

Sunrise School Division

Divisional Procedure

Number – 4110

Procedure Title	Divisional Procedure: School Funds		
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Revision Dates	October 20, 2005	Related Forms	F-SF-1; F-SF-2; F-SF-3; F-SF-4; F-SF-5; Samples 1-6
Review Date	March 1, 2006	Originator	Secretary Treasurer
Approval of CEO:	Date of Approval:		

Rationale

Sunrise School Division requires procedures that will ensure that acceptable accountability, recording and reporting of transactions through the school bank account funds are maintained, based on guidelines set out by Manitoba Education and Training.

Procedure

SCHOOL FUNDS FISCAL ACCOUNTING AND REPORTING

Preface

This section is intended as a reference for identifying the required data to be kept for financial transactions. It is not intended to be an instruction manual for your actual bookkeeping.

Keeping a current and accurate record of all money that flows through a school is important, not only to provide information on the amount of money available in the bank and the various fund accounts but also to safeguard the administration by providing a record of the sources and uses of these public funds.

While most funds (see page 3 Point B) will normally be maintained by one individual, the School Secretary, all funds, with the exception of the PAC account, should be monitored by a second individual/committee and all cheques must have two authorizing signatures.

SCHOOL FUNDS

According to the Public Schools Act, Subsection 56(4), school funds are moneys that the Principal of each school, subject to the rules of the school board, may raise, hold, administer and expend for the purposes of the school.

School funds are cash assets raised, held and administered by a Principal for the purposes of the school. School funds include monies provided by the Division to schools to be used for prescribed purposes and school funds also include monies raised by the school, independent of the Division, through fund-raising activities and other means.

The Secretary-Treasurer, in consultation with the Superintendent, shall prescribe the accounting practices and procedures for schools to follow in the administration of school funds. The Secretary-Treasurer or designate shall conduct periodic audits of school funds and make such recommendations for improvement to the financial accounting and control procedures as are deemed reasonable in the circumstances.

School funds are comprised of two types of funds as described below.

Type A

Type A school funds include moneys from all fund raising activities of the school, such as walk-a-thons, bike-a-thons, selling candies door-to-door, dances, hot dog days, school pictures, bottle drives, car washes, raffles, auctions, etc. As these moneys are raised by the school, or under the 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 cafeteria and vending machines that are operated by or contracted out by the school are Type A school funds.

Type B

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 service, cosmetology, business education 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 division's financial statements.

FINANCIAL RECORDS – GENERAL PROCEDURES

A. All school funds are required to be recorded using software designated by the Secretary Treasurer.

B. A maximum of six bank accounts per school are to be maintained by September 1, 2006. Accounts will be as follows: General; PAC, if applicable; Band, if applicable; Grad, if applicable; Student Council, if applicable, and any educational account that the financial records are maintained by the students as a component of the educational curriculum. All accounts will be required to follow the procedures outlined herein. PAC and Student Council accounts will not be audited and are not required to follow the respective procedures unless the account is being maintained by the School Secretary.

C. A standard chart of accounts is to be used by all schools and will be provided by the Secretary Treasurer.

D. The Secretary-Treasurer should be notified in writing whenever a committee and/or new fund are established under the school account. When new funds are established, the Secretary-Treasurer must be notified in writing as to the purpose of the fund and how funds will be disbursed upon dissolution of the committee and closure of the fund account. In addition, when new funds are established for one time annual events, the fund account for that event needs to be closed by December 30th of the following year.

E. To establish a fund with no committee requires prior approval of the Secretary-Treasurer.

F. The Secretary Treasurer should be notified that committees have been dissolved and remaining associated funds have been disbursed, along with a copy of the dispersal of funds letter.

G. The bank account should be set up to allow the Secretary-Treasurer to have access to information regarding the accounts in case of an emergency.

H. Schools have been allocated supply and professional development budgets through the Secretary Treasurer. Expenditures paid through school bank accounts related to these school supply budget expenditures will not be reimbursed to the school bank account.

I. Any loss of cash, including cheques, must be promptly reported to the Principal and the Secretary-Treasurer. If theft is involved or suspected, the appropriate law enforcement authorities should be notified as well. A written report must be submitted to the Secretary-Treasurer within 48 hours. The written report will include a recitation of the facts and circumstances, steps taken to prevent a recurrence and steps taken to affix responsibility, if any.

J. The Secretary-Treasurer has the authority to remove the account from the school, if it has been misused or improperly maintained.

K. If the school bank account, namely, Grad Account and Band Account, which are maintained by someone other than the School Secretary, is improperly maintained or not following the outlined procedures, the Secretary-Treasurer has the authority to remove control of the account from that group and designate control to the School Secretary.

L. All fund committees must take minutes and the School Secretary must maintain copies of same. All expenditures for assets must be approved in the minutes. If no committee is established for the fund, no minutes are required and all expenditures must meet expenditure criteria as outlined within these procedures.

