

Administrative Procedure 511 Appendix

SCHOOL-GENERATED FUNDS MANUAL**Table of Contents**

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SECTION 1 GENERAL INFORMATION

1.1 *Definition and Purpose of School-Generated Funds*

School-generated funds (SGF) are funds raised for school/student activities and resources. These funds are under the control and responsibility of the school principal. The funds are collected and retained at the school for extra-curricular expenditures paid at the school level, e.g. yearbook sales, graduation ceremonies, field trip fees, etc. **SGF funds may not be used for expenses related to the basic education program.**

1.2 *Background*

Alberta Education has directed that SGF must be included in the District's financial statements for the following reasons:

- Throughout the province large amounts of monies are received and expended through school-generated funds. There is a demand for efficient, thorough and safe management procedures to oversee these funds.
- There are rules, regulations, and procedures for accountability of SGF. The Board is responsible for such funds.
- School activities are an integral part of a school's operation. Accordingly, they should be reflected in the financial statements.
- The student costs for school activities are a component of the total student education costs.
- It is the public expectation that student activities and related funds would be appropriately controlled by the school

1.3 *Responsibility for School generated funds*

The principal is responsible for all funds raised within a school and also for non-SGF funds collected for third parties.

1.4 *External Groups*

External groups should apply for society status if they want to run their own funding campaigns. A society must get permission from the principal before using the name of the school and the principal will confirm that the society is a properly registered society before giving approval. Copies of the documentation required by the Societies Act (annual return and an audited statement) will be filed with the school on an annual basis.

1.5 *Audits of School Generated Funds Records*

Audits are an examination of the financial records and procedures to assure the principal and the Trustees that internal control over these funds are adequate. Audits may be conducted at any time, however, at least once a year the District's auditors will conduct an "internal audit" of one or more of the SGF account(s). All records must be kept current and be available for audit review at any time.

1.6 *Retention of Records*

All records are to be retained in accordance with Board policy.



SECTION 2 BASIC PRINCIPLES

2.1 *Bank Accounts*

Generally each school will have one current bank account to deal with all school funds. At the principal's discretion there may be circumstances where a school requires more than one account. Schools may invest surplus funds in interest bearing accounts and/or other guaranteed investments.

2.2 *Cheques*

All cheques issued on school's current bank account shall be pre-numbered and the numerical sequence must be accounted for, including cancelled/void cheques.

2.3 *Cash Receipts*

Receipt forms record cash and cheques received and they provide support for each bank deposit. Receipts must be pre-numbered and the numerical sequence must be accounted for, including cancelled/void receipts.

2.4 *Annual Financial Statement*

An annual financial statement and supporting accounting reports shall be produced from the CA\$cH accounting system as of August 31 each fiscal year and submitted to central office by September 30. This information will then be incorporated with the Districts audited financial statements.

2.5 *Reconciliations*

Reconciliations should be completed promptly after the end of each month. The CA\$cH system is designed to assist in reconciling these accounts and the procedures are described in the user's manual:

- Bank account balance(s) compared to the bank statement balance.
- The bank account(s) total equals the total of the fund accounts.
- The GST account balance equals the amount claimed on the semi-annual or annual GST rebate application. The system produces the rebate application form.
- Principals should review and sign the monthly bank reconciliations which would include reviewing and signing the bank statements and the receipt book to look for unexpected or unusual items and to monitor the continuity of receipts.

2.6 *Bank Deposit*

Bank validated deposit slips are a receipt for money deposited on specific dates. These slips are vital supporting documents in the maintenance of accurate cash records. Additional blank deposit books can be obtained from the bank as required.



2.7 The Accounting System

The CA\$H accounting system is used to record all transactions for funds handled by the school. There is a User's Manual (available on-line) that contains detailed instructions about posting transactions, generating reports, reconciling accounts, etc.

The system keeps a detailed history of transactions by account and by type of transaction. Management information and accounting reports are readily available in print form and/or by on-line search of transactions.

The CA\$ch system is divided into two sections:

- *School Generated Funds that are received and disbursed under the schools' control.*
- Non-SGF funds that are collected by the schools and forwarded to third parties. Examples are student council fees and student fees that are remitted to central office for textbooks and lockers.

The accounting system has been updated to record and report the SGF transactions in the latest format required by Alberta Learning and it uses this information to produce the monthly reports and the year-end financial statements. Original transactions must be coded correctly or the financial statements will not be accurate. Each transaction is entered according to the following classifications:

Revenue Categories:

- Fundraising activities: bingos, raffles, special events, store sales, food/beverage sales, etc.
- Student fees: fieldtrips, grad fees, yearbooks, clubs/athletics, etc.
- Donations/Grants: These amounts are tracked separately in the Ca\$ch accounting system.
- Other: the balance of SGF not in the above categories. Please describe the type of revenue which is included in this category.

