

**FLIPPIN SCHOOL DISTRICT
POLICY MANUAL**

SECTION 7

**BUSINESS AND FINANCIAL
MANAGEMENT**

LAST UPDATED: 06/24/2013

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7.1—FISCAL YEAR

The District's fiscal year shall begin July 1 and end on the following June 30.

Legal Reference: A.C.A. § 6-20-410

Date Adopted: 07/25/2005

7.2—ANNUAL OPERATING BUDGET

The Superintendent shall be responsible for the preparation of the annual operating budget for the District. The Superintendent shall present the budget to the Board for its review, modification, and approval.

The budget shall be prepared in the electronic format as prescribed by the State Board of Education and filed with the Arkansas Department of Education no later than September 15 of each year.

The approved budget shall provide for expenditures that are within anticipated revenues and reserves. The District Treasurer shall present monthly reconciliation reports and a statement on the general financial condition of the District monthly to the Board.

Line item changes may be made to the budget at any time during the fiscal year upon the approval of the Board. Any changes made shall be in accordance with District policy and state law.

Legal References: A.C.A. § 6-17-914
A.C.A. § 6-13-701 (e) (3)
A.C.A. § 6-20-2202

Date Adopted:
Last Revised: 4/26/2010; 6/27/2011; 1/24/2013

7.3—MILLAGE RATE

The Board shall publish, one time in some newspaper published in the county in which the District lies¹ at least sixty (60) days in advance of the school election at which the annual ad valorem property tax for the District is decided by the electors, the District's proposed budget, together with a millage rate sufficient to provide the funds necessary for the District's operation.

Note: ¹ If your District lies in more than one county, the requirement is to publish the budget in a newspaper in the county in which the District is administered.

Legal References: A.C.A. § 6-13-622
 Arkansas Constitution: Article 14 Section 3 (c) as
 amended by Amendment 74

Date Adopted: 07/25/2005; 06/27/2011

7.4—GRANTS AND SPECIAL FUNDING

The Superintendent or his/her designee may apply for grants or special funding for the District. Any grants or special funding that require matching District resources shall receive Board approval prior to the filing of the grant's or special resource's application.

Date Adopted: 07/25/2005

7.5—PURCHASES OF COMMODITIES

Purchases shall be made in accordance with State laws and procurement procedures governing school purchases that are deemed to be in the best interest of the District and are the result of fair and open competition between qualified bidders and suppliers.

DEFINITIONS

“Commodities” are all supplies, goods, material, equipment, computers, software, machinery, facilities, personal property, and services, other than personal and professional services, purchased on behalf of the District.

“Specifications” means a technical description or other description of the physical and/or functional characteristics of a commodity.

Purchases of commodities with a purchase price of more than ten thousand dollars \$10,000 require prior Board approval, unless an emergency exists in which case the Superintendent may waive this requirement.

The District shall notify in writing all actual or prospective bidders, offerors, or contractors who make a written request to the District for notification of opportunities to bid. The notification shall be made in sufficient time to allow actual or prospective bidders, offerors, or contractors to submit a bid or other appropriate response. The board shall accept bids submitted electronically by email or fax for any and all District purchases, unless specified to be submitted by other means or methods, and except those bids which have been specified to have a designated date upon which the bids shall be opened. The superintendent shall be responsible for ensuring submitted bids, whether written, faxed, or emailed, are retained in accordance with policy 7.15 – RECORD RETNETION AND DESTRUCTION.

All purchases of commodities in which the estimated purchase price equals or exceeds ten thousand dollars (\$10,000) shall be procured by soliciting bids. Specifications shall be devised for all commodities to be bid that are specific enough to ensure uniformity of the bid and yet not so restrictive that it would prevent competitive bidding. The bid specifications shall not include the name or identity of any specific vendor. The Board reserves the right to reject all bids and to purchase the commodity by negotiating a contract. In such an instance, each responsible bidder who submitted a bid shall be notified and given a reasonable opportunity to negotiate. Bids shall be awarded after careful examination of the details of the bid to determine the best overall value to the District. In instances where the low bid was not accepted a statement of the reasons shall be attached to the bid. Bidders submitting written bids shall be notified in writing of the bid award.

The following commodities may be purchased without soliciting bids provided that the purchasing official determines in writing that it is not practicable to use other than the required or designated commodity or service, and a copy of this statement is attached to the purchase order:

7.5—PURCHASES OF COMMODITIES (cont.)

1. Commodities in instances of an unforeseen and unavoidable emergency;
2. Commodities available only from the federal government;
3. Utility services;
4. Used equipment and machinery*; and
5. Commodities available only from a single source.

**Used school buses over two years old are exempt from bidding requirements.*

Prospective bidders, offerors, or contractors may appeal to the District's superintendent if they believe the District failed follow District bidding and purchasing policy or state law.

Any award of a contract shall be subject to revocation for ten working days or, if an appeal is received, after resolution of the appeal. This shall give prospective bidders, offerors, or contractors the opportunity to appeal the bid award if they believe the facts warrant an appeal. Any appeal shall be **in writing by certified mail** and received by the District office, "attention to the superintendent" within seven calendar days following the initial and revocable award of the contract.

If the District receives an appeal of a bid award, they shall notify, in writing, those prospective bidders, offerors, or contractors who have made a written request to the District for notification of opportunities to bid that an appeal has been submitted.

The notification shall state:

- that the contract award has been halted pending resolution of the appeal and could be revoked;
- the reasons for the appeal;
- that the recipient of the letter may respond to the protested issues identified in the appeal;
- the date the decision on the appeal will be made and notification sent; that if the appeal is upheld, the bidding process will start all over again;
- that if the bidding is re-opened, changes will be made to the request for bids as necessary to satisfy the reasons for upholding the appeal.

