

Administrative Guidelines for Management of School Funds

Contents Section

Introduction

School Accounts Administration

Budgets

Travel Expenditures

Fundraising

Acceptance of Personal Gifts

Investments

Administrative Funds

Audits

Scheduled and Interim Audits

Violations

Cash Controls for Student Activity Funds

General Cash Control Procedures

Receipts

Disbursements

Cash in Banks

Supply and Workbook Money (Teacher Accounts)

Purchases

School Loans

Fund Accounting & Controls and Procedures

Deposit Vouchers

Check Vouchers

Journal Vouchers

Insufficient Funds Checks

Writing off Outstanding Checks

Chart of Accounts

Introduction

The School Board, at its meeting of December 13, 1990, approved these administrative procedures which have been established to assure the proper accounting for and expenditure of funds under the control of individual schools. The purpose of this manual is to assure that similar transactions are handled consistently in all schools of the parish. Standard procedures and forms must be used in order that the accounting system can accomplish the objectives set forth. Implementation of these procedures shall be the responsibility of the school principal or his/her designee.

The Legislature, in the 1990 Session, passed Act 1066 which deals with the management, expenditure, and accounting of school funds. The requirements of this Legislative Act (R.S. 17:414.3) have been incorporated into these Administrative Guidelines.

School Accounts Administration

Budgets

A school budget shall be prepared within six weeks after the opening of school, monitored regularly, and accounted for each year by the principal. The budget and any budget revisions during the school year must be reviewed and approved by the appropriate Director. Budgets, where feasible, should provide funds for professional improvement and in-parish travel. Provision should be made for attendance at professional conferences, meetings, and travel expenses for a limited number of school personnel and/or administrators.

School fund records must be reviewed annually by the principal and secretary or one other member of his/her administrative staff. Actual receipts and expenditures should be periodically compared to budgeted amounts with variances explained. Such review shall be reflected in the school's records by the signature of both reviewers.

Travel Expenditures

Allocation of funds for travel is limited to \$500.00 annually per person. All expenditures must be in accordance with Board policy regarding travel and accounting requirements. Oral or written reports, depending on the topic, will be required from personnel who travel for professional improvement.

Fundraising

Until the school system can provide sufficient funds to supply all needed instructional materials and funds for professional improvement and travel, schools must continue generating funds through various sources with concurrence of their Director and the Supervisor of School Accounts.

Prior to engaging in fundraising, the principal must file a “***Request for Fundraising***” with his Director disclosing a need for the funds. The Director’s approval is required for each project, whether for general funds or club funds. Fundraising activities will be limited based upon needs.

Principals should inform the students and the parents of the need and purpose of all fundraising activities. Plans for utilizing the funds raised should be explained to parents and students. Records will be kept of the funds raised and disbursed and parents informed accordingly.

Fundraising activities should be conducted only by school personnel under the direction of the principal and should require only a reasonable amount of distraction from instructional time. PTA, PTO, Booster Clubs, and other closely related school clubs are authorized, with the approval of the principal, to engage in fundraising activities at the schools, **provided** the primary objective of these clubs is to assist the schools financially. Funds collected by these organizations and not deposited in the school’s account should be accounted for in an annual report of receipts and disbursements to the principal by July 1 of each year. These reports shall be documented as reviewed by the principal and filed in the school’s records.

Acceptance of Personal Gifts

Acceptance of personal gifts by any employee of the East Baton Rouge Parish School System from persons or firms doing business with any East Baton Rouge Parish School System entity is prohibited. Reduced cost and/or free travel expenses are defined as gifts with regard to this policy. This policy will not prohibit the acceptance of food or drinks of a social nature or participation in a social event.

Investments

The Board recommends that any surplus funds in the various schools’ accounts be invested in short-term treasury bills, savings accounts, and/or bank certificates of deposit whenever possible.

Administrative Funds

Each school receives annually a grant from the School Board’s general fund based upon one dollar (\$1 .00) per student for the purpose of assisting the schools in the purchase of administrative supplies, etc., necessary to operate the school. Also, schools may have fundraising projects to provide additional administrative monies and/or they may receive designated gifts from organizations or groups for this purpose.

Care should be taken to expend designated gifts in the manner for which they were given. Principals have the discretion to use other monies in this account as they see fit to best benefit the school and the students therein.