SGF Disbursements are the expenditure of net SGF funds (after SGF expenses) on school programs. Disbursements must be categorized by transaction code for each entry.

Expense Categories:

- Extra-curricular activities: resources, material and equipment specifically for extra-curricular activities and clubs.
- School Beautification: Excludes capital assets (and improvements) purchased through central office.
- Equipment purchases: Equipment purchased by the school that is not required for basic instruction.
- Family literacy, adult learning and other community resources: includes technology and other resources for community use.



- SGF Expense: any costs incurred to generate SGF income (for example, the cost of food for a fundraising BBQ).
- Other: the balance of SGF not in the above categories. Please describe the type of expenses which are included in this category.



SECTION 3 CASH RECEIPTS

Cash includes any item of monetary value that can be deposited into a bank account: money, cheque, money order or bank draft.

3.1 *General Operating Procedures*

Cash is the asset most vulnerable to theft, loss and fraud. Internal control procedures are required to protect the assets and also to safeguard the persons who are involved with handling cash.

Cash should be stored in a secure location in a lockbox or locked drawer. Cash receipts must be stored separately from the receipt books.

Cash should be organized when it is submitted to the school office. Teachers, club treasurers and other sponsors should be instructed to issue receipts for money collected or to prepare transmittal lists. At least two persons must be involved in the function of collecting cash, receipting cash, and depositing cash. This is accomplished by having teachers and club sponsors collect from the students and they in turn require a receipt from the school secretary when funds are turned in for deposit. When a total of individual small amounts is received one receipt may be issued for the total rather than several individual receipts.

Receipts must be issued for all funds received at the school for 2 reasons: protect the custodian if there is a dispute over how much money was received; and provide documentation in case there is a fire, loss or theft which could result in an insurance claim.

1. A pre-numbered receipt book is used with the school name stamped or written on the cover.
2. A receipt shall be prepared immediately by the person receiving the cash.
3. Receipts must be prepared in duplicate and issued in numerical sequence.
4. Where practical, the SGF custodian should count the cash being deposited and sign a receipt in the presence of the person who is turning in the money. If this is not possible, the amount deposited should be shown on the club/class transmittal list or the cash receipts voucher and these should be signed person turning in the money.
5. The original copy of the receipt shall be given to the person turning in the money.
6. If an error occurs in preparing a receipt, mark void on both the original and the duplicate of the incorrect receipt and issue a new one. Alternatively the original receipt may be corrected and any changes should be initialed.
7. Void receipts must be kept in the receipt book with the original attached to the carbon copy and both clearly marked as "void".



8. Receipts should be entered into the accounting system when the receipts are prepared. The accounting system monitors the sequence of receipt numbers and the accounting reports should be reviewed monthly to verify the receipt number sequence.
9. Blank receipts may not be pre-signed or predated.
10. In schools where only one person collects, receipts and deposits cash another person should be assigned responsibility for one of these functions to strengthen the controls over the physical aspects of cash handling.
11. When significant amounts of cash are being received the custodian should have a private location to count and receipt the cash. During periods when large amounts of cash may be received by mail, two persons should be involved in opening the mail and receipting the cash.

3.2 *Control of Receipt Books*

The school secretary shall be responsible for maintaining an adequate supply of receipt books and they should be kept in a secure location such as a lockbox or locked drawer. Receipt books must be stored separately from cash receipts on hand.



SECTION 4 DEPOSITS

4.1 *General Operating Procedures*

1. Weekly deposits and deposits when larger funds accumulate are required to ensure that cash is not kept in the school where it is vulnerable to fire, loss or theft
2. All cheques, money orders, or bank drafts to be deposited should be endorsed (by hand or with a rubber stamp) as follows:

FOR DEPOSIT ONLY

Name of School

SGF

Account Number

3. A deposit of any funds on hand is to be made on the last working day of the month and on the last banking day in August so the revenues are reported in the correct fiscal period. A deposit should also be made on the last working day before the Christmas, February, Easter and summer breaks to ensure that cash is not left in the schools during these periods.
4. The amount of cash held in the school should be very limited to minimize losses that could result from theft, fire or vandalism.