The sole authority to resolve any appeal made relating to this policy shall rest with the superintendent. The superintendent's decision shall be final and conclusive. In the event the District upholds an appeal, the sole responsibility of the District to the aggrieved bidder(s) shall be the re-opening of the bidding process.

7.5—PURCHASES OF COMMODITIES (cont.)

The District reserves the right to extend or renew a contract that was previously awarded under the process governed by this policy and law, provided the extension or renewal meet the following criteria.

1. The equipment and services provided under the extended or renewed contract meets or exceeds the specifications of the original bid.
2. The extended or renewed contract agreement complies with the state of Arkansas's documentation requirements.
3. The cost of the extended or renewed contract is the same or less than the original contract.
4. The extension or renewal is approved by the local school board.

Legal References: A.C.A. § 6-21-301, 303, 304, 305, 306
 A.C.A. § 6-24-101 et seq.

Date Adopted: 07/25/2005

Last revision: 04/07/2008; 10/27/2008; 04/26/2010; 1/24/2013

7.5 F—COMMODITIES BIDDER AFFIDAVIT

FLIPPIN SCHOOL DISTRICT
MARION COUNTY, ARKANSAS

I, _____, hereby state:

- (1) I am the duly authorized agent of _____, the bidder submitting the competitive bid which is attached to this statement. I certify the facts as detailed below pertaining to the non-existence of collusion among and between bidders and state officials, as well as to the facts pertaining to the giving or offering of things of value to government personnel in return for special consideration in the awarding of any contract pursuant to the bid to which this statement is attached.
- (2) I am fully aware of the facts and circumstances surrounding the making of the bid to which this statement is attached and have been personally and directly involved in the proceedings leading to the submission of the bid.
- (3) Neither the bidder nor anyone subject to the bidder's direction or control has been a party:
 - (A) To any collusion among bidders in restraint of freedom of competition by agreement to bid at a fixed price or to refrain from bidding;
 - (B) To any collusion with any state official or employee as to quantity, quality, or price in the prospective contract, or as to any other terms of the prospective contract; or
 - (C) In any discussions between bidders and any state official concerning exchange of money or other thing of value for special consideration in the awarding of a contract.
- (4) I hereby guarantee that the specifications outlined in the bid shall be followed as specified and that deviations from the specifications shall occur only as part of a formal change process approved by the Board of Directors of the school District.

Signature

Subscribed and sworn to before me this _____ day of _____, 20__.

Notary Public

Date Adopted: 07/25/2005

7.5 F

7.6—ACTIVITY ACCOUNT

The District shall maintain an account of activity funds. The funds for the account are those revenues derived from the sale of tickets to athletic contests or other school sponsored activities; the sale of food other than that sold in the cafeteria; the sale of soft drinks, school supplies, and books; and fees charged by clubs and organizations.

Activity funds are considered “school funds” and as such may only be spent for school related purposes.¹

The Superintendent shall be the custodian of all activity funds and shall be responsible and accountable for the funds. The Superintendent may appoint a co-custodian for each school in the District who shall also be responsible for the activity funds he/she maintains.

Legal Reference: A.C.A. § 6-13-701 (g)

Date Adopted: 7/25/2005

Date Last Revised: 06/27/2011

7.7—CASH IN CLASSROOMS

No cash or checks are to be left in any classroom overnight.

Staff, other than the District bookkeeper, who collect funds in the course of their employment should deposit the funds daily with the bookkeeper. Bookkeepers should deposit daily, unless otherwise directed by the superintendent or business manager.¹

Notes: Policies 3.47 and 8.39 both require daily deposits with the superintendent or designee determining if the fund collection requires receipts and/or other record keeping requirements. That language is not repeated in this policy, but the reasons for daily deposits are the same as for those policies. Specifically, the goal is to protect both the District and the staff from possible overnight theft which is only covered by insurance if there are receipts to prove the existence of the funds and even then, there is a deductible (often \$1000). It could often be the case that the receipts and the funds would be in the same envelope and be stolen at the same time. Bottom line is that the daily timeline is to protect both the District and the staff.

¹ Select the job title of the person to whom the deposits are to be made, it does not have to be the bookkeeper.

Date Adopted: 7/25/2005; 07/27/2012

7.8—PERSONAL PROPERTY

To avoid confusion and the potential for misunderstandings, District staff who bring personal property to school to use in the performance of their jobs should label the items with their names. Any such items should be removed from the school at the close of school each year. The District assumes no responsibility for damage to, or the loss of, personal property brought to District facilities by District staff.

Date Adopted: 7/25/2005

7.9—PROPERTY INSURANCE

The Superintendent shall be responsible, with approval of the Board, for maintaining adequate insurance coverage for all District properties. At a minimum, the District will purchase insurance coverage sufficient to meet the requirements by the Arkansas Commission for Public School Academic Facilities and Transportation.

Legal References: A.C.A. § 6-21-114(d)
 Arkansas Commission for Public School Academic
 Facilities and Transportation Rules Governing
 Property Insurance Requirements

Date Adopted: 7/25/2005
Date Last Revised: 06/27/2011

7.10—PUBLIC USE OF SCHOOL BUILDINGS

It is the policy of the Board that District school buildings may be used by citizens of the District to conduct lawful meetings for social, civic, or recreational purposes provided such meetings do not interfere with the regular school work and proper protection is afforded the district against the potential costs of such use. The Superintendent shall be responsible, with Board approval, for establishing procedures governing such use of school buildings. The governing procedures shall be viewpoint neutral. Building principals shall be consulted to determine if there exists any conflict with planned school activities prior to other groups being allowed to use school facilities.

