (including ASB, Sites, Departments, Cafeteria, or any other entity within the district) that exceed \$100.
 6. Payments to individuals that exceed \$250 (e.g., personal reimbursements or work performed) commonly use object codes 4300 and 5800.
 7. Large payments (property transactions, loan repayments, retention payments, and charter school distributions) require documentation supporting the underlying transaction.
 8. Transportation contracts over \$10,000 where bids are required.
- The audit will follow this Accounts Payable Audit Manual and any superseding bulletins or memoranda. Accounts Payable warrant hold notices will be issued during the audit if documents are required or if supporting documentation is incomplete.
 - Contracts will be required when . . .
 1. Requested in the audit process via random selection,
 2. The contract is subject to competitive bidding requirements,
 3. The contract is being let pursuant to California Uniform Public Construction Cost Accounting or
 4. The contract is being let pursuant to an emergency resolution.
 - Response to the hold notice is required within two business days to avoid delaying the release of the warrants.
 - A pre-audit of future expenditures could be implemented, and warrants held for required documentation if the audit shows any unsatisfactory trends.

Submitting Items Selected for Audit

FCSS requires that each district comply with the following guidelines to facilitate the submission and orderly processing of items selected for audit.

- Submit the applicable checklist (bid limit summary sheet, public works checklist, maintenance projects checklist, piggyback checklist, CMAS checklist, CUPCAA project checklist, or RFP technology checklist)
- Submit copies of invoices selected for audit by the APY date run with all supporting documentation on the Accounts Payable Audit SharePoint site.

Reference

Audits will not be reviewed if the final AP pre-list is not uploaded with the audit documents.

- All items selected for the audit for each APY date run should be submitted simultaneously. Organize the audit items in the order they appear on the accounts payable audit pre-list and the audit selection list.
- Districts must send legible backup. Tapes or Post-it notes must not cover printed information.
- Social security numbers must be redacted to the last four digits.

Incomplete documentation on audited items will be held, and the district staff will be notified via email about the deficient documentation.

Auditing Warrants

FCSS Audit Specialists audit warrants for the following elements:

- Authorized original agent signature on prelists (Authorized Signatures on Annual Signature Permit)
- Amounts agree to the invoice totals
- The payee **must** agree with all supporting documents (invoices and listing sheets)

FCSS Audit Specialists audit invoices for the following:

- *Legality of the expenditure.* Payments made will be scrutinized for public fund gifts, among other criteria (see discussion below on “Use of Public Funds”).
- *Allowability—Federal.* Expenditures for federal programs not otherwise explicitly authorized by the Education Code as legal expenditures of school district funds may be approved for payment if the invoices are accompanied by a signed certification that they were approved in an application for funds for a specific federal program.
- *Accuracy.* Invoices are checked for mathematical accuracy, including sales tax computations. Sales taxes **must** be itemized on the invoice.
- *Applicability of use tax.* Use tax is paid when purchasing an item in California from an out-of-state retailer. **Out-of-state retailers engaged in business in this state must collect use tax, whenever possible, from the consumer when making the sale.** If you have been furnished with a receipt indicating that the correct amount of California use tax has been collected on the sale, you do not need to report the purchase on your return. <http://www.boe.ca.gov/>

EC §12010
EC §12220

Reference

- *Applicability of sales tax.* Sales tax is not paid on invoices from out-of-state vendors. The exception is if the vendor shows its California Permit number on the invoice, which allows the collection of California sales tax.
 - *Compliance.* Labor, supplies, or a combination of labor/supplies exceeding bid limits requires certification of advertising for bids or an approved bid exception.
 - *Emergency items.* Emergency repairs exceeding bid limits **must** be approved by the governing board and the County Superintendent of Schools to be exempt from competitive bidding (approval of the County Superintendent of Schools is not required for districts that have opted into CUPCCAA).
 - *Compliance.* Invoices for payment of legal advertising need proof of publication. Advertisements meeting legal requirements for bid purposes **must** show an opening date for bids not less than 14 days following publication, including the first day. Districts that have opted into CUPCCAA also need proof of distribution to trade journals for formal bids.
 - *Timing.* Payments should be in arrears unless authorized under Advance Payments. Rental payment for facilities or equipment in possession of the district for the current month on an itemized invoice is in arrears.
 - *Classification.* According to IRS regulations, consultant (independent contractor) invoices must be examined to rule out those that belong on payroll. Consultant services of employees and STRS retirees **must** be paid on payroll. Districts should be very cautious when contracting with PERS retirees.
 - *Board Approval.* Travel claims or employee invoices **must** show certification of governing board approval or, if delegated, that of the superintendent or another designee. The five W's should include who, what, when, where, and why.
- EC §17540
- *Contracts.* School services between districts usually require a written agreement. Surplus school supplies or personal property may be purchased or sold from one district to another would usually require a written agreement.
- EC §17596
- *Term.* Contract terms must not exceed the maximum duration permitted by law (5 years for work, services, apparatus, or equipment, 3 years for materials or supplies).
 - *Best Practices.* Districts are encouraged to take discounts regardless of the time limitations stated on the invoice.
- EC §38112
EC §17540
- *Supply List.* Elementary districts under 2,500 ADA **must** purchase from the Standard School Supply List unless they are a purchasing cooperative member with a total membership of 2,500 ADA or over. Any district may purchase from the list with vendor approval. Direct service size districts may purchase from other agencies. FCSS' Standard School Supply List is available at the following link: <https://dfs.fcoe.org/purchasing>.

Reference

- *Approval.* Contract payments for construction services **must** have the approval of the required agencies. Payments **must** comply with the payment and retention provisions of the contract. Arithmetical accuracy of the "completed to date" column and "payment summary" will be verified for each progress payment.
- *Licensing.* A contractor **must** be appropriately licensed from the bid submission through satisfactory completion of the district's project. (Contractor license status may be verified at the Contractors' State License Board website: <http://www.cslb.ca.gov>.)
- EC §42800 • *Compliance.* Revolving Cash Fund reimbursements **must** be payable to "Person's Name, Custodian, Revolving Cash Fund." Those established under EC §42800 **must** be closed to change custodians.
- EC §42820 • *Pre-payment.* Only Revolving Cash Funds (RCF) opened under EC §42820 may make pre-payments to vendors. These RCFs are subject to lower imprest limits than those established pursuant to EC §42800. A single expenditure from the revolving fund established under EC §42820 cannot exceed \$1,000 for school districts. If delegated, travel must show certification of governing board approval, as well as the superintendent or designee.
- EC §42821 • *Internal Controls.* All invoices must be approved by a district designee or employee with knowledge of the purchase. Districts are encouraged to implement procedures for receiving items and authorizing payment.

Contents of Invoices

- EC §42634 Each commercial order for materials or services (other than contract payments) **must** be accompanied by an itemized invoice showing the separate items and their price. Billing on a flat rate or job price may be made when it is the general practice of a class of vendors to submit an invoice on this basis. Examples of this type of billing might include lubrication of cars or buses, rewinding of electric motors, repair of musical instruments, printing, and some installation of utility companies. The governing board may also authorize securing estimates for small jobs such as repairs or painting. In such cases, the invoice submitted should state that the prices are per the estimates given.

Completed invoices should include the following details:

1. Name of firm and address or person and address submitting the invoice.
2. Name of the school district as addressee (not school).
3. Date of the invoice.
4. Number of the school district purchase order (if applicable).
5. Special terms, such as discounts.
6. Description of each item, not just a stock number
7. Quantity
8. Unit quantity (dozen, gross, pound, etc.)

Reference

9. The unit price for each item.
10. Extended price for each item.
11. Standard list number for each item purchased (if Standard School Supply List).
12. Hours and rates for labor charges.
13. Subtotals of amounts subject to sales tax.
14. Amount of sales tax (if applicable).

E-Commerce Purchases

Payments for reimbursements of online purchases (such as through Amazon.com) fall under Credit Card payments if purchased using a district-issued credit card or Employee Reimbursement on an expense claim if paid for by the employee. As a best practice, the Board should establish a fiscal year purchase limit per employee and designate an individual to validate all purchases.

Districts must retain detailed invoices or order histories with descriptions and amounts for each item. Online purchases should be delivered to a school site (not an individual's home).

Rules and Regulations – Best Practices

EC §42633
EC §17605

The governing board should formulate rules and regulations relating to school orders, including, but not limited to, the following list:

1. Designate an employee(s) to authorize school orders (warrants) and any amendments.
2. File with FCSS the verified signature of each person, including members of the governing board authorized to sign orders in its name.
3. Provide a governing board review of school orders (warrants) issued and record the inclusive numbers of the checks in the official board minutes.
4. School orders (warrants) must have complete documentary support indicating that all goods and services paid for have been delivered or rendered by the purchase agreement.
5. Determine that school orders (warrants) must be processed expeditiously to take advantage of all cash discounts.
6. Establish safeguards to monitor warrants to ensure expenditures do not exceed a reasonable amount (e.g. no more than 10%) of the purchase order.

FCSS reserves the right to reject the claim if it conflicts with existing statutes, request additional supporting documentation to justify the claim, and/or return it due to arithmetical error(s).

Reference

AUDIT REQUIREMENTS

	<u>Board Authorization</u>
EC §17604 EC §17605	All payments must be board-approved. The board can delegate the power to act with the understanding that the board will then ratify acts by the administration. The board must review all purchases within sixty days. Districts should review their purchasing policies to determine when advanced board approval is required and to designate authorized district signees.
	<u>Minimum Documentation Required for Payment</u>
	• Signature permit, resolution, or another document designating an individual as an authorized signee.
	<u>Advance Payments</u>
	Payments customarily are not made in advance except when such action will result in a substantial decrease in the cost to the district or when supplies and services cannot be secured without payment in advance. Some typical items for which advance payments are often made are certain utilities; postage stamps, admission tickets; permits and services provided by other governmental agencies; subscriptions to, or purchases or rentals of newspapers, periodicals, books, films, recordings, or other publications; software licenses; payment on leases of real property and for the maintenance of equipment.
	<u>Minimum Documentation Required for Payment</u>
	• Fully executed copy of the authorizing document, if applicable (e.g., in terms of a lease or maintenance agreement.) • Invoice
	Note:
	• The district should maintain a ledger to ensure a reduction to final employee reimbursement for advance payment.
	<u>Use of Public Funds</u>
	The California Constitution prohibits gifts of public funds, which are subject to review by FCSS. If funds are spent on a “direct and substantial public purpose,” it will not be considered a gift. Districts must be prepared to articulate the public

Reference

purpose served by individual expenditures. The public purpose should be consistent with board policy or direction, as the determination is vested in the legislative body.

FCSS will scrutinize payments and expenditures on disposable goods and food intended to benefit individuals. The following are examples of unallowable expenditures:

1. A social gathering where a meal is provided for employee recognition, such as teacher appreciation, secretary day, retirement party, etc.
2. Holiday or other staff parties or picnics.
3. Contributions or donations to religious, community, charity, or other non-profit groups.
4. Giving flowers or items to convey compassion or sympathy or meet a perceived moral obligation.
5. Presents or gifts to employees, volunteers, or students.
6. Purchase of alcohol or other controlled substances
7. Employee reimbursement for mileage from their residence to their place of work

Before making expenditures that may be construed as a gift of public funds, such as those for staff development, the board should adopt a resolution stating that it has determined that such an expenditure benefits the public interest and stating the general reasons the board has determined that the expenditure serves a public purpose. The payment also becomes taxable if authorized by the Board as a fringe benefit and should be a W-2 adjustment.

Note: Items such as work uniforms or licensing required to complete employees' job duties will not be treated as gifts of public funds. Districts must be prepared to document the need for such items.

Minimum Documentation Required for Payment (if requested)

- Description of the direct and substantial public purpose served by the expenditure
- Board authority supporting the public purpose (board policy, resolution, or agenda item)

Awards

Employees/Pupils

EC §44015

A school district's governing board may award *pupils for excellence*.

The governing board of a school district *may make awards to employees who do any of the following*:

Reference

- Propose procedures or ideas that are thereafter adopted and effectuated, resulting in eliminating or reducing district expenditures or improving operations.
- Perform special acts or special services in the public interest.
- By their superior accomplishments, they make exceptional contributions to efficiency, economy, or other improvements in the school district's operations.

The governing board shall adopt rules and regulations before any such awards are made pursuant to this section. The board may appoint one or more merit award committees of district officers, district employees, or private citizens to consider employee proposals, special acts, special services, or superior accomplishments and to act affirmatively or negatively thereon or to provide appropriate recommendations to the board.

Any award granted to an employee by an awards committee under adopted district rules shall not exceed two hundred dollars (\$200) unless a larger award is expressly approved by the governing board.

The governing board shall budget funds when a district awards program is established. Still, it may authorize awards from funds under its control whether budgeted funds have been provided or the budgeted funds are exhausted.

FCSS Guidance

“Awards” or “appreciation functions” to an entire classification of employee or group of students (e.g., gift cards, meals, or other gifts for all teachers, all classified staff, all seniors, etc.) ***do not meet the criteria established in EC 44015.***

Minimum Documentation Required for Payment

- A copy of the governing board policy is on file at the county office.
- A copy of the specific governing board action/approval is required.
- Award letter
- Proof of employment or enrollment
- Applicable tax documentation (e.g., W-9)
- Invoice

Non-Employees (Plaques of Appreciation, etc.)

EC §35160

School districts may purchase commemorative awards and gifts in recognition of service to the districts by non-employees, organizations, and firms when the

Reference

purpose of such awards is to promote services to the school district and the cost of such awards is reasonable.

The FCSS recommends that districts adopt policies and regulations to ensure control of such expenditures. The policies should establish limits on the amounts to be expended, the purposes of such expenditures, and the officials who may approve the expenditures. For example, a policy may state that awards will serve a public purpose by encouraging other private individuals, organizations, or firms to assist the district similarly. The awards **must** be of negligible intrinsic value, i.e., their value to the recipient **must** be limited to their token value to express district appreciation for significant contributions or assistance to the district.

Cash Payments Toward The Cost Of Benefits

GC §53202

In an opinion letter to the Mendocino County District Attorney dated May 3, 2000, the Office of the Attorney General, State of California, provided clarification of Government Code §53202 regarding the payment of cash in lieu of benefits to employees and officers of the district. In that response, the Attorney General's Office opined the following:

“Under this statutory authorization, a district may, rather than contracting itself, choose to approve an existing health care arrangement between its officers or employees and insurer or health care provider. If the school district chooses to grant such approval. We see no impediment to the district paying for the benefit by way of reimbursement to its officers or employees instead of making direct payments to the insurer or health care provider. That is not to say that cash payments may be made without the approval of an existing plan. **A school district may only make cash payments to its officers or employees as reimbursement for costs of approved health and welfare benefit plans that have been paid for by the officers or employees.** The statutes do not permit simply allocating a sum of money to governing board members instead of providing such benefits. We conclude that a school district may not make cash payments to members of its governing board in lieu of providing them with health insurance benefits.”

