

<u>Section D:</u> Fiscal Management	Knox County Board of Education Policy		
	Fiscal Management Goals and Objectives	Descriptor Code:	Issued:
		D-100	7/95
		Reviewed:	Revised:
		2/24	3/23

The Board shall practice sound fiscal management procedures which guarantee maximum use of all resources provided.

In fiscal management, the Board seeks to achieve the following goals:

1. To engage in advance planning, sharing information, and seeking input with school administrators, department heads, and central administration; and to share plans and seek input from the community at large (beginning no later than three months prior to budget approval) through the hosting of community budget meetings, individual meetings with citizen stakeholder groups, and the utilization of appropriate social media platforms;
2. To effectively appropriate available funding in providing quality education for the system's students;
3. To use the available techniques for budget development and management;
4. To provide timely and appropriate information to all staff with fiscal management responsibilities;
5. To require school administration, in accordance with local, state, and federal guidelines, to establish efficient procedures for accounting, reporting, purchasing, delivery and inventory, payroll, payment of vendors and contractors, and all other areas of fiscal management; and
6. To establish and maintain internal controls, which shall provide reasonable assurance that—
 - a) Obligations and costs comply with applicable law;
 - b) Funds, property, and other district assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and
 - c) Revenues and expenditures are properly recorded and accounted for to permit the preparation of accurate and reliable financial and statistical reports and to maintain accountability over the school district's assets.¹

Legal Reference:

1. T.C.A. § 9-18-102(a).

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By Knox County Law Director 1/11/2024
/Gary T. Dupler/Deputy Law Director

<u>Section D:</u> Fiscal Management	Knox County Board of Education Policy		
	Descriptor Term:	Descriptor Code:	Issued:
	Annual Operating Budget	D-110	7/95
		Reviewed:	Revised:
		2/24	5/21

The school system budget is the operational plan stated in financial terms which describe the programs to be conducted during the fiscal year which begins July 1 and ends June 30 of the following year.

PREPARATION PROCEDURES

Budget planning shall include an analysis of previous staffing, curriculum and facilities, and projections requiring additional staffing, curriculum modifications, and additional facilities.

Budget preparation shall be the responsibility of the Director of Schools. The Director of Schools shall establish procedures for budget preparation that include appropriate levels of program review and timely submission to the Board of education.

HEARING AND REVIEWS

The proposed budget shall be available for inspection by interested citizens in the Office of the Board of Education and shall be prominently posted on the Knox County Schools website.

FINAL ADOPTION PROCEDURE

The Board shall adopt a budget request and submit it to the County Mayor on or before May 1 of each year.¹

The Director of Schools shall file a copy of the approved budget with the Commissioner of Education in compliance with state requirements.

Legal References:

1. Knox County Ordinance 90-9-122.

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<u>Section D:</u> Fiscal Management	Knox County Board of Education Policy		
	Descriptor Term:	Descriptor Code:	Issued:
	State and Federal Aid Eligibility Determination	D-120	7/95
		Reviewed:	Revised:
		2/24	2/17

In order to ensure comparability of services¹ from local, state, and federal funds in all of its schools, the Board shall ensure that:

1. A system-wide salary schedule is adopted annually;
2. Teachers, principals, and support personnel are assigned to schools on an equitable basis according to grade levels and need; and
3. Curriculum materials and instructional supplies are provided to schools on an equitable basis according to grade levels and need.

Funds for educational purposes made available by any government, agency, or organization shall be sought by the school system only when the conditions of their availability are in harmony with the purposes and policies of the Board and the laws of the state and county.

Legal Reference:

1. Chapter 1, Section 558(c), Education Consolidation and Improvement Act of 1981; Commissioner of Education Memorandum, May 11, 1982, "Guidance for Complying with Comparability Requirements of Chapter 1, ECIA.

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<u>Section D:</u> Fiscal Management	Knox County Board of Education Policy		
	Donations, Gifts, and Bequests	Descriptor Code:	Issued:
		D-130	7/95
		Reviewed:	Revised:
		2/24	8/19

The Director of Schools is authorized to accept donations, gifts, and bequests to the school system and may designate others to accept donations, gifts, and bequests for particular schools on behalf of the Board.¹

In instances where the Director of Schools or the Director's designee doubts the appropriateness or usefulness of an offered donation, gift, or bequest, the donation, gift, or bequest may be declined or the matter referred to the Board.

In accepting donations, gifts and bequests, the following guidelines shall be followed:

1. Unless otherwise expressly specified in writing, all property contributed, given, or otherwise placed on school premises shall become school system property subject to the same controls and regulations that govern the acquisition and use of other school-owned property.
2. Individuals or organizations who desire to donate services, supplies or equipment shall consult with the Director of Schools or the Director's designee regarding the feasibility of accepting such donations.
3. Any proposed donation of services, supplies, or equipment that may involve material initial or ongoing financial commitments from general school funds shall be presented by the Director of Schools' office to the Board for consideration and approval.
4. Any donation, gift, or bequest twenty-five thousand dollars (\$25,000) or greater shall be reviewed and approved by the Board of Education prior to receipt.

Legal Reference:

1. T.C.A. § 49-6-2006(a).

Cross References:

- Knox County Board of Education Policy D-230 Purchasing.
- Knox County Board of Education Policy G-170 Staff Gifts and Solicitations.

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Section D: Fiscal Management	Knox County Board of Education Policy		
	Descriptor Term:	Descriptor Code:	Issued:
	Receipt of Funds at School Level	D-140	7/95
		Reviewed: 2/24	Revised: 2/17

BOARD ALLOCATIONS

Allocations to individual schools from the General Purpose School Fund, as approved by the Board through the annual budget process, shall be received and accounted for by those schools.

These allocations are a recognized part of the Board's responsibility for providing, at public expense, items of equipment, supplies and services that may be required in the interest of education in the schools under the Board's jurisdiction.