The District shall establish a fee schedule for the use of school facilities. Charges made for the use of school facilities shall reflect the actual costs (e.g. labor, utility, and materials) incurred by the District. The District shall also require any non-school related group using a district facility to purchase sufficient general liability insurance to cover the deductible the District would incur should there be damage to, or the loss of, District property.¹

Organizations using school facilities assume full and complete responsibility for the conduct of all persons, regardless of age, associated with their use of the facility while they are in or about the facility. Smoking or the use of tobacco or products containing tobacco in any form or the use of drugs or intoxicants is prohibited. Firearms of any kind are not allowed on school property unless the person carrying the firearm is permitted to do so by law as defined in

A.C.A. § 5-73-120.*²

Legal Reference: A.C.A. § 6-21-101
 A.C.A. § 5-73-120
 Arkansas Constitution Article 14, § 2

Date Adopted: 7/25/2005; 1/24/2013

7.11—USE OF SCHOOL FUNDS FOR NON-SCHOOL RELATED PURPOSES

School funds shall not be used for political, charitable, or humanitarian purposes.

No employee of the District shall use school time, school property, school personnel, or school equipment for the purpose of furthering the interests of any political party, the campaign of any political candidate or the advocacy of any political issue or ballot issue whether partisan or non-partisan. School employees may participate as part of a community organization which is renting a school facility for a political purpose.

Legal Reference: Arkansas Constitution Article 14 § 2

Date Adopted: 07/25/2005

Date Revised: 10/28/2008

7.12—EXPENSE REIMBURSEMENT

The requirements of this policy shall govern reimbursement for expenses related to travel and/or attendance at conferences and professional development activities incurred by District employees and/or members of the Board of Directors on behalf of the District. Employees are only eligible for reimbursement for travel expenses for travel which has been approved in advance. Original receipts must accompany all requests for reimbursement to the extent that such receipts are customarily available. For a receipt to be valid it should contain the name of the issuing company, the date, and the amount. No cash advances shall be made for travel. Mileage, lodging, and meal expenses will not be reimbursed when incurred for the personal convenience of the employee and not required by the reason for the travel.¹ Reimbursement for travel shall be for the lesser of the cost between travel by air or by car with some consideration allowed for length of time of the method of travel.

To the extent practicable, employees shall have the District pay initial conference and professional development registration fees and associated necessary and materials. In the occasional circumstances where this is not practical, the District shall reimburse the employee for such fees if they were authorized in advance and are supported with proper receipts.

The District will not reimburse expenses of any non-school board member or non-employee who accompanies the school board member or employee during his/her school related travel.

Reimbursable Expenses

Mileage that is driven for a District sanctioned purpose in an employee's personal vehicle shall be reimbursed provided appropriate documentation is submitted establishing the date and time, place, and purpose of the travel. Mileage shall be reimbursed at the current O.U.R. Coop rate per mile and shall be based on the shortest, most reasonable, route available.

Meals may be reimbursed for travel which necessitates an overnight stay when submitted according to the dictates of this policy. Reimbursement shall be prorated based on the percent of a day the employee is away on travel. For example, if an employee returns from his/her travel in the afternoon, he/she is only eligible for reimbursement for breakfast and lunch expenditures. Meals shall be reimbursed at the current O.U. R. Coop rate. Except as otherwise specified by this policy, meals are only reimbursable in conjunction with travel requiring an overnight stay.

Meal expenses incurred by the superintendent or other administrators as necessary, in the performance of their duties when meeting with state officials or consultants may be reimbursed on a prorated, per person basis in line with the mandates of this policy. Such expenses shall only be reimbursed when the expenditure is likely to result in a tangible benefit to the District.

Travel necessitating overnight lodging shall be reimbursed to the extent that it is not lavish and is reasonable based on circumstances of the expenditure. Proper documentation establishing the date and time, place, and purpose of the travel must be submitted along with a receipt for the overnight accommodations. To the extent practicable, employees shall receive assistance from administrators or their designee in arranging travel plans to help keep expenses to a minimum

7.13—MANAGEMENT AND DISPOSAL OF DISTRICT PROPERTY

Definitions

For the purposes of this policy, the following definitions apply:

Commodities are all supplies, goods, material, computers, software, machinery and other equipment purchased on behalf of the District having a useful life of more than one year and an acquisition cost of \$1,000 or more per unit.

Surplus commodities are those commodities that are no longer needed, obsolete, irreparable, or worn out.

Real property is land and whatever is erected or affixed to land, such as structures or buildings.

Surplus real property is real property that is not presently needed or foreseen to be needed by the District, and that has been authorized for sale as surplus real property by vote of the School Board.

Trash are those items that would otherwise belong to another category of goods or property defined in this policy, but which, due to the property's age or an act of God, have less value than it would cost to repair the item. Examples could include, but are not limited to, fire damage, vehicle accidents, extreme age and/or decline in value of the item.

The District's purchases of commodities shall be in accordance with Policy 7.5—PURCHASES OF COMMODITIES and, to the extent applicable, the procurement requirements of any granting source of funding used to purchase the commodity. The Superintendent shall develop procedures governing the use, management, and dispersal of commodities. At a minimum, the procedures will cover the following topics.

- labeling all commodities¹;
- establishing adequate controls to account for their location, custody, and security;
- annually auditing the inventory of commodities and updating a listing of such commodities to reconcile the audit with the District's inventory records. The audit will be documented and account for any transfer and/or disposal of a commodity.
- Disposing of surplus commodities and surplus real property, whether purchased in whole or in part with federal grant funds or with local funds.