Districts may pay retirees, employees, and officers as reimbursements to the extent of the benefit offered, with two conditions. **First**, the plan in which the individual is enrolled **must** be specifically approved by the district to qualify for reimbursement payments. Changes between plans or plan types are considered new plans and **must** again be specifically approved. **Second**, payments **must** be made in arrears. This means that the individual must first bear the costs of the benefit plan, which can only be paid to them as reimbursements. **Reimbursements are limited by law to the lesser of the district's benefit amount or the individual's payments.**

Reference

Payments may be made either monthly or annually. The district **must** provide to the county office evidence of the individual's enrollment in an approved plan along with the first request for reimbursement, and by July 31st for each subsequent year. Monthly accounts payable payments **must** also be accompanied by proof of the individual's payment for the plan. Annual payments **must** be made in arrears and accompanied by proof of payments made by the individual. Payments are limited in the aggregate to the lesser of the individual's annual costs or the benefit total.

These payments are considered benefits and not income to the individual and will be reported only as required.

Minimum Documentation Required for Payment

- Copy of governing board policy for benefit value.
- Copy of governing board minutes or designee certification approving specific plans.
- Proof of annual individual enrollment.
- Proof of individual payment (statement of account, etc.).

Employee Debit Card, Credit Card, or Cash Reimbursement

If an employee is seeking reimbursement for purchases on behalf of the district, the employee must provide the following documentation for an audit.

Minimum Documentation Required for Payment

- Debit or Credit Card Reimbursement – a redacted copy of the employee's bank or credit card statement showing itemized expense
- Cash Reimbursement – itemized receipt with the name of the employee on it
- All documentation **must** include an approval signature and date

NOTE: If debit/credit card charges involve more than one employee's expenses (e.g., meals/room), approval for each individual **must** be included as documentation. All individuals must be named on the receipt.

The agenda and registration must be included for conferences requiring meal reimbursement. **Note that a continental breakfast is not considered a meal.**

Reference

District Credit Cards

EC §35160

Credit cards may be obtained in the name of the school district and used by authorized district employees and officers. Individuals may charge only those items that are **legal** expenditures reimbursable from district funds.

Audit requirements for travel-related credit card expenditures are the same as indicated under “Travel.” In addition, **all district credit card statements or invoices must be approved and signed off (initialed) by the district’s Chief Business Official (CBO)**. In doing so, the CBO acknowledges that each credit card transaction has been audited by the CBO or his/her staff for the appropriate itemized receipts that substantiate each transaction. The only exception to all credit cards would be the CBO’s credit card, which would be audited and approved (initialed) by the District Superintendent.

If an employee is seeking reimbursement for supply purchases online, a copy of the packing slip showing receipt of the order is also required. The slip must also have an approval signature, as is required with any credit card purchase.

Minimum Documentation Required for Payment

- Credit card statement (**must** include an approval signature and date)
- Itemized receipts
- District Expense Claim Form
- Approvals, as necessary, e.g., travel - see “Travel Expenses.”
- Meeting agenda (if applicable)

NOTE: If credit card charges involve more than one employee's expenses (e.g., meals/room), approved travel claims for each individual **must** be included as documentation. All individuals must be named on the receipt.

Receipts are required for ALL district-issued credit card transactions, without exception. If an employee cannot furnish them, an effort should be made to contact the vendor for a copy of any receipts. Payment will NOT be allowed without proper backup.

For conferences where meal reimbursement is required, the agenda and registration must be included. A continental breakfast is not considered a meal.

Reference

Delivery Services

When using delivery services such as InstaCart or DoorDash, tips are allowed only if the district's Board Policy 3350 on Travel reimbursements permits tips on personal dining expenses. Tips should be limited to reasonable amounts.

ASSOCIATED STUDENT BODY FUND (ASB)

EC §48930
EC §48932
EC §48933
EC §48933
(b)
EC §48934
EC §48938

The purpose of an Associated Student Body (ASB) Fund is to raise money to be spent by the student body to promote the student body's general welfare, morale, and experiences. Student body funds are for activities beyond those provided by the district. **Student body funds should not be used to pay for the school district's obligations, even if the district agrees to reimburse the student body organization.**

It is critical to establish effective policies and procedures and internal controls for ASB organizations. **Internal controls** not only protect assets such as money and equipment, but they also **protect people**. Internal controls include segregating duties according to employees' functions so that one person is not handling a transaction from beginning to end. This is a critical part of a system of checks and balances. Functions that need to be segregated include the following:

- Those who initiate, authorize, or approve transactions
- Those who execute the transactions
- Those who record the transactions
- Those who reconcile the transactions
- Those responsible for the item resulting from the transaction

To help ensure adequate internal controls, a district must establish, implement, and maintain efficient and understandable policies and procedures based on laws, regulations, and sound business principles and communicate them to those involved (e.g., advisors and students). **Employees must be aware of the proper internal accounting control expectations.** All individuals expected to carry out the policies and procedures should be trained; more than one person should be trained for each job (cross-training).

Referees and Others Paid from ASB

The IRS requires the utilization of the W-9, Request for Taxpayer Identification Number, as a mechanism to identify vendors who are or are not subject to 1099 miscellaneous reporting. Referees, walk-on coaches, DJs, and caterers are examples of vendors who would be subject to receiving a 1099. Accordingly, the District **must** obtain a W-9 from all vendors, regardless of how they are initially paid. Any vendor paid \$2,000 or more **must** receive a 1099 from the District, regardless of the payment source. The terms of payment must be established in the purchase order or

Reference

agreement. Additionally, the terms and conditions for third-party vendors such as Arbiter Sports should be reviewed with district legal counsel. FCSS may request a prior statement and reconciliation of charges for the prior period (event dates, number of referees, etc.)

Discussion of Allowance Costs

Because Associated Student Bodies (ASBs) are part of the school district, they must adhere to the same laws and local policies, ensuring that funds are spent appropriately. Generally, ASB expenses that promote students' welfare, morale, and educational experiences are permitted if they are directly linked to student benefits.

Expenditures must be for goods and services the district cannot provide from its funding sources. If an expenditure falls under the district's responsibility, if the district has previously funded that item, or if the ASB is being asked to pay for it due to district budget cuts, it is likely not an allowable ASB expenditure. Essentially, ASBs intend to cover additional expenses, meaning items that go beyond the regular curriculum.

Student body funds **must** be invested in one or more of the following:

- A federally insured bank (FDIC)
- Federally insured savings and loan (FLIC)
- Repurchase agreements issued by a bank or savings and loan
- U.S. Government Notes and Bonds
- An insured credit union (NCUA)

For more detailed information, districts may want to read one or all of the following publications:

CDE Accounting Procedures for Student Organizations

<https://www.cde.ca.gov/fg/ac/sa/documents/csam2024complete.pdf>

FCMAT Associated Student Body Accounting Manual, Fraud Prevention Guide, and Desk Reference

<http://fcmat.org/2015-asb-accounting-manual-fraud-prevention-guide-and-desk-reference/>

Examples of allowable and Prohibited ASB Activities, Events, Fundraisers, Purchases, Expenditures, and Governance (See Appendix D)

Reference

Minimum Documentation Required for Payment

- Independent contract or purchase order with details of expenditure.
- Copies of invoices from the Associated Student Body (ASB)
- Proof of payment made by the ASB *if district payment is reimbursement*
- Authorized district approval for payment

See “**APPENDIX D ASB Activities, Events, Fundraisers, Purchases, Expenditures, and Governance**”

Field Trips and Special Activities

EC §35330

The governing board of any school district or the County Superintendent of Schools of any county may:

- Conduct field trips or excursions in connection with courses of instruction or school-related social, educational, cultural, athletic, or school band activities to and from places in the state, any other state, the District of Columbia, or a foreign country for pupils enrolled in elementary or secondary schools.
- Engage instructors or supervisors and provide equipment and supplies for field trips or excursions.
- Transport by use of district equipment, contract to provide transportation, or arrange transportation by the use of other equipment, of pupils, instructors, supervisors, or other personnel to and from places in the state, any other state, the District of Columbia, or a foreign country where such excursions and field trips are being conducted; provided that, when district equipment is used, the governing board **shall** secure liability insurance, and if travel is to and from a foreign country, such liability insurance **shall** be secured from a carrier licensed to transact insurance business in such foreign country.
- Provide supervision of pupils involved in field trips or excursions by certificated employees of the district.
- Districts should adopt policies establishing reasonable reimbursement limits for school bus drivers on overnight trips.

In conducting field trips or other special activities, the following **prohibitions** apply:

- No pupil shall be prevented from making the field trip or excursion because of insufficient funds. To this end, the governing board shall coordinate the efforts of community service groups to supply funds for pupils in need.
- No group shall be authorized to take a field trip or excursion authorized by this section if any pupil who is a member of such an identifiable group will be excluded from participation in the field trip or excursion because of insufficient funds.

Reference

	Students, instructors, chaperones, and other personnel participating in a field trip or excursion authorized by this section may be reimbursed from school district funds, and the school district may pay all incidental expenses for the use of school district equipment during a field trip or excursion authorized by this section, including out-of-state field trips. District employees who hold money for students' meals on a field trip must have a count per meal, student count, and itemized receipt. Districts must have a board policy or procedure outlining such requirements.
EC §39860	"The governing board of a school district may contract for the transportation of pupils attending schools within the district to and from any exposition or fair, school activities, or other activities that the governing board of the school district determines to be for the benefit of the pupils, in this state, and may pay for the transportation out of any funds of the school district available for the purpose." <u>Minimum Documentation Required for Payment</u> - Invoice - List of participants - A copy of governing board minutes approving all overnight field trips or activities, if required (District board policies typically require this) - All field trip expenditures should follow board policy regarding pre-approval by the Board, Superintendent, or designee.
EC §39802 EC §39801	<u>NOTE:</u> Transportation expenditure over \$10,000 must generally be bid unless provided by a public transit system. Notwithstanding the foregoing, school districts in the County can contract with FCSS to provide necessary transportation services. <u>See Appendix B "Guidance Regarding Use of District Funds for Field Trip Expenses."</u> <u>Hearings – Certificated Employee Dismissal</u>
EC §44944	The district must pay certain costs during employee dismissal hearings based on the hearing outcome. If the Commission on Professional Competence determines that the employee should be dismissed: - The district shall pay 50% of the total expenses of the hearing, including the cost of the administrative law judge. - The employee and the district shall pay their attorney's fees.

Reference

If the Commission on Professional Competence determines that the employee should not be dismissed:

1. The district **shall** pay all the expenses of the hearing, including the cost of the administrative law judge.
2. The district **shall** pay reasonable attorney's fees incurred by the employee.

Minimum Documentation Required for Payment:

- Invoice(s) - The district should indicate on the invoice(s) "Paid pursuant to EC§ 44944."

Lecturers

EC §35161

The governing board may employ special lecturers to speak before classes and assemblies of school students without the lecturer being required to hold a teacher's credential or certificate. NOTE: Fingerprints may be required if the lecturer performs services outside a school employee's immediate supervision and control. See **NOTE REGARDING FINGERPRINTS** below for more information.

The governing board can delegate the power to employ such individuals to a school district officer or employee.

The Political Reform Act governs honorariums. Public officials considered designated employees under Government Code 82019 may be ineligible to receive honorarium payments that are not actual payments for services.

Minimum Documentation Required for Payment

- Board policy or board approval date or approval of person delegated.
- Invoice

Meals and Beverages at District Functions

EC §35160

School districts may expend reasonable sums of money to purchase food and beverages as refreshments for attendees at district-sponsored events that further the **legitimate** educational purposes of the district. However, the expenditure must be directly related to that purpose, and the funding source must authorize the expenditure.

A district can provide meals and refreshments at district-sponsored events to encourage attendance and create an overall favorable impression of the district and the public schools. As with any other expenditure of district funds, the event must reasonably relate to the district's function.

Reference

	It is <i>recommended</i> that school districts adopt regulations to ensure that refreshment expenditures are primarily for a public purpose and reasonable in amount. The regulations should state the purposes of the expenditure, who may approve the expenditure, and the maximum amounts to be expended. <u><i>The specific nature of these limits is within the discretion of the governing board.</i></u> Districts must ensure that individuals preparing food for sale hold appropriate food handlers' cards and comply with all applicable laws. They should also avoid contracting school employees to cater for staff events.
EC §32435	<u>No school district, county board of education, or county superintendent shall expend any public funds on purchasing alcoholic beverages.</u> <u>Minimum Documentation Required for Payment</u> • A board resolution is filed with the County Superintendent of Schools, or a copy of the board action is needed to approve the event's meals, refreshments, and purpose. • Invoice • List of Attendees • Meeting Agenda <u>NOTE:</u>
42-USC 1758b	Any food or snacks distributed on campus during the school day must be consistent with the district's nutrition guidelines that promote student health. <u>Additionally</u>, food and beverages sold to students on campus must follow state and federal requirements on competitive foods and beverages. For more information, see https://www.cde.ca.gov/ls/nu/he/compfoods.asp.
EC §49430	<u>ADDITIONAL NOTE:</u> • Food purchases for use in the food service programs, including breakfasts, snacks, lunches, etc., are recorded to the Cafeteria Fund – 1300 code to object 4700 - Food. Paper products and other consumable items used in the preparation and service of these programs are coded to the Cafeteria Fund – 1300, object 4300-Materials and Supplies. • Supplies purchased for food service, such as office supplies not used to produce breakfasts, snacks, lunches, etc., are coded to the Cafeteria Fund – 1300, object 4300 – Materials and Supplies. • Expenditures for food used for instruction in a regular classroom, such as cooking class, are coded to object 4300 - Materials and Supplies.

Reference

Membership/Dues

EC §35172

There is no specific authority to use district funds to pay for memberships/dues of individuals in organizations.

The governing board of any school district may subscribe for membership for any school under its jurisdiction in any society, association, or organization that has for its purpose the promotion and advancement of public or private education (e.g., ACSA, CSBA, CASBO, or CASH). District funds should not be used for memberships/dues that do not directly promote or advance education.

To pay for memberships/dues in the name of individuals, the governing board **must** either:

1. Include the item specified in the individual's contract, e.g., superintendent's contract, **or**
2. Take specific action and have a board policy that states the payment of dues is part of the fringe benefit program for the "**entire**" group of employees, e.g., assistant superintendent, management, etc.

Minimum Documentation Required for Payment

- Board approval date
- Invoice
- Contract or board excerpt/policy if dues are paid in an individual's name.

NOTE:

Memberships/dues for specific individuals may be reported as taxable income to the employee to the extent the membership does not qualify as a fringe benefit. See the ([IRS Fringe Benefit Guide \(https://www.irs.gov/pub/irs-pdf/p5137.pdf\)](https://www.irs.gov/pub/irs-pdf/p5137.pdf)), or contact your district payroll department or the payroll department at the County Superintendent of Schools for details.

Mileage or Monthly Car Allowance

SPECIAL NOTE: Employees may either attain a monthly car allowance or mileage reimbursement, but not BOTH, except in rare situations.