SCHOOL FEES

School fees collected by individual schools shall be expended only for the purposes for which they were collected. The purpose and amounts of all fees shall be approved as provided for in Policy J-560 Student Fees and Fines.

No fees shall be required of any student as a condition to attend the school or use its equipment except as authorized by the Board.¹

FINES

A student shall be held responsible for the cost of replacing any materials or property which the student loses or damages³, including textbooks, library books, equipment and buildings.

Legal Reference:

1. T.C.A. § 49-6-3001(a).
2. Tennessee Internal School Uniform Accounting Policy Manual, Section 4-32.

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<u>Section D:</u> Fiscal Management	Knox County Board of Education Policy		
	Descriptor Term:	Descriptor Code:	Issued:
	Deposit of Funds	D-150	7/95
		Reviewed: 2/24	Revised: 2/17

Monies received for deposit to funds other than the internal school funds shall be forwarded to the Finance Department and deposited with the Knox County Trustee within three (3) business days.

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<u>Section D:</u> Fiscal Management	Knox County Board of Education Policy		
	scriptor Term:	scriptor Code:	ued:
	Bonded Employees	D-160	4/08
		viewed: 2/24	vised:

The Director of Schools and all other employees who handle school monies shall be bonded in order to indemnify the school system against the loss of any funds.¹

Legal References:

1. T.C.A. §8-19-101 through 103, T.C.A. § 49-2-110(a)(1).

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<u>Section D:</u> Fiscal Management	Knox County Board of Education Policy		
	Descriptor Term:	Descriptor Code:	Issued:
	Accounting System	D-170	7/95
		Reviewed:	Revised:
		2/24	2/17

In accordance with the Charter of Knox County and all applicable local, state, and federal guidelines, the Director of Schools shall maintain a system of fund accounting, organized according to the regulations prescribed by the Tennessee Commissioner of Education, and that provides a detailed and accurate accounting for all receipts and disbursements of the district.¹

The Board authorizes each school under its jurisdiction to receive activity and other internal funds, such as athletic gate receipts and school class funds.²

Legal References:

1. T.C.A. § 49-2-301 (b)(D).
2. T.C.A. § 49-2-110(a).

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<u>Section D:</u> Fiscal Management	Knox County Board of Education Policy		
	Financial Reports	Descriptor Term:	Descriptor Code:
			Issued:
		D-171	7/95
		Reviewed:	Revised:
		2/24	2/17

The Executive Committee shall submit to the Board at each regular Board meeting a report of all committee business transacted since the last regular meeting.¹

The Director of Schools shall submit periodic financial reports to the Board and to state and federal agencies as required.

Any records or papers which may be destroyed according to the law shall be disposed of in such a manner as to ensure complete destruction.

Legal References:

1. T.C.A. § 49-2-206(5).

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<u>Section D:</u> Fiscal Management	Knox County Board of Education Policy		
	Descriptor Term: Audits	Descriptor Code:	Issued:
		D-172	3/00
		Reviewed:	Revised:
		2/24	3/17

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2	An annual audit of all fiscal accounts of the district shall be performed by an independent certified public
3	accountant following the end of the fiscal year. ¹
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5	The Director of Schools shall make the annual audit report available to the proper authorities as prescribed
6	by law.
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8	When an administrative change occurs during the fiscal year and the position is responsible for the
9	expenditure of funds, a detailed review of accounts involved shall be performed by the district's Finance
10	Department to the extent of the scope defined by the Board or the Director of Schools.
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12	Should the employment of a school principal or bookkeeper be terminated, that school's accounts shall be
13	reviewed and reconciled in detail by the district's Finance Department, and no further financial
14	transactions shall take place until a new principal or other responsible person is assigned by the Director
15	of Schools.
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34	Legal Reference:
35	1. T.C.A. § 9-3-211.
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Section D: Fiscal Management	Knox County Board of Education Policy		
	Payroll	Descriptor Term:	Descriptor Code: Issued:
			D-190 7/95
		Reviewed:	Revised:
		2/24	2/17

Salaried personnel shall be paid in twelve equal monthly installments on the 25th (or the last working day preceding the 25th) of each calendar month. Hourly personnel shall be paid on a biweekly basis.

All annual salary and hourly pay rate schedules that are published by the district, as well as any other form of compensation paid by the district, are stated on a “gross earnings” basis, that is, before deductions from pay that are either required by law or as a condition of employment. These deductions may include, but are not limited to:

1. Federal income tax, Social Security tax, and Medicare tax;
2. Retirement contributions;
3. Court ordered garnishments;
4. Unauthorized absences; and
5. The cost of a criminal background check.

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<u>Section D:</u> Fiscal Management	Knox County Board of Education Policy		
	Descriptor Term:	Descriptor Code:	Issued:
	Expenses and Reimbursements	D-200	7/95
		Reviewed: 2/24	Revised: 2/17

The Board shall periodically review the joint [Knox County – Knox County Schools Travel Policy](#) and Regulations that are available in handbook form on the Knox County Schools website.

With prior approval from the Director of Schools or the Director’s designee, school personnel who incur expenses in carrying out their authorized duties shall be reimbursed upon submission of an approved voucher and supporting receipts. Reimbursements will be made in accordance with the Knox County – Knox County Schools Travel Policy Handbook.

Members of the Board shall be reimbursed for transportation, lodging, meals and other pertinent expenses when traveling on business for the Board. Travel expenses for the Board shall be reimbursed in accordance with the Knox County – Knox County Schools Travel Policy.

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<u>Section D:</u> Fiscal Management	Knox County Board of Education Policy		
	Inventories	Descriptor Code:	Issued:
		D-210	7/95
		Reviewed:	Revised:
		2/24	3/17

The Director of Schools shall establish accurate inventory procedures for all district real and personal property, in compliance with the [Procurement Code of Knox County](#). Administrative personnel shall ensure that a physical count of all such property is taken at the end of each fiscal year and at the time of principal reassignments. The results of any physical count of inventory shall be properly entered in the appropriate records for accounting purposes.

