



## **ADMINISTRATIVE PROCEDURES**

### **ACCOUNTING AND REPORTING FOR SCHOOL-GENERATED FUNDS (Policy Statement: Administration of School-Generated Funds)**

#### **Purpose**

The purpose of the Accounting and Reporting for School-Generated Funds Administrative Procedures is to provide guidance to schools on the appropriate accounting and reporting practices required to be implemented for all funds collected and maintained by the school or Catholic School Council (CSC).

#### **References**

*Ontario Association of School Business Officials (OASBO)*

#### **Procedures**

##### **1. Definition of School-Generated Funds**

School-Generated Funds include student funds, CSC funds, Student Council funds, and any fundraising or activity (including fundraising for educational fieldtrips and excursions) conducted using the name of one or more schools that are part of Algonquin and Lakeshore Catholic District School Board (ALCDSB). School-Generated Funds include all sources of funds held at the school level from external sources including special grants, donations and cafeteria revenues.

##### **2. General**

- a) All fundraising activities, collection of fees and expenditures shall have a purpose that falls within the overall objectives of the Board, benefits students, enhances the development of educational programs and supports school initiatives.
- b) The School Principal will approve, in advance, all activities involving the collection and/or disbursement of funds.
- c) A Teacher/School Principal or designate will supervise a student who coordinates an activity. In this circumstance, the supervising teacher will be the "Activity Coordinator" and will perform the duties assigned to the Activity Coordinator.
- d) All transactions are recorded in the KEV SchoolCash.NET application. This web-based application serves as the accounting system for School-Generated Funds.

- e) All existing policies will be adhered to in conducting business decisions and entering into transactions utilizing School-Generated Funds.

### **3. Fiscal Year**

The fiscal year for school-generated funds will be July 1<sup>st</sup> to June 30<sup>th</sup>.

### **4. Community Report Requirements**

- a) Monthly Financial Reports for each bank account will be prepared and presented to CSC and copied to the school Superintendent by each school.
- b) These monthly reports will be comprised of the School-Generated Funds Financial Summary Report (Form A) with narrative and monthly transaction details report.
- c) The Monthly Financial Reports should incorporate a forward-looking overview of the schools plans and events. This process is detailed in section 16 entitled, "Plans for Use of Funds."
- d) The Monthly Financial Reports should be reviewed for accuracy and reasonableness by the Principal or designate utilizing an analytical review process. This process is detailed in section 15 entitled, "Profit & Analytical Review Analysis".
- e) Monthly Financial Reports will be signed by the Principal and kept on file for seven years.
- f) Preparation and review of monthly Reports should be done within 30 days of the month end to allow for early detection of errors.

### **5. Banking Requirements**

- a) The bank account will be a chequing account which provides the school with monthly bank statements and cancelled cheques.

Additional bank account(s) can be maintained only for Lottery Funds and/or Bingo or as otherwise required by law. Information on obtaining a lottery license and the Application to Manage and Conduct a Raffle Lottery is available on the website of the Alcohol and Gaming Commission of Ontario. The link to the Application Form can also be found on the Financial Services website under Quick Links. The license must be obtained from your municipality and is required when operating any games of chance.

- b) All bank accounts will be established and registered in the name of the school.
- c) Short-term investments will be restricted to guaranteed investment certificates or term deposits with a bank, trust company or credit union. Investments will be registered in the name of the school. These investments should be accounted for in SchoolCash.NET using a separate category account within the umbrella account Investments 10000.

- d) Information regarding account numbers and signing officers must be provided to Financial Services annually and any changes must be reported immediately. Form "Bank Accounts for School-Generated Funds" (Form E)" has been provided.
- e) Cheques will not be pre-signed except where necessary (i.e. for field trips when the amount payable is not known in advance). In such cases, as a minimum, cheques will be made payable to the appropriate organization prior to release to the responsible staff member. Receipts will be obtained and promptly returned to the school office.
- f) Two signatures will be required for each cheque. One of the signatures on each cheque will be that of the School Principal or designate. The school may authorize a maximum of three staff members as cheque signing authorities.
- g) Cheques will be pre-numbered and will include a cheque stub or duplicate cheque for recording disbursement information.
- h) Monthly bank reconciliations will be completed and retained in the school office. Such bank reconciliations, supported by cancelled cheques will be signed and dated by the preparer and reviewed and initialed by the School Principal each month.