Reference

	Employees EC §44033 Employees may be reimbursed for using their own car when performing services for the district. Each district shall have a board-approved travel policy on file with the County Superintendent of Schools. A statement or claim should be submitted containing the following: • Employee's name • Period covered • Total number of miles (separated by date and destination(s)) • Rate per mile • Amount Monthly Car Allowance Governing boards may establish monthly car allowances paid to district employees as stipends (through payroll) rather than the payment of per-mile reimbursements. These monthly mileage allowances <u>should not</u> be submitted for payment through Accounts Payable. A monthly mileage allowance for certificated employees should not be reported to STRS as creditable compensation. Any payments to employees for travel that do not meet the requirements of an “Accountable Reimbursement Plan” must be reported as taxable income to the employee. Districts can obtain more information about these requirements by obtaining IRS Publication 463, “<u>Travel, Entertainment, Gifts, and Car Expenses.</u>” Board Members EC §35160 A mileage payment to a board member must be supported by a statement or claim containing the following: • Board member name • Dates and type of function attended • Miles traveled • Rate of reimbursement <u>Minimum Documentation Required for Payment</u> • Board policy (employees and board members) is filed annually if there are any changes
--	---

Reference

- Invoice/mileage claim
- Mileage proof via Google Maps (the shortest route should be selected)
- The board-approved site-to-site matrix, when applicable.

NOTE: Districts should know that the IRS has various mileage/car allowance requirements. Information may have to be reported to the IRS as income to the individual. Contact your district payroll department or the payroll department at the County Superintendent of Schools for details.

Parent or Guardian

EC §39806

In lieu of providing in whole or in part for the transportation of a pupil attending the schools of a district, the governing board may pay the parents or guardians of the pupil a sum not to exceed the cost of actual and necessary travel incurred in transporting the pupil to and from the district's regular day schools. Payment may not be made pursuant to this section unless it is more economical to make the payments than to provide transportation.

A statement or claim should be submitted containing the following:

Minimum Documentation Required for Payment

- Districts should enter a signed contract with the parent/guardian, specifying the rate and total reimbursement amount, including the total daily miles. *The district should also require proof of car insurance in the agreement.*
- Parent's name
- Period covered
- Reimbursement Agreement (samples available from FCSS)
- Initial map or approved route(s)
- Total number of miles (broken out by date and destination(s))
- Rate per mile
- Amount
- Student's attendance records for the reimbursement period

Check Reissues

Effective October 1, 2026, the AC/TTC's office will no longer process check reissues for LEAs in Fresno County. Districts will need to reissue any warrant that is determined to be lost or stolen, including all APY and Payroll checks. For payroll

Reference

checks, the district will reissue these through the APY process. Our office will not release the check until 10 days have passed since the original print date.

Minimum Documentation Required for Payment

- Signed employee affidavit
- Copy of district email to AC/TTC's office requesting Stop Payment
- Photocopy of canceled check
- Board Resolution (if requesting a check more than two years old)

Personal Property Damages – Employees/Other Persons

EC §35213

The board may, by policy or employee contract, provide for the payment of the cost of repairing/replacing personal property used in the district's schools that is damaged or stolen in the line of duty. Approval of the use of personal property in the schools of the district **must** be obtained before it is brought on-site, and an agreed-upon value **must** be determined at that time. Limits may be established for the payment of such damaged or stolen property.

"The governing body of a school district may provide by rule or regulation for the reimbursement of any person or persons for the loss, destruction, or damage by arson, burglary, or vandalism of personal property used in the district's schools. Reimbursement shall be made only when approval for the use of personal property in the schools was given before the property was brought to school and when the value of the property was agreed upon by the person or persons bringing the property and the school administrator or person appointed by him for this purpose at the time the approval for its use. The governing body may establish a maximum value of reimbursement which will be paid."

Minimum Documentation Required for Payment

- Invoice/billing for cost of repair, replacement, or reimbursement
- Copy of board policy or excerpt from employee contract

Reference

	<u>Purchase of Real Property</u>
EC §17212	Any property acquisition involves complex approvals from state and local regulatory agencies. Districts must also comply with the California Environmental Quality Act (CEQA) requirements before purchasing property. It is strongly recommended that districts work closely with a qualified school facility planner/CEQA consultant when considering possible property acquisition.
	<u>Additional Requirements for School Site Acquisition</u>
EC §17211	The board of a school district, before acquiring any site on which it proposes to construct any school building as defined in Section 17283, shall have the site, or sites, under consideration investigated by competent personnel to ensure that the final site selection is determined by an evaluation of all factors affecting the public interest and is not limited to selection based on raw land cost only. For more information, visit the CDE School Site Selection and Approval Guide: https://www.cde.ca.gov/ls/fa/schoolsiteguide.asp
EC §17213.1	Districts must also conduct due diligence to identify any potential environmental concerns. Approval from the Department of Toxic Substances Control (DTSC) is required for districts to obtain state funding for school construction. For more information, visit https://dtsc.ca.gov. The proposed school site must also be approved by CDE School Facilities Staff: https://www.cde.ca.gov/ls/fa/sf/fieldstaff.asp. <u>Minimum Documentation Required for Payment</u> • Governing board approval, including authorization for execution of escrow, if proceeding with the purchase • Invoice - if the invoice is for geological and/or engineering studies • Title/escrow documentation <u>SURPLUS PROPERTY</u> Before taking any action to dispose of real property, the district must generally appoint a committee to determine the amount of surplus real property, declare the property as “surplus land,” provide notice to designated entities, and follow a public bid process. Additional considerations may apply when closing an existing school. Districts should contact legal counsel when considering the disposal of real property.

Reference

PURCHASES OF USED ITEMS FROM A PRIVATE SELLER OR OTHER GOVERNMENT ENTITY

While surplus purchases and purchases of used items can be of economic benefit to districts, there are several caveats that need to be taken into account. Piggybacking and bid threshold rules still apply to such purchases (i.e., there is no categorical exemption from such rules for surplus purchases). The lack of warranties for such items (which are generally sold “as is”) makes such purchases inherently risky. Such risk is, of course, a function of the use to which the products are put (motor vehicles, for example, being inherently riskier to purchase used than items like furniture). Certain items (e.g., used science equipment, playground structures, shop machinery) must comply with strict California safety standards. Consumer-grade online sellers rarely provide the safety certifications required by school risk management teams. Lastly, most individual online sellers require instant electronic payment (e.g., PayPal, credit card), whereas school districts operate heavily on traditional purchase orders including obtaining proper approvals.

Minimum Documentation Required for Payment

- Written Bill of Sale
- Best practice would include comparable quotes to prove the best price

REVOLVING CASH FUNDS

The Revolving Cash Fund (RCF) is an account used primarily for **emergencies or small disbursements**. It is reimbursed periodically through properly documented expenditures, which are summarized and charged to proper accounting classifications.

Practical considerations for all types of revolving cash funds/accounts:

- Disbursements **shall** be for clearly legal expenditures.
- The payee should prepare and sign a receipt for each RCF disbursement.
- Follow CASBO Retention guidance for keeping records and receipts of each transaction.
- Reconcile to bank statements monthly and replenish funds annually (with other staff for segregation of duties).
- Voided checks should be kept on file.
- Only authorized staff should have access to the unused checks, which should be kept in a safe place.
- Each disbursement is a complete payment—not a progress payment.
- Current records and receipts should be kept.

Reference

- RCF checks should be pre-numbered and contain the district's information.
- Reimbursement payments to the fund should be made to an individual or the school district as the payee.
- Dual signatures are advisable but are not legally required.

Establishment

EC §42800 The governing board of a school district may, with the consent of FCSS, establish a revolving cash fund for the use of the chief accounting officer.

EC §42804 Payments from the RCF **shall** be only for services or material for which a receipt is obtained, setting forth the date, purpose of the expenditure, and the amount expended. The governing board may establish an account for the RCF in one or more banks, subject to such regulations for use as the governing board prescribes. A bill **shall** be submitted at least monthly, supported by the receipts required for reimbursement of the RCF. Upon demand of the office of the County Superintendent of Schools or County Auditor, an accounting **shall** be given of the fund.

EC §42801 The custodian of the RCF **must** be covered either by an individual bond not less
EC §41021 than double the amount of the RCF or by a name schedule bond, schedule position
EC §42802 bond, or blanket bond. The district may insure against losses caused by an employee or officer of the district if the insurance provides the same or greater protection to the district as a bond would. No bond is required for an RCF that does not exceed \$25.

EC §42803 The RCF **shall** be established by submitting to FCSS a school order in favor of the officer for whose use the RCF is created, accompanied by the bond or evidence of insurance coverage and the approved board resolution.

Fund Limit

EC §42800 An amount not to exceed two percent of the district's estimated expenditures for the current fiscal year but not exceeding \$75,000* for any elementary or high school district or \$150,000* for any unified school district.

*Amounts listed are as of the 1990-91 fiscal year. The dollar amount limit for each school district shall, through the 2012-13 fiscal year, be increased annually by the percentage increase in the school district's revenue limit established by Section 42238, as that section read on January 1, 2013. The dollar amount limit for each school district shall thereafter be increased annually by the percentage increase in the school district's local control funding formula allocation established pursuant to Section 42238.02, as implemented pursuant to Section 42238.03.

EC §42805 The RCF imprest amount may be increased, reduced, or discontinued within the above limitations. If the custodian of the RCF is to be changed, the RCF shall be

Reference

	considered discontinued. Upon resolution of the governing board to reduce or discontinue the RCF, the custodian shall redeposit with the County Treasury the amount by which the fund is reduced, or if discontinued, to the total amount of the RCF.
EC §42820	RCFs established pursuant to EC 42820 and 42821 have lower account and expenditure limits and more stringent reporting requirements to the governing board. Ensure you follow the proper rules pursuant to the education code used to establish your RCF.
	<u>Reimbursement</u>
EC §42804	The fund should be reimbursed at least monthly by drawing up a warrant on the General Fund payable to the Revolving Cash Fund in whatever name it was established. The warrant must be accompanied by a list of RCF payments approved by the governing board. <u>Minimum Documentation Required for Payment</u> • Copies of the warrants issued by the RCF (by name) and not exceeding the revolving cash fund imprest amount. • Itemized receipts (with district signature)

Reference

TRAVEL EXPENSES

Overview

EC §44032

All payments for travel expenses or advances that exceed five hundred dollars (\$500) **or** that are randomly selected will be audited by FCSS. A payment request **must** be accompanied by a purchase order **OR** a district-approved Advance Authorization Form signed and approved by the appropriate administrator.

Credit card signature receipts should have an itemized bill (i.e., hotel bills, materials, supplies, etc.) attached so that each expense item may be verified. Typically, a hotel receipt should show a zero balance. Otherwise, the employee will need to provide an explanation and bank/credit card statement. *Restaurant bills that might not normally be itemized are a possible exception.* In such cases, a listing (handwritten on the back or front of the signed receipt) that reflects the business purpose of the meal and the name and position of the people in attendance is required. (i.e. Tom Jones, Supt. & Bob Smith, Board Member. Discuss modernization project.)

Employees

EC §44032

The governing board of any school district **shall** provide for the payment of the actual and necessary expenses, including traveling expenses, of any district employee, incurred performing services for the district, whether within or outside the district, under the direction of the governing board.

The board may authorize an advance of funds to cover such a necessary expense. Such an advance **shall** be repaid or adjusted upon filing a regular claim for the actual and necessary expenses incurred. The governing board may direct any district employee to attend any convention or conference or to visit schools to discuss or observe any school matter pertaining to the employee's duties or any question of interest to the school district.

Districts are encouraged to schedule employee travel expenses within California to minimize travel costs.

According to IRS Publication 463 regulations, per diem reimbursements are prohibited for same-day travel. Per the IRS, a full day of travel is from 12:01am to 12:00 midnight.

It is recommended that districts reimburse employees based on the IRS per diem rate for the city they traveled to or by using actual receipts for meals incurred while traveling away from their usual place of business for work purposes. Meal reimbursements should apply only to district employees. Employees will be responsible for covering the cost of any portion of a meal related to a guest—whether professional or personal.

Reference

The governing board **must** adopt a policy authorizing any advance payment to a board member or employee, limiting the advance by per diem or by specifying an amount for each type of expenditure, such as meals, lodging, etc. The policy shall include procedures for travel advances, including the circumstances under which travel advances will be approved, the maximum amount, and how far in advance the funds are issued.

Note: Non-employees, such as the WASC Team, who are paid through accounts payable will be audited as if they were district employees. Therefore, the minimum documentation required for payment will apply.

Meal reimbursements will follow two protocols:

1. For employees attending workshops or related meetings where they depart and return to the district on the same day (same-day travel).
2. For employees attending workshops or related meetings where they depart on one day and return to the district on a different day (overnight travel).

SAME-DAY TRAVEL (WORKSHOPS AND OTHER RELATED MEETINGS)

Per IRS Publication 463, the per diem meal method is prohibited for same-day travel.

NOTE: Employees attending a one-day workshop or related meeting whose departure and return to the district are on the same day may be reimbursed for meals based on actual receipts. Because of the short duration, it is not recommended to make any advance payments. Additionally, policies should be adopted to limit meal reimbursement to reasonable expenses. Districts should consider the public optics of large meal expenditures and avoid any illegal gift of public funds.

Examples of Meal Reimbursement Allowance Are Below:

1. Employees will be reimbursed **up to** \$63 per day (\$14 Breakfast, \$17 Lunch, and \$32 Dinner). Expenditures over these limits **will be denied**.
2. If the employee departs the district/home before 7:00 a.m., a breakfast allowance of up to \$14 is allowed; if the employee departs the district/home before 10:30 a.m., a lunch allowance of up to \$17 is allowed; or if the employee departs the conference and arrives back to the District/home after 7:00 p.m., a dinner allowance of up to \$32 is allowed.
3. Employees **are required** to submit meal receipts with their Conference Reimbursement Request form to receive reimbursement for actual meal costs.

Reference

4. Employees **should be required** to record their departure and arrival times to/from the district or home on the Conference Reimbursement Request form.

OVERNIGHT TRAVEL – WORKSHOPS AND OTHER RELATED MEETINGS

Per the IRS, overnight travel is considered “*away from home*,” requiring the traveler to travel overnight or long enough to require substantial “sleep or rest.” The IRS considers the employee’s tax home to be the employee’s regular place of business.

- 1) The maximum daily per diem rate for meals and incidental expenses for this example will be:
 - **\$63** per day for those **cities listed on the Federal Per Diem Tables** published by the General Services Administration (GSA).
- 2) Employees will receive the daily per diem rate for each full day of travel. Per the IRS, a full day of travel is from 12:01 a.m. to 12:00 midnight. No meal receipts will be required. Per the IRS, entities can use two different methods to calculate first and last day reimbursement amounts.

Method 1: For the departure and return days, add 75% of the standard meal allowance amount for that day.

- Under this scenario, the employee will receive 75% of the daily per diem rate regardless of departure or return time on the first and last days. (For LEAs with a daily per diem rate only.)

Method 2: Prorate the standard meal allowance using any method the entity consistently applies in accordance with reasonable business practice.