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Section D: Fiscal Management	Knox County Board of Education Policy		
	Descriptor Term:	Descriptor Code:	Issued:
	Capital Asset Investment and Management	D-211	5/16
		Reviewed: 2/24	Revised: 3/23

I. Purpose:

The purpose of this policy is to establish guidelines for the acquisition and reporting of capital assets in order to provide information for capital investment and management decisions.

II. Definitions:

- A. Capital Asset – A capital asset is property that is used in district operations and has an initially estimated useful life in excess of three years following the date of acquisition.
- B. Capital Improvement Plan (CIP) – The plan that describes the acquisition and/or construction of capital facilities and assets (capital projects) and associated funding sources the district intends to undertake during future fiscal years.
- C. Capital Project – Construction projects and capital purchases that generally cost in the aggregate more than \$100,000 and/or have an initially estimated useful life greater than seven years.
- D. Capitalization Threshold – The monetary criterion used to determine whether a given capital asset should be reported as a long lived asset subject to depreciation in the financial statements.
- E. Depreciation – The systematic and rational allocation of the acquisition cost of a capital asset over its useful life.
- F. Operating Budget – Annual expense plan that details the expected costs associated with providing district services.

III. Policy:

- A. The purpose of the CIP is to document the planning, scheduling, approval, and anticipated financing for capital projects over a rolling multi-year period.
- B. Construction projects and capital asset purchases that generally cost in the aggregate more than \$100,000 and/or have a useful life of greater than seven years are included in the CIP.

C. The Director of Schools is to prepare CIP project proposals and present the requests to the Board. Once a request has been approved by the Board, the request shall be forwarded to the Knox County Department of Finance.

D. The Knox County Department of Finance and County Mayor will review the CIP requests and make recommendations to the County Commission. The final CIP recommended by the County Mayor will include financing of the CIP request. Budget appropriations for projects included in the first year of the CIP are included in the district's annual Capital Budget which is subject to Board and County Commission review and approval. Financing for the Capital Budget will come from General Obligation Bonds and other sources. If a specific current revenue source is identified for a CIP request, then that funding is included in the CIP.

Budget appropriations included in the first year of the approved CIP, for which financing is planned for the upcoming fiscal year, are required to be approved by the County Commission. Budgetary approval for projects planned for subsequent years, for which financing is planned in those future years, is generally not obtained during the first year of the CIP and is subject to revision in subsequent years.

E. Capital assets, whether purchased or constructed, are recorded at historical acquisition cost (or estimated historical cost, if historical cost is not available). Donated capital assets are recorded at estimated fair market value at the date of donation. Historical acquisition cost includes the purchase price of the asset, plus related ancillary charges necessary to place the asset in its intended location or to prepare it for its intended use. Such charges include, for example, legal and title fees, closing costs, land-preparation costs, architect fees, and transportation charges.

F. The capitalization threshold is used to determine the proper reporting of capital asset additions based on the expenditures, individually or in the aggregate, incurred to acquire the asset. For district capital asset additions (for example land, buildings and building improvements, vehicles, machinery and equipment, and intangible assets), the capitalization threshold is \$10,000.

G. Additions to existing capital assets are recorded as capital assets only if (1) the additional expenditures, individually or in the aggregate, exceed \$10,000 and (2) the addition extends the useful life of an existing asset or enhances its functionality. Costs of routine recurring maintenance and repairs that do not add to the value of an asset or do not materially extend the useful life of an asset are not capitalized. Such items are reported as expenditures/expenses in the period in which they are incurred.

H. Capital assets that meet the capitalization threshold and, therefore, are recorded as district assets are depreciated, the exception being land, which is not depreciated. Depreciation is calculated using the straight-line method over the estimated useful lives of classes of assets, which are:

<u>Asset Class</u>	<u>Useful Life (Years)</u>
Buildings	45
Land Improvements	10-20
Public Doman Infrastructure	40
System Infrastructure	25
Vehicles	5
Machinery and Equipment	5-20
Intangible Assets	5-10

- I. Any capital assets that are declared surplus property shall be disposed of in accordance with the [Procurement Code of Knox County](#).

IV. Quality Control and Quality Assurance:

It is the responsibility of the Director of Schools to ensure the presence of procedures that provide sufficient guidance to affected KCS personnel to fulfill the intent of this policy.

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<u>Section D:</u> Fiscal Management	Knox County Board of Education Policy		
	Descriptor Term:	Descriptor Code:	Issued:
	Surplus Property	D-220	7/95
		Reviewed:	Revised:
		2/24	3/17

It is the Board's intent that surplus property shall be disposed of in accordance with the [Procurement Code of Knox County](#).¹

Proceeds from disposal of textbooks shall be utilized to supplement textbook and instructional materials purchasing funds.²

The district, at the Director of Schools' direction, shall request from Knox County Finance, the deposit of proceeds from the disposal of other district surplus property to the district's General Operating Fund.

Legal References:

1. T.C.A. § 49-6-2007(a).
2. T.C.A. § 49-6-2208(b).

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Section: Fiscal Management	Knox County Board of Education Policy		
	Descriptor Term: Purchasing	Descriptor Code:	Issued:
		D-230	7/95
		Reviewed:	Revised:
		2/24	3/17

The Board will purchase competitively and seek maximum educational value for every dollar expended. Purchasing will be done in compliance with the [Procurement Code of Knox County](#) and in accordance with [Knox County Purchasing Regulations](#) and Knox County Purchasing Electronic Commerce Card Program.¹

Section 2-580 of the [Procurement Code of Knox County](#) exempts internal school funds, school activity funds, cafeteria funds, and concession funds from the Code and states that these funds shall be governed by procedures contained in the [Tennessee Internal School Uniform Accounting Policy Manual](#) as provided for in Tennessee Code Annotated 49-2-110 and adopted by the Knox County Board of Education (See [Board Policy D-241](#)).

