

Financial Accounting and Reporting

Guidelines for Activity Funds



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The Financial Accounting Manual for School Activity Funds was developed as a reference and to give guidance to Principals, Bookkeepers, fund managers and any other staff who may be working with the school activity funds.

The procedures set forth in the manual are for proper accounting and handling of the Commonwealth of Virginia's local school activity funds.

FINANCIAL ACCOUNTING AND REPORTING

CHAPTER 4 FISCAL RESPONSIBILITIES

Article 4

Financial Accounting and Reporting

Section 4-4.1. System of accounting required; audits.—A. The superintendent will establish and be responsible for an appropriate system of accounting for all school funds in compliance with applicable federal, state and local laws. This system will present fairly and with full disclosure, the financial position of these funds in conformity with generally accepted accounting principles.

The School Board will receive monthly financial statements showing the financial condition of Suffolk Public Schools as of the last day of the preceding month. The superintendent will present additional financial reports periodically deemed necessary by the School Board.

B. Each school is required to maintain an accurate, up-to-date central accounting system of all money collected or disbursed by the school. These funds will be deposited in accounts in the name of the school.

The record of all receipts and disbursements will be kept in accordance with the Manual of Accounting Procedures for School Activity Funds as promulgated by the superintendent and in accordance with regulations issued by the State Board of Education. Cafeteria funds will be held in separate bank accounts.

C. All public funds will be audited annually by the state auditor of public accounts or by an outside firm performing this service under rules and regulations prescribed by the state auditor. All school activity funds (internal accounts) shall be audited annually by a duly qualified accountant or accounting firm approved by the School Board, and a copy of the audit report shall be filed in the office of the Superintendent. (Adopted July 13, 1995)

Legal Authority – Virginia Code §§22.1-70; 22.1-89; 22.1-89.1 (1950),
as amended.

It is recognized that these regulations and forms in themselves will not ensure accurate and effective results. However, they will serve as a basis for meeting the challenge of operating what has now become big business in some of our public schools.

While not mentioned specifically in the regulations, consideration should be given to:

1. Inventories – As of Spring, 2012, inventories should be taken regularly of the merchandise, Equipment, and other property of the student body, and inventory control records should be maintained. This includes Ticket inventories (athletic events), school store inventories, or any other area where inventory is purchased or sold.
2. Personnel – Personnel should not be paid from the school activity funds. Appreciation gifts such as cash, checks, gift certificates or money orders are not allowed from any source of funding. Faculty appreciation meals, receptions and gifts of minimal value (not exceeding \$50.00) are allowed. No Christmas bonuses should be given by check. Under the conditions that personnel purchase supplies, reimbursement may be made with the proper paperwork. Also, if the school hires the personnel, who owns their own company, the check must be made out to the company. ALL other payments must be processed through the payroll department.
3. Policies within each school governing approval of expenditures; approval of purchases, investments of surplus funds (if any), etc.
4. Gifts – Conditions under which gifts or other donations may be accepted by the student body.
5. Budgets – An informal budget should be outlined for the entire School program. The Principal and Bookkeeper should work together to be fiscally responsible with their resources.

Guiding Principals, Bookkeepers and Staff

As a basis for the implementation of these regulations, it is desirable to agree upon certain principles underlying the need for such rules and regulations. The manual suggests the following:

- Student activity funds shall be used solely in accordance with the purpose for which such funds are collected.
- Projects for the raising of student body funds shall, in general, contribute to the educational experience of pupils and shall not conflict with the instructional program.
- Funds derived from the student body as a whole shall be so expended as to benefit the student body as a whole either directly or indirectly.
- Student body funds shall, in general, be expended in such a way as to benefit those pupils currently in school who have contributed to the accumulation of such funds.
- Student body representation shall be required in the management of funds raised by the student body and expended for its benefit subject to faculty supervision.
- The management of student body funds shall be in accordance with the best business practice, including sound budgetary and accounting procedures.
- Student body business shall be conducted in such a manner as to offer minimum competition to commercial concerns.
- Principals, through their representatives, shall participate in the preparation, modification and interpretation of policies, regulations, and procedures affecting student body affairs.

Management

A. Responsibility for School Activity Funds

The responsibility for safeguarding, accounting for, and managing the school activity funds rests solely with the Principal. The duties that must be performed in providing the proper management and security may be delegated to the degree desired by the Principal, but the responsibility remains with the Principal.

