

LOS ANGELES UNIFIED SCHOOL DISTRICT
Division of Adult and Career Education

BULLETIN NO. 72 (Rev.)
December 17, 1999

SUBJECT: REGIONAL OCCUPATIONAL AND SKILLS CENTER SHOP SALES

- I. Backgrounds
- II. Work Orders
- III. Budgets
- IV. Profit/Loss Policy
- V. Employment Preparation Center Shop Sales Reports
- VI. Resource Personnel
- VII. Guidelines

This revision supersedes the bulletin of the same number issued on November 9, 1998. The content has been updated to reflect changes in Division organization, policy, or procedure.

I. BACKGROUND

Provision is made in the Educational Code, Section 52305 for the establishment of the various business and trade activities as well as the sale of products and services to the general public from Regional Occupational Centers and Programs to best serve the aims and purposes of vocational education. The Division of Adult and Career Education in keeping with its mission to educate and train students in skills towards gainful employment, maintains a shop sales program to create and provide a real-life work experience environment for the students in our instructional programs.

Educational Code, Section 52306 sets the various conditions that a District must meet for operation of a sales program: a) it must be only for the education or training of students enrolled in a Regional Occupational Center or Program, 2) it shall be operated on a nonprofit basis, with all revenues restricted in their uses to cover instructional and operating costs, and 3) it shall obtain the approval of the appropriate trade association and the county labor council.

II. WORK ORDERS

A. Accountability

All shop sales activities must provide a clear audit trail through the use of standard work orders. Each work order shall be prenumbered and accounted for in the perpetual inventory of financial stationery by the financial manager at each center.

Every repair job shall be assigned a sequentially numbered work order. The assigned work order number shall be recorded on all parts invoices, and all invoice numbers shall be recorded on the work order. When ordering parts, the work order number will also serve as the purchase order number. The procedures for attaching invoices to the work order may vary from center to center, but they must provide a cross-reference for audit verification.

Vehicles and other items brought in for repair shall be accepted only if they are verified to be the property of the person requesting the repair work (or a member of the immediate family living at the same address). Verification of ownership shall be made with a current vehicle registration slip and a photo identification.

If the vehicle or other repair item is being used for a class demonstration, a demonstration work permit must be issued. If any materials or parts are necessary, a work order must be written.

Anytime a work order is written for a repair on a vehicle, even if it is written only for the purpose of charging the incidental fee, a **District Waiver of Liability must be signed and Dated by the owner/immediate family member of the vehicle before any work is allowed to be started on the vehicle.**

B. Mark-up

1. Mark-ups must be sufficient to defray the cost of salaries and fringe benefits related to the operation of shop sales and other necessary expenses for consumable supplies (work orders, purchase orders, stamps), telephones, etc.
2. The suggested mark-up should be 50 percent of list price, whichever is the lesser. This may vary from center to center depending on their ROC sales expenses.
3. The established mark-up shall be applied uniformly to all customers.
4. Customers are not permitted to bring their own parts (unless unique, used, or difficult to obtain). Prior approval from the instructor must be obtained.

C. Deposits and Payments

1. The District permits the schools to receive and disburse monies from shop sales directly through the Associated Student Body checking account. The principal of the school shall be responsible for all expenditures from this account.
2. A deposit of not less than 75 percent of the total estimated cost must be collected before work begins or parts are ordered.
Deposits and payments are to be made to the Finance Office; **instructors are not to accept payments of any kind or handle money from students or other customers.** If the costs are later determined to exceed the original estimate, the customer shall be notified in accordance with State legal requirements and must approve the revised estimate before the job is continued. A notation of this revision must be made in the appropriate section on the work order.
3. Upon receipt, all deposits shall be promptly credited to the appropriate account. If no work is performed, the deposit, minus the incidental fee, shall be returned to the customer.
4. The full amount due on the work order shall be collected before the vehicle or other repair item is released to the customer.

D. Incidental Fees

1. A fee shall be charged to each customer to cover the cost of incidental items that cannot be itemized such as solvent, rags, nuts, washers, and hazardous waste expenses. This fee is not meant to be an income producer, but only to cover the cost of incidental items.
2. The maximum incidental fee is \$20.00 per vehicle or item being repaired. This fee must be applied uniformly to all customers.
3. The principal of the center has the responsibility of setting the amount of incidental fees to be charged for projects in each shop or program. These fees shall be determined according to the amount of incidental materials used in a particular shop or program. For example, \$20.00 might be collected on automotive work orders, while \$5.00 might be collected on commercial artwork orders because fewer incidental materials are required in the latter program.
4. Vehicle/items excepted for demonstrations will not be assessed an incidental fee. The incidental fee will be assessed if parts are required to perform any repairs to the vehicle.

III. BUDGETS

- A. Each center shall prepare an annual shop sales budget to be submitted no later than April 30, prior to the beginning of the school year. In addition, a revised budget is to be submitted no later than the second Friday in September. These budget forms will be provided by School Fiscal Services.
- B. All expenses for the shop sales program shall be entered in the budget, including proposed and estimated equipment purchases, equipment repairs, salaries, and benefits. Please note that the District pays all shop position salaries. Salary and benefit costs for all shop sales positions must be reimbursed to the District. Approval from the appropriate Administrator, School Operations Unit, Division of Adult and Career Education, must be obtained before any sales position is established.
- C. Copies of the budget shall be sent to the following offices:
 - 1. School Operations Unit...DACE
 - 2. Adult Education Fiscal Services
 - 3. School Fiscal Services, Area 1

IV. PROFIT/LOSS POLICY

- A. Every effort should be made to break even. Under no circumstances should the shop sales program operate at a loss.
- B. If a profit is made by the shop sales program, the State will deduct the amount of the profit from the next allocation. If a loss is sustained, the State does not increase the subsequent allocation; therefore, the District employment preparation center budget suffers the loss. (This is in accordance with State Education Code Section 52306.)

V. EMPLOYMENT PREPARATION CENTER SHOP SALES REPORTS

- A. A Report of Employment Preparation Center Sales and Expenditures shall be prepared at the end of each calendar quarter and submitted to the Financial Reporting Section, General Accounting Branch, IBM building, no later than the end of the following month. In addition, a year-end report is due no later than July 25. A copy of this report should also be submitted to DACE, School Operations Unit, Adult Education Fiscal Services Section; and School Fiscal Services Branch, Area 1.
- B. If the year-end Report of Employment Preparation Center Sales and Expenditures indicates a profit, a student body check for the amount of the profit should be issued to the Los Angeles Unified School District. Identify the remittance as employment preparation center sales profit for the year ending June 30, and address the remittance to:

Los Angeles Unified School District
Financial Reporting Section, Cash Receipts Unit
Interim Business Services Center, 8th floor.

VI. GUIDELINES

All centers utilizing a shop sales account must provide guidelines for their instructors which incorporate the procedures established in the attached Employment Preparation Centers-Automotive Department Guidelines to ensure that the centers are consistent in their approach to shop sales activities.

VII. RESOURCE PERSONNEL

The following persons are available for technical assistance:

1. Ray Aldridge, Coordinating Financial Manager, pager, (213) 961-3392
2. Pio Galinato, Principal Financial Analyst, Adult Ed Fiscal Services (213) 625-6646
3. Marc Munkres, Industrial Adviser, Instructional Services Unit, DACE (213) 625-6671
4. Roger Solis, Coordinating Financial Manager, pager, (213) 470-1295

APPROVED: JAMES A. FIGUEROA, Assistant Superintendent

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