- Under this scenario, the employee will receive per diem only for meals earned after recording their departure and return times.

Example (for an LEA with only a daily reimbursable rate -Method 1)

- An employee attends a three-day workshop. The employee departs from the district at 6:30 a.m. on Monday and arrives at 5:00 p.m. on Wednesday. No meals were included.
- The per diem rate for Monday (1st day) and Wednesday (last day) was based on 75% of the daily per diem rate of \$63 ($\$63.00 \times 75\% = \47.25).
- The employee will receive a total meal per diem of \$157.50 (Monday and Wednesday, $\$63.00 \times 75\% = \$47.25 \times 2 \text{ days} = \94.50 plus Tuesday, \$63.00 equals \$157.50). See sample meal amounts below:

Reference

	Federal GSA for Region
	<u>Daily Per Diem List- \$63</u>
Breakfast	\$14.00
Lunch	\$17.00
Dinner	\$32.00

Example (for an LEA using individual meal amounts – Method 2)

- An employee attends a three-day workshop. The employee departs from the district at 6:30 a.m. on Monday and returns at 5:00 p.m. on Wednesday. No meals were included. For this example, the employee will be reimbursed for individual meal rates as listed below.
 - The per diem rate for Monday was reimbursed at \$63.00 because they departed at 6:30 a.m, thus earning breakfast. Tuesday is reimbursed at \$63.00 as a full day of travel, and Wednesday is reimbursed at \$31 because they arrived home at 5:00 p.m. and did not earn a dinner allowance. (Monday and Tuesday at \$63 x 2 days = \$126, and Wednesday at \$31 = \$157)
- 3) For LEAs using Method 2 above, employees **must record their departure and arrival times** to and from the district/home on the Conference Reimbursement Request form.
 - 4) When the meal cost is included in the registration fee for a workshop or other type of meeting, it will be deducted from the per diem amount. When the meal cost is not easily identified, the following application amount will be deducted from the per diem amount.

Minimum Documentation Required for Payment

- Board approval date (a current fiscal year date) or approval of any person delegated pursuant to EC §35161 (K- 12 districts).
- Board or designee approval of advance of funds.
- Invoices and expense claims include the name of the employee, purpose, location of the conference, conference agenda, and travel dates. (Online reservations **must** show the confirmation number, names of employees, dates of the event, and a reconciliation to the total amount charged *reduced by any advance payments.*)
- Justification for out-of-state travel.
- Medical documentation may be required to support any voluntary travel upgrades.
- Credit card statement, *if applicable.*

Reference

IMPORTANT TO REMEMBER:

- Only one option is permitted per claim, either all receipts or a flat per diem rate. The reimbursement will be based on the IRS daily per diem rate if any receipts are missing.
- Exceedingly large reimbursement requests made with actual receipts will be scrutinized as possibly lavish or extravagant.
- Alcoholic beverages are not an allowable expense and should have a separate receipt from an itemized meal receipt.
- When the meal cost is included in the registration fee for a workshop or other type of meeting, it **MUST** be deducted from the per diem amount.
- To accurately determine prorated per diem amounts, employees **MUST** record their departure and arrival times to and from the district/home on the Conference Reimbursement Request form. Per diem reimbursements above the GSA limits will be reportable as a W2 adjustment.
- Additional hotel and meals for days beyond those necessary are deemed an inappropriate expense for reimbursement.
- Districts should cross-check the pricing of vacation rentals (e.g., Airbnb, VRBO) with hotels to verify the reasonableness of the expense. The district should not rent an Airbnb with multiple bedrooms for one employee. Additionally, the district should determine who will stay at the Airbnb for insurance purposes.
- Expenditures for activities that are not required by the conference are deemed an inappropriate expense for reimbursement
- Employee reimbursements for tips paid are legal if the amount is reasonable and they are authorized in board policy. Tips for dinner or a cab ride are considered valid business expenses. Just as the district has policies that limit meal reimbursement, its policy should determine the legality and amount or percentage reimbursable as tips.

NOTE: There is no provision for paying expenses for spouses/guests. Invoices should be for employees only. If a spouse or guest expense is paid using district funds, the district **MUST** request reimbursement from the spouse or guest and send the reimbursement documentation to the FCSS Audit Specialists as part of the documentation for the accounts payable warrant's release.

Reference

Governing Board Members

EC §35172
EC §35044

The actual expenses of the members or members selected to attend a meeting or convention pursuant to subdivision (f) of Section 35172 may be allowed and paid out of the funds of the district. The governing board of the district may authorize an advance of funds to cover such expenses, with the advance to be repaid or adjusted upon the filing of a regular claim for the actual expenses incurred. Except as otherwise provided in this section, the governing board of any school district may pay out of the same funds the actual and necessary expenses incurred in connection with activities pursuant to subdivisions (a), (b), and (d) of Section 35172.

If any studies are undertaken jointly by two or more school districts pursuant to subdivision (a) of Section 35172, the costs thereof **shall** be apportioned among the participating districts as determined by the agreement of the governing boards. Expenses, including transportation expenses, incurred in connection with installing, maintaining, and returning exhibits provided pursuant to subdivision (b) of Section 35172 may be paid only out of funds of the district not required to be used for other purposes.”

Minimum Documentation Required for Payment

- Board approval date or approval of person delegated pursuant to EC §35161.
- Invoices and expense claims include the board member's name, purpose, location, and travel dates.
- There is no provision for paying expenses for spouses/guests. Invoices should be for employees only. If a spouse or guest expense is paid using the district funds, the district **must** request reimbursement from the spouse or guest and send the documentation of the reimbursement to the FCSS Audit Specialist as part of the documentation for the accounts payable warrant's release.

Representatives of the Board

EC §35044

The governing board of each school district **shall** pay the travel expenses of any board representatives when they perform services directed by the board.

Minimum Documentation for Payment

- District approval
- Invoices and expense claims, which include the name of representative, purpose, location, and dates of travel
- There is no provision for paying expenses for spouses/guests. Invoices should be for employees only. If a spouse or guest's expense is paid using the district funds, the district must request reimbursement from the spouse or guest and

Reference

send the reimbursement documentation to the FCSS Audit Specialist as part of the documentation for the accounts payable warrant's release.

NOTE: If a credit card is used for any travel, the same approvals and expense claims **must** accompany the credit card statement for payment – See **“CREDIT CARDS.”**

Personnel Commission

EC §45243 Travel expenses of personnel commissions authorized by EC §45243 are to be supported by submission of the travel policy established by the commission.

Minimum Documentation Required for Payment

- Travel policy **must** be on file at the County Office
- Invoice/expense claim, which includes the commissioner's name, purpose, location, and travel dates.

Employment Candidates

EC §44016 "Whenever a school district requests any person to travel to the headquarters of such district for the purpose of being interviewed and examined prior to possible employment, the district may reimburse such a candidate for expenses necessarily incurred in traveling from his place of residence to the place of interview or examination."

Minimum Documentation Required for Payment

- Invoice/receipts for reimbursement indicating employment candidate

Students

EC §35044 See **“TRAVEL** - Representatives of the Board.”

EC §35172

EC §35330 See **“FIELD TRIPS AND SPECIAL ACTIVITIES.”**

Reference

BIDDING REQUIREMENTS

	<u>Formal Bidding</u> PCC§20111 The County Superintendent of Schools will audit all contracts requiring formal bidding per the Public Contract Code (PCC) §20111. <u>Bidding Checklist</u> Bid Checklists are located at https://dfs.fcoe.org/resources and on the DFS Sharepoint site.
--	--

Reference

Letting of Contracts to Lowest Bidder

GC §6066
CCC §3247
PCC §20111
PCC §22002

The governing board of any school district **shall** let any contracts for public projects involving an expenditure of \$15,000 or more for “work to be done” (\$75,000 for CUPCCAA districts) and **\$119,100*** or more for equipment, materials, supplies, or services to be furnished or sold or leased to the district to the lowest responsible bidder who **shall** give such security as the board requires or else reject all bids. This section applies to all materials and supplies, whether patented or otherwise. The \$15,000 limit applies to a combination of labor and materials for public projects. Public Contract Code §22002 lists the type of work defined as a public project involving any publicly owned, leased, or operated facility, i.e., building or real property. Also, sales tax **must** be included in determining these amounts.

Payments for materials or services cannot be processed if the district has not complied with applicable competitive bidding provisions. To protect the district from possible litigation from contractors or bidders and to ensure the district's ability to obtain good bids in the future, competitive bidding **must** be complied with whenever the total amount to be expended exceeds the limits specified above. *The legal requirements of obtaining bids must be observed for purchases of materials such as diesel fuel, propane, oil, or gasoline.*

The County Superintendent of Schools may monitor total cumulative expenditures by vendor. In the event the cumulative total cost exceeds the bid limit in a particular school year, districts may be asked to provide justification for the separate nature of the expenditures (see the discussion below on Unlawful Splitting of Bids).

* Bid thresholds are adjusted annually by the SPI and can be found at <http://www.cde.ca.gov/fg/ac/co/index.asp>

Miller v. McKinnon,
20 Cal.2d
83.

NOTE: Payments may not be processed for purchases that fail to comply with applicable competitive bidding provisions. A contract that violates applicable legal requirements is void under California law. That is true even if materials or labor were supplied as vendors are presumed to know the law.

Bid Security

PCC §20107
PCC §20111
PCC §3400

All bids for construction work **shall** be presented under sealed cover and **shall** be accompanied by one of the following forms of bidder's security: cash, a cashier's check, a certified check, or a bidder's bond executed by an admitted surety insurer, each made payable to the district.

PCC
§20106-
20117

Upon an award to the lowest responsible bidder, the security of an unsuccessful bidder **shall** be returned in a reasonable period, but in no event **shall** that security be held by the district beyond 60 days from when the award is made.

Reference

Notice Calling for Bids

PCC §20112
GC §6066

The governing board **shall** publish at least once a week for two weeks (with at least five days between advertisement dates) in a newspaper of general circulation published in the district, or if there is no such paper, then in some newspaper of general circulation, circulated in the county, a notice calling for bids, stating the work to be done or materials or supplies to be furnished and the time when and the place where bids will be opened. Government Code states that while only two notices **must** be published (in subsequent weeks and with five days between them), more **may** be published and that the notice period is to last two weeks (14 days) from the time of the first publication; only after the notice period may bids be opened. Whether or not bids are opened exactly at the time fixed in the public notice for opening bids, a bid **shall** not be received after that time. The district's governing board may accept a bid submitted either electronically or on paper.

Example 1. **(Non-compliant)** A district advertises in a publication meeting the requirements of the Government Code on Monday the first week, and the following Monday. Bids are opened the day following the second advertisement. *This district is non-compliant as the notice period has not yet been 14 days.*

Example 2. **(Non-compliant)** A district advertises in inappropriate publication on Monday and Friday of the first week. The notice states that the bids will be opened 14 days after the first date of publication. *The district did not meet the notice period requirement; the advertisements were made in the same week.*

Example 3. **(Compliant)** A district advertises in an appropriate publication on Monday of both the first and second week and allows the notice period to extend 14 days after the first advertisement date. Bids are opened on Monday of the third week. *This district has met the requirement of advertisements at least five days apart and has allowed the notice period to extend the full 14 days before opening and awarding bids.*

Retention

PCC §9203
PCC §7201

A 5% retention is required for public works projects with progress payments. Up to 10% may be retained in special circumstances. Districts should consult with legal counsel regarding the proper withholding and release of retention upon project completion.

Unlawful Splitting of Bids

PCC §20116
PCC §20657

Contracts for public projects involving labor and materials **may not** be split or separated into smaller work orders with the intent to avoid advertising for bids.

Neither work nor labor associated with purchasing equipment or materials to be installed to improve an existing building should be separated from the equipment purchase to avoid the requirement for competitive bidding.

Reference

Contracts for related school improvements have been upheld as separate contracts by the courts in instances where each contract was decided on separately and independently of others. Districts making multiple expenditures with the same vendor that exceed the bid limit in the aggregate must be able to identify a legitimate business reason for treating the contracts as separate. Such justification may include a future unforeseen need or unrelated expenditures arising from separate departments. Routine or reoccurring expenditures of the same or similar good (e.g., standard supplies, computers, fuel, etc.) during a school year more than the bid limit may be treated as unlawful splitting of bids.

Minimum Documentation Required for Separate Payment in Excess of Bid Limit

- Justification of business reason for separate contracts.
- Other documentation may be required.

Prequalification

PCC
§20111.6

Districts with an average daily attendance of 2,500 or more are required to prequalify contractors for projects funded pursuant to the Leroy F. Greene School Facilities Act (SFP funding). It is also required if the district uses the lease-leaseback or design-build delivery method. In addition to the general contractor, districts must also prequalify all mechanical, electrical, and plumbing subcontractors and share the list of prequalified subcontractors with potential bidders at least 5 business days before the bid due date. For more information and sample prequalification materials, visit: <https://www.dir.ca.gov/Public-Works/Public-Works-Pre%E2%80%90Qualification-of-Contractors.html>.

PCC
§20111.5

Districts with an average daily attendance of less than 2,500 may incorporate prequalification of general contractors as part of the bid process. However, such prequalification is **optional**.

Two or More Identical Bids

PCC §20107
PCC
§20111/
20651
PCC
§20651.5
PCC §22002

"Notwithstanding any other provisions of law, in the event, there are two or more identical lowest or highest bids, as the case may be, submitted to a school district for the purchase, sale, or lease of real property, supplies, materials, equipment, services, bonds, or the awarding of any contract, pursuant to a provision requiring competitive bidding, the governing board of any school district may determine by lot which **shall** be accepted."

Change Orders

PCC
§20118.4

If changes or alterations to the contract are deemed necessary, they **shall** be specified in writing, and the board and the contractor **shall** agree upon the price. **The board may authorize the contractor to proceed with the performance of**

Reference

the change or alteration without the formality of securing bids if the cost so agreed upon does not exceed the greater of 10% of the original contract price or \$15,000 (\$75,000 for CUPCCAA districts). Change orders over 10% must be bid unless an exception applies.

Districts may plan for the potential of change orders by using contingencies and allowances. If applicable, the contingency and allowance balances should be specified in the bid documents and included in the bids. Contingencies and allowances should generally be separated within the schedule of values and included in the contract amount. Change orders should reduce the contingency or allowance with sufficient backup detail to substantiate the fee. Be cautious of how contingencies and allowances are utilized by the contractor. Contingencies and allowances are included for incidental changes to the project specifications, and are not necessarily intended to be spent.

Minimum Documentation Required for Payment

- Written modification to the contract signed by the contractor and district.
- Approval of the governing board (board minutes etc.)
- Any other required signatures as determined by the type of contract.