## **6. Records to be Maintained**

- a) All receipts for an activity and corresponding disbursements will be retained as part of the accounting records.
- b) All documentation that supports revenue and receipts (i.e. Funds Received Forms, participant lists, pledge forms, order forms, parent consent forms, etc.) will be retained as part of the accounting records.
- c) The School Principal will review, initial and date the Monthly Financial Summary Reports and the Transaction Reports. These monthly reports will be retained as part of the accounting records.
- d) Signed Monthly Bank Reconciliations will be retained as part of the accounting records.
- e) Preparation and review of monthly reports/reconciliations should be done within 30 days of the month end to allow for early detection of error.
- f) All documents and records will be retained for a period of seven years. A copy of the signed Annual Report will be retained with the backup documentation.
- g) The following summarizes the reports and records that that must be maintained:

<u>Report/Record</u>	<u>Report/Record Cycle</u>	<u>Retention Period</u>
Receipt Source Documents	On-going	7 Years
Disbursement Source Documents	On-going	7 Years
Signed Bank Reconciliations	Monthly	7 Years
Financial Summary Reports	Monthly	7 Years
Transaction Reports	Monthly	7 Years
CSC Category Umbrella Overview Report	Monthly	7 Years
CSC Customized Transaction Report	Monthly	7 Years
Annual Financial Reports	Year-end	7 Years

## 7. Confidentiality

With the changes in financial reporting, increased expectations of access to information while ensuring security and confidentiality of personal information has resulted. It is important that personal information not be entered into the SchoolCash.Net application.

Generic or batch references should be used when entering transactions into the SchoolCash.Net application. For example, instead of entering "NSF cheque from Joe Smith" in the description, the preferred entry would perhaps be "NSF cheque returned June 1". The source document (i.e. returned cheque) would be retained as part of the bank reconciliation should there be a need to review the returned cheque information.

## 8. Umbrella & Category Account Management

- ▶ SchoolCash.NET utilizes Umbrella Accounts & Categories to account for or track the generation and use of school generated funds. These categories provide details on the funds contained within the bank account.
- ▶ An umbrella account summarizes a number of similar categories within one activity. For example, a school would have a "Fundraising" Umbrella account to summarize a number of fundraising activities.
- ▶ Categories are detailed or specific activities within an umbrella account. For example, within the Fundraising umbrella account, there may be categories for "Hot dog fundraising", "Milk/juice" or any other fundraising initiatives undertaken at the school.
- ▶ A Category Listing for SchoolCash.NET exists for prescribed category numbers. These categories should be used if required as defined in the list. If additional categories are required within an umbrella, they can be created as required. For example, if a new fundraiser is being initiated for selling chocolate bars, a new category can be created with the assigned code of "8011 Chocolate Bar fundraising".
- ▶ Refer to "Appendix 1: Category Listing for SchoolCash.NET", for the list of prescribed category numbers.
- ▶ It is recommended that new accounts should only be created if the reporting detail that results from the additional accounting exceeds the required effort. This would be the case if the account will be used for a number of years, there is large transaction volume or there is a need to track revenues and expenses within the category account.
- ▶ If category accounts are no longer required or have not been utilized in a number of years, these categories should be deleted. Prior to deletion, all balances should be at a zero balance. Periodically deleting obsolete accounts that are no longer in use results in a more concise report

and more efficient accounting system that does not require dealing with inactive accounts when posting transactions.

## **9. Cashless Schools**

- a) ALCDSB is committed to ensuring school-generated funds are collected in the most secure and efficient manner possible. As such, all fees and/or other charges should be available for payment online. ALCDSB encourages all parents/guardians and students (if over 18) to pay all fees and other charges online. However, schools shall continue to accept cash and cheques as payment upon parent/guardian request.
- b) School administrators must ensure all fees and other charges are set up in the School Cash Online software and are available for payment online. These items must be available for payment online prior to communication to parents/guardians and/or students.
- c) Parents/guardians and students (if over 18) are encouraged to pay for all items online through the School Cash Online software. As such, in all correspondence sent home by the school, or in any other form of communication, online payment should be clearly communicated as the preferred method of payment.
- d) School administrators may be exempt from setting up entire activities/events for online payment where they are one-time, non-recurring activities/events, amounts collected from students are less than \$5 and online payment is not feasible.
- e) Any other exception to utilizing School Cash Online must have prior written approval from Financial Services.

## **10. Cash Receipts**

- a) All cheques and cash collected will be forwarded directly to the school office in a sealed envelope or secured bag for deposit in the school bank account and will be recorded promptly in the accounting records. Money should not be transferred by students and no money should be held outside of the school bank account.
- b) All cash and cheques will be kept secure in the school office and will be promptly deposited.
- c) All cheques received should be endorsed immediately with a stamp "For Deposit Only to the credit of XYZ School Bank Account".
- d) All monies will be counted by the individual responsible for coordinating the activity (the "Activity Coordinator") with the assistance of another staff member and the total amount recorded on the prescribed "Funds Received Form for School Generated Funds" (Form B). The form will be