



School Funds – Fiscal Accounting and Reporting

Administrative Procedure 5.160

Board Governance Policy Cross Reference: 1, 2, 3, 7, 12, 14, 17, 18

Legal Reference: Public Schools Act

Date Adopted: January, 1972

Date Amended: September, 1975; January, 1983; October, 1988, February 2005; July 2012; October, 2012; April 2019

Date Reviewed:

Any school or school division involvement, whatsoever, in student council funds or in parent council funds may cause the school division to be legally liable.

In situations where such involvement exists, school divisions should ensure that adequate controls are in place to safe guard against lost.

A. SCHOOL FUNDS

In accordance with the Public Schools Act, Subsection 56(4), the Board of Trustees of the School District of Mystery Lake affirms that the principal of each school may raise, hold, administer and expend monies designated as “school funds” for the purposes of the school.

Accordingly, the Board of Trustees charges the Secretary-Treasurer, and consequently school principals with the responsibilities for:

1. ensuring that school funds are managed through prudent business practices, and
2. maintaining accounting systems in accordance with generally accepted accounting principles and policies that have been approved by the Board.

School funds are comprised of two types of funds as described by the Schools' Finance Branch policy on school funds:

Type A school funds include moneys from all fund raising activities of the school, such as walk-a-thons, selling candies, door to door, dances, hot dog days, school pictures, bottle drives, car washes, raffles, auctions, etc. As these monies are raised by the school, or under auspices of the school, through extra curricular activities for the sole use of that school, they are not included in the school division's financial statements.

Funds from cafeterias and vending machines that are operated by or contracted out by the student council are student council funds. Funds from cafeterias and vending machines that are operated by or contracted out by the school are Type A school funds.

Type B school funds include allocations from the school division (per capita grants, budget allocations, specific purpose grants, etc.), vocational revenues (auto shop repairs and services, cosmetology, business ed initiatives, etc.), and revenues from cafeterias and vending machines that are operated by or contracted out by the school division. These monies are often administered by the school division on behalf of the school; but in cases where the school administers them, they are considered to be Type B school funds and would fall under the guidelines for school funds. These funds are included in the school district's financial statements.

B. RESPONSIBILITY

The Principal is responsible for all School Funds. Proper accounting consists of:

1. Following prescribed procedures in collecting, receipting, depositing, recording, disbursing and reporting school funds.
2. Maintaining complete and accurate records for all receipts and disbursements.

Although responsible, the Principal may have any other staff physically undertake these duties acting as a Treasurer.

C. ACCOUNTING GUIDELINES

1. Bank Accounts
 - a) Bank accounts should be a chequing account.
 - b) Accounts shall require two signatures on all cheques, one being the Principal and the second being a staff/student representative.
 - c) Secretary-Treasurer is to be notified if a new bank account is established and advised of the purpose of the account.
2. Receipts
 - a) Consecutively numbered receipts should be issued for monies received and retained as part of the school records.
 - b) When a significant number of students are required to pay for a specific activity (i.e. ticket or candy sales, hot dog day, etc.) a Master Receipt may be used for the group.

- c) For events where cash collections are received, monies should be counted by the individual(s) and forwarded along with a signed record of the money collected to the Treasurer/Principal who will issue a receipt. Where a larger amount of cash is received, the money should be counted by two individuals.
- d) All funds are to be recorded in the financial records.

3. Deposit of Funds

Monies should be deposited on the day they are received. When this is not practical, the funds are to be safeguarded by the Principal or Treasurer.

In making a deposit the Treasurer will:

- a) Verify the deposit agrees with the total receipts issued.
- b) Note the date and deposit amount on the last receipt covered by the deposit.
- c) Prepare a bank deposit slip in duplicate.
- d) The School's copy of the deposit is to be validated by bank stamp.
- e) Deposits are to be entered in the financial records.

4. Disbursements

Disbursements are to be for the benefit of the school or student body. Disbursements for personal expenses that could be seen as a conflict of interest is prohibited. Purchases of Equipment and other large items should be made through the School District to ensure compliance with the District's Purchasing Policy and Procedures.

- a) All disbursements must be made by cheque, numbered and issued sequentially.
- b) All cheques must have two signatures. The signing of blank cheques is prohibited.
- c) All vouchers must be supported by invoices or approved vouchers.
- d) All invoices shall be checked for numeric accuracy.
- e) All invoices should be matched with duplicate cheque and filed in cheque number order.
- f) Each cheque disbursement is to be recorded in the financial records in cheque number order so that a running bank balance can be maintained.
- g) Prepaid items or expense advances should be limited to unusual circumstances. If an advance is issued, a proper invoice or approved

voucher must be attached to the duplicate cheque subsequent to the event.

- h) Miscellaneous items such as interest expense, interest income or bank charges is to be recorded in the financial records on a monthly basis.

5. Financial Reporting

- a) The bank statement shall be reconciled with the financial records on a monthly basis when received. The Principal is to review the bank reconciliation, summary of receipts and summary of disbursements.
- b) A copy of the Bank Statement and cancelled cheques shall be forwarded to the Secretary-Treasurer twice yearly.

6. Retention of Financial Records

The following schedule specifies minimum periods for retaining the school funds records.

- a) Permanently
 - a. Cash Receipts and Disbursements Records
 - b. Annual Cash Receipts and Disbursement Statements
 - c. Financial Report signed by Signing Officers
 - d. Any legal documents or certificates (investments, etc.)
- b) Seven Years from the end of Fiscal Year
 - a. Cancelled cheques and bank statements
 - b. Duplicate Deposit Receipts
 - c. Bank Reconciliation
 - d. Cash Receipts
 - e. Vendors invoices and vouchers attached to duplicate cheques
 - f. Other financial summary reports

D. AUDIT OF SCHOOL FUNDS

The Secretary-Treasurer or designate will review compliance with this policy on an annual basis. The procedure undertaken to conduct this review is outlined below.

AUDIT OBJECTIVE:

The Secretary-Treasurer shall provide a report verifying that these procedures have been followed and an opinion on whether or not receipt and disbursement statement fairly represents the school's funds for the year.

1. To determine that all payments are properly supported and recorded in the synoptic
2. To determine that all monies received are recorded and properly deposited in the bank.
3. To determine that the synoptic is clerically accurate.

AUDIT PROCEDURES:

Objective Number 1

1. Check the continuity of the returned cheques.
2. Examine the returned cheques on a test basis and perform the following steps:
 - a. Agree the amount of the cheque to the amount recorded in the synoptic
 - b. See that the signatures on the cheques are the ones of the authorized signing authorities
 - c. See that the cheque is properly endorsed
 - d. Examine the invoices/vouchers supporting the payment and agree the payee and the cheque amount to the details on the invoice/voucher.
3. Check the Bank Reconciliation by:
 - a. Agreeing the bank balance to the bank statement

- b. Agreeing the total disbursements and total receipts to the final figures in the synoptic
- c. Checking the reasonableness of any other reconciling items

Objective Number 2

- 1. Check the continuity of the cash receipts
- 2. On a test basis trace from the cash receipts to the synoptic
- 3. Agree the deposits recorded in the synoptic to the bank statement
- 4. On a test basis review the signed statements of monies collected and turned in to the treasurer and trace to receipts

Objective Number 3

- 1. On a test basis trace from receipt and invoice to synoptic to ensure consistency of posting
- 2. Ensure that the monthly statements is balanced

The Secretary-Treasurer may perform additional tests as deemed necessary to ensure the reasonableness and fairness in the reporting of the school funds.