4.2 *Preparation of Bank Deposits*

1. Bank deposit slips shall be prepared in duplicate for each deposit. The bank will retain the original deposit slip and the duplicate remains in the deposit book. The duplicate copy is an official receipt and it may not be removed from the deposit book.
2. The following information must be indicated on the bank deposit slip:
 - The listing of each cheque in the deposit showing the maker's name and the amount. When this is impractical due to the volume of cheques, an adding machine tape may be attached instead.
 - A notation of the cash receipt numbers issued in support of the bank deposit, for example, receipts numbered 500-525 inclusive.
 - The date of the deposit.
 - A breakdown of cash that is deposited.
3. The total of the supporting cash receipts must agree to the amount of the bank deposit. The accounting system can produce a deposit report that shows the receipt numbers, amounts and the total deposited, this total should be checked against the deposit amount.



SECTION 5 RETURNED CHEQUES

The bank may return a cheque due to: insufficient funds, account closed, improper signature, or for other reasons.

5.1 *Returned Cheques*

1. The school secretary shall immediately notify the maker of the cheque requesting that it be redeemed with cash.
2. If the maker of the returned cheque requests that it be re-deposited, such action shall be taken. A cheque may only be re-deposited once: if it is returned again then only cash, certified cheque or money order will be accepted.
3. The returned cheque must not be returned to the maker, except on receipt of cash, money order or a certified cheque.
4. When the bank returns a cheque:
 - Write the name(s) of the individual(s), the account number and the amount, on the debit memo received from the bank.
 - Post an entry to the accounting system to record the bank debit memo.
 - If the returned cheque pertains to one of the club accounts, notify the sponsor.
 - Retain all bank memoranda as original, source documents.



SECTION 6 DISBURSEMENTS

Disbursements are payments from the SGF account for invoices received for services or supplies

6.1 *General Operating Procedures*

Funds may not be disbursed without the written authorization of the principal or the club representative. Principals must initial payment documents before signing cheques. This documents the review and helps to prevent duplicate payment of invoices. The principal is responsible for ensuring that SGF expenditures from those accounts are for the intended purpose.

6.2 *Authorization for Disbursements of Funds*

The school secretary may not disburse funds without written authorization from the principal (for general fund accounts) or other authorized person (for class or club accounts). The school secretary must ensure that an approved invoice/receipt or payment voucher accompanies all disbursements

All supporting documentation shall be attached to the payment voucher:

1. The vendor's original invoice (periodic statements are not acceptable support).
2. Other documentation (i.e. letters from vendors, acknowledgments, etc.). Such documentation is acceptable only with the principal's signed approval.
3. A statement by an individual requesting payment. This statement (which may be a form designed by the school) must provide a description of the services rendered and/or materials delivered, the amount of money requested, and must bear the signatures of both the person requesting payment and the principal.
4. An authorized signature of a person on the disbursement form. The supporting documents should also be reviewed and signed or initialed.

6.3 *Issuing Cheques - Payments and Records*

Each bank account may have three authorized signers, one of which must be the principal. All disbursement cheques must be signed by two of the three cheque signers.

All payments shall be made by cheque; payments may not be made from the undeposited receipts.

The cheque stub should reference the invoice number(s), date(s), description, fund and amounts of each invoice and the total amount of the cheque being issued.

The supporting documents and the cheque should be presented together to the authorized signatories when payment is being made. The signatories must initial the supporting documents as evidence of review prior to signing the cheque.

Under no circumstances shall blank cheques be pre-signed.



If it is necessary to void a cheque, the cheque signatures must be cut off and "VOID" clearly marked across the cheque. All cheque copies must be marked void and filed in numerical sequence with the paid out cheque voucher copies.

Documentation is required for all disbursements: invoices, sales slips, or requisitions with detailed explanations.

The school secretary must initial, indicate the date, and enter the cheque number on the supporting document when preparing the cheque. This will help prevent a duplicate payment.

Blank cheques are to be stored in a secure location. The numerical continuity should be accounted for daily and any missing cheques reported immediately to the bank.

Completed and signed cheques should be returned to a third employee for mailing or distribution.

6.4 *Expense Reimbursements*

Schools should keep reimbursements to a minimum as a safeguard against unauthorized purchases.

Cheques may be issued to students or employees to reimburse them for personal funds expended for school purposes upon receipt of payment documentation. Disbursements for credit card purchases should be documented in the same manner.

6.5 *Employee Remuneration*

Except for reimbursement of school expenses, no payments should be made to individuals for compensation or remuneration. Such payments are generally a wage or a taxable benefit. These amounts are subject to statutory deductions and should be processed through district office payroll. Failure to make these deductions could make the school, the principal and/or the Board liable for the full amount of deductions in addition to penalties and interest.