ROUTINE PURCHASES

Routine purchases shall include expenditures for supplies, salaries, and routine expenditures required for the operation of the school system. These expenditures shall be anticipated and provided for in the budget and will normally be authorized by the Board at the beginning of the fiscal year. The Director of Schools shall make all routine purchases without further Board authorization. However, the Board shall be promptly informed if any substantial variation from budgeted estimates becomes necessary.

SPECIAL PURCHASES

Special purchases are those which are not routine and which may or may not be specifically identified by line item in the budget. Examples of special purchases are all capital expenditures such as for vehicles, buildings, major contracts, purchases of major equipment, items for long-term use and supplies of an unusual quantity or nature. All purchases in this category shall require specific prior Board approval on an item-by-item basis. In its approval, the Board may place constraints on the Director of Schools requiring Board evaluation and/or approval at various steps in the procurement process. This will be determined by the Board on an individual basis depending on the nature of the procurement action.

EMERGENCY PURCHASES

Emergency purchases are those which are necessary to avert hazards which threaten health or safety, to protect property from damage or to avoid major disruption of educational activities. If within budgetary limits and deemed essential, emergency purchases may be made by the Director of Schools. However, if the purchase is of such significant magnitude as to impact on the integrity of the budget, the Chairman shall call a special or emergency meeting of the Board to deal with the matter. In any event, the Board shall be advised promptly of all emergency purchases.

Purchases made by anyone not authorized by the appropriate officials shall become the personal responsibility of the persons making the purchase agreement. The Board will not, under any

circumstances, be responsible for payment for any material or supplies purchased by unauthorized individuals or in an unprescribed manner.

PURCHASING AUTHORITY

The Director of Schools or the Director's designee shall be authorized to act for the Board in acquiring federal surplus property through the Tennessee General Services Department for surplus property and in entering into agreements, certifications and covenants of compliance concerning the use of federal surplus property.

The Director of Schools is authorized to purchase any needed items through suppliers approved on the state bid list.

LOCAL PURCHASING

The Board will purchase locally whenever other conditions are comparable.

COOPERATIVE PURCHASING

The Board, at its option, will join in cooperative purchasing with other school systems to take advantage of lower prices for bulk purchasing and to reduce the cost involved in bidding whenever such buying appears to be to the benefit of the system.

Legal References:

1. T.C.A. § 49-2-206(3); T.C.A. § 6-36-115.

Cross Reference:

- Knox County Board of Education Policy D-130 Donations, Gifts, and Bequests

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\Section D: Fiscal Management	Knox County Board of Education Policy		
	Descriptor Term:	Descriptor Code:	Issued:
	Purchase Orders, Contracts and Requisitions	D-232	7/95
		Reviewed: 2/24	Revised: 3/17

All district purchases are to be made in accordance with the Board approved purchasing policy and in compliance with the [Procurement Code of Knox County](#).

Purchases other than with internal school funds, will be initiated by requisition or other means as specified in the [Knox County Purchasing Regulations](#).

Contracts that bind Knox County are to be submitted to the Board and Knox County Commission for approval and to the Knox County Mayor for signature in compliance with the [Procurement Code of Knox County](#). Any document titled an agreement, contract, memorandum of agreement, or memorandum of understanding is subject to the requirements of this policy.

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\Section D: Fiscal Management	Knox County Board of Education Policy		
	Descriptor Term: Technology Purchases	Descriptor Code:	Issued:
		D-233	3/21
		Reviewed:	Revised:
		2/24	

PURPOSE

This policy is to ensure that the procurement of information technology (IT) hardware and software is consistent across the Knox County school district. This is to facilitate the management and accountability for all technology as well as to ensure that due diligence is performed to review privacy and compatibility with existing systems prior to execution of a purchase.

Therefore, all technology purchases shall be reviewed and approved by the Chief Technology Officer (CTO), or the CTO's designee. This includes both hardware and software purchases using district (state, local and federal funds) or internal school funds. Further, the CTO will implement a process for the centrally controlled procurement of all technology related items whether they are durable or consumable and regardless of the source of funding.

This policy applies to all technology resources and related services owned, used or operated by the Knox County Schools, regardless of the source of funding, location or intended purpose. These resources include but are not limited to: Computers and servers of any form; Software and information systems; Technology services, consulting, and maintenance contracts; Peripheral equipment (e.g. printers, scanners, etc.); Network devices; Television, audiovisual, surveillance and projection equipment; And door locking, alarm, and environmental monitoring equipment.

HARDWARE

Hardware technology purchases include but are not limited to desktop and mobile computers, tablets, calculators, digital video and still cameras, interactive boards and panels, projectors and the various accessories and peripheral devices that may be needed to complement the technology hardware.

SOFTWARE

Software includes both paid and free software applications, including websites or web-based applications that require staff or student information to function.

TECHNOLOGY PURCHASE SYSTEM

The Information Technology (IT) Department will maintain a technology request system to facilitate purchasing approved technology items through the district. The system will adhere to all [procurement regulations of Knox County](#) and all procurement and accountability policies of the Board of Education.

If a school or department requires an item not found in the request system, a request can be sent to trs@knoxschools.org for review and verification that the item meets both the needs and constraints of the Knox County Schools. Upon verification by the CTO, or the CTO's designee, the requestor will be

1 notified, and procurement may proceed. Should the request be denied, alternate hardware or software
2 that may meet the requestor's need may be reviewed or proposed.
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<u>Section D:</u> Fiscal Management	Knox County Board of Education Policy		
	Internal School Funds	Descriptor Code:	Issued:
		D-241	3/17
		Reviewed:	Revised:
		2/24	8/22

MANAGEMENT AND ACCOUNTING SYSTEM

The Board authorizes each school to receive activity funds, such as athletic funds, student organization funds, and any other funds belonging to a student group, class, or activity, and other internal school funds, such as athletic gate receipts and school class funds.¹

Whatever the source, all internal school funds shall be under the jurisdiction of the Board and under the specific control of the school principal.