M. The accounts are to have signature cards requiring a minimum of two signatures, one being the Principal, Vice-Principal or School Secretary.

N. Any fund raising done under the school name must be recorded through the school bank fund account excluding PAC fund raising.

(1) Money Collected by the School

All money received must be recorded on the Money Collected form (F-SF-1) and submitted to the School Secretary along with the cash/cheques. This form is required for all money collected from students (ie home room teachers collecting for Scholastic book orders, milk money, field trips). When handing in money the School Secretary or office personnel will initial and date form and make copy to return to teacher as a receipt.

This form contains the following information:

- Date that the money is being turned in to school office
- The class room # and teacher name
- Reason for collection (ie chocolate bar fundraiser; scholastics book order)
- Name and amount of money received from each student
- Individual's signature who is receiving money at the office
- The fund account receiving the money
- Date received at the office
- Date that the money is deposited in the bank

Monies from drink machines are to be submitted to the School Secretary along with a completed Vending Machine Money form (Form F-SF-2).

For schools operating canteens daily deposits must be completed. Therefore, the Canteen Daily Sales form (F-SF-3) is to be completed and submitted to the School Secretary. GST and PST are applicable and will be covered under separate section.

The Fundraiser Event Reconciliation form (Form F-SF-4) is different from the Money Collected form. It is to be used for one-day events such as school dances, drama presentations where homeroom teachers do not collect dollars.

Deposits

Money should be deposited into the bank as soon as is practical after receipt. Any amounts of money should not be kept in the school, however, if there is no alternative, be sure to keep it locked in a safe or locked box in a locked file cabinet in a secured room.

The following procedures are to be used when preparing a deposit:

- (a) The School Secretary verifies the amount for deposit by actual count of money to be deposited. This amount should agree to the total of Money Collected, Vending Machine Money, Canteen Daily Sales and Fundraiser Event Reconciliation forms and donations received from sources outside the school.
- (b) In cases where multiple funds exist in a school account, a separate deposit should be done for each fund deposit. (ie. 4 forms in for Scholastics and 3 forms in for Drama fundraiser – do 2 deposits)
- (c) The deposit is taken to the bank. The bank should retain the original deposit slip and validate and return the duplicate copy to the School. The bank deposit slip is prepared in duplicate, and the validated duplicate copy should remain in the deposit book. A copy of the validated deposit slip should be stapled to the forms and kept in chronological order in a separate file or binder.

The above information must be recorded in the journal which will adjust the bank balance and specific fund account balance to reflect this transaction.

(2) Expenditures

- (a) All expenditures are to be made by cheque.
- (b) All expenditures require proper approval and that the cheque signors are presented with proper backup to the cheques prior to signing them.
- (c) All expenditures must be requested through and approved in advance by the Committee responsible for the fund.
- (d) All purchases over \$500.00 must processed through the Secretary-Treasurer's department by manual purchase order with the school fund account noted thereon.

Cheques Issued by the School

The following information must be kept when a cheque is issued:

- cheque date
- cheque number
- payee - person/company to whom the cheque is issued
- cheque amount
- fund account to be charged
- supporting documentation which indicates what is being purchased. This can take the form of a supplier invoice or a Cheque Requisition form (F-SF-5) which identifies who is requesting the payment. This supporting documentation should be filed in cheque number order along with duplicate of cheque.

All supporting documents (invoice or Cheque Requisition form) must be approved by the Principal and at least one member of the fund committee, if applicable, prior to forwarding to School Secretary for payment.

All cheques must include original signatures and must be signed by two authorized individuals. All of the above information must be recorded in a journal which will adjust the bank balance and a fund account balance.

Cheques are only to be signed once signing officers have reviewed the supporting documentation to ensure fund approval has been given.

When a cheque is cancelled or a stop payment is put on it, an entry must be made in the journal which reverses the original entry. The cheque, if available, should have 'void' written across it, the signature removed, and it should then be filed with the supporting documentation being kept for all other cheques noted above.

Floats may be required for some fundraising events. In these cases, a Cheque Requisition needs to be approved and made payable to the person responsible for the funds of this event. A cheque will then be issued to the individual who will be responsible for returning these funds along with dollars raised in event within 3 business days.

(3) Fund Transfers

To transfer dollars between funds within a school, a letter signed by two members of the committee (ie Grad committee) releasing the dollars must contain the following information:

- The date of transfer
- Amount being transferred
- Fund the money is being transferred to

- Fund from which the money is being transferred from
- Reason for the transfer

This information must be recorded in the journal and in the appropriate fund accounts.