Disposal of Surplus Commodities

The Board of Directors recognizes that commodities sometime become of no use to the District and thus meet this policy's definition of surplus commodities.

7.13—MANAGEMENT AND DISPOSAL OF DISTRICT PROPERTY (cont.)

The Superintendent or designee(s) will determine the objective fair market value of surplus commodities. The District will strive to dispose of surplus commodities at or near their fair market value.²

The Superintendent may declare surplus any commodity with a fair market value of less than \$1000. Surplus commodities with a fair market value of less than \$1000 will be periodically sold by the most efficient, cost effective means that is likely to result in sales at or near fair market value.

The Superintendent may submit a list of surplus commodities deemed to have a fair market value of \$1,000 or greater to the Board of Directors for authorization to sell such surplus commodities. Once the Board of Directors has authorized the sale of such surplus commodities, the Superintendent or designee(s) may sell that surplus commodity as the need arises. Items with a fair market value of \$1,000 or greater will be sold by the most efficient, cost effective means that is likely to result in sales at or near fair market value. If the Superintendent chooses to dispose of the surplus items by bid, the Superintendent or designee may set a minimum or reserve price on any item, and may reject all bids. The Superintendent or designee is authorized to accept the high bid provided the high bid is at or near the fair market value without further Board action unless the high bid comes under the jurisdiction of Arkansas ethics legislation in which case the provisions of A.C.A. §§ 6-24-101–107 would apply.

If attempts at public sales fail to produce any interested buyers or bidders, such remaining unsold commodities may then, at the discretion of the Superintendent, be disposed of as scrap or junk or be donated to appropriate charitable or education related entities. Computer or technology equipment will be cleansed of data prior to disposal.

Disposal of Surplus Real Property

The Board of Directors recognizes that real property it owns sometimes becomes no longer of use to the District and thus meets this policy's definition of surplus real property.

The Superintendent may submit a request to the Board of Directors for authorization to sell surplus real property. Once the Board of Directors has authorized the sale of such surplus real property, the Superintendent or designated individual(s) may sell that surplus real property as the need arises. The Superintendent or designee(s) shall be responsible for getting a determination of the objective fair market value of surplus real property³. The District will strive to dispose of surplus items at or near their fair market value. The real property may be listed for sale with a real estate broker, and the Superintendent or designated individual may contract on behalf of the District to pay the usual and customary sales commission for such transactions, upon sale of the property.

7.13—MANAGEMENT AND DISPOSAL OF DISTRICT PROPERTY (cont.)

If the Superintendent chooses to dispose of the surplus items by bid, the Superintendent or designee(s) may set a minimum or reserve price on any item, and may reject all bids. The Superintendent or designee is authorized to accept the high bid provided the high bid is at or near the fair market value without further Board action unless the high bid comes under the jurisdiction of Arkansas ethics legislation in which case the provisions of A.C.A. §§ 6-24-101–107 would apply.

If attempts at public sales fail to produce any interested buyers or bidders, such remaining unsold real property may then, if agreed to by the Superintendent and Board of Directors, be donated to appropriate education related entities or not-for-profit organizations in accordance with the provisions of state law.⁴

Items obtained with federal funds shall be handled in accordance with applicable federal regulations, if any.

The disposal of school property must be for the benefit of the school District and consistent with good business principles.

Trash, as defined in this policy, may be disposed of in the most cost efficient or effective method available to the district.

Notes: ¹ Due to federal monitoring and disposal requirements, we suggest differentiating the labeling of items purchased with federal funds from non-federal fund items.

² The fair market value (FMV) of items must be established prior to their disposal. The determination of the surplus commodity's value will determine whether the superintendent has to submit it to the board. You need to document how you reached FMV; Digital photos can be very useful, particularly if you decide FMV seems low.

The disposal of items purchased with federal grant funds is governed by the following requirements which are located at 34 CFR 80.32(e). Disposition. When original or replacement equipment acquired under a grant or subgrant is no longer needed for the original project or program or for other activities currently or previously supported by a Federal agency, disposition of the equipment will be made as follows:

- (1) Items of equipment with a current per-unit fair market value of less than \$5,000 may be retained, sold or otherwise disposed of with no further obligation to the awarding agency.
- (2) Items of equipment with a current per unit fair market value in excess of \$5,000 may be retained or sold and the awarding agency shall have a right to an amount calculated by multiplying the current market value or proceeds from sale by the awarding agency's share of the equipment.

7.13—MANAGEMENT AND DISPOSAL OF DISTRICT PROPERTY (cont.)

³ The fair market value (FMV) of items must be established prior to their disposal. In the case of real property, this should be established by means of a survey and real estate appraisal by a licensed surveyor and appraiser performed within the preceding six months.

The disposal of real property purchased with federal grant funds is governed by the requirements contained in 34 CFR 80.31 which states in part:

(c) Disposition. When real property is no longer needed for the originally authorized purpose, the grantee or subgrantee will request disposition instructions from the awarding agency. The instructions will provide for one of the following alternatives:

- (1) Retention of title. Retain title after compensating the awarding agency. The amount paid to the awarding agency will be computed by applying the awarding agency's percentage of participation in the cost of the original purchase to the fair market value of the property. However, in those situations where a grantee or subgrantee is disposing of real property acquired with grant funds and acquiring replacement real property under the same program, the net proceeds from the disposition may be used as an offset to the cost of the replacement property.
- (2) Sale of property. Sell the property and compensate the awarding agency. The amount due to the awarding agency will be calculated by applying the awarding agency's percentage of participation in the cost of the original purchase to the proceeds of the sale after deduction of any actual and reasonable selling and fixing-up expenses. If the grant is still active, the net proceeds from sale may be offset against the original cost of the property. When a grantee or subgrantee is directed to sell property, sales procedures shall be followed that provide for competition to the extent practicable and result in the highest possible return.
- (3) Transfer of title. Transfer title to the awarding agency or to a third-party designated/approved by the awarding agency. The grantee or subgrantee shall be paid an amount calculated by applying the grantee or subgrantee's percentage of participation in the purchase of the real property to the current fair market value of the property.