Audits

Scheduled and Interim Audits

The School Accounts' Auditors and/or the Internal Auditor will audit all funds of individual schools on a regular basis. Not only will regularly scheduled audits occur, but also interim audits, as a result of personnel changes in a school's administrative staff, will be performed.

Violations

The following violations, for the first occurrence, will be handled administratively by the Internal Auditor and the Supervisor of School Accounts:

1. Failure to write receipts covering all amounts received.
2. Poor accounting procedures for petty cash.
3. Failure to deposit all receipts.
4. Failure to enter all amounts received.
5. Failure to deposit money promptly or intact when this is due to carelessness.
6. Unauthorized purchases totaling less than \$25.00 during a school year (does not apply to expenditures for loans, gifts, or meals).
7. Bookkeeping errors when there is no evidence of falsifying the accounts.

Violations of the above types, when repeated shall be reported to the Superintendent. Violations that indicate unwillingness to cooperate will be handled by the Superintendent, who will inform the School Board of any needed action.

The following violations shall be reported immediately to the Superintendent, who will handle as appropriate and duly inform the Board of his recommended disposition:

1. Shortage of funds due to embezzlement.
2. Unauthorized disbursements for loans to individuals, gifts or meals, or other unauthorized disbursements in excess of \$25.00 during a school year.
3. An apparent shortage of funds due to incompetence.
4. Unnecessary indebtedness of the school.
5. Bookkeeping errors when there is evidence of falsification.

Cash Controls for Student Activity Funds

General Cash Control Procedures

The basic principle, which should govern the student activity fund, is that money raised at the school should be used to benefit the whole student body, both educationally and physically. In keeping with this basic principle, student activity funds should be raised only for specific purposes, to provide necessities not provided by the school system, to promote the general welfare of all students, and to provide extra-curricular activities for the student body as an aid to a well rounded school program. Monies contributed to this fund should be spent to benefit those pupils currently in school if it is practical to do so.

In order that the student activity fund be properly administered, it is necessary to have a uniform system of accounting for the money. There must be only one fund consisting of Athletics (**910:05**), General Funds (910:10) and Restricted or Special Accounts (**910:15**). Restricted accounts include clubs', organizations', and teachers' accounts. **The fund should, at all times, maintain a balance sufficient to cover the aggregate balance in the restricted accounts.**

The principal is ultimately responsible for the proper accounting and security of all money received in the school. Money, which is received in the school, except for school food services, will be handled through the student activity fund. **Money received must be deposited promptly and intact in the school's bank account** (see below).

All school employees are advised that they assume complete responsibility for funds in their care if these funds are lost or stolen due to their negligence or inappropriate acts of safekeeping. Teachers should deposit funds with principals as detailed below. Money shall not be left in the classroom overnight. **Funds totaling \$100.00 or more shall be promptly deposited and not left in schools** overnight. Food Service Managers **will make daily** deposits regardless of amount.

When teachers collect an amount in excess of \$1.00 per student, an accurate record of the names of students from whom they receive the money and the amount collected must be maintained. **Teachers must turn collections in to the school office and receive a receipt for the amount turned in. Any amount over \$5.00 should be turned in at the first possible opportunity. Amounts under \$5.00 can be turned in periodically, but teachers should not keep money longer than one week.** As stated above, money may be raised for specific purposes but may not be permitted to build up in excess of reasonable requirements as determined by the Director and Supervisor of School Accounts.

Receipts

Written receipts should be prepared in duplicate and a **copy issued to the individual source from whom monies are received. The copy maintained by the school shall be summarized and agreed to deposits made. Under no circumstances should money (cash or checks) be received without a receipt being issued.** Receipts must be accurate and filled out completely. Should a mistake be made in **preparing a** receipt, both copies must be marked VOID, and a new receipt made.

Disbursements

A school may have only one checking account, preferably an interest-bearing account. Checks must be written for all disbursements made from school accounts. If small disbursements of cash are necessary, a petty cash system operated on the impress basis may be used. **No checks shall be drawn on the school fund account without a signed check request.** This request must contain two signatures, one being the **principal's. The other signature should be a teacher, club officer, member or sponsor** as appropriate when requesting restricted accounts' funds. General funds (910:10) may be requested by the principal and another administrator or employee.

All checks written on school activity fund accounts require dual signatures (Principal and School Secretary, Principal and Assistant Principal, etc.). Under no circumstances should a check be made payable to cash. Disbursements should have supporting documents (i.e., invoices). A signed cash ticket should be obtained if an invoice is not available.