Reference

PURCHASES WITHOUT BIDS

	<u>Day Labor (Non-CUPCCAA districts)</u>
PCC §20114 (a)	In each school district, the governing board may make repairs, alterations, additions, or painting, repainting, or decorating upon the school building, repair or build apparatus or equipment, make improvements on the school grounds, erect a new building, and perform maintenance as defined in Section 20015 by day labor, or by force account, whenever the total number of hours on the job does not exceed 350 hours. Moreover, in any school district having an average daily attendance of 35,000 or greater, the governing board may make repairs to school buildings, grounds, apparatus, or equipment, including painting or repainting, and perform maintenance, as defined in Section 20115, by day labor or by force account whenever the total number of hours on the job does not exceed 750 hours, or when the cost of material does not exceed twenty-one thousand dollars (\$21,000).
(b)	For purposes of this section, day labor shall include maintenance personnel employed on a permanent or temporary basis.
	<u>Special Services</u>
GC §53060	A school district may enter contracts without soliciting bids for special services and advice related to financial, economic, accounting, engineering, legal, or administrative matters. This is permissible if the individuals or firms being contracted are specially trained, experienced, and qualified to provide the required services. Districts must be ready to justify why the contract is classified as special services.
	<u>Construction Professionals</u>
GC §4526	Although bidding is not required, construction professionals must be selected based on demonstrated competence and professional qualifications necessary for satisfactory performance. When hiring architects and engineers, a fair and competitive selection process must be used. When hiring a construction project manager, there must be evidence of expertise and experience in various construction project management services.
EC §17070.50	Additionally, districts must use a more detailed formal competitive selection process when state funding is used. Districts should consult with legal counsel on the appropriate selection process used when hiring construction professionals.
	<u>Perishable Foodstuff and Supplemental Textbooks</u>
EC §38083	School districts may purchase “perishable foodstuffs and seasonal commodities needed in the operation of cafeterias” without formal bidding. Note that this does not extend to cafeteria goods or supplies without limited shelf-life.

Reference

PCC
§20118.3

School districts may also purchase “supplementary textbooks, library books, educational films, audiovisual materials, test materials, workbooks, instructional computer software packages, or periodicals” without bidding. All instructional materials must follow the required adoption process. For more information visit: <https://www.cde.ca.gov/ci/cr/cf/imagen.asp>

NOTE: Federal procurements may apply to the extent the contract will be federally funded. See FEDERALLY FUNDED CONTRACTS below for more information.

Purchases of Surplus Property

EC §17602

The governing board of any school district may purchase from the federal government or any agency thereof any surplus property, as defined in the Surplus Property Act of 1944, in any amount needed for the operation of the district schools without taking estimates or advertising for bids.

Energy Efficiency Projects

GC
§4217.12

Public agencies may enter an energy service contract, without competitive bids, “on terms that its governing body determines are in the best interests of the public agency.” To enter such a contract, a school district must:

- 1) Provide two weeks’ notice of a public hearing regarding the energy service contract at a regularly scheduled board meeting.
- 2) Conduct a public hearing; and
- 3) Make findings that the cost to the district under the energy service contract is less than the anticipated marginal cost to the district for energy in the absence of the energy services contract.

At the board meeting, the board must evaluate the estimated cost savings of the energy service contract and find that the cost to the district under the energy service contract is less than the anticipated marginal cost to the district for energy in the absence of the energy service contract. These findings should be made by a resolution tailored to the specific project.

Minimum Documentation Required for Payment

- Proof of notice of hearing was posted
- Board finding of anticipated cost savings (resolution or minutes)
- Fully executed contract (if applicable)
- Invoice
- Payment Bond (**required** for projects over \$25,000)
- Performance Bond (Recommended, not required)
- Certificate of Insurance

Reference

PCC
 §20113/
 20654

Emergency Repair Contracts (Non-CUPCCAA districts)

Districts may award contracts *without competitive bidding* in specific emergencies. In an emergency when any repairs, alterations, work, or improvement is necessary to any facility of public schools to permit the continuance of existing school classes or to avoid danger to life or property, the board may, by unanimous vote, with the approval of the county superintendent of schools, do either of the following:

- Make a contract in writing or otherwise on behalf of the district for the performance of labor and furnishing of materials or supplies for the purpose without advertising for or inviting bids.
- Notwithstanding Public Contract Code §20114, authorize the use of day labor or force accounts for the purpose. (PCC §20113)

Even under emergency approval, districts **must** require any bonds and security otherwise required by law.

Procedure for Obtaining Approval of the County Superintendent

- When an “emergency” situation arises, the district should contact the FCSS (District Financial Services Department) for preapproval to enter a contract without advertising for bids.
- If the FCSS concurs that the situation meets the criteria established in PCC §20113, the district will receive preapproval (as well as a sample resolution) via email.
- The district should prepare a resolution for the Board to consider; the resolution must also include a signature line for the County Superintendent.
- Once the District Board unanimously approves the original resolution, it **must** be submitted to the County Superintendent for signature.
- The FCSS will keep the original and return a fully executed copy to the district.

Minimum Documentation Required for Payment

- Unanimous board approval of the emergency condition
- Approval of County Superintendent of Schools
- Fully executed contract (if applicable)
- Invoice
- Payment Bond (**required** for projects over \$25,000)
- Performance Bond (Recommended, not required)
- Certificate of Insurance

Reference

Piggyback Bids

PCC §20118
 PCC §20652

The Public Contract Code §20118 provides for the purchase of personal property through what is commonly called the *piggyback* process. The governing board of a school district may, without advertising for bids, if the board has determined it to be in the best interest of the district, authorize by contract, lease, requisition or purchase order, any public corporation or agency to lease data-processing equipment, purchase materials, supplies, equipment, classroom and office furniture, automotive vehicles, tractors and other personal property for the district. ***It is important to note that Public Contract Code does not authorize districts to “piggyback” on another public agency’s service contract.***

The California Attorney General concluded that Public Contract Code section 20118 may not be used to contract with another public agency to acquire factory built modular building components for installation on permanent foundation. On July 5, 2022, the Office of Public-School Construction provided notice that use of piggyback contracts for modular facilities will be ineligible for state funding from the State Allocation Board, effective August 22, 2022. ***Piggybacks used to acquire building components or installation may result in the loss of state funding going forward.***

State contracts and government purchase alliances such as the North County Educational Purchasing Consortium function like piggybacks. All the same piggyback requirements apply.

Minimum Documentation Required for Payment

- Piggyback checklist.
- The original bid that was advertised by the school district or agency. The contract terms and whether extensions are allowed should be highlighted.
- If the contract has been extended, a copy of the extension letter. (Extensions are only valid if they were authorized in the original bid language.)
- Governing board minutes approving the use of the other agency’s bid and duration of such approval (e.g., one-time, one year, or duration of contract term).
- A payment bond is required for public work involving an expenditure of over \$25,000
- A performance bond, although not required, is encouraged to protect the district in the event of the contractor’s default in its performance on the project
- **Tie to base bid price.** Back-up documentation should clearly demonstrate how the price quoted to the district ties to the pricing quoted in the original bid. For example, District A goes out to bid for computers. The vendor is awarded the bid at \$1,000 per laptop. District B piggybacks on District A’s bid and the vendor quotes District B a price other than \$1,000 per laptop, District B **must** require the vendor to demonstrate how the pricing change (whether an increase

Reference

or decrease) is authorized in the original bid documents and how the pricing ties to the original bid pricing.

NOTE:

- A website link is not a permissible form of documented proof of bid pricing.
- Installing an item, piece of equipment, or product system that once installed is considered a permanent appendage or addition to real property because the item is physically attached to real property and cannot be readily or easily removed without damage to, or alteration or modification of, the real property.
- Installation of personal property can be part of the piggyback contract if the installation costs are determined to be “incidental” to the cost of the acquisition of the personal property. Incidental generally means less than 50%, but if labor costs eclipse 40% of the contract, best practice would require a governing board resolution recording its finding that installation costs are incidental to the total contract price.

CMAS Contracts

PCC §20653
 PCC
 §10290-
 PCC §10299
 PCC §12100

The governing board of a school district is also authorized to purchase materials, equipment or supplies through the State Department of General Services without advertising for bid. California Multiple Award Schedules (CMAS) including acquisitions of information technology, goods and services. Public Contract Codes 10290-10299 and 12100. The Procurement Division of the California Department of General Services can provide purchasing assistance to local agencies without the necessity for the districts to go to bid. It is generally accepted that a CMAS contract may include labor and installation services if those services are “incidental” to the project. According to official CMAS program information, an agency purchase order may allow for a public work component only when it is incidental to the overall project requirements, describing “incidental” as meaning that the total dollar value of all services included in a purchase order must not exceed the dollar value of the products. The labor/installation portion of the contract may go up to fifty percent (50%) of the total project cost. Confirm with your legal counsel, many allow a maximum of 10%. School Districts must comply with applicable bidding requirements for installation/labor.

PCC
 §10298.5

One limited exception to the incidental installation restriction applies to resilient flooring, carpet, lighting fixtures, and synthetic turfs. Public Contract Code 10298.5 authorizes school districts to use CMAS contracts for these purchases with any quantity of installation. However, to be eligible, the contract must meet all the following requirements:

- The installation work cannot be performed in connection with new construction.
- The contractor must provide an acknowledgement to the district that the installation is a public work for purposes of prevailing wages.

Reference

- The contractor must provide an enforceable commitment it will use a skilled and trained workforce under Public Contract Code section 2601.
- The contract amount cannot exceed the formal competitive bidding amount for public works that otherwise would apply to the contract.
- The district must notify the Department of Industrial Relations of the contract, no matter the size.

Prior to using a CMAS contract, a district should:

- Review the original bid documents to ensure that (1) the bid process was conducted in accordance with legal requirements and (2) that the contract is still valid for use (in an active term).
- Verify that the pricing quoted to the district can be tied directly to the pricing quoted in the original bid.

PCC §9203

Further, CMAS contracts that include a public works component must include retention if multiple payments are included in the agreement.

Minimum Documentation Required for Payment

The following documents/information must be sent to the FCSS:

- CMAS Checklist.
- Governing board minutes approving the use of the CMAS contract.
- Insurance is required if any services are provided.
- A payment bond is required for public work involving an expenditure of over \$25,000
- A performance bond, although not required, is encouraged to protect the district in the event of the contractor's default in its performance on the project
- **Tie to base bid price.** The submitted back-up documentation should clearly demonstrate how the price quoted to the district ties to the CMAS pricing.

Technology Purchases

Although not complete exceptions to bidding, districts have two alternative procurement methods to choose from when making technology purchases.

Purchasing or maintaining electronic data-processing systems and supporting software may be procured by selecting among the lowest of the three responsible bidders. Board action is required to establish the manner of selection it deems appropriate.

Districts may also use a competitive selection process for the procurement of computers, software, telecommunications equipment, microwave equipment, and other related electronic equipment and apparatus. The district must establish a request for proposal that identifies all significant evaluation factors, including price,

Reference

	and their relative importance. The board must find that the competitive selection process is appropriate before the request for proposals is issued. <u>Minimum Required Documentation for Payment</u> • Board finding to use alternative procurement. • Districts must have documentation to demonstrate compliance with all statutory requirements
PCC §20118.1	<u>Public Policy Exception</u> Bidding may not be required if competitive bidding would not produce an advantage. Courts have held that competitive bidding is not required when it works an incongruity and is unavailing as affecting the result, or where it does not produce an advantage, or it is practically impossible to obtain what is required and observe such forms. Common examples include publication, costs, membership dues, and utilities expenses.
PCC §20118.2	<u>Sole Source</u> The most common situation of the public policy exception is when only one potential vendor or product is available. The competitive bidding laws are intended to prohibit unfair contracting associated with specifying trade names, brands, and/or vendors when seeking bids. The only exceptions are: • This is so that a field test or experiment may be made to determine the product's suitability for future use.
PCC §3400	• To match other products in use on a particular public improvement either completed or during completion. • To obtain a necessary item that is only available from one source. • Emergency
	<u>Minimum Documentation Required for Payment</u> • Districts should make appropriate findings to support the absence of bidding and to limit the award of contracts without competitive bidding to the circumstances expressly permitted by statute. This includes the district staff report of research undertaken and provided to the governing board. • District legal council's approval/certification (best practice)

Reference

- Governing board action will be required to process a commercial check as a "sole source" item not requiring the bidding process.
- A vendor's self-certification or affidavit of sole-source status if applicable.

ALTERNATIVE CONSTRUCTION DELIVERY METHODS

Lease-Leaseback Delivery Method

The lease-leaseback delivery method allows districts to select a contractor based on a "best value" determination through a formal request for proposals procedure. Before proceeding, the board is required to "adopt and publish required procedures and guidelines for evaluating the qualifications of proposers that ensure the best value selections by the school district are conducted in a fair and impartial manner." At the time of selection, the board must provide a statement of the basis of award.

As part of the RFP process the contractor must provide an "enforceable commitment" that the contractor and its subcontractors will use "a skilled and trained workforce to perform all work ... that falls within an apprentice occupation." Among other requirements, contractors must provide monthly reports demonstrating that at least 60% of the workers for most trades are graduates of an apprenticeship program. If a contractor agrees to submit monthly reports but fails to do so, the school district must immediately cease payment to that contractor.

EC §17400 **NOTE:** Case law raised questions about the structure of lease-leaseback construction contracts. Districts should consult with legal counsel before proceeding with this delivery method.

Minimum Required Documentation for Payment:

- EC §17407.5
- Board adoption of procedures and guidelines (either by resolution or board policy)
 - Board statement of the basis of the award of the selected contractor (either by resolution, agenda language, or board meeting minutes)

Construction Manager – Multiple Prime

In this delivery method, the project is divided into multiple trades; the architect then works with the construction manager to ensure the project is built according to plans and within the time frame. The district enters into multiple prime contracts with each successful prime bidder for different trade scopes. The construction manager takes over general management and oversight of the multiple prime contracts on behalf of the district.

On the other hand, where the construction manager's duties and obligations include direct responsibility for subcontractors or self-performing the work, the California Supreme Court has held that those duties are "too closely akin to traditional lump sum general construction contracting to be held exempt from the statutory

Reference

EC§
17250.20

competitive bidding requirements.” (*City of Inglewood-Los Angeles County Civic Center Authority v. Superior Court* (1972) 7 Cal.3d 861.) Such contracts, referred to as a Construction Manager at Risk (CMAR), require compliance with competitive bidding requirements.

NOTE: The trade contractors must still be obtained through a bidding process but the construction manager may be selected based on evaluation of professional qualifications. See the discussion above regarding the selection of Construction Professionals.

Minimum Required Documentation for Payment:

- Proof of selection process used for construction manager (see Construction Professionals section above)
- See Contract Checklist.

Design-Build Delivery Method

Under design-build, the district contracts with one entity to both design and build the project. This delivery method is available for projects over \$1,000,000. Before approving a design-build contract, the district must develop guidelines for a standard organizational conflict-of-interest policy, consistent with applicable law, regarding the ability of a person or entity that performs services for the school district relating to the solicitation of a design-build project.

As part of the board approval process, the board makes findings that the method will reduce costs, expedite completion, or provide other features not achievable through traditional bidding. A detailed RFQ process is required to short-list potential design-build entities, followed by an RFP describing the significant scoring factors and their relative importance. The district must publicly announce its award and identify the statement regarding the basis of the award. The design-build entities must also commit to using a “skilled and trained workforce” like lease-leaseback contractors.