SECTION 7 BANKING PRACTICES AND PROCEDURES

7.1 Bank Accounts

The school name, address, and telephone number must be imprinted on each cheque and deposit slip.

All SGF transactions must be processed through the bank account. All receipts are deposited into this account and all disbursements are made by cheque.

Funds collected for, and remitted to, third parties may also be processed through this account. Transactions controlled by external organizations must be handled through separate bank accounts.

Schools and school organizations are not permitted to execute external debt instruments of any kind. Prior approval from the Secretary-Treasurer is required for any School activities or projects that require financing on any deferred or installment repayment basis.

7.2 Bank Reconciliation

1. The bank reconciliation is used to compare the ending cash balance in the general ledger account with the balance on the bank statement. Adjustments and corrections are identified and processed to update the accounting records.
2. The accounting system includes a bank reconciliation procedure that is described in the CA\$CH User Manual.
3. The reconciliation is prepared on a monthly basis when the bank statement and cancelled cheques are received from the bank.
4. After the reconciliation is complete, the cheques that were returned with the bank statement should be sorted numerically and filed. The bank statements should be filed separately by month.

7.3 Investments

The principal is responsible for monitoring the bank balance for investment possibilities. Surplus funds may be invested in the following types of guaranteed investments.

- Treasury Bills
- Certificates of Deposit
- Other securities where repayment of principal and interest is unconditionally guaranteed by a bank. (GIC's etc).



SECTION 8 ANNUAL FINANCIAL STATEMENTS

8.1 *Deadline*

The SGF financial statement as of August 31 each year must be submitted to the Board Office **no later than September 30** to allow sufficient time for them to be audited and included in the District financial statement within the School Act deadline.

8.2 *Audit*

The SGF accounts are subject to review by the Board's auditors and by Alberta Learning.

8.3 *Reports*

The CA\$CH system will generate various year-end reports; these procedures and reports are described in the User's Manual.

8.4 *Year-end Documentation*

Additional documentation required by September 30:

1. Copies of the final bank reconciliation
2. Copy of the August 31 bank statement
3. Copy of the final GST rebate application (which should reconcile to the GST control account).



SECTION 9 CLUB FINANCIAL RECORDS

9.1 *Responsibility of the Sponsor*

A sponsor is the student/teacher/principal in charge of a specific club. The sponsor of each school club or organization is responsible for maintaining adequate financial records. These records will ensure proper stewardship and supervision of fund raising activities, and the receipts/disbursements of club funds.

9.2 *Collection of Monies*

All cash received by the club must be recorded on pre-numbered cash receipts; tabulation of monies collected, or cash collection forms provided by fundraisers. All collections must be deposited in the general bank account or a bank account designated for the club. The forms used should be controlled and properly accounted for. Receipts must be completed in their entirety. Deposits must be traceable to the sponsors' records.

9.3 *Disbursement of Club Funds*

All disbursements by the club should be made by the school secretary (if the general bank account is used) or by the club sponsor (if a club bank account is used) with a cheque. No disbursement or purchases may be made from undeposited cash.

9.4 *Financial Records*

Club sponsors must keep a record of revenues and expenses. The bank account should be reconciled on a monthly basis to ensure cash control. The financial records must be kept current and retained in accordance with Board policy.

9.5 *Other Records and Information*

The complexity of the organization's activities will determine if additional records are needed. The Secretary-Treasurer should be contacted for assistance if the financial records are not providing adequate control of club funds.

9.6 The SGF procedures described in this manual also apply to the club records.



SECTION 10 VENDING MACHINES

School organizations may use vending machines as a fund raising activity. They can be divided into two categories - school serviced and vendor serviced.

10.1 *General Policies*

All revenue from vending machines, whether school or vendor serviced, shall be controlled by the school principal and processed through the SGF account.

10.2 *School Serviced Vending Machines*

All transactions involving funds generated by vending machines shall be entered into the school generated fund accounts established for this purpose.

Proceeds from machines may be left in the account and invoices paid from it. The resulting surplus (profit) may then be transferred to the related school generated fund club or SGF account for applicable school projects.

10.3 *General Operating Procedures*

Revenue from vending machines shall be collected and receipted daily.

The principal is responsible for providing security over vending machine inventories.

Funds shall be disbursed from the vending machines accounts only for the purchase of vending machine supplies, maintenance of the machine(s), and rental (if any) of the machine(s).

10.4 *Vendor Serviced Machines*

Schools may contract with vendors to service the machine(s) and collect the money. The school receives a periodic commission cheque from the vendor. Vending machine profits (commissions) may be credited to an SGF account for the machine or to the SGF activity account intended for the profits from that machine.