Withdrawals of investments or checks written for \$10,000 or more require prior approval by the Supervisor of School Accounts at the Central Office. A "Major Withdrawal or Disbursement" request must be submitted for approval, along with a copy of the invoice to be paid, if applicable.

The following types of disbursements are **not approved uses of student activity funds:**

1. Loans or donations to anyone or any organization.
2. Purchase of gifts for anyone, including faculty members or other school board employees.
3. Payments for refreshments or meals for faculty, PTA, or other outside groups.

Exceptions to payments for refreshments:

- a. Evaluating teams such as the Southern Association of Colleges and Secondary Schools.
 - b. Light refreshments at a school designated by a professional group as a meeting place for the professional growth of the group, or professional faculty study group meetings and school designated as the meeting place for redesign meetings, advisory councils, or principals' professional meetings.
4. Law prohibits purchase, by individuals, of Government Surplus items in the name of the school.

5. Employment of extra coaches and extra remuneration to regular coaches is prohibited.
6. Payment for Overtime worked by school employees other than teachers and unclassified personnel cannot be paid to the individual.
7. Payment of dues for personal or institutional professional memberships, with the exception being when pupils would be denied participation in activities.
8. Reimbursements of unclassified employees for in-parish travel.
9. Cash refunds of fund-raising revenues are not permitted. 'Fundraisers' cannot be used for the personal benefit of any individual.
10. Courtesy purchases of soft drinks and/or other items of merchandise for the benefit and personal use of employees even though reimbursement is obtained are prohibited.

Cash in Banks

It is the responsibility of the principal and executive school secretary to be aware of the balance of funds in the bank. No checks shall be issued unless there is a sufficient balance to cover them.

The bank statement must be reconciled with the cash account, 'Bank No. 1', **each month**. This is to be done upon receipt of the bank statement and the monthly reports. The bank reconciliation, signed by the principal, along with a copy of the bank statement, must be filed with the School Accounts office on a quarterly basis. Bank reconciliations should also list any investments and their balances and agree to the total balance on the books. Copies of these investments (i.e., certificate of deposit, savings statements, etc.) should also be sent to School Accounts.

The supply of blank checks should be maintained securely with individual checks issued in numerical order as needed. Periodically, the supply of checks should be examined to ensure all checks are properly accounted for.

Supply and Workbook Money (Teacher Accounts)

Policies pertaining to money collected from students for classroom materials, workbooks, etc., are these:

1. The collection of money should be held to a minimum and should be used only for items that supplement the instructional program.
2. Parents must be notified in advance as to the use of the supply money collected from students.
3. Supply money must be spent for classroom supplies and materials, not for permanent equipment.
4. The money should be spent by **April 15th of the school year**.
5. Any balance remaining in the teacher accounts at the end of the year shall be transferred into the General Fund. No teacher account balances may be carried forward.
6. Teachers must turn in invoices covering items purchased from their teacher accounts.
7. It is the individual teacher's responsibility to check this balance with the school office at least once each month.

Purchases

State law requires that all purchases of materials or supplies, exceeding the sum of \$10,000 be paid out of public funds, shall be advertised and let by contract to the lowest responsible bidder, who has bid according to the plans and specifications as advertised. All intended purchases as described shall be referred to the Purchasing Department at the Central Office for bidding as required by law.

School Loans

Whenever a school requires financing for any purpose (bank loan, installment obligation, lease agreement), the following procedure is to be followed:

1. Written requests to enter into debt obligations shall include justification, amount, security required and terms of loan, installment obligation, or lease agreement, and shall be addressed to the elementary or secondary director as the case may be. Plans for repayment shall be detailed.
2. The director shall review the request based upon the facts presented and either disapprove or tentatively approve it. Final approval will not be made before checking the school's financial status and history with the supervisor of school accounts and mutually agreeing that repayment plans and ability are feasible.
3. If the loan request or lease is not approved, appeal may be made to the Associate Superintendent for Business Affairs. His/her decision will be final.
4. Copies of all approved requests, along with completed copies of the debt instrument will be maintained in the School Accounts office. A summary of these approved requests will be presented to the Executive Committee quarterly for their review and recommendation for ratification by the Board.