⁴ A.C.A. § 6-13-111 and A.C.A. § 6-21-108 are the statutes that cover donating District property. Please keep in mind that selling below Fair Market Value has the same legal connotation as donating.

7.13—MANAGEMENT AND DISPOSAL OF DISTRICT PROPERTY (cont.)

Legal References: A.C.A. § 6-13-111
 A.C.A. § 6-13-620
 A.C.A. § 6-21-108
 A.C.A. § 6-21-110
 A.C.A. § 6-24-101–107
 34 CFR § 80.3 – 80.52
 34 CFR § 80.31
 34 CFR § 80.32(d)(e)

Date Adopted:

Last Revised: 4/26/2010; 1/24/2013

7.14—USE OF DISTRICT CELL PHONES and COMPUTERS

Board members, staff, and students shall not be given cell phones or computers for any purpose other than their specific use associated with school business. School employees who use a school issued cell phones and/or computers for non-school purposes, except as permitted by the District's Internet/computer use policy, shall be subject to discipline, up to and including termination. Students who use a school issued cell phones and/or computers for non-school purposes, except as permitted by the District's policy, shall be subject to discipline, up to and including suspension or expulsion. School employees may be issued District cell phones if their position requires the employee be available at all times for work related emergencies or the employee be available to speak with others on school related business when the employee is away from the office. Employees issued cell phones for such purposes may use the phone for personal use on an "as needed" basis.¹

All employees are forbidden from using school issued cell phones while driving any vehicle at any time. Violation may result in disciplinary action up to and including termination.

Note: ¹The IRS has changed its position regarding the use of district issued cell phones for personal use for those employees who have a genuine **need** for a cell phone due to their job's duties. Cell phones **cannot** be issues as a fringe benefit, but only as a "legitimate" need related to their job's responsibilities. There is no longer a need to keep track of personal calls and claim their value as income. The district has the option of supplying the phone directly to the employee or of reimbursing the employee for the cost of his/her personal phone that is used for both District and personal purposes. Any such reimbursement can only be for the specific employee and not any other individuals associated with that employee's cell phone plan. There has been no change to the use of school computers for personal purposes. Use of school issued cell phones and/or computers by board members or employees who do not meet the policy's definition of eligibility for non-school purposes is considered income by the Internal Revenue Service. "Income" in this sense means the fair market value that the individual would have had to pay for the use of the cell phone or computer on the open market. Any board member, or employees who do not meet the policy's definition of eligibility, who uses a school-issued cell phones and/or computers for non-school purposes should be issued the appropriate IRS form (1099) stating the amount of income they have been paid by the district.

Please be aware that telephone records for both personal and school business calls of any school employee's district-provided cell phone can be requested and must be disclosed by the school district under the Arkansas Freedom of Information Act.

²This sentence is included because insurance companies have ruled that injuries occurring while driving and talking on school issued cell phones are subject to workers comp awards.

7.14—USE OF DISTRICT CELL PHONES and COMPUTERS (cont.)

Cross References: 3.34—CERTIFIED PERSONNEL CELL PHONE USE
 4.47— POSSESSION AND USE OF CELL PHONES,
 BEEPERS, ETC.
 8.25— NONCERTIFIED PERSONNEL CELL PHONE USE

Legal References: IRC § 132(d)
 IRC § 274(d)
 IRC § 280F(d)(4)
 IRS Publication 15 B

Date Adopted: 04/07/2008

Date Revised: 11/23/2009; 07/27/2012

7.15—RECORD RETENTION AND DESTRUCTION

It is necessary to maintain District records in a manner that provides for efficient document storage and retrieval and is conducive to eliminating unnecessary record retention. Due to the variety of records that may need to be retained and accessed, the superintendent shall ensure that all staff receive appropriate training to understand this policy. Staff shall also understand the possible ramifications to the District and/or themselves for failure to properly maintain records and follow the requirements contained in this policy.

“Record” is defined for the purposes of this policy, as an item or items, whether electronic or material, employees receive or generate and purposefully retain in the course of their employment. Examples include, any kind of correspondence, calendars, computer files and documents (which may include drafts), telephone logs, expense records, and other types of data.

The superintendent shall be responsible for establishing a schedule for the routine destruction of District records that accommodates the needs of the District. The schedule shall specify the length of retention for any records not specifically delineated by this policy and be distributed to staff on a need-to-know basis according to their respective employment duties and responsibilities. The schedule should accommodate the need for records to be stored as a blend of printed, bound and electronically recorded (e.g., audio tape, video tape, micro-fiche, computer disk) material. The superintendent or designee shall ensure the effective and efficient securing, cataloging, storing, and appropriate scheduled destruction of all records.