Principals

Principals shall honor the following management practices that are considered minimal:

1. Manage school activity funds in accordance with prescribed procedures established by the school superintendent and outlined in this manual.
2. An informal budget should be outlined for the entire School program. The Principal and Bookkeeper should work together to be fiscally responsible with their resources. Budget Reports are available in the Manatee System.
3. Properly instruct the Bookkeeper as to the duties to be performed, proper methods and procedures, and provide adequate supervision and guidance.
4. Obtain accurate and timely reports from the Bookkeeper covering the results of operations and the status of school activity funds. Designate a back up other than the Bookkeeper to make bank deposits, if needed.
5. Review and analyze, at least monthly, the status and operations of the school activity funds. The review process should involve the Bookkeeper, department heads, or fund sponsors to the extent considered appropriate. The review should include, but not necessarily be limited to, areas such as:
 - A. Reviewing deficit and other accounts that have been inactive or have had minimal activity:
 - to determine if the accounts should be continued
 - to assure that plans are made for elimination of deficits.

Note: There may be certain funds that normally operate at a deficit. The school Principal may decide to “fund” these deficits by transfers from the general fund because the organization serves a vital need of the school community.

- B. Assessing the reasonableness of reported cash receipts and disbursements, by account and in total, to include comparison with prior periods.
- C. Assessing the adequacy of and compliance with cash control provisions.
- D. Verifying bank statement reconciliation.
- E. Discussing periodically with staff and responsible students (treasurers or others involved in financial operations) the control requirements to include:
 - Prior approval before committing school activity funds
 - Purchases made with out prior approval of the Principal and proper documentation on file, will be the responsibility of the person who placed the order

- If revolving charge accounts are used, the entire balance must be paid within thirty (30) days. No interest should be paid with school activity funds. All balances must be paid by June 30th.
- Purchasing procurement policies must be followed for all purchases.
- Equipment under \$100.00 may be purchased with allocation funds.
- W-9 forms must be completed and on file prior to the issuance of payment
- Review purchase orders, checks, and other supporting documents to ensure that purchases and expenditures are authorized and supported properly
- Need for receiving reports
- Ticket control-athletic as well as any other function in which admission tickets are used. High School: Athletic reports must be completed for each athletic event, signed by the Principal, Bookkeeper and athletic director and held on file for review by the auditors
- Proper control of funds collected through use of receipts and daily turnover to the Bookkeeper
- Proper handling of monies received from fundraisers
- Any amount collected must have an individual receipt written in a formal receipt book. This includes field trips, fundraisers and book fair sales
- Another option would be a cash collection sheet that would identify the student, the amount of money collected, and the date. The person collecting the money would sign off on the bottom of the sheet and submit to the Bookkeeper along with an activity receipt on a daily basis.
- Bookkeeper will issue violation letters if a staff member does not comply with the school board financial procedures
- Ensure that adequate facilities and physical controls are available and are used for protection of cash and other assets. Bookkeepers should have the combination to the safe or the key to the secure files
- Monitor implementation of approved audit recommendations and management decisions
- Ensure that management is in line with responsibilities and rights of students
- Instruct all teachers and other staff members in the proper handling of school activity funds
- Bookkeepers should be one of the approved check signers.
- Designate a third person (Assistant Principal / Elementary Instruction Coordinator) to sign checks during extended absence or illness of either the Principal or the Bookkeeper or in specific situations designated by the Principal.
- It is against school board financial policy to issue blank checks
- Permission must be obtained from the Executive Director of Finance or designee before opening or closing the account

Assistant Principals

Assistant Principals/administrative aides will perform duties as delegated by the Principal. Assistant Principals/administrative aides will be familiar with the provisions of this manual even if no duties have been delegated.

Bookkeepers

Under supervision of the Principal, the Bookkeeper will receive, receipt, account for and disburse all funds flowing through the school activity fund accounts. This person (Bookkeeper) should also be authorized as one of the two signers of checks, the other being the Principal. The Bookkeeper, under the supervision of the Principal, will comply with all pertinent provisions of this manual and perform the following duties:

- To prepare, daily and intact, for deposit all funds on a daily basis.
- Maintain all required records on a current and accurate basis.
- Submit all required reports promptly and accurately.
- Keep the Principal informed of all pertinent financial issues. This may be accomplished by reviewing the monthly fund statements with the Principal and calling attention to fund accounts needing special review.
- Issue receipt books in numerical sequence and record the distribution by keeping a signed inventory sheet.
- Keep all records and appropriate computer disks for funds received in the office.
- Audit Teachers' receipt books at least twice yearly and keep a detail of findings.
- Maintain Purchase requisitions in sequential numeric order.
- Maintain Purchase order and Inventory files.
- Prepare monthly financial reports for management review.
- File all disbursements paid by month in check number order.
- Prepare for financial audits.