Contracts with fund-raising agencies must comply with Board policy and be approved by the school principal.

Each principal is to manage and account for activity funds and other internal school accounts under the principal's jurisdiction in accordance with the *Tennessee Internal School Uniform Accounting Policy Manual (TISUAPM)*.²

FINANCIAL RECORDS

Records of student activity fund and other internal school fund receipts and disbursements, such as those kept in cashbooks and ledger journals, must be maintained in accordance with the TISUAPM.

Any such financial records or papers, which may be destroyed according to the law, shall be disposed of in such a manner as to ensure complete destruction.

INTERNAL CONTROL SYSTEM

Control systems must be in place, at each school, to provide reasonable, but not absolute, assurance that internal school funds are spent and any related inventories are used in accordance with laws, regulations, and policies; internal school funds and related inventories are safeguarded against waste, loss, and misuse; and reliable financial information can be obtained, maintained, and fairly presented and reported.³

ANNUAL BUDGETS BY EACH SCHOOL PRINCIPAL

Each principal shall prepare each fiscal year, a budget for the internal school general fund presenting a beginning general fund balance, estimated annual revenues, proposed annual expenditures, and the estimated general fund balance at the end of the fiscal year. For each restricted fund, the principal shall prepare a budget presenting separately each restricted fund's beginning account balance, estimated annual revenues, proposed annual expenditures, and the estimated restricted account balance at the end of the fiscal year.

As soon as possible after the school year begins, participating students, in consultation with their activity or club sponsors, shall develop and adopt budgets that will be used during the fiscal year to account for their activity or club. Each activity or club sponsor shall submit a copy of the fiscal year budget to the principal to be included in a comprehensive school budget that is submitted to the Board through the Director of School's office.⁴ Each activity or club budget should include a written plan for all fundraising activities, and the appropriate school fundraiser authorization for each event should be obtained as part of the budgeting process.

DONATIONS, GIFTS, AND BEQUESTS

The Director of Schools is authorized to accept donations, gifts, and bequests to the district and may designate others to accept donations, gifts, and bequests for particular schools on behalf of the Board.⁵ Any donation, gift, or bequest twenty-five thousand dollars (\$25,000) or greater shall be reviewed and approved by the Board prior to receipt.

Legally restricted donations or allocations to individual schools must be used in accordance with the stipulations placed on their use by the contributor. Any stipulations governing the use of the funds should be documented in writing by the contributors.

RECEIPT OF FUNDS

Schools receive funds from many activities and events, and student activity funds shall be deposited in respective school activity accounts.¹

Most often, this money is handled by one or more persons before it is recorded in the school's cash receipts journal by the designated school employee. The school principal, however, becomes accountable for the funds when money is initially received by employees, officials, or volunteers acting in their official capacity.⁶

School funds are not considered to include those of organizations composed of parents and teachers or parents and students working in coordination, including, but not limited to, appropriately organized and approved School Support Organizations as described in [Policy D-250](#).

MONEY COLLECTED FOR THE BOARD

Money collected from students on behalf of the Board (for example, for Driver's Education) must be deposited in the school bank account with other school funds and a check written to the Board to transfer the money.⁷

BONDED EMPLOYEES

All employees who handle school monies must be bonded in order to indemnify the district against the loss of any funds.⁸

AUDITS

An annual audit of all student activity funds and other internal school funds shall be performed by certified public accountants following the end of the fiscal year.⁹

Other periodic reviews of internal school funds may be performed by the district's Finance Department, as long as those reviews are performed in accordance with the standards established by the Tennessee Comptroller of the Treasury.¹⁰

PETTY CASH

Individual schools may maintain petty cash funds.¹¹

All petty cash funds established must have prior approval from the Director of Schools or the Director's designee.

INVESTMENTS

School principals may invest excess funds only in insured interest-bearing accounts approved by the Director of Schools or the Director's designee.¹²

PURCHASING

Section 2-580 of the [Procurement Code of Knox County](#) exempts internal school funds, school activity funds, cafeteria funds, and concession funds from the Code and states that these funds shall be governed by procedures contained in the [TISUAPM](#).

All purchases of supplies, materials, equipment, and contractual services at the school level of twenty-five thousand dollars (\$25,000) or greater shall be based on three (3) written quotes and approved by the Board unless such purchases were made using pass-through funds collected for that specific purpose (e.g. yearbook expenses, field trip costs, merchandise sales, etc.), or where such purchases were already governed under a Board approved contract or agreement.

Contracts for legal services, educational consultants, and similar services by professional persons or groups of high ethical standards shall not be based upon competitive bids but shall be awarded on the basis of recognized competence and integrity.

No school shall be obligated to pay for any expenditure made by a student or a teacher or by any other employee unless he or she first receives a written purchase order from the proper office or unless prior written permission or arrangements are made with the principal.

PURCHASING CARDS

Knox County Schools personnel will practice sound fiscal management of system purchase cards in compliance with the [TISUAPM](#). All purchase card users must comply with Knox County Board of Education (KCBOE) Purchase Card Procedures. No employee shall be granted permission to use or access a school system purchase card until signing the Purchase Card User Agreement.

Each school's principal may request, through the Director of Schools (or designee), a purchase card in the name of his/her school. Purchase cards not currently in use should be stored in a safe.