Fund Accounting Controls and Procedures

Deposit Vouchers

The deposit voucher is to be used to record, by account, the amount of money deposited to each account. It is always filled out in duplicate. The original copy is sent with the duplicate deposit slip to the Supervisor of School Account's office every week on Friday's pony and on the last day of the month. Keep the second copy for the school's records. The sum of the separate amounts recorded for each account must equal the total amount deposited. Number the vouchers consecutively beginning with the number one (1) each year. The deposit voucher must be filled out accurately in order to ensure proper recording of the data. If there is more than one receipt on the account, the total amount received for each account only is to be shown on the voucher. **No amount of money may be placed into an account with a nine hundred prefix.**

Check Vouchers

If an error is made on a check, it should be marked, NOT USED". The school should keep the check in numerical sequence with other checks written during the month. A voided check should be marked "VOID," and a 'Void Check Form' should be prepared with the correct account number and the amount of the void check. Check vouchers are prenumbered and must be used in numerical order. No checks can be written **on an account with a nine hundred prefix.**

Journal Vouchers

Journal vouchers are to be used to correct mistakes made during the month by either adding to or Any transfers are to be handled by the use of a journal voucher. An explanation of the reason for the correction must be given on the journal voucher. The journal vouchers are to be sent with the deposit vouchers and check vouchers on Fridays and the last day of the month.

All items sent in on the last day of the month must be the last transactions for that month.

Insufficient Funds Checks

Checks returned by the bank for insufficient funds or other reasons are to be handled in the following manner. On a journal voucher, show the amount of the returned check as a subtraction on the revenue side from the account "Bank Number 1". On the expense side, show the same amount as an addition to the account "Checks Returned by Bank". When the check or money is re-deposited, it is handled as a normal deposit. A deposit voucher is prepared with a credit to "Checks Returned by Bank". The balance in the account "Checks Returned by Bank" will show the amount of checks returned which have not been collected.

Reports

The schools will receive the following monthly reports:

- Deposit Voucher Register - This is a complete listing of all deposits made that month.
- Check Voucher Register - This is a complete listing of all checks written during the month.
- Journal Voucher Register - This is a complete listing of all error corrections, insufficient funds checks, and transfers made during the month.
- Statement of Accounts - This will provide an up-to-date listing of the balances of all accounts on the school's books. It also shows the total amount of transactions for the month and for the year in each account. The same type of report will be furnished to each school at the end of the year. In addition, the school's books will be closed by the computer, which will also provide each school with a list of beginning balances for the ensuing year.
- Balance Sheet
- Detailed Transactions Report - This report will list each transaction of the month.

Reconciling the Bank Statement

The bank statement can be reconciled by following the steps outlined below:

1. Copy the ending balance from the bank statement.
2. To this figure, add any deposit recorded on the Deposit Voucher Register that has not been credited to the bank account on the bank statement.
3. Compare the Check Voucher Register with the checks cleared through the bank. Any check, which appears on the Check Voucher Register, but not on the bank statement, is treated as an outstanding check. List these outstanding checks and total them. Subtract this total from the total outlined in Step #2.
4. The figure obtained in Step #3 should agree with the balance in the account "Bank No. 1". If not, then an error has been made either in the monthly reports or by the bank. If an error has been made in the monthly reports, it must be found and corrected, and the corrections recorded using a Journal Voucher.

Ordering Forms

Additional Deposit Vouchers and Journal Vouchers may be obtained through the Supervisor of School Accounts' office. The Supervisor of School Accounts orders checks.

Writing off Outstanding Checks

The amount of the check must be subtracted on the expense side of the Journal Voucher from account "Bank No. 1" and the account that the check was originally charged to.

Recording Interest Earned on Savings Accounts

Prepare a Journal Voucher in the following manner: On the revenue side, the amount of interest earned is to be added to the accounts, "General Investment" and "Investment Income".

Depositing Money in a Savings Account

Prepare a check payable to the name of the school's savings depository, listing the "General Investment" account on the bottom of the check.

Chart of Accounts

In order to maintain accurate records, it is a must that the Chart of Accounts be used properly. All transactions will be recorded by using only the location number of the school and the separate account numbers. It is extremely important that account numbers be recorded correctly on the vouchers.

The Supervisor of School Accounts will be in complete charge of the Chart of Accounts. No school may add accounts to or delete accounts from its books without first notifying the Supervisor of School Accounts. **If a school needs an additional account that is not listed in the Chart of Accounts, call the Supervisor of School Accounts and request that the account be added and an account number be assigned.**