School Administrative Office Personnel

Personnel at the School Administrative Office (SAO) whose duties involve the supervision of public monies will assist the Principals by establishing rules, regulations, and procedures for the management and operations of school internal accounts in accordance with generally accepted accounting Principles and sound business practices. Additionally, SAO personnel will perform the following duties:

- Prescribe accounting and operating procedures through this manual and related notices and regulations.
- Assist the Principals in training personnel concerned with school activity funds through periodic in-service training assistance.
- Prescribe audit standards to be followed by the school financial staff.
- Provide audit opinion on the propriety and legality of proposed school internal accounts.
- Provide assistance and participate in training provided at in-service sessions.

Teachers

Classroom teachers are typically responsible for the initial collection of money from pupils and parents and will be held personally responsible for all such money collected. Each teacher should become familiar with and ensure compliance with the portions of this manual pertaining to their duties and responsibilities. Each teacher must deal with the Bookkeeper in a sincere spirit of cooperation, performing his or her functions in a complete, accurate, and timely manner. In fulfilling their responsibility for the collection and proper accounting of money, teachers are expected to perform the following duties:

- Properly receipt all money collected.
- Deposit daily all money with the Bookkeeper. No monies shall be taken home by teachers or kept in the classroom overnight.
- Correctly record all required information for the Principal's office.
- Provide proper security and accounting for all receipts and financial records; (staple Bookkeepers' receipt to corresponding receipt in their receipt book).
- Initial any changes made to a receipt and provide written explanation for any monetary changes.

- Provide all copies of a voided receipt or provide written explanation signed by teacher.
- Submit all financial records as prescribed by the Principal to the Bookkeeper for audit purposes as requested.

School employees may not commit activity funds for the purchase of any item without an approved requisition or purchase order. Personnel who make purchases without approval of the Principal will be held personally responsible for payment.

Class/Club Sponsors

The Principal shall appoint a teacher (sponsor) to supervise individual activity funds. Each sponsor should become familiar with and ensure compliance with the portions of this manual pertaining to their duties and responsibilities. Each sponsor must deal with the Bookkeeper in a sincere spirit of cooperation, performing his or her functions in a complete, accurate, and timely manner. Those persons responsible for an activity will review the financial operations and position of the account at least quarterly.

Activity funds involving a large number of transactions will be reviewed monthly. A sponsor's responsibilities include:

- Ensuring that club activities, fund raisers, field trips are directly tied to the standards of learning (SOL).
- Ensuring that all activities have proper supervision.
- Approving and submitting purchase requests to the Principal for authorization.
- Ensuring that the billings pertinent to the fund and received by the Bookkeeper are correct (including sales tax provisions) prior to final payment.
- Ensuring that the Bookkeeper has on file copies of contract agreements, etc. which are applicable to obligations of the fund account.
- Collecting and receipting for funds received from students.
- Depositing such funds promptly with the Bookkeeper. No monies should remain in the classroom overnight.
- Inventory control- Inventory control will include keeping accurate records of quantity (including sales and purchases) and adequate measures for safe guarding the assets.
- Providing the Bookkeeper with accurate data to prepare required annual reports.
- Ticket control - All tickets shall be pre-numbered and properly accounted for.
- Training students who are assigned responsibilities for handling funds to ensure that they know the requirements for accounting and control.

School Employees may not commit Activity funds for the purchase of any item without an approved requisition or purchase order. Purchase orders and requisitions are issued by

the Bookkeeper at the direction of the Principal. Personnel who make purchases without the approval of the Principal will be held personally responsible for payment.

Personal Accommodations

General

School activity funds may not be used for any purpose that represents an accommodation, loan, pay advance or other direct benefit to an individual. The expenditure of all school activity funds must be related to some educational benefit for the school

Membership in Professional/Educational Community Associations

Individual membership in any professional, educational or community organization or association will be at the personal expense of the individual applying for membership. Membership in the name of the school must be approved by the Principal (i.e., Student Cooperative Association, National Honor Society, Virginia Math League). When institutional memberships are in conjunction with personal membership, only the additional cost of the institutional membership may be paid from the Activity funds.