NOTE: Districts should consult with legal counsel before proceeding with this delivery method to ensure compliance with statutory requirements.

Minimum Required Documentation for Payment:

- Board findings and approval of design-build delivery method (by resolution, agenda language, or board meeting minutes)
- Conflict of interest policy.
- Board statement of the basis of the award of the selected contractor (either by resolution, agenda language, or board meeting minutes)
- Contract Checklist.

Reference

CALIFORNIA UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING ACT

PCC §22000-22045	The California Uniform Public Construction Cost Accounting Act (Act), enacted in 1983 under Public Contract Code §22000 et seq., allows local agencies to perform public project work of up to \$75,000 with their workforces or by negotiated contract, or through purchase order if the agencies elect to follow the cost accounting procedures set forth in the <u>Cost Accounting Policies & Procedures Manual</u> (Manual) of the California Uniform Construction Cost Accounting Commission. For contracts over \$75,000 and less than \$220,000, the Act allows less restrictive bidding procedures that would typically apply. Districts must formally elect by resolution to become subject to the Act procedures. A copy of the resolution and board minutes indicating passage must be submitted to the Fresno County Superintendent of Schools. Note: These guidelines are not all-inclusive. Districts that elect to be subject to the Uniform Public Construction Cost Accounting Act should follow the specific procedures outlined in the Cost Account Policies & Procedure Manual. <u>Public Projects</u>
PCC §22032	Public projects of \$75,000 or less may be performed without bid by the district's personnel by force account or through a negotiated contract or a purchase order. Projects of \$220,000 or less are subject to the <i>Informal</i> Bid procedures set forth in the following paragraphs. Contracts over \$220,000 are subject to <i>Formal</i> Bid procedures. The district must still comply with other requirements under the Public Contract Code such as payment bonds, certificates of insurance, or the payment of prevailing wages. <u>Formal and Informal Bidding</u>
PCC §22036	The district shall refer to the agency and trade journal list as identified in the Manual and shall mail, email, or fax a notice to the organizations identified, of all informal or formal construction contracts being bid, no less than ten (10) days before bids are due for informal contracts, and no less than fifteen (15) days before bids are due on formal contracts. (In lieu of following the formal bid procedures in this section, the district may use standard formal bid procedures.) Evidence of compliance with the mailing requirements shall be maintained on file for each notification.
PCC §22037	Formal bids shall also be published at least fourteen (14) calendar days in advance of the date of the opening of bids, in a newspaper of general circulation, printed and published within the district's boundaries, or serving the communities within the district.
PCC §22034(b)	The notice inviting informal bids shall describe the project in general terms, explain how to obtain more detailed information about the project, and state the time and place for the submission of bids.

Reference

PCC §22034

Minimum Documentation Required for Payment

- Copy of the approved resolution electing to become subject to the Act's provisions on file with FCSS.
- Copy of the enacted Informal Bid Procedure (Ordinance) on file with FCSS.
- CUPCCAA project checklist.

Projects \$75,000* or Less

- Board designee or board approval (Ed Code 17605, requires all contracts approved by Board Designees be approved or ratified by the Board within 60 days)
- Evidence of negotiated contract or approved purchase order

Projects \$220,000* or Less (Informal)

- Board designee or board approval (Ed Code 17605, requires all contracts approved by board designees be approved or ratified by the board within 60 days)
- Evidence the district mailed a notice inviting bids at least ten (10) days before bids are due to:
 - a. All contractors on district's list of qualified contractors for category of work; **OR**
 - b. Notice of Informal Construction Contracts in two (2) specified trade journals as listed in the manual by approved means of distribution, **OR**
 - c. Both a. and b.
- Evidence that the written notice was mailed to all construction trade journals designated for that district under Section 22036, inviting all licensed contractors to submit the name of their firm for inclusion on the district's list of qualified bidders for the following calendar year.
- District's list of qualified contractors

Projects Over \$220,000*(Formal)

- Evidence of notice of Formal Construction Contracts to the Trade Journals/Organizations as listed in the manual by approved means of distribution, fifteen (15) days prior to bid deadline for each district contract
- Affidavit of publication of the notice, fourteen (14) days prior to the opening of bids in a newspaper of general circulation

Reference

	<u>All Projects</u> • Evidence of compliance with other legal requirements under the Public Contract Code such as payment bonds, certificates of insurance, or the payment of prevailing wages as applicable • Invoice for work performed • Recommended the purchase order have a DIR disclaimer on it. (Seek guidance from the district's legal counsel) <u>Emergency Contracts</u> In cases of emergency when repairs or replacements are needed because there is an imminent threat to a person or property, the governing board may proceed at once to replace or repair any public facility without adopting plans, specifications, strain sheets, or working details, or giving notice for bids to let contracts. The work may be done by day labor under the direction of the governing board, contractor, or a combination of the two. • By a 4/5 vote of the governing board, they may repair or replace a public facility, take any directly related and immediate action required by the emergency, and procure the necessary equipment, services, and supplies for those purposes without giving notice for bids to let contracts. • The authority to enter emergency contracts may be delegated by a 4/5 vote of the governing board if the designee takes action to the governing board within 7 days or at its next regularly scheduled meeting, which shall be no more than 14 days after the action was taken. The designee must report at each following meeting until the action is terminated (contract completed). • The code conflicts with boards that meet monthly. • There is no requirement in the Public Contract Code 22050 that requires a unanimous vote or for County Superintendent approval.
PCC §22035 PCC §22050	

Reference

FEDERALLY FUNDED CONTRACTS

Contracts funded through a federal grant or award may be subject to federal procurement requirements even if the expenditure is otherwise exempt from bidding under California law. In general, recipients and subrecipients of federal awards must comply with Part 200 of Title 2 of the Federal Code of Regulations, known as the Uniform Guidance.

Per the federal procurement rules, local agencies must use a formal procurement method when the value of the property or services to be procured exceeds \$350,000. Formal procurement methods include either a sealed bid process, which is preferred for construction projects, or a competitive proposal process, which is generally used when conditions are not appropriate for the use of sealed bids.

When the value of the property or services to be procured does not exceed \$350,000, local agencies may use an informal procurement method to expedite the completion of the transactions and minimize the associated administrative burden and cost. Purchases under \$15,000 are generally exempt from competitive bidding under the Uniform Guidance. District governing boards can act to increase this threshold to \$50,000 by passing a resolution.

2 CFR
200.320(a)

The specific requirements for both informal and formal procurement methods under the federal rules are highly technical. The federal regulations also contain some exceptions where noncompetitive procurement may be allowed, but those exceptions are limited. As such, districts should consult Uniform Guidance and legal counsel to ensure compliance and to determine if an exception could apply to the district's specific situations.

Districts must also follow applicable federal regulations, such as maintaining written records of purchases, conflict of interest standards, contract monitoring, and contractor evaluation. Additionally, the federal rules require that any contract for the procurement of services or property contains, if applicable, the following provisions:

- Administrative, contractual, and legal remedies
- Equal Employment Opportunity
- Davis-Bacon Act
- Work Hours and Safety Standards Act
- Clean Air Act
- Debarment and Suspension
- Byrd Anti-Lobbying Amendment

Reference

INDEPENDENT CONTRACTORS

When contracting with an individual for services, the district **must** establish the nature of the relationship (i.e., “employee” versus “independent contractor”). Since this relationship determines the legal method of payment, the employment status should be clearly defined prior to any services being performed. Employees are paid through payroll; independent contractors are paid through accounts payable.

An individual’s job title can be irrelevant to the analysis of the employment relationship. The IRS looks at the facts and the relationship on a case-by-case basis. To avoid stiff penalties and interest, a proper determination **must be** made from the outset when an “employee” is paid as an “independent contractor.”

Due to the "gray" area regarding independent contractor status, the determination of an individual’s employment relationship **must** be made by the district on a case-by-case basis. In its “IRS Revenue Ruling 87-41,” the IRS established common-law factors that are to be used in determining independent contractor status. These factors are defined in the IRS “Publication 15-A,” which can be accessed on the internet at <http://www.irs.gov/publications/p15a/>.

The State of California (via Labor Code § 2775) generally evaluates the independent contractor vs. employee question using different criteria than the IRS, codified in the so-called “ABC” test of employment. Under the “ABC” test, a person providing labor or services for pay shall be considered an employee rather than an independent contractor unless the hiring entity demonstrates that: 1) the person is free from the control and direction of the hiring entity in connection with the performance of the work 2) the person performs work that is outside the usual course of the hiring entity’s business; and 3) the person is customarily engaged in an independently established trade, occupation, or business of the same nature as that involved in the work performed. It is important to note that under the “ABC” test of employment, the hiring entity, not the individual, bears the burden of proof to rebut the presumption that the individual is an employee. Additionally, multiple exceptions to this standard apply, including for individuals acting as sole proprietors and contracting with public agencies, if certain criteria are satisfied.

Districts are solely responsible for properly classifying a worker as an independent contractor or employee. If an individual is classified as an independent contractor according to the district's determinative process, an email should be sent to the FCSS audit team to verify that the district has conducted due diligence in determining the vendor's status as an independent contractor.

A district should keep records of independent contractors in ways that may help protect the district in the case of an IRS audit. The vendor file should include documentation such as copies of contracts, business cards, licenses, insurance policies, and correspondence with the contractor's letterhead. Even though these items are not necessarily required, having documentation on file may increase the district’s chances of proving in an audit that an independent contractor relationship existed.

Reference

EC §17596	Districts must also ensure that the contract does not exceed the maximum duration permitted by law (5 years for work, services, apparatus, or equipment, 3 years for materials or supplies). <u>Minimum Documentation Required for Payment</u> • Fully executed contract, including a description of services, board approval, and date if applicable • Federal TIN (Tax Identification Number from IRS Form W-9) • California Form 590 – to determine residency if the vendor does not have a California address, will be performing services for the district, and will receive more than \$1,500 in a calendar year • Verification that services have been satisfactorily completed • Request for payment (Invoice) from the Independent Contractor (unless otherwise agreed to arrangements specified in the contract) • The district solely determines the validity of the Independent Contractor status.
EC §45125.1	<u>NOTE REGARDING FINGERPRINTS:</u> Independent contractors who interact with students “outside of the immediate supervision and control of the pupil’s parent or guardian or a school employee” must submit employee fingerprints to the Department of Justice to conduct a criminal background check.
EC §45125.2	Contracts for construction or repair require contractors to comply with the fingerprint requirements if there will be more than limited contact with pupils unless alternative protective measures are taken. <u>ADDITIONAL CONSIDERATION</u> <u>Hold 24% Backup Withholding for Federal and 7% for California</u> - Required when the payee/vendor <u>does not</u> furnish a Tax Identification Number (TIN) - Required when IRS notified the district that an incorrect Tax Identification Number (TIN) was used - Failure to collect and forward backup withholding as required may result in the district being liable for any uncollected amount - California backup withholding is triggered whenever federal backup withholding occurs

Reference

Payments to California Non-Residents

- Payments more than \$1,500 require withholding; withholding is also required when there is federal back-up withholding
- California withholding rate is 7%, even if incorporated, but can be lowered if a vendor has filed a Form 587- Non-Resident Withholding Allocation Worksheet or Form 589 – Non-Resident Reduced Withholding Request
- Reported on Form 592 – Resident and Non-Resident Withholding Statement to the Franchise Tax Board (FTB) with a Form 592B – Resident and Non-Resident Withholding provided to the vendor
- Exemption exists for nonresident withholding such as for corporations, partnerships, and LLCs that have a permanent place of business are permanently staffed by employees in California or are qualified through the California Secretary of State

Payments to Foreign Vendors

- Foreign vendors include nonresident alien individuals and foreign corporations, fiduciaries, and partnerships not created or organized in the United States or under United States laws
- There is no threshold amount for foreign vendors before withholding begins
- Federal tax withholding rates are generally 24% but can vary and can be reduced if a tax treaty exists, and payments to foreign vendors are also subject to the 7% California Non-Resident Withholding
- Reported on Form 1042 – Annual Withholding Tax Return for U.S. Source of Foreign Persons to IRS from Form 1042-S Foreign Person's U.S. Source Income Subject to Withholding submissions
- Never report on Form 1099 MISC or Form 1099 NEC

Internal Revenue Service

www.irs.gov

California Franchise Tax Board

www.ftb.ca.gov

State Teachers Retirement System Employees or Retirees

EC
§22119.5
EC §22461

Regardless of how they are paid to a retired member of the State Teachers Retirement System (STRS) who is performing creditable services pursuant to Education Code §22119.5, they **must** be reported to STRS as specified in Education Code §22461. Some examples of jobs that have been researched and

Reference

	deemed to be STRS creditable services include BTSA Support Providers, School Assistance and Intervention Grant Teachers, and any curriculum development if done by an STRS member. Workshop presentations are not STRS creditable service. Per Education Code §22461(a) (2), the district must maintain accurate records of retirees' earnings and report those earnings monthly. <i>To comply with EC §22461(a) (2), FCSS currently requires that all payees covered under the STRS retirement system, whether active or inactive (retirees), be placed on payroll so that earnings may be reported through the automated payroll process.</i> The IRS has generally held positions having sustained contact with students in a school district to be filled by employees. Independent contractor status should be carefully reviewed for STRS employees or retirees performing job duties that bring them into regular and sustained contact with students. Please visit the following website for more information on compensation for excess services, converting sick leave, overpayment, or other questions: https://www.calstrs.com/service-credit.
GC §7522.56	<u>California Public Employees' Retirement System (CalPERS) Retirees</u> CalPERS retirees may only be hired for "extra help" or interim (or acting) "vacant position" employment. CalPERS retiree employment cannot begin for a period of 180 days after retirement unless the board certifies that the nature of the employment is necessary to fill a critically needed position in compliance with CalPERS regulations. The hourly pay rate received cannot be less than the minimum or exceed the maximum paid to other employees performing comparable duties as listed in the district's pay schedule. The CalPERS retiree cannot receive any benefit, incentive, compensation in lieu of benefits, or any other form of compensation besides the hourly pay rate. Please visit the following website for more information on service credits, converting sick leave, overpayment, or other questions: https://www.calpers.ca.gov/page/active-members/retirement-benefits/service-credit.
GC §21220	The hours worked by a CalPERS retiree cannot exceed 960 in a fiscal year (July 1 through June 30) for employment with all CalPERS employers combined. There are no exceptions to this limit. Districts must enroll retirees and report their hours worked to CalPERS.
GC §20300	Districts must be very cautious when classifying CalPERS retirees as independent contractors. To ensure a proposed position qualifies as a valid contractor, CalPERS recommends that the retiree obtain an independent contractor determination by emailing the proposed contract to: Membership_Reporting@calpers.ca.gov. If a CalPERS retiree performs work as

Reference

an independent contractor and is later determined to be an employee, that retiree's retirement will be terminated.