The following records categories shall be retained for the time specified:

Board of Education Minutes – forever

Personnel files – forever

Student files – until the student receives a high school diploma or its equivalent, or is beyond the age of compulsory school attendance¹

Student records of attendance/graduation – forever²

Financial Records – five years³

Transactions between the District and members of its board of education, administration, or employees⁴ - forever

Expenditures made with federal grant monies⁵ – governed by the terms of each grant
Video Surveillance Recordings – the timeline established in Policy 4.48—VIDEO SURVEILLANCE

Emails – whatever the District’s policy is on this subject⁶

The superintendent or designee shall be responsible for determining when there is a need to interrupt the routine destruction of records.⁷ When the superintendent or designee makes the decision to cease the routine disposal of records, staff affected by the decision shall be promptly informed of the decision and of the nature of records that are to be retained. Such records

7.15—RECORD RETENTION AND DESTRUCTION (cont.)

shall be retained until the superintendent or designee has authorized their destruction. Employee training on the District's records retention schedule shall specifically include information on the records that may need to be retained due to pending disciplinary or legal actions which otherwise are subject to routine disposal. If an employee has doubt about the need to retain any record otherwise scheduled for destruction, he/she shall consult with the superintendent or designee prior to destroying such records.⁸

The records' storage system devised by the superintendent and designee(s) shall be organized in a manner that enables the efficient retrieval of data and documents. The District shall have adequate backup of critical data which is stored electronically.⁹ The system shall be communicated to employees in a manner that enables them to understand and follow the system's requirements.

In retaining and destroying records, no employee shall:

- Destroy, alter, mutilate, conceal, cover up, falsify, or make a false entry in any record that may be connected to a disciplinary matter or lawsuit or to a matter within the jurisdiction of a federal or state agency, in violation of federal or state law or regulations.
- Alter, destroy or conceal a document, or attempt to do so, with the intent to impair the document's availability for use in a disciplinary matter, lawsuit or an official proceeding or otherwise obstruct, influence or impede any lawsuit or official proceeding, in violation of federal or state law or regulations.
- Retaliate or discriminate against an employee who refuses to violate This policy or to coerce or threaten an employee to violate this policy.

Failure to follow the requirements set forth in this policy may result in disciplinary action against the employee(s), up to and including termination. The District's board of directors prohibits and will not tolerate any form of reprisal, retaliation or discrimination against any employee who, in good faith, has attempted to comply with this policy.

Notes: ¹ These are the records required to be maintained during a students attendance at your District and must be aligned with Policy 4.38— PERMANENT RECORDS.

² This is limited to the dates a student attended school in your District and if the student earned a diploma. This is information students and adults need from time to time to prove they lived somewhere or to enroll in a college, for security clearances, or for background checks.

7.15—RECORD RETENTION AND DESTRUCTION (cont.)

³ This is a suggested length of time. The minimum time your District must keep financial records (specifically original receipts of District expenditures) is until the records have been audited. In setting up your retention schedule, you might consider the warranty and/or depreciation schedule of the items purchased and keep all financial records until, at a minimum, the warranty has expired or the item has been fully depreciated. As with all other retention schedules, relevant data must be retained if there is pending litigation or the likelihood of litigation until the matter is resolved.

⁴ A.C.A. § 6-24-105(d), 106(c)(6), 107(c), and 109(c) which restrict financial transactions in the areas mentioned currently have no time limits for how long the records must be kept.

⁵ We suggest making this determination on a case-by-case basis using the latest of: the terms required by the grant, any related litigation is concluded, the records have been audited, or the 5 year statute of limitations for contracts.

⁶ **Routine** deletion of records, email or other records, is not a problem **so long as** prompt action is taken to stop the deletion relating to matters that common sense and/or previous experience indicates could result in legal and/or disciplinary action. In Districts that have routine deletion settings for electronic devices, the person responsible for halting the routine destruction of District records will need to inform the District's Network Administrator (or equivalent) when events trigger the need to retain information that would otherwise be routinely deleted.

⁷ Due to the potential adverse repercussions for the failure to cease the destruction of such records, the person responsible for making a "cessation" decision should be close to the source of the cause precipitating the cessation. When an incident occurs that common sense and/or previous experience indicate could result in legal and/or disciplinary action, the routine destruction of District records relating to the incident must be suspended until such time as the legal or disciplinary action, or the likelihood of such action, has concluded. The Federal Rules of Civil Procedure (FCRP) as amended in December of 2006 specifically require litigants to be able to produce pertinent electronically stored information (ESI). FCRP's Rule 37(f) specifically acknowledges the need for routine deletion of records. The issue becomes one of a "good faith" effort to stop record destruction when necessary. The committee's (responsible for developing the rules) notes on this matter state, *"When a party is under a duty to preserve information because of pending or reasonably anticipated litigation, intervention in the routine operation of an information system is one aspect of what is often called a 'litigation hold.'* Among the factors that bear on a party's good faith in the routine operation of an information system are the steps the party took to comply with a court order in the case or party agreement requiring preservation of specific electronically stored information." Records which

7.15—RECORD RETENTION AND DESTRUCTION (cont.)

cannot be produced in a timely manner and/or have been destroyed when common sense and/or previous experience indicated legal and/or disciplinary action could result can cause the District unnecessary and expensive trouble. Besides the inevitable bad public relations of having destroyed records that, the press will be sure to point out, obviously should have been retained, there can also be significant financial costs and/or penalties for the process of attempting to retrieve the records. ASBA would like to stress that deleting electronic records doesn't really get rid of them until they have been overwritten several times by new entries. The process of getting to the supposedly deleted ESI can be a costly one.

⁸ If there is any doubt concerning the need to retain, prudence would dictate retention.