Professional Journals and Books

Professional journals, magazines or books purchased for an individual's personal use will be at the individual's personal expense. Journals, magazines or books purchased for general school use must be approved by the Principal and may be paid from the school activity funds. Such journals, magazines or books should be housed in the school library where they can receive the widest circulation possible.

Conflict of Interest

The position of public trust held by School Board employees requires that any impropriety or appearance of impropriety be avoided at all times. SCHOOL BOARD EMPLOYEES ARE PROHIBITED FROM UTILIZING THE BUYING SERVICES OF THE SCHOOL BOARD ACTIVITY FUNDS FOR PERSONAL PURCHASES. If a vendor provides gratuities, extra copies, gifts, etc., as a reward for purchases, these items become the property of the school rather than the individual responsible for the related purchase. This rule is effective regardless of the value of the gratuity.

Loans

There shall be no personal loans of any type made from Activity funds.

Personal check cashing

Personal check cashing for staff and/or faculty is prohibited.

Gifts

General

School administrators are frequently placed in a position either to receive gifts or to approve purchases of remembrances for students and school personnel. Such decisions should be made in accordance with the following procedures:

Gifts and bequests received by Schools

No gifts, donations, or bequests will be accepted or solicited without the approval of the Principal. Such gifts becomes the property of the school and must be appropriate for school use, free of limitations, contain no obligation for overt advertising or the furtherance of commercial interests, and should include the cost of installation. Class gifts to an individual school are in this category.

Gifts of cash may be accepted by the Principal or individual schools provided that the donor specifies, in writing, the purpose of the gift. Gifts of cash shall be accounted for in the specified account or an account established for that purpose.

It is the intent of this section to encourage gifts, donations, or bequests from the business community, but their appropriate use will be the decision of the School Administration.

Faculty Appreciation Gifts

Appreciation gifts such as cash, checks, gift certificates or money orders are not allowed from any source of funding. These items constitute additional compensation and would have to be reported on the employees' W-2 form.

Faculty appreciation meals, receptions and gifts of minimal value (not exceeding \$50.00) are allowed. Such acts of appreciation should be charged to the faculty fund, if possible.

Fund Raising Activities

Approved projects for raising various activity funds will contribute to the educational experience of students and will not conflict with instructional programs or endorse any commercial product. Fund raising activities will be held to a minimum and must be approved by the Principal.

Clubs and classes may be credited with funds raised by:

- Dues, assessments and donations from members
- Sales of club or class sweaters, emblems, insignia cards, announcements to members. Entertainments, dances, and parties open to the general student body may be sponsored by such groups as a club or class with the prior approval of the Principal. Class or club accounts may not be overdrawn, except in cases of advance expenses against a reasonable anticipation of revenue.

Off-campus clubs are not permitted to carry accounts on student body books. Any remaining balance in the account of a graduated class after the graduation of that class, and after the class has had a reasonable opportunity to determine the disposition of the balance, may be considered to belong to the general student body. These funds may then be transferred to a reserve or general account of the student body as determined by the Principal. This also applies to the balance in the account on any club that has become inactive, after the club members have had a reasonable opportunity to determine the disposition of the balance.

Fund-Raising Activities of Support Organizations *(Revised 03/15/19)*

Support groups such as band and chorus parent organizations, Booster clubs, and P.T.A. are not school organizations. They maintain their own financial records and any monies raised by such groups are not subject to the regulations of the school activity fund.

Fundraisers by support groups on school property must be documented by a Fundraiser Request and approved by the Executive Director of Finance. Support organizations should maintain an ethical relationship and should be transparent with funds collected and disbursed on behalf of the school.

Social Events

Faculty social activities may be funded from the faculty fund account only. Faculty funds are funds collected for the purpose of courteous gestures such as flowers or for social events such as faculty lunches or holiday parties. Expenditures may not include alcoholic beverages.

Inventory (New)

As of Spring, 2012, school inventories will be conducted at least once per year. Schools will be responsible for maintaining fixed assets inventory. Asset tags will be distributed to the schools each fall. Schools will be responsible for attaching the asset tags to the equipment and reporting the serial number and asset tag number. Schools will also be responsible for submitting notification within 24 hours for items that are disposed or transferred to another school/location.

Source: Laura Upton, Portsmouth Public Schools