

		FISCAL MANAGEMENT PRO VII-A-3	
STRAIT REGIONAL SCHOOL BOARD <i>Excellence in Lifelong Learning</i> PROCEDURES		General SCHOOL-BASED FUNDS	
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SCHOOL-BASED FUNDS

Chapter 1. Sources and Uses of School-Based Funds

The Board policy provides a broad overview of the acceptable sources and uses of school-based funds. This chapter offers some specific examples of acceptable sources and uses of the funds, and identifies a minimum list of categories for tracking the funds.

Examples of School-Based Funds

Following are the four types of school-based funds identified in the board policy, with some examples of what they might include.

- **Funds raised through contracts and service agreements.** Where approved by the board, schools may raise funds from activities and agreements involving cafeteria services, vending machines, etc. The school normally receives a portion of the revenues from this type of contracted service.

- **School-based services, such as athletics, student agendas, etc.** The school collects a fee at the beginning of the school year to cover costs for such things as the use of lockers, sports equipment, the purchase of yearbooks, etc. Often these are referred to as student activity fees.

- **School-based fundraising for charities and/or specific events or initiatives.** Schools may hold special fundraising drives—for example, to help a charity (such as the Terry Fox Run), or to provide funds to support a specific event in the school (such as a school trip), or to support a specific initiative in the school. In cases like these, the staff in the school organizes and manages the fundraising activity. The school principal must approve all fundraising activities that will take place in the school's name, before they begin. The principal has the authority to deny activities that do not comply with board policies and are deemed to be inappropriate, such as activities that interrupt instructional time, or that are high risk.

- **Funds donated to schools** . Donations may be made to a particular school either for a specific purpose or for general use. Such donations may be eligible for a charitable donation tax receipt.

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Categories for Tracking Funds

The following is a list of suggested categories for the tracking of funds. Schools may add subcategories if they wish.

- Athletics (fees, uniform deposit or replacement, gate receipts)
- Awards (scholarships and bursaries)
- Band (fees, travel expenses, uniforms)
- Breakfast Fund (donations)
- Class Trips (recovery of expense)
- Donations (money given to a school)
- Graduation (prom, Safe Grad fees)
- Grants
- Library (money used for books or library resources)
- Program Resources/Activities (instructional expenses that are not covered within board-allocated funds)
- Student Activities (yearbook, newspaper, student council)
- Student Fees (locker, agendas)
- Lunch Supervision

Acceptable and Unacceptable Uses of Funds

All purchases made using school-based funds must comply with the Board policy and supporting school-based funds procedures.

Funds raised for a specific purpose must be used for the intended purpose. For example, athletic fees and graduation fees must be used for their intended purpose. Please refer to the School-Based Funds Policy VII-A-3, Page 2 of 7, Item #2 “Funds Raised for a Specific Purpose” for more information.

Funds raised for a general purpose through contracts, fees and/or fund-raising activities, with no specific intent, must be used for school-related activities, as approved by the school principal. It is important for the principal to consult with staff and community on the appropriate use of these funds.

Note: If school-based funds are spent on something that may not have the appearance of directly benefiting the students in the school, be sure to carefully justify the expenditure and keep the justification on file. For example, include notes on your receipts or other supporting documentation.

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Budgets

All groups are required to develop a budget.

All groups are expected to operate on a balanced budget.

Chapter 2. Banking, Receipts & Disbursements

All schools must have a bank account for all school-based funds, and a process for recording transactions. **Deposits must be made on a timely basis and all cash on hand be kept in a locked safe on school premises.** It is essential that controls be in place to safeguard the school's assets and to help in the management and record-keeping of these funds. The procedures in this chapter aim to simplify banking practices as much as possible for school staff, while ensuring that funds are secure and records are adequate.

Maintaining Controls

It is important that school administrators support and follow the established procedures outlined in this document. The goal of the procedures in this chapter is to ensure that money is handled appropriately and that records are accurate, up-to-date, and useful. However, the procedures are only as good as their enforcement.

Establishing a Bank Account

It is strongly recommended that all schools move to establish one bank account for school-based funds.

Schools must consult with the Board's Finance Department in establishing and reviewing their bank account practices. All bank accounts must meet the following requirements:

- Each bank account must be in the name of the school.
- No account may be opened in the school's name without the prior knowledge and approval of the school principal.

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- Cheques must be pre-numbered, have at least two signature lines, and provide a detachable record or cheque stub with the following payment details:
 - the payee
 - the date
 - the amount of the cheque
 - the purpose of payment (expense category).
- The account must require at least two signatures on all cheques.
- Account statements and cancelled cheques must be retained by the school.

Receiving Money into School-based Funds

Designated staff must follow these requirements for receiving, counting, and depositing money:

- When money is received at the school, it must be kept in a locked safe on school premises. It is important to complete deposits to the bank account on a timely basis.
- *Always count money in the presence of two individuals and give a receipt to the individual or group who submitted the money (if over \$50 or when requested). These documents should be retained on file in the school administration office.*
- Promptly deposit all money intact to the appropriate bank account.

Making Payments

Following are a range of procedures for requesting, documenting, approving, paying, and controlling expenditures. If there is any uncertainty about a payment procedure, consult the Board's Finance Department for clarification.

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General Requirements:

- Never pay expenditures from the cash collected. Instead, deposit the total funds to the bank and write a cheque to pay for expenditures.
- Record all expenditures and pay them promptly.
- Make all payments by cheque, except those of a minor nature, which may be paid from a petty cash fund. (See “Handling Petty Cash”, later in this chapter.)
- Items that are normally purchased using board-allocated funds should be paid directly from the Board

Documentation and Approvals:

- Ensure that all requests for payment are supported by *original* invoices, receipts, or other appropriate documentation. (*Note: Do not make payments from a general company statement; instead, if you do not have the original detailed invoice, contact the vendor to request that it be sent to you for payment purposes.*)
- Do not give payments in advance to employees.
- When a cheque is issued:
 - Mark the invoice paid. All invoices must be reviewed and initialled by administration before they sign the cheque.
 - Record the cheque number and date on the original documentation.
 - File the documentation by month (see Monthly File Management, in Chapter 4).
 - Supporting documents should be filed whereby it is easily retained whether by vendor or month incurred/paid.

Cheque Controls:

- Do not pre-sign cheques or use a signature stamp.
- Keep a record of all cheque numbers to account for all cheques and to prevent missing cheques. Keep voided cheques and include them in your monthly file.
- Store unused cheques in a designated, locked location to prevent loss or theft.
- There should only be one sequentially numbered book of cheques in use at all times.

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Purchasing Policy:

- Follow the Board's Purchasing Policy VII-A-2 and supporting procedures, PRO VII-A-2 when procuring all goods and services, whether you are using school-based funds or Board funds.
- All items purchased from the school bank account, including staff-parent groups, remain the property of the school.
- Do not use school-based funds to purchase items or services if the school expects to be repaid with Board funds. If an item is to be charged against a board account, it must be processed through the Board's Procurement or Accounts Payable departments, rather than paid through the school's chequing account.

Tax Regulations:

- The board is required to issue tax slips to individuals who provide service in an employer-employee relationship to the board or to any school. This requirement also applies when paying for services such as substitutes or lunch supervision staff. School funds can be used to reimburse these costs, but the payment must flow through the Finance Department because these disbursements require the board to issue a T4 or T4A tax slip. The only exception to this would be for payments to any non-employees that are below the threshold limits set by the CRA.
- On a regular basis (at least once a year), schools **must** apply to the Board's Finance Department to receive a rebate of 68% of any HST paid on school purchases made through their school-based accounts. The Board's Finance Department will assist with the application process, if required.
- Charitable donation tax receipts can be issued at the Board or school level, as the Board and some schools have charitable status. The yearly charitable returns are to be filed by the Board auditors. It is the responsibility of the Director of Finance to ensure the filing is completed in a timely manner.

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Handling Petty Cash

Petty cash funds must be accounted for through the school’s general account, and replenished with a cheque from that account. It must never be replenished with cash from a deposit. As is noted in the section on documentation and approvals, cheques must not be made payable to cash. Instead they should be made payable to petty cash.

A petty cash limit must be established, up to a maximum of \$200. When the fund needs to be replenished, the replenishment amount must equal the total of the disbursements since the last replenishment. At any point in time, the sum of the receipts and cash on hand must always equal the float limit.

Receipts must be used for every transaction, and you must track who the money was paid to, its purpose, and the expense category to which it relates. Petty cash should be reconciled on a regular basis and discrepancies should be reported immediately to the principal.

Chapter 3. Accounting Systems

This chapter identifies the minimum information that should be recorded in the school’s accounting system in order to:

- safeguard school-based funds
- maintain thorough records of the inflow and outflow of money
- maintain an up-to-date bank balance and ensure accurate cash management.

Using the Recommended Software

The Board has chosen Simply Accounting as the standard computerized accounting system which must be used by schools. This is the software that is supported by the Board.

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Tracking Revenues and Expenditures

It is critical to keep accurate, up-to-date records of the inflow and outflow of funds. This, in addition to appropriate controls, will ensure that the money is handled appropriately, and that written records can be relied on for review and audit purposes. Accounting controls are only as good as their enforcement. It is important that school administrators support and follow these established practices when entering data into the accounting system:

- Record all revenues and expenditures completely, accurately, and promptly.
- For **revenue**, include the following information:
 - date deposited
 - amount collected
 - purpose of funds
- For **expenditures**, include the following information:
 - date the cheque was issued
 - amount of cheque
 - name of payee
 - reason the payment was issued
 - cheque number
 - invoice/document number

Note: All funds must be deposited intact. Do not pay expenditures from cash collected. Instead, deposit the total funds to the bank and write cheques to pay for expenditures.

- Ensure that the accounting system tracks and reports revenues and expenditures for each school activity.
- Ensure that the principal reviews the revenue and expenditure records every month.

Reconciling School Accounts

- Complete bank reconciliations monthly and cheques recorded as issued.
- Bank reconciliations should be reviewed by the principal and documented by initialling and dating the bank reconciliations.

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Chapter 4. Financial Reporting and File Management

Responsibilities

The principal is accountable to both the school community and the Board to ensure that all school-based funds are tracked and used appropriately. Effective financial reporting demonstrates accountability and also equips the school community and the principal to make informed decisions for the benefit of students.

Financial reports are prepared by designated staff under the direction of the principal. It is the principal's responsibility to:

- ensure that school accounts are reconciled monthly
- submit the annual Financial Report to the Finance Department by April 30 of each year
- ensure that monthly and annual reports and backup documentation are kept on-site for seven (7) years
- provide financial statements to the School Advisory Council and the school community on request.

Procedures for Retaining Records

Follow these procedures for retaining records:

- Maintain appropriate supporting documents to support the individual school's revenue and expenditures. Supporting documents should be filed whereby it is easily retained, whether by vendor or month incurred/paid.
- Keep all original documents – including paid invoices, canceled cheques, bank statements, support for deposits, and bank reconciliations – for seven years (six years plus the current year). The records from each year must be boxed, labeled, and stored in the school.
- File cheques (in numerical order) and debit memos with the bank reconciliation and the monthly bank statement, by month, as part of the monthly file.
- Do monthly backups and store them on-site for the full year. This is necessary for all school-based accounts, even for schools that use an external bookkeeper.
- Ensure that a good backup system or file is in place and that it has been secured and tested. A backup of the whole year should be done after the March 31 reconciliation, and it should be stored with the year-end files

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Chapter 5. Student Councils

All requirements outlined in this document and the corresponding School-based Funds policy, VII-A-2, apply to student councils.

Student councils are often involved in collecting fees and raising funds. Keeping track of the money raised and spent is an educational experience for the students involved. This chapter describes some of the financial responsibilities of student councils and their staff advisors. In particular, it clarifies the following:

- ownership of student council funds
- banking arrangements for student councils
- reporting requirements for student councils.

Considerations

- Student council funds and any assets purchased with these funds belong to the school.
- The school’s accounting system should enable school staff to separately track and report the revenue and expenditures related to student council activities.
- The teacher advisor must sign the student council cheques.

Chapter 6. Year-End Reporting

This chapter aims to:

- clarify the year-end reporting process
- ensure that school accounting records are complete, accurate, and up-to-date.

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Demonstrating Accountability

The Board has the responsibility to ensure that all funds, including school-based funds, are adequately protected, that they are controlled through proper accounting procedures, and that accountability for the funds is maintained through regular financial reports. Accounting policies for the public sector require school boards to include all revenues received and disbursed by the board (including funds at the school level) in the board's audited financial statements. The Strait Regional School Board is required to include the financial results of our schools as part of our financial results. Therefore, schools must submit annual financial reports to the Board's Finance Department. These financial reports may be subject to audit by the Board's Finance Department and/or the school board's external auditors; as well they may be subject to review by the Board's Audit Committee.

Timing

The fiscal year for the Board and for schools is from April 1 to March 31, and this is the 12-month period that year-end financial reports must cover. The school must send its year-end reports and information to the Board's Finance Department by April 30 of each year.

Types of Year-End Reports

A school's year-end report must be submitted to the Board's Finance Department and include a year-end for each account (Balance Sheet & Statement of Revenue & Expenses).

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