A Guide to CalPERS: Employment After Retirement

<https://www.calpers.ca.gov/docs/forms-publications/employment-after-retirement.pdf>

Reference

WARRANTS

All school district warrants processed through FCSS (APY or PAY) are cleared through a County of Fresno Auditor-Controller/Treasurer-Tax Collector (AC/TTC) bank account. Any warrant replacement or re-issue requests will no longer be submitted to the AC/TTC's office, effective October 1, 2026, but will instead be processed by each individual district's AP department.

Duplicate (Replacement of Lost/Stolen/Destroyed Warrant)

When a valid payroll warrant has been lost, stolen, or destroyed, and a duplicate (replacement) is requested, the district's payroll office should collect the completed affidavit from the employee and notify the AC/TTC's office of the:

- a. Payee/vendor
- b. Warrant date and warrant number
- c. Fund subclass
- d. Amount

Only after the necessary paperwork has been completed should the district contact the AC/TTC's office to process a "Notice to Stop Payment".

Six Month Cancels

If a warrant has not been negotiated within six months of the issue date, the AC/TTC's office will cancel the warrant and return the monies to the original fund.

Canceling a Warrant

A warrant may need to be canceled due to a district request or a problem discovered during the audit process, which occurs after the warrant is signed.

The individual in a district requesting the cancellation of a warrant will submit a complete cancellation form to the AC/TTC's office for processing. The warrant to be canceled is typically required to be in the district's possession. "Cancel" or "Void" is to be written or stamped on the warrant, and the warrant is to be attached to the form.

If the FCSS cancels the warrant, the Audit Specialist will complete the cancellation form and stamp the warrant "Void," sending both to the AC/TTC's office for processing. Copies of the form and voided warrant will also be sent to the district.

Warrant Voided by Age - Issuance of a New Warrant

The payee on a warrant that has been voided because of age may present the warrant to the district governing board and request a new warrant. The district should issue replacement warrants through the regular APY process and should follow the account coding of the original warrant to the extent possible

Reference

APPENDIX A

Abbreviations

BPC	Business and Professions Code
CC	Civil Code
CCP	Code of Civil Procedure
CFR	Code of Federal Regulations
EC	Education Code
GC	Government Code
HSC	Health and Safety Code
IRC	Internal Revenue Code
LC	Labor Code
PCC	Public Contract Code
PRC	Public Resources Code
RTC	Revenue and Taxation Code
VC	Vehicle Code
CCR	Title 5, California Code of Regulations - Education

Reference

APPENDIX B

Reference

Guidance Regarding Use of District Funds for Field Trip Expenses

The following guidelines address the general rule regarding the use of district funds for costs associated with field trips. Particular grants and programs may be contrary to these general rules.

Use of District Funds for:	In State Travel	Out of State Foreign Travel	Note
Staff salaries, expenses related to a trip	Yes	Yes	Education Code § 35330(a)(2)
Expenses for students (e.g. food and lodging costs)	Yes	Yes	If the District authorizes a trip, no student may be denied involvement due to insufficient funds; the district has the duty, in this case, to coordinate the efforts of community service groups to fund such students. (Education Code § 35330(b)(1). Any District-authorized trip, whether in-state, out-of-state, or to a foreign country, cannot be authorized by the district if any student in a protected class is excluded due to lack of funds. (Education Code § 35330(b)(2).
Staff/Chaperone expenses, including transportation costs	Yes	Yes	
Incidental expenses related to field trips/travel (e.g., phone calls to London, mailing costs) for staff/chaperones and students	Yes	Yes	Education Code § 35330
Transportation of staff/chaperones by district equipment, chartered/contracted transportation, reimbursement for transportation (e.g., parents provide transport)	Yes	Yes	Education Code § 35330
Transportation of students by district equipment, chartered/contracted transportation, reimbursement for transportation (e.g., parents provide transport)	Yes	Yes	Education Code § 35330
L:\wdocs\lgldocs\00112\101\00110890.DOCX			Rev. 11/2018

APPENDIX C

INDEPENDENT CONTRACTOR

Publication 15-A - Main Contents

1. Who Are Employees?

Before you know how to make payments to workers for services, you must first know the business relationship between you and the person performing the services. The person performing the services may be:

- An independent contractor,
- A common-law employee,
- A statutory employee, or
- A statutory nonemployee.

This discussion explains these four categories. A later discussion, [Employee or Independent Contractor](#) in section 2, points out the differences between an independent contractor and an employee and gives examples from various types of occupations.

If an individual who works for you isn't an employee under the common-law rules (see [section 2](#)), you generally don't have to withhold federal income tax from that individual's pay. However, in some cases, you may be required to withhold under the backup withholding requirements on these payments. See Pub. 15 for information on backup withholding.

Independent Contractors

Doctors, veterinarians, and auctioneers who work in an independent trade, business, or profession in which they offer their services to the public are generally not employees. However, whether such people are employees or independent contractors depends on the facts in each case. The general rule is that an individual is an independent contractor if you, the person for whom the services are performed, have the right to control or direct only the result of the work and not the means and methods of accomplishing the result.

Common-Law Employees

Under common law rules, anyone who performs services for you is generally your employee if you have the right to control what will be done and how it will be done. This is so even when you give the employee freedom of action. What matters is that you have the right to control the details of how the services are performed. For a discussion of facts that indicate whether an individual providing services is an independent contractor or employee, see [section 2](#).

If you have an employer-employee relationship, it doesn't matter how it is labeled. The substance of the relationship, not the label, governs the worker's status. It doesn't matter whether the individual is employed full-time or part-time.

For employment tax purposes, no distinction is made between classes of employees. Superintendents, managers, and other supervisory personnel are all employees. An officer of a corporation is generally an employee; however, an officer who performs no services or only minor services and neither receives nor is entitled to receive any pay isn't considered an employee. A director of a corporation isn't an employee with respect to services performed as a director.

INDEPENDENT CONTRACTOR

You generally must withhold and pay income, social security, and Medicare taxes on wages that you pay to common-law employees. However, the wages of certain employees may be exempt from one or more of these taxes. See [*Employees of Exempt Organizations*](#) (section 3) and [*Religious Exemptions and Special Rules for Ministers*](#) (section 4).

Additional information.

See Pub. 15 for more information about the treatment of special types of employment and payments and similar subjects.

APPENDIX D

ASB Activities, Events, Fundraisers, Purchases, Expenditures, and Governance

Background

The governing board of each school district, charter school or community college is responsible for all activities of a student organization. Under Education Code sections 48930 for K-12 districts and 76060 for community colleges, the governing board has the authority to approve the formation of a student body organization. In assuming this authority, the governing board establishes parameters for district operations through effective board policies and administrative regulations. These governing documents must specify how the student body organization will be established, how its activities will be supervised, and how its finances will operate.

Supplemental Items to Existing Board Policy

The following items are provided as a template to supplement existing ASB governing board policies. This list includes items that a local governing board should consider as allowable or prohibited for their individual ASB. In most cases, these items are not otherwise addressed by the Education Code or other governing provisions.

Items can be added or removed to meet the local needs of each school district, charter school or community college. The list should then be adopted by the governing board. Where applicable, some items may also need to be added to existing ASB bylaws. The governing board may also consider adopting the entire FCMAT ASB Manual as board policy, with this list providing additional guidance where needed.

This list does not include items specifically prohibited by the Education Code or other regulations. Many of these items have been included in the FCMAT ASB Manual. Where Education Code provisions do not otherwise allow or prohibit an item, the district, charter school or community college may complete the designations below to meet local needs.

Ref.	Description	Allowable	Prohibited	FCMAT Recommendations	Notes / Reminders
A	ASB pays for student assembly costs (e.g., honor roll assembly, sports assembly, etc.)			Allowable	
A	Awards, prizes, or incentives to students for excellence			Allowable	See Ed Code 44015. Board policy must explicitly permit awards, and should include allowable types of awards, such as trophies, plaques, championship rings, homecoming/prom king/queen flowers, donated gift cards, etc.
A	Giving away ASB product or inventory (such as clothing, etc.) to students at an ASB-sponsored and approved activity			Allowable	Often associated with promoting school spirit, club fundraisers, etc. In all cases, as many students as possible should benefit.
A	Optional stoles to be worn at graduation			Allowable	
D	Receipt by ASB or club of donated gift cards			Allowable	Retention of gift card inventory recommended
D	Return/refund of a donation			Prohibited	Unless otherwise specified when funds are collected or received
F	Acceptance of credit cards by ASB			Allowable	Subject to approval by district business office of equipment, service provider, contractual terms, etc.
F	ASB food sales to adults / staff			Allowable	
F	ASB food sales to students			Allowable	If allowed, must be in compliance with any local wellness policy and not in conflict with food services program.
F	Clubs established solely to fundraise for other charities			Prohibited	Specific board approval recommended.
F	Fundraisers / events with variable pricing structures			Allowable	Includes advance purchase price vs. at-the-door price. If allowed, the Fundraiser Request Form and Revenue Potential Form should clearly describe the pricing structure.
F	Fundraisers for charities and other non-profit organizations			Prohibited	If allowed, governing board should establish annual limits on number of charitable fundraisers.
F	Fundraisers that could be considered high-risk			Prohibited	Includes eating contests, dunk tanks, egg tosses, mechanical or animal rides, use of darts / arrows, destruction of cars or other objects, bounce houses or trampolines, etc.
F	Fundraising for out-of-state field trips/travel			Allowable	Should coincide with district/charter/community college existing travel policy.
F	Fundraising through the sale of sponsorships or advertisements			Allowable	

Page 1 of 2

8/20/2024, 11:00 AM

Ref.	Description	Allowable	Prohibited	FCMAT Recommends	Notes / Reminders
F	Joint fundraisers between ASB and PTA/PTO/Booster/Other school-connected organizations			Allowable	Including other activities with student participation when approved by principal/board designee.
F	Joint fundraisers between clubs			Allowable	
F	Fundraising using crowdfunding websites, such as GoFundMe			Prohibited	Strong internal controls and oversight required if allowed
F	Repurposing all fundraiser proceeds to use for different activity / event than originally planned			Prohibited	Funds should typically be spent on the original purpose, or a similar purpose for which they were raised.
F	Repurposing excess / leftover fundraiser proceeds following planned activity / event			Allowable	Funds should typically be spent on a similar purpose for which they were raised.
F	Retailer participation drives, scrips, or other forms of merchant participation or loyalty payments			Allowable	
F	Sale of leftover inventory items between clubs			Allowable	
F	Silent auctions			Allowable	
F	Tip or donation jars as fundraisers			Allowable	Requires strong internal controls to prevent theft
G	ASB general / student council provides start-up / seed money to new clubs			Allowable	
G	ASB petty cash			Allowable	Suggested limit is \$50.
G	Donation of funds from one club to another club			Prohibited	
G	Lending or rental of ASB/club equipment between clubs			Allowable	
G	Lending or rental of ASB/club equipment between school site ASBs within the district			Allowable	
G	Lending or rental of ASB/club equipment to outside entities			Prohibited	
G	Lending or rental of ASB/club equipment to school district			Allowable	
G	Loans between clubs			Prohibited	
G	Loans to clubs from ASB general / student council			Allowable	
G	Non-ASB funds held/deposited in ASB account(s)			Prohibited	Library fines, testing fees, staff coffee funds, etc.
G	School district provides a financial grant / fiscal assistance to ASB or clubs			Allowable	
G	Students from other school sites within the district joining a club or ASB.			Prohibited	May apply to students in Independent Study. School should consider transportation issues, supervision, etc.
G	Students may help count money while supervised at fundraisers and may also count funds with ASB bookkeeper prior to deposit			Allowable	
P	Salaries and benefits for ASB support staff			Prohibited	Includes ASB bookkeepers, coaches, custodians, ASB Advisors, etc.
P	Equipment / supplies / clothing for ASB support staff			Prohibited	Includes ASB bookkeepers, coaches, custodians, ASB Advisors, etc.
P	ASB accounting software and support costs			Prohibited	
P	ASB staff training (Activities Director, ASB Advisor, ASB Bookkeeper, business office staff, etc.)			Prohibited	Includes training for CADA or other membership organizations, coach clinics, ASB accounting software workshops, etc.
P	Purchase of gift cards for any reason, including awards			Prohibited	
S	Scholarship checks written directly to students			Allowable	

Legend:

- F Fundraising, Fees, Sales
- P Purchasing, Pass-through
- A Awards, Gifts, Appreciation
- D Donations
- G Governance, Contracts, Organization
- S Scholarships

Ref.	Organized/Unorganized	Allowable	Prohibited	Helpful Notes & Things to Remember
F	Fundraising proceeds for activity "A" converted to an alternative use "B" (funds must be spent on what they were raised)		x	Use the money for the original purpose
F	Fundraising excess/leftover proceeds after activity "A" completed converted to an approved <u>similar</u> alternative use "B"	x		
F	Shared fundraisers between clubs	x		The shared fundraiser should be initially approved as a shared fundraiser
F	Sale of surplus equipment/items	x		Check your district policy on obsolete inventory and proper disposal
F	Commingle of non-ASB funds with ASB funds, i.e. PTA/PTO/Booster		x	
F	Joint ASB - PTA/PTO/Booster fundraising and other activities with student participation when approved by principal/board designee regardless of whether funds are donated to ASB (revenue/deposits and costs/purchases accounted for by PTA/PTO/Booster and agreed upon funds donated to ASB)	x		
F	Earning extra credit in a class for students who participate in fundraising		x	
F	Silent auctions	x		
F	ASB raffles, ticket drawings, random drawings, opportunity drawings, scratcher cards, 50/50 drawings, or other games of chance, even if tickets are given away free, part of a donation, combined with some other item or reason for the raffle.		x	
F	Selling sponsorships for advertisement as an approved fundraiser	x		
F	Non-ASB fundraiser monies held/deposited into ASB accounts (use other district assigned site or donation account)		x	
F	Fundraisers where supervised students work at an approved activity, and the club receives an agreed-upon donation for assisting	x		This should not be viewed as payment for time, which sounds more like payroll
F	Fundraising for out-of-state field trips/travel	x		
F	Fundraisers where objects are thrown at people (pie toss, egg toss), mechanical or animal rides, darts, arrows, sledge hammer destruction of cars or objects, water/dunk tanks, bounce houses/trampolines		x	
F	One club selling leftover inventory items to another club as part of either club's fundraising activities	x		
F	Fundraising based on retailer participation drives, scrip, or other forms of merchant rebate payments to the ASB	x		
F	Donations to the ASB/clubs are non-refundable	x		