A listing shall be maintained of all issued purchase cards as well as all authorized users. The Director of Schools (or designee) will assign each card a per transaction limit and per day limit. When multiple employees are permitted to use one purchase card, a separate log shall be maintained for each card. The log will include columns for, but not limited to: (1) Date signed In/Out, (2) Employee Name, (3) Employee signature, and (4) Card number. The purchase card user must initial each entry twice (time of check out and time of return).

Any time an authorized purchase card user departs from his/her employment with KCBOE, or departs into another assigned role, or transfers to another department or school, the listing of issued cards must be checked and inventoried.

No school system purchase card should be utilized for personal reasons and/or cash advances. Authorized users must submit timely statements/invoices/receipts in compliance with KCBOE Purchase Card Procedures. Any employee violating the terms of this policy or the corresponding procedures could face disciplinary action up to and including termination.

The respective principal and Director of Schools (or designee) must be notified immediately regarding any lost or stolen cards. The Director of Schools (or designee) must also ensure that card statements are paid in full each month to prevent the school system from incurring finance charges. Copies of any statement shall be made available to the Director of Schools (or designee), principal, internal auditors, external auditors, and/or Board members upon request.

Some purchase card agreements offer premium or bonus incentives upon purchases made. Premiums that consist of cash must be deposited into the school system's general fund. Premiums that consist of non-cash items or rewards must be used for the benefit of the school system.¹³

Legal References:

1. T.C.A. § 49-2-110(a).
2. T.C.A. § 49-2-110(d).
3. *Tennessee Internal School Uniform Accounting Policy Manual* 4-5.
4. *Tennessee Internal School Uniform Accounting Policy Manual* 4-42.
5. T.C.A. § 49-6-2006(a).
6. *Tennessee Internal School Uniform Accounting Policy Manual* 5-2.
7. *Tennessee Internal School Uniform Accounting Policy Manual* 4-40.
8. T.C.A. § 8-19-101 through 103, TCA § 49-2-110(a)(1).
9. T.C.A. § 49-2-112(a); TCA § 6-36-112.
10. *Tennessee Internal School Uniform Accounting Policy Manual* 2-1.
11. *Tennessee Internal School Uniform Accounting Policy Manual* 5-16.
12. *Tennessee Internal School Uniform Accounting Policy Manual* 6-1.
13. *Tennessee Internal School Uniform Accounting Policy Manual* 4-2.

Cross Reference:

- Knox County Board of Education Policy D-250 School Support Organizations.

Approved as to Legal Form
By Knox County Law Director 1/11/2024
/Gary T. Dupler/Deputy Law Director

<u>Section D:</u> Fiscal Management	Knox County Board of Education Policy		
	School Support Organizations	Descriptor Code:	Issued:
		D-250	4/08
		Reviewed:	Revised:
		2/24	8/22

INTRODUCTION

Only a group or organization that has entered into a written cooperative agreement with the Board may use the name, mascot or logo of a school or the school district to solicit or raise money, materials, property, securities, services, or other things of value.

A civic organization not having support of schools as its primary focus operating concessions or parking at school-sponsored events is not a School Support Organization subject to this policy.

REPORTING AND RECORDS

The Director of Schools or the Director's designee shall annually post a list of organizations that are recognized as School Support Organizations on the school district's web site.¹

Any forms, annual reports, or financial statements submitted by a School Support Organization shall be open to public inspection as a public record.

PROCEDURES

The Director of Schools shall create procedures to oversee the relationship between the Board and any School Support Organization. These procedures shall include, at a minimum, the following:

1. Any agreement between the Board and a School Support Organization shall be in writing and signed by the principal of the school, the Director of Schools or the Director's designee and an authorized agent of the School Support Organization seeking authorization. This agreement shall contain, at a minimum, the following provisions:
 - a. An agreement to abide by any policies and procedures regarding School Support Organizations; and,
 - b. An agreement to indemnify the Board, the Director of Schools and all other agents of the district for the actions of the School Support Organization.
2. Prior to entering into any agreement, a School Support Organization shall submit the following to the Director of Schools or the Director's designee:
 - a. Documentation confirming the School Support Organization's status as a nonprofit organization, foundation, or a chartered member of a nonprofit organization or foundation.
 - b. A written statement of the goals and objectives of the group or organization.

c. The name, address, and telephone number of the principal contact person for the group or organization as well as the telephone number, address, and position of each officer of the group or organization.

d. A copy of the School Support Organization's written by-laws specifying reasonable procedures for accounting, controlling, and safeguarding any money, materials, property, securities, services, or other things of value collected or disbursed by it.

A School Support Organization shall annually, and not later than the first business day of August, submit a form to the Director of Schools or the Director's designee which verifies that the information previously provided by the School Support Organization is correct or, if the information is no longer correct, the first business day of August shall be the deadline for any corrections.

Not later than the first business day of August, a School Support Organization shall provide a detailed statement of receipts and disbursements for the organization's previous fiscal year to the applicable school principal or, if no school principal is applicable, to the Director of Schools or the Director's designee.

A School Support Organization shall abide by all applicable federal, state and local laws, ordinances and regulations in its activities.

A School Support Organization shall maintain a copy of its charter, bylaws, minutes, and documentation of its recognition as a nonprofit organization.

A School Support Organization shall maintain financial records for a period of at least four (4) years.

A School Support Organization shall operate within the applicable standards and guidelines set by a related state association, if applicable, and shall not promote, encourage or acquiesce in any violation of student or team eligibility requirements, conduct codes or sportsmanship standards.

A School Support Organization's officers shall ensure that the organization's funds are safeguarded and are spent only for purposes related to the stated goals and objectives of the organization.

3. A School Support Organization shall obtain the approval of the Director of Schools or the Director's designee before undertaking any fundraising activity that utilizes any property or facilities owned or operated by the district. The Director of Schools or the Director's designee shall consider, at a minimum, the following when approving or denying a request by a School Support Organization to engage in a fundraising activity:

a. Whether the fundraising activity, as scheduled, conflicts with the fundraising activity of the school district or an individual school within that district.

b. Whether the fundraising activity is consistent with the goals and mission of the school or school district.²

4. A School Support Organization shall provide access to all books, records, and bank account information for the School Support Organization to officials of the local school board, local school principal, or auditors of the office of the comptroller of the treasury upon request.

5. A Knox County Schools employee cannot act as a treasurer or bookkeeper for a School Support Organization or be a signatory on the checking account of a School Support Organization. A majority of the voting members of any School Support Organization board shall not be composed of Knox County Schools employees.³

The Director of Schools may enact procedures to suspend or revoke the authorization of any School Support Organization for failure to abide by the policies and procedures regarding School Support Organizations.

CONCESSIONS AND PARKING

The principal of a school may agree to allow an authorized School Support Organization to operate and collect money for a concession stand or parking at a related school academic, arts, athletic, or social event on a school property without the prior approval of the Director of Schools or Director's designee. Any money payable to the school pursuant to any such agreement with the principal will be considered School Support Organization funds and not student activity funds if the School Support Organization provides the school with the relevant collection documentation required by the student activity funds manual published by the State.⁴

Legal References:

1. T.C.A. § 49-2-605(a).
2. T.C.A. § 49-2-604.
3. Tennessee Internal School Uniform Accounting Policy Manual 4-33.
4. T.C.A. § 49-2-606(b).

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By Knox County Law Director 1/11/2024
/Gary T. Dupler/Deputy Law Director

<u>Section D:</u> Fiscal Management	Knox County Board of Education Policy		
	Descriptor Term: Vendor Relations	Descriptor Code:	Issued:
		D-260	7/95
		Reviewed:	Revised:
		2/24	3/17

Vendor selection shall be in accordance with the [Knox County Purchasing Regulations](#).

Vendors shall obtain prior written approval from the Director of Schools or the Director's designee before visiting school facilities and secure the permission of the principal's office prior to visiting professional staff members. Vendor visitations to schools shall not be permitted to interfere with the normal instructional and learning process.

No person officially connected with or employed by the district will be an agent for or receive any financial compensation or reward of any kind from any vendor for the sale of supplies, materials, equipment or services. However, this shall not preclude a spouse or family member of a principal, teacher or other school administrative employee from participating in business transactions with the school system where a sealed competitive bid system is used; provided, that the principal, teacher or other school administrative employee does not have discretion in the selection of bids or specifications¹.

Additional information regarding insurance and/or fringe benefit vendors visiting schools may be found in the policies and procedures section of the [Knox County Schools website](#).

Legal Reference:

1. T.C.A. § 49-6-2003.

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By Knox County Law Director 1/11/2024
/Gary T. Dupler/Deputy Law Director

<u>Section D:</u> Fiscal Management	Knox County Board of Education Policy		
	Descriptor Term: Grants Management	Descriptor Code:	Issued:
		D-270	10/09
		Reviewed:	Revised:
		2/24	5/22

GENERAL GRANT MANAGEMENT

T.C.A. § 49-2-203(b)(15) grants the power to the Board of Education to apply for and receive grants for educational purposes. It is the policy of the Knox County Board of Education to accept both competitive and formula grant awards that assist the Knox County Schools in meeting the academic needs of students and the district's strategic goals and objectives via resolutions of the Board of Education.

Typically, a "grant" refers to financial resources that are awarded to the Knox County Schools, or to a department, school or individual within the school district (hereinafter the "grantee"), based upon a request or application for funding. Grant awards are usually designated for specific purposes and are generally accompanied by a statement of terms and conditions that guide the grantee in the use of these funds. The award documentation will frequently include a written description of the approved program, a line-item budget, a statement of the specific terms and conditions of the award, and/or information on how funding under the award can be accessed by the grantee. In accepting the award, the Knox County Board of Education incurs obligations and responsibilities to expend the grant funds in accordance to the stated purposes and conditions of the award.

No grant shall be applied for unless it meets all of the following conditions:

1. The grant program and requirements must be aligned with the mission, vision, goals and strategic plan of the Knox County Schools.
2. The grant program and requirements must be consistent with the requirement of Local Education Agencies and schools to create an annual comprehensive improvement plan to drive prioritization of work and the associated funding decisions to improve educational opportunities for all students.
3. The grant program and requirements must seek to enhance the quality of instruction, increase the efficacy of student learning, and/or support the effective education of children in Knox County.
4. The grant program and requirements must not carry any conditions that would divert school or district efforts or resources away from the district's mission and strategic priorities.
5. The grant program and requirements must comply with all Board of Education policies and the Knox County Schools administrative procedures.

GRANT APPLICATIONS

The Knox County Board of Education shall apply for or otherwise request grant funds that the BOE deems beneficial to advancing the educational mission of the Knox County Schools. The Director of Schools will develop administrative procedures and protocols to ensure that applications for grant funding

submitted to the BOE are appropriate, timely, fair, and in the best interests of the Knox County Schools. Receipt of grants must be approved by the Board of Education

FORMULA OR "ENTITLEMENT" GRANTS

Applications for major formula grants, such as the funds the Knox County Schools annually request from the federal government under the Elementary and Secondary Schools Act (ESEA) and the Individuals with Disabilities Education Act (IDEA), will be developed by the specified grant manager in collaboration with the KCS curriculum and instruction, accountability, and finance departments. The formula grant manager shall develop these grant applications in a timely manner, so as to allow the Board of Education to act upon the request prior to its submission to state and federal authorities.

In instances where such grant application time line may preclude or limit the ability of the Board of Education to act within a deadline imposed by the grant provisions, the Executive Committee of the Board of Education shall have authority to make the application. Upon an award of the grant by the grantor, it may not be accepted or funds obligated until the Board of Education approves receipt of the grant and the budget for the grant by resolution.

RECEIPT OF GRANT AWARDS

The Knox County Board of Education shall approve and have the sole authority to accept receipt of grant awards.

Grant awards must be approved by the Board of Education and the Knox County Commission before the district or other grantee may accept and obligate funds under the award.

Once the Board of Education accepts the award, the Director of Schools will have the decision-making authority to manage the award in accordance with the terms and conditions of the executed agreement. The Director of Schools will establish procedures for the administration and management of all grant awards and report same to the BOE.

Any Knox County Schools employee who applies for a grant in any amount must follow the administrative procedures pertaining to grants management. Any questions about these procedures should be referred to the Knox County Schools grant manager.

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By Knox County Law Director 1/11/2024
/Gary T. Dupler/Deputy Law Director

<u>Section:</u> Fiscal Management	Knox County Board of Education Policy		
	Fundraising Activities	Descriptor Code:	Issued:
		D-280	9/19
		Reviewed:	Revised:
		2/24	5/21

GENERAL

The following general guidelines shall be followed:

- 1) Fundraising activities shall be authorized by the Board and shall be for the purpose of supplementing funds for established school programs and not for supplementing or supplanting funds which are the responsibility of the local board of education or the State of Tennessee.¹
- 2) Fundraising companies and other salespersons shall obtain permission in writing from the Director of Schools' or the Director of Schools' designee in order to visit the schools.
- 3) Any commission payable by companies shall be paid in the form of reduced prices to the students or paid into the activity fund of the school for use by the school. No school employee shall personally benefit from any fundraising activity.
- 4) The principal must obtain written approval from the Director of Schools or the Director of Schools' designee for all fundraising activities, including online fundraising activities, that involve the participation of the general student population in the marketing process of the fundraising effort. All other fundraising activities, including online fundraising activities, must have written approval from the principal and comply with all administrative procedures issued by the Director of Schools. The authorization request shall contain the following information:²
 - a. A list of the proposed fundraising activities;
 - b. Purpose of the fundraising activity;
 - c. Proposed uses of funds raised;
 - d. Expected student involvement in fundraising activity (school-wide or individual class or club); and
 - e. Margin of profit and how it is to be paid to the school.
- 5) The Director of Schools or the Director of Schools' designee shall determine whether or not the activity will benefit the school, contribute to the welfare of the student body, and supplement, not replace, funds necessary to fulfill the Board's required contributions.
- 6) Students shall not be excused from a regular class to participate in a fundraising activity. No grade in a subject or course shall be affected by a student's participation, or lack thereof, in a fundraising activity.

7) No quotas shall be imposed on students involved, and their efforts shall be voluntary. Students who do not participate in fundraising activities shall not be punished or discriminated against in any way.

8) A fundraiser summary (profit and loss) report is not required when a fundraiser is conducted without a designated purpose and when the profits are used for the general operation of the school or the administrative activities of an individual club or class account.³ A fundraiser summary report must be prepared and filed at the school at the conclusion of any fundraiser conducted with a designated purpose.

The school principal is responsible and accountable for ensuring that all school fundraising activities are conducted in accordance with both this policy and the Tennessee Internal School Uniform Accounting Policy Manual.

This policy shall not be construed as preventing a teacher from using instructional or informational materials even though the materials might include reference to a brand, a product, or a service.

LOTTERIES

No fundraising activity shall be conducted which distributes prizes or makes awards to winners from among purchasers of chances by means of tickets through a random selection process, or otherwise constitutes a lottery or gambling pursuant to Tennessee law.⁴

ONLINE FUNDRAISING

Individual schools may establish school-wide online fundraising accounts, provided the fundraiser has a beginning and ending date within the same school year, and the fundraiser has been approved by the Director of Schools or the Director of Schools' designee. The accounts must meet all fundraising requirements established by the Board and the Tennessee Internal School Uniform Accounting Policy Manual. The principal or his/her designee of each school with access to the established fundraising account must ensure all funds are properly accounted for by providing accurate information to be recorded in the school's accounting records by the school bookkeeper. All funds raised must be deposited directly into the school bank account (the use of personal bank accounts is prohibited). At the conclusion of the fundraiser, a copy of the website's donation and withdrawal report must be generated from the site, filed by the school bookkeeper in the school's accounting records, with the reported amount verified by the school bookkeeper against the actual amount of funds deposited. Online fundraising shall not be used on behalf and for the benefit of an outside party.

Employees shall not engage in any fundraising activities in their official capacity as district employees for non-school sponsored fundraisers or for school-related fundraisers that have not been approved by the Director of Schools or the Director of Schools' designee.

Note: School Support Organizations are not limited by this policy or by T.C.A. § 49-2-134 and may continue to fundraise, online and otherwise, pursuant to state law and Board Policy D-250.

FUNDRAISING FOR NON-EDUCATIONAL PURPOSES⁵

On approval of the principal, an employee may be authorized to raise and use funds for the following non-educational purposes:

1. Bereavement support;
2. Award recognition;
3. Employee morale;
4. Banquets; or
5. Other situations at the principal's discretion.

These funds shall be derived from sources of revenue approved by the Director of Schools.

The Director of Schools (or designee) shall develop administrative procedures regarding the receipt, disbursement, accounting, and auditing of these non-educational funds. The Director of Schools (or designee) shall ensure that the procedures are consistent with Board policy and state law and disseminate them to all employees.

Legal References:

1. Tennessee Internal School Uniform Accounting Policy Manual, Section 4-31.
2. Tennessee Internal School Uniform Accounting Policy Manual, Section 4-32.
3. Tennessee Internal School Uniform Accounting Policy Manual, Section 4-33.
4. Tenn. Op. Attorney General No. 03-049 (April 22, 2003).
5. T.C.A. § 49-2-134.

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/Gary T. Dupler/Deputy Law Director