ALBUQUERQUE PUBLIC SCHOOLS
BOARD OF EDUCATION
P.O. Box 25704
Albuquerque, New Mexico 87125

MEMORANDUM

TO: Principals, Assistant Principals, Activity Directors, Athletic Directors

FROM: Tami Coleman, Executive Director, Accounting

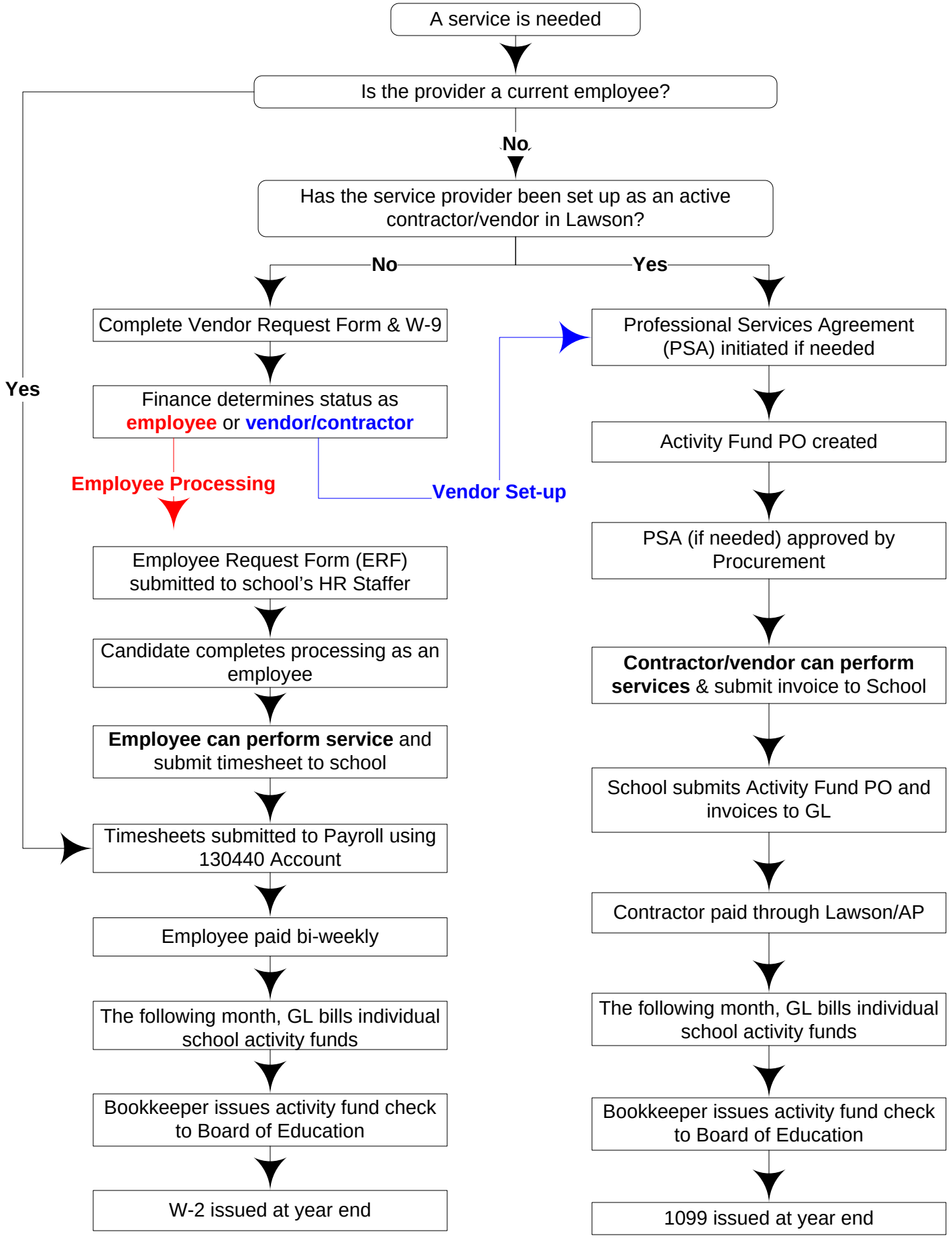
DATE: August 10, 2010

RE: Revised Procedures for Using Activity Funds for Services

In an effort to ease some of the burden on schools in complying with IRS requirements regarding appropriate determination and payment for individuals providing services to the district as independent contractors, the procedures for using activity funds for services have been revised. The attached Revised Procedures for Using Activity Funds for Services Flow-Chart has been developed to aid in determinations when purchasing services with activity accounts.

Please note the following as you review this information:

- You will no longer write checks from your activity accounts for direct payment to an individual or business providing services. All services being paid for with activity funds will now be processed through Lawson via either Accounts Payable or Payroll. General Ledger/Accounts Receivable will be billing each school for all such payments. Please do not send payments to General Ledger/Accounts Receivable until you are billed.
- Please do not allow the individual/business to perform services until they either have an **Employee ID Number** *or* until you have received an approved vendor number from Accounts Payable for this business/individual, have an approved activity fund purchase order and Professional Service Agreement (if needed) in hand.
- There are stricter requirements for obtaining a vendor number from the Accounts Payable Department for individuals wishing to provide services to the district as independent contractors. This may result in increased referral of these individuals to the Human Resources Department to be processed as employees.
- Employees are *generally* prohibited from providing services to the district as independent contractors. *Exceptions to this rule are rare*. The only A/P payment allowed to *current* employees outside of the normal payroll process is travel reimbursement.
- Employees can provide services to the district outside of the normal duty day by submitting an approved timesheet to payroll.
- Non-APS individuals/businesses need to fill out a Vendor Request Form for approval to get a vendor number. The determination will then be made by Finance as to whether the individual/business is to proceed as an employee, or as a contractor/vendor.
- You no longer need to enter a requisition in Lawson to hire an approved independent contractor. Complete an Activity Fund purchase order made out to the vendor including vendor number, vendor address and type of service to be purchased. Once the service is performed and you have an invoice from the vendor, send the invoice, the white copy of the Activity Fund purchase order and the PSA (if needed) to Renee Vigil, General Ledger Dept., 300 East, City Center. Renee will enter the invoice into Lawson and Accounts Payable will print a check and mail it to the vendor. (For more information on this, please refer to the APS Contractor Policies on the Accounts Payable's department site at www.aps.edu/departments/accounts-payable)
- Revised Activity Funds Manual to follow.

Revised Procedures for Using Activity Funds for Services

July 2010