⁹While there is a need and/or a place for different formats of document storage/retention (paper, audio tape, video tape, micro-fiche, computer disk), the space required for records storage quickly tilts the equation in favor of electronic methods to the maximum extent possible. The vast majority of documents can be transferred electronically (if created electronically) or scanned into a digital format (if created on paper) and stored on external hard drives, firewalls, servers, tape drives, CDs or DVDs. While this method/process is not free, it can be relatively inexpensive and quite possibly save the District money in the long run when stored records are needed. Consult with your District's technology person to devise the system that will best meet your District's needs, but here are a few points to consider. 1) When scanning, store the documents as PDFs which uses little memory space. If you do the scanning in an Optical Character Recognition (OCR) format, the final documents can be stored in a data base and searched which can save you many hours and much frustration when you need to retrieve something (which is, after all, the reason for the storage). 2) Make multiple copies of the stored documents on separate external storage devices and store the duplicate devices at separate locations to ensure the survival of at least one copy if there is a fire or natural disaster that destroys one of the storage sites. This should be included as part of the District's Disaster Recovery Plan. 3) It is important to remember that technology gets old and obsolete. This necessitates that you establish a schedule or a trigger for the updating of the stored data/documents that are to be retained for more than 10 years. For example, 5" floppies are nearly extinct. If you had stored any such floppies, it would be necessary to convert them to a more modern storage device. In short, you need to include file format update/upgrades as part of your District's technology plans.

Legal Reference: Federal Rules of Civil Procedure Numbers 16, 26, 33, 34, 37, and 45

Date Adopted: 10/27/2008

7.16—INFORMATION TECHNOLOGY SECURITY

The superintendent shall be responsible for ensuring the District has the necessary components in place to meet the District's needs and the state's requirements for information technology (IT) security. The District shall appoint an information technology security officer (ISO) who, along with other IT staff, the superintendent and District management appointed by the superintendent shall develop the necessary procedures to create a District-wide information technology security system meeting the requirements of this policy and the standards prescribed by the Arkansas Department of Education. The IT security system shall contain the necessary components designed to accomplish the following.

1. Sensitive information shall be protected from improper denial, disclosure, or modification.
2. Physical access to computer facilities, data rooms, systems, networks and data will be limited to those authorized personnel who require access to perform assigned duties.
3. Traffic between internal (District) resources and external (Internet) entities will be regulated by network perimeter controls. To the extent technologically feasible, network transmission of sensitive data should enforce encryption.
4. User access to the District's technology system and its applications shall be based on the least amount of access to data and programs necessary to perform the user's job duties.
5. Student or financial applications software developed for or by the District will be tested prior to implementation to ensure data security through proper segregation of programs.
6. Monitoring of internal and external networks and systems will be designed to provide early notification of events and rapid response and recovery from IT related incidents and/or attacks.
7. Continuity of critical IT services will be ensured through the development of a disaster recovery plan appropriate for the size and complexity of the District's IT operations.
8. Software protection of servers and workstations will be deployed to identify and eradicate malicious software attacks such as viruses, spyware, and malware.

Legal Reference: Commissioner's Memo RT 09-010

Date Adopted: 11/23/2009

7.17 - FOOD SERVICE PREPAYMENT

The District does not offer credit for food items purchased in the school cafeteria; payment for such items is due at the time the food items are received. Staff, students, or parents choosing to do so may pay weekly or monthly in advance for meals.

Notes: The federal Fair and Accurate Credit Transaction Act of 2007 (15 USC. § 1601 *et seq.*), along with its accompanying regulations (16 CFR 681, effective 5/1/2009), require “creditors” to implement an Identity Theft Protection Program. This is a financial and potentially time-consuming burden that Districts can avoid by not having practices deemed to make them “creditors.” This is accomplished by the language in this policy.

Please note that Districts cannot withhold wages to cover staff debts without the express, written authorization from the affected employee(s).

This policy is similar to policy 4.51. If you change this policy, please review 4.51 at the same time to ensure applicable consistency between the two.

Date Adopted: 07/20/2009

7.18 – DISPOSAL OF NON-NEGOTIATED CHECKS OR UNCLAIMED PROPERTY

State law specifies how the District is to dispose of retained funds in the form of issued but non-negotiated checks that have been not been presented for payment within one calendar year. The District shall dispose of these retained funds in accordance with the law and remit the amount of all non-negotiated checks to the Unclaimed Property Division of the Arkansas Auditor's Office. The District shall make a good faith effort to return physical items that have been left on District property to their rightful owners. When contact information is known for the owner of an item of a non-perishable nature left at the District, the District shall use the information to attempt to contact the owner to inform him/her of the location of the item. Owners of such items shall be given at least three weeks to pick up the item he/she left at the District. If the owner fails to pick up the item within the time allotted, the District may dispose of the item in a manner of its choosing. The District is under no obligation to retain an abandoned, perishable item left on District property.

Notes: The first paragraph of this policy is short, but it has great importance especially if your District has not been submitting reports as the law requires. Checks are considered to be non-negotiated when they have not been paid by the bank from the school District's checking account and shown as cleared on the school District's bank statement. Funds are considered "unclaimed" after a check has been issued and mailed, but is not presented for payment at the bank or appear on the bank statement in the 12 month period after it has been issued. Districts are required to file annual reports by October 31. The state auditor's website <http://www.auditorjimwood.org/index.html> has a section that does a good job of explaining the requirements. 1 You may choose the time period that works for your District. Enforcing the time limit may depend on the item that has been left behind and possible circumstances surrounding how the item was left at the District.

Legal References: A.C.A. § 18-28-201
 A.C.A. § 18-28-202(11), (c), (d)
 A.C.A. § 18-28-204
 A.C.A. § 18-28-206
 A.C.A. § 18-28-207
 A.C.A. § 18-28-208(a)
 A.C.A. § 18-28-210(b)(c)
 A.C.A. § 18-28-217
 A.C.A. § 18-28-221(a)
 A.C.A. § 18-28-224

Date Adopted:
Last Updated: 4/26/2010

7.19—SERVICE ANIMALS IN DISTRICT FACILITIES

In accordance with the provisions of the Americans with Disabilities Act, service dogs and trained miniature horses¹ (hereinafter referred to as *service animals*) are permitted for use by individuals with disabilities on District property and in District facilities provided the individuals and their animals meet the requirements and responsibilities covered in this policy.

When an individual with a disability seeks to bring a service animal into a District facility, the District is entitled to ask the individual if the animal is required because of a disability and what work or task the animal has been trained to perform.² The District is not entitled to ask for documentation that the animal has been properly trained, but the individual bringing the animal into a District facility will be held accountable for the animal's behavior.

Any service animal brought into a District facility by an individual with a disability must have been trained to do work or perform tasks for the individual. The work or tasks performed by the service animal must be directly related to the handler's disability. Examples of work or tasks include, but are not limited to, assisting individuals who are blind or have low vision with navigation and other tasks, alerting individuals who are deaf or hard of hearing to the presence of people or sounds, providing non-violent protection, pulling a wheelchair, assisting an individual during a seizure, alerting individuals to the presence of allergens, retrieving items such as medicine, providing physical support and assistance with balance and stability to individuals with mobility disabilities, and helping persons with psychiatric and neurological disabilities by preventing or interrupting impulsive or destructive behaviors.

The crime deterrent effects of an animal's presence and the provision of emotional support, well-being, comfort, or companionship do **not** constitute work or tasks for the purposes of this policy.

Individuals with disabilities shall be permitted to be accompanied by their service animals in all areas of a public entity's facilities where members of the public, participants in services, programs or activities, or invitees, as relevant, are allowed to go.

A service animal shall be under the control of its handler. A service animal shall have a harness, leash, or other tether, unless either the handler is unable because of a disability to use a harness, leash, or other tether, or the use of a harness, leash, or other tether would interfere with the service animal's safe, effective performance of work or tasks, in which case the service animal must be otherwise under the handler's control by means of voice control, signals, or other effective means.

7.19 SERVICE ANIMALS IN DISTRICT FACILITIES (CONT.)

District staff (is there a better word) may ask an individual with a disability to remove a service animal from the premises if:

- (1) The animal is out of control and the animal's handler does not take effective action to control it; or
- (2) The animal is not housebroken.

If the District excludes a service animal due to the reasons listed above, the District shall give the individual with a disability the opportunity to participate in the service, program, or activity without having the service animal on the premises.

The District and its staff are not responsible for the care or supervision of a service animal brought onto District property or into District facilities by an individual with a disability.

The District shall not ask or require an individual with a disability to pay a surcharge, even if people accompanied by pets are required to pay fees, or to comply with other requirements generally not applicable to people without pets.³

Note: ¹ A service dog is any breed unless restricted by a local ordinance. A miniature horse is not one specific breed, but may be one of several breeds, with distinct characteristics that produce animals suited to service animal work. The animals generally range in height from 24 inches to 34 inches measured to the withers, or shoulders, and generally weigh between 70 and 100 pounds. There is a bit more flexibility for Districts in determining if a facility can accommodate a horse than for a dog. Miniature horses are less flexible than dogs and therefore may not fit into smaller spaces as well as a dog. In specific instances when the horse's size poses a legitimate safety hazard, the horse could be prohibited from that specific event or facility. Keep in mind, however, that if a facility could reasonably accommodate a 24" dog, it could likely accommodate a 24" horse.

² Districts are **not** allowed to ask about the nature or extent of a person's disability.

³ The District can only charge an individual with a disability for damage caused by his or her service animal if it charges other individuals for damages they cause.

Legal References: 28 CFR § 35.104
28 CFR § 35.136

Date Adopted: 05/16/2011
Last Revised:

7.20 – ELECTRONIC FUND TRANSFERS

District funds shall only be disbursed by the district treasurer upon the receipt of checks or warrants signed by the District Board of Directors' Disbursing Officer and the Superintendent or through the electronic transfer of funds. Any electronic transfer of funds must be initiated by the District and authorized in writing by both the Disbursing Officer of the school district Board of Directors and the Superintendent.

For the purposes of this policy, "initiated by the District" means the District controls both the timing and the amount of the funds transfer.

The district treasurer shall maintain evidence of authority for the disbursement in the form of invoices, payrolls that conform with written contracts on file in his/her office, or other appropriate documentation indicating an authority to disburse District funds.

"Other appropriate documentation" includes one-time, signed authorization for recurring transactions. The Board of Directors Disbursing Officer must pre-authorize the electronic transfer of funds for non-recurring transactions which can be accomplished by a signed authorization or an email authorizing such a disbursement of funds.¹

Cross Reference: 1.16 —DUTIES OF BOARD DISBURSING OFFICER

Notes: ¹ Commissioner's Memo Com-12-036 suggests the use of email as a way to obtain pre-authorization for non-recurring transactions. You may add to or change this language to reflect district practice provided adequate internal control is maintained for such transactions.

The Commissioner's Memo strongly discourages use of district debit cards. While we did not include any language to that effect in this policy, we agree with both the ADE and Legislative Audit that districts would be wise to avoid their use. The occasional use of District credit cards is unavoidable, but Legislative Audit urges stringent internal controls to help ensure such use is not abused.

Legal References: A.C.A. § 6-13-701(e)
Commissioner's Memo Com-12-036

Date Adopted: 07/27/2012
Last Revised: 07/27/2012