Ref.	Organized/Unorganized	Allowable	Prohibited	Helpful Notes & Things to Remember
F	Splitting gate receipts or sharing fundraising net proceeds between clubs or charities and the ASB	x		
F	Volunteers, advisors, administrators, and others directly related to the ASB earning commissions from ASB fundraising/activities or making profits by marking up items from their own business to sell to the ASB		x	
F	Fundraising to pay for other individual students' yearbooks or anything for an individual		x	
F	Tip or donation jar fundraisers	x		Strong internal control and checks and balances since cash in jars is easy to steal
F	Use of an individual staff/volunteer/club advisor, etc., personal Square Credit Card reader/terminal		x	
F	ASB Leadership/General's specific credit card terminal/reader to engage in sales and accept credit card payments	x		The district business office should approve the credit card equipment and software, i.e. terminal and reader
F	Individual ASB club's own credit card terminal/reader to engage in sales and accept credit card payments	x		The district business office should approve the credit card equipment and software, i.e. terminal and reader and should decide how many readers per site are allowed or if allowed
G	Students from another school site joining a different school site's club		x	
G	School principal or other principal designee approves contracts instead of district business office		x	
G	Club Advisor: Classified staff or other noncertificated individual as a club advisor (Ed Code 48933 requires certificated instructor as club advisor)		x	
G	Clubs donating funds to other clubs		x	
G	ASB general providing start-up/seed money for new clubs (Limit = \$200)	x		Decide if the start-up/seed money must be paid back
G	Deposits: Fundraising, sales, other deposits must be receipted and deposited in the bank any time the total accumulated funds for any individual club or all clubs' activities, including ASB general, exceed \$200. All funds, regardless of amount, must be deposited in the bank by the last business day of each week (no funds left in safe over the weekend, holidays, or summer/winter breaks)	x		The \$200 amount is a suggestion. You should determine an amount that is best for your district
G	Petty cash balance limit \$50	x		The \$50 amount is a suggestion. You should determine an amount that is best for your district

Ref.	Organized/Unorganized	Allowable	Prohibited	Helpful Notes & Things to Remember
G	Carryover funds of 20% for all clubs and 40% for yearbook clubs of total expenditures unless different in each clubs' bylaws	x		Other clubs such as athletics may need different amounts as well.
G	Senior class's remaining balance reverts to ASB general once seniors graduate unless senior class bylaws direct otherwise	x		
G	Students may help count money while supervised at fundraisers and may also count funds with ASB bookkeeper prior to deposit	x		
G	Approved ASB minutes posted to ASB website	x		
G	Club that has been inactive longer than 18 months is closed and, unless stated otherwise in bylaws, balance reverts to ASB general	x		
G	Activity clubs where students do not raise money, (e.g., chess, checkers, bible reading clubs), are approved via club application with constitution/bylaws	x		
G	Approved club minutes submitted to student council monthly (when club has meetings)	x		
G	Counting Funds: At least two people (must include at least one adult, which may include volunteers) must always count funds together and all those counting must sign and date the cash count form	x		
G	Temporary loans to ASB general or clubs from parents		x	
G	Temporary ASB loans to individuals		x	
G	Personal credit card used for preapproved ASB purchases where points/mileage/cash back of any kind are earned. (Credit card points/mileage/cash back earned are incidental benefits and not considered a gift of public funds)	x		
G	Release of ASB financial information to the public following a request for California Public Records Act, Government Code 6253.1	x		
G	Certificated club advisor of the club must attend all club/ASB activities, events, meetings, etc., even if another adult volunteers or other certificated/classified staff is available.	x		Consider approving an alternate club advisor in case the primary club advisor is sick or on vacation
G	Combining, splitting, or dissolving of clubs	x		Approval by the club(s), ASB leadership and advisor is necessary
G	Advocating for a cause when described and approved in the club bylaws	x		
G	Transporting money to the bank alone without a witness		x	

Ref.	Organized/Unorganized	Allowable	Prohibited	Helpful Notes & Things to Remember
G	Required multicopy forms: cash count, ticket count, purchase order, deposits, revenue potential	x		
G	Contracts with minors (e.g. student DJs for paid or unpaid services)		x	Decide if work permits are an exception and don't forget to check with human resources
G	ASB and clubs comprised of students from other school sites		x	
G	Cash box start-up cash left in the cash box while the cash box is in the safe during the week	x		
G	Cash box start-up cash left in the cash box while the cash box is in the safe over the weekend		x	Cash should not be left in the safe over the weekend.
G	Lending or rental of ASB equipment to other organizations or individuals			Check your existing district policy about whether an ASB can own its own property. Some districts require ASB purchases classified as equipment or property to be donated to the district.
G	ASB advisor for leadership class is also the advisor for another club	x		
G	General ASB/student council override the voting of a club if the issue is otherwise addressed in ASB/student council and club bylaws	x		
P	Purchase of gift cards		x	
P	Purchases before approval by student representative, advisor and principal (Ed Code 48933 [b] requires preapproval)		x	
P	ASB as a pass-through for fees, library fines, food services, or other non-ASB/club activities		x	
P	Reimbursing of individuals for preapproved club purchases. (All purchases must be preapproved before any shopping/spending occurs)	x		
P	District equipment, classroom supplies, or other district costs paid by ASB		x	
P	Conference/training costs, including travel, for adults paid by ASB where students do not attend		x	
P	Purchase or receipt of donated prizes for fundraisers	x		
P	Entrance fees for club events	x		
P	ASB funds used to purchase classroom supplies		x	

Ref.	Organized/Unorganized	Allowable	Prohibited	Helpful Notes & Things to Remember
P	Payment of dues, membership fees, other costs of non-ASB club activities		x	
P	Purchase of equipment (e.g., playground equipment, supplemental equipment, 3D Printer, monument signs, senior benches, paint for murals, etc.) to enhance the students' education and it is their will and idea, the funds were specifically raised for that purpose, facilities/maintenance/risk management departments approve, and the principal approves	x		
P	Off-season tournament costs: If athletics or sports club is a true ASB club and the event is a nondistrict sponsored activity, is related to the student's education and is recreational and not educational	x		
P	Purchase of club shirts, uniforms, hats, etc. when the ASB or club specifically fundraised for the item and all ASB/club members receive one	x		
P	Purchase of club shirts, uniforms, hats, etc. that the ASB or club did not fundraise for, is not for specifically for ASB or club students, or the item is imposed by district or others		x	
P	ASB support costs paid from ASB (paying for items used by or for adults): substitute teacher costs while teacher is not at an ASB activity; ASB bookkeeper's salary/benefits, furniture, equipment, software, forms, multi-copy forms, supplies, business cards, checks, training, receipt books, etc.; activities director and club advisor training costs including CADA; athletic coaching clinics, transportation, janitorial, other adult clothing-jackets, shirts for teachers, mugs, key chains, teacher training, etc.		x	
P	Reimbursement of non preapproved ASB purchases		x	
P	Principal's award, recognition, or discretionary money supported/provided by ASB		x	
P	District employees paid by ASB for preapproved services only through district payroll, not as independent contractor	x		
P	Student body/ASB/clubs purchase pizza or other similar snacks/food for meetings or social events	x		
P	Blanket or open purchase orders as long as there are sufficient funds available and district policy allows them	x		
P	Purchase orders prepared based on an estimate	x		

Ref.	Organized/Unorganized	Allowable	Prohibited	Helpful Notes & Things to Remember
P	ASB responsible for retroactive payment of any kind if not approved in advance		x	
P	ASB pays for repair of district-owned furniture or equipment (ice machine, lawn mower, golf cart, etc.)		x	
P	Grad night, Washington trips, class trips (i.e. senior class, eight grade class, etc.) donations and fees: Donations and fees cannot be mandatory. No student can be prohibited from the trip unless there is an administrative or discipline issue.	x		
P	Entrance fees for chaperones because chaperones are with students	x		
P	Teachers/staff/administrators use of ASB funds for classroom activities, teacher professional development, etc.		x	
P	Club website subscriptions promoting club activities	x		
P	Missing Receipts: Reimbursement of preapproved ASB purchases but lost or missing receipt: for first offense only, when unintentional, and approved by the principal and students and accompanied by a written explanation and attempt to return to the vendor for a replacement receipt	x		If this seems too harsh, modify it for what your district allows
P	Purchase Advances: Advancing of funds for purchases when advisor or person shopping does not have sufficient personal funds to pay for the shopping and cannot wait for reimbursement. The principal must approve the advance	x		Check your existing board policy. Many district policies already prohibit cash advances
P	Vendor or district required prepaying for activities or paying for deposits for trips and other approved ASB activities when approved by the principal	x		Check your existing board policy. Many district policies already prohibit pre-paying
P	Purchase of breathalyzers for ASB activities, e.g., the prom		x	
P	Reimbursement for club purchases made with EBT food stamp cards		x	
P	Stipends, payments of any kind for adult or student volunteers		x	
P	Recognition or awarding of small prizes or treats to student volunteers	x		
P	Paying students for services as scholarships		x	
P	Use of a single purchase order to list and authorize multiple vendors or individuals to make purchases		x	
S	Return of a scholarship donation to the donor for any purpose, e.g., donor will choose the scholarship recipient, donor changed their mind		x	
S	Scholarship checks written directly to students		x	

Ref.	Organized/Unorganized	Allowable	Prohibited	Helpful Notes & Things to Remember
S	Clubs want to use remaining club cash balance for their own scholarships or scholarships to others		x	
SP	Sports/Athletics: For any sports revenues and expenditures to be accounted for and be part of ASB, the sport must meet the same ASB club requirements. Each sport may be a separate club with its own constitution, certificated advisor, budget and other required elements, or multiple sports may be organized as one athletic club, with each sport having representation in the club. Enrolled students must lead the athletic club. Each sport in the athletic club should elect at least one delegate or commissioner to be a member of the club's student leadership, ensuring that each sport receives representation. Each sport represented in the athletic club may then be accounted for in the ASB accounting record as a subaccount of the athletic club. If the athletic director of the school is a certificated district employee, he or she may serve as club advisor. Students must be the primary decision-makers, not coaches. The certificated advisor must be present at each and all club activities, sporting events, meetings, fundraisers, etc. If a coach is not the club advisor, the certificated club advisor must still be at all activities and events even if a coach or other volunteer is also at the activity or event.	x		
Legend:				
F	Fundraising, Fees, Sales			
P	Purchasing, Pass-through			
A	Awards, Gifts, Appreciation			
D	Donations			
G	Governance, Contracts, Organization			
S	Scholarships			
SP	Sports Clubs/Athletics			
	GOVERNING BOARD AUTHORITY AND BOARD POLICY:			
	The governing board of the school district, charter school or community college is ultimately responsible for everything that happens in the district, including the activities of student organizations. Under Ed Code 48930 for K-12, and section 76060 for community colleges, the governing board has the authority to approve the formation of a student body organization within the district. This means that governing boards are not required to allow student body organizations to exist. Many districts have chosen to stop student fundraising and organizations as a last resort because of continual and severe noncompliance issues, including fraud.			

Ref.	Organized/Unorganized	Allowable	Prohibited	Helpful Notes & Things to Remember
	In assuming the authority the Education Code gives them, governing board establishes parameters for district operations through board policies and regulations. These policies and regulations must specify how the student body organization will be established, how its activities will be supervised, and how its finances will be operated and managed. The district's administration is responsible for establishing and monitoring the procedures to carry out the policies and regulations adopted by the governing board.			
	Students are raising funds for their own benefit and are able to make decisions about the funds (with co-approval from an administrator); however, when there is a conflict, governing board policies and regulations override ASB decisions because the funds are ultimately under the governing board's authority.			
	ATHLETICS/SPORTS CLUBS (ASB or Not Part of ASB):			
	Manual, Chapter 4, page 31 at Sports and Athletic Clubs states,			
	For any sports revenues and expenditures to be accounted for and part of the ASB account, the sport must meet the same ASB club requirements. Each sport may be a separate club with its own constitution, certificated advisor, budget and other required elements, or multiple sports can be organized as one athletic club, with each sport having representation in the club. The athletic club must be led by enrolled students. Each sport in the athletic club should elect at least one delegate or commissioner to be a member of the club's student leadership, ensuring that each sport receives representation. Each sport represented in the athletic club may then be accounted for in the ASB accounting record as a subaccount of the athletic club.			
	If the school's athletic director is a certificated district employee, her or she may serve as club advisor.			
	Manual, Chapter 8, pages 97-98 at Athletic Events states,			
	Athletic Events (usually organized ASB): A school may use any school-sponsored athletic event as a source of revenue as long as the event complies with league agreements. Income can come from various sources such as ticket sales, sales of programs, and concessions. This does not mean the ASB will always be the recipient of revenues from all aspects of athletic events. The governing board decides which club, parent organization or district account will receive the different types of revenues.			

Ref.	Organized/Unorganized	Allowable	Prohibited	Helpful Notes & Things to Remember
	One frequent issue with athletic events is that the funds are deposited into an ASB bank account, but a coach wants full control over the funds. ASB funds must benefit students, and although athletic events are an allowable ASB activity/expenditure, students must control how the funds are spent, with co-approval by authorized adults. If it is an ASB activity, an official student club (e.g. one that has a constitution, budget, certificated club advisor, and official meetings and minutes) must sponsor the events and control the funds. The coach can be the club advisor if he or she is certificated and if the principal/school administrator agrees. If the event is non-ASB and sponsored by the district, an athletic booster club or other parent group, the adults or coaches can make the decision(s), but the funds must be deposited into a separate account, (e.g. district, booster club or parent club nondistrict account), not the ASB account.			
	The FCMAT ASB workshop includes three slides about sports and athletics which summarize the information presented above as follows:			
	For any sports revenues and expenditures to be accounted for and part of the ASB account, the sport must meet the same ASB club requirements as all other clubs.			
	Each sport may be a separate club with its own constitution, certificated advisor, budget and other required elements,			
	OR			
	Multiple sports can be organized as one athletic club, with each sport having representation in the club, one constitution, one certificated advisor and other required elements.			
	• If revenue is to be shared, governing board policy should state how revenue from ticket sales, etc., is distributed.			
	• If one athletic club is formed, each sport should elect at least one delegate or commissioner to be a member of the club's student leadership team, ensuring that each sport receives representation.			
	• Each sport represented in the athletic club may then be accounted for in the ASB accounting record as a subaccount of the athletic club.			
	• If the athletic director of the school is a certificated employee of the district, her or she may serve as club advisor.			
	• The club advisor – a certificated employee -- must be at all club activities. Even if a classified coach is at the event, the certificated advisor must also be there.			
	If not operated as a true club, meaning the adults make the decisions (not student led), no club constitution/bylaws, no student fundraising, there is no certificated instructor acting as club advisor and attending all sport/athletic ASB fundraising/events, then:			
	• Sports/athletics does not belong in ASB			
	• Operations and bookkeeping should be in some other district business-office-approved account			
	• Example: School site donation account			

Page 44 of 44

Ref.	Organized/Unorganized	Allowable	Prohibited	Helpful Notes & Things to Remember
	A good argument for separating athletics from ASB would be if athletics is not operated as a true club as described in the information above. Districts usually separate athletics from ASB because students, not coaches, make the decisions and a certificated advisor is at all sports events. As far as other districts and how they have separated athletics from ASB, those that have been successful, account for athletics in a district approved school site account and have board approved agreements between athletic and ASB as to how revenues and expenses may be shared. Districts have varying reasons, methodologies, and types of agreements outlining the arrangements between athletics and ASB.			

This page intentionally left blank.