(4) Bank Statement Reconciliation

A bank statement reconciliation is a process of comparing the bank's records to the school's records to ensure that the two are in agreement. It is essential that a bank reconciliation be done on a monthly basis and any variances investigated promptly to ensure that the funds which appear to be available are, in fact, available. There will be transactions identified during the bank statement reconciliation such as bank charges and/or interest earned which must be recorded in the journal and the general fund account, unless the charges/interest are specifically identifiable to a fund account, in order to adjust the available bank balance.

A sample bank reconciliation form (Sample 1) and register report (Sample 2) (both produced from the designated software) are attached. The bank reconciliation and register report should be attached to a copy of the bank statement and filed together. Cleared/cancelled cheques must be maintained in numerical order within the bank statement. The Principal and School Secretary must sign all monthly bank reconciliations.

(5) Fund Ledger Records and Reconciliation

Fund ledgers are maintained in order to have detailed information on which areas money is being collected and expended, i.e. field trips, basketball, fundraising, etc. As part of the monthly bank reconciliation process, a statement for each fund ledger account must be prepared and this total must equal the bank balance in your journal as at the bank reconciliation date. Variances should be corrected immediately, as errors left for an extended period will mean there is more data to sift through when looking for the cause of the variance and a fund could appear to have a balance available but, in fact, be over expended.

Attached is a sample income/expense report (Sample 3) for a fund ledger account which has been produced from the designated software. This report must be provided monthly to each fund committee as well as the Principal of the school.

(6) Audit Review Information

Periodically the Secretary-Treasurer's department will conduct an audit of each school's accounting records. The objective of the audit is to determine that all payments are properly supported and recorded, all monies received are recorded and deposited in the

bank and that the journals and fund ledgers are clerically accurate. Transactions will be reviewed for reasonableness relating to the specific school funds. The bank and fund account reconciliations will also be reviewed. Minutes from each fund committee meeting held by the School Secretary must also be available for review.

(7) Banking and Investing of Funds

Banking and investing of funds should not be done without Secretary-Treasurer approval.

(8) Yearend Procedures

Introductory Notes

- It is recommended that the dates of June 30 and July 1 be used as the dates to close off the old school year (June 30) and set up the opening fund balances for the new school year (July 1).
- Because these dates are used to close off and set up opening balances, no other entries should be made using these dates. **IF YOU HAVE NORMAL TRANSACTIONS THAT ACTUALLY OCCUR ON ONE OF THESE DATES, USE EITHER JUNE 29 OR JULY 2 TO RECORD THEM.** (ie: If there are bank charges incurred on June 30, enter them as date of June 29 OR if a cheque was dated July 1, enter it as date of July 2).
- Each Fund (category in Quicken) that has been set up for a particular school should have both an Income and Expense category.
- When setting up the books for a new school year, a new file in Quicken will NOT be opened. The existing file will be used year after year for each Account. This allows you to access records of prior years while at the same time preparing reports that are relevant to the current year.

Yearend Procedures

- i) Ensure that all cheques and deposits have been entered that relate to the school year being closed off. **It is assumed that by the end of June all deposits have been made and all cheques have been issued that relate to the old school year.**
- ii) Prepare the Bank Reconciliation for the end of June.
- iii) Print off the normal month end reports. These reports should include an overall Income/Expense report that reports on all funds set up within the Account. It is recommended that individual Fund reports are also prepared.
- iv) The Funds can now be closed off for the old school year. To do so a “journal entry” must be done to record the ending Fund balances. This is done as follows:

- To begin, the overall Income/Expense report is required (See Sample 3 except this is an overall income/expense report where all funds appear on the report not just specific funds).
- The total of the individual Fund ending balances must agree to the reconciled bank balance at June 30.
- The journal entry is then prepared in the bank register, using the ending Fund balances. This entry will actually make the bank register balance “0” on June 30. The journal entry would look as follows:

June 30	JE	Close Funds at Year End	10,500.00
		Split screen entries are:	
		Athletic Dept Income	-1,850.00
		Drama Income	-1,300.00
		Library Income	50.00
		Office Income	-7,300.00
		Science Income	-100.00

- v) A second journal entry must now be done, dated July 1, to set up the opening balances for the new school year. This also reinstates the bank register balance to the reconciled bank balance at June 30. Please note that the example prepared assumes that the school only wanted certain Funds to carry forward balances, while some Funds (Library and Science) start the new year with a “0” balance. Please also note that the Office (or General) Fund in this example adds in the ending balances for those funds that do NOT carry forward a balance. In the case of the Library Fund, the Office (or General) Fund absorbs the \$50 deficit incurred during the year. The journal entry to set up the opening Fund balances would look as follows:

July 1	JE	Set up opening balances	10,500.00
		Split screen entries are:	
		Athletic Dept Income	1,850.00
		Drama Income	1,300.00
		Library Income	0.00
		Office Income	7,350.00
		Science Income	0.00

You are now ready to start your new school year entries. Reports for the new school year should be set up to have a beginning date of July 1.

(9) Reporting Periods for Income/Expense Reports or Financial Statements

*Please note the importance of the dates when printing off the income/expense reports. Should you require a report for **current year** income/expenses only for a fund, you must use July 2 as the start date. Should you wish to include the fund balance from the previous year in your report as well as current year income/expenses, the start date selected must be July 1.*

(10) Financial Statement Requirements

Two interim financial statements are required to be submitted to the Secretary-Treasurer for each school account for the period of July 1st to March 31st and for the period of July 2nd to March 31st. These statements are to be received by April 30th of each year.

Two year-end financial statements of revenue and expenditures for each school account are to be submitted by September 30th to the Secretary-Treasurer for the period of July 1st to June 29th and for the period of July 2nd to June 29th.

The required financial statements are to include the following information:

- Overall bank account summary revenue and expenses
- Balance sheet (Sample 4) (sample produced from designated software attached) (interim dated March 31st and yearend dated June 29th)
- Copy of related bank reconciliation, register report and bank statement

A sample of the interim (Sample 5) and yearend financial statements (Sample 6) produced from the designated software are attached.

(11) Retention of Financial Records

All records must be kept for 7 years. Records to be kept include bank statements, bank reconciliation reports, cancelled cheques, deposit slips, receipt books, back up to disbursements, journals and copies of the financial statements.

Each year's worth of records for each account should be kept in an envelope or file box, with the year written clearly on the outside.

(12) PST and GST

PST:

Pursuant to Section 4 of The Retail Sales Tax Act Bulletin No. 029 (Revised May 2003):

“Prepared food and beverages provided to certain persons in the following situations are not taxable. The organization providing the prepared food and beverages may also purchase if exempt.

- *An elementary or secondary school without charge, or for a nominal charge, to its students under a student lunch program.”*

“Prepared food and beverages provided in the following circumstances are considered not to be a “sale” and are therefore not taxable. Please note: In these circumstances the provider must pay tax to its supplier.

- *An elementary or secondary school to its students through a cafeteria, canteen or vending machine or vending machine operated at the school.”*

“Sales of food and beverages by a charitable or non-profit organization to a person are tax exempt if the sale has not been publicly advertised and is not of a commercial nature competing with other registered vendors. Please note: In these cases the organization must pay the tax to its supplier when purchasing supplies. Examples of exempt sales include:

- *Confectionery or snack food items that are sold from a school or community club canteen, cafeteria or vending machine if operated directly by the school (student group) or community club.*

GST:

A school is exempt from registering for GST if sales are less than \$50,000.00 per year.

Claiming GST Rebate

To claim the GST rebate, a Quicken report must be submitted to the Business Centre together with photocopies of all related invoices. The GST rebate is claimed June 30 and December 31 of each year.

Calculating the GST rebate using Quicken

- Enter the payment in the cheque register as you normally would.
 - Enter date
 - Enter Cheque #
 - Enter Payee
 - Enter Amount of Payment

- Open the split payment screen.
 - On 1st line enter category to be charged (or leave as is if already shows up) and then go directly to 2nd line (leave amount on 1st line as is for now).
 - On 2nd line enter the category as “GST rebate” (or whatever your category is to capture the 68% GST rebate amount).
 - In the Memo field enter the full amount of the GST that is shown on the invoice. This is as per request of the Division office, so the report will have the full GST displayed as well as the 68% rebate amount.
 - Tab over to the Amount field and open the calculator by clicking on the “calculator” icon that appears beside the cell.
 - Enter the full GST amount and multiply by .68 (do not multiply by 68% as that does not work properly) – click the enter button on the calculator.
 - Use the “up” arrow on your keyboard to get your cursor to the amount cell on the 1st line.
 - Enter “0” to zero out whatever amount is appearing in that cell.
 - Hit the “up” arrow again to “enter” the “0” amount you just keyed in.
 - Enter the amount that appears on the 3rd line as this is the amount needed to balance this entry.
 - Click “OK” or “Enter” at the bottom of the split screen window to enter this transaction.

- Please be advised that this method will only work if there is only one category being charged with this expense (Other than the GST rebate). If more than one category is being charged you will have to do the calculation prior to entering it in the Quicken program.

(13) The following activities are strictly prohibited but not limited to:

- (a) At no time shall a Principal permit an overdraft in any school fund bank account.
- (b) Cashing of personal cheques for activities not pertaining to the school is prohibited.
- (c) No personal expenses are to be paid.
- (d) School staff coffee funds are not to be included within the school bank account.
- (e) No cash advances with the exception of floats for specific events.
- (f) No bank cards or credit cards.
- (g) No signature stamps for cheques.
- (h) No automatic payments are to be established within the school bank account without written approval of the Secretary-Treasurer.
- (i) No petty cash expenditures should be flowing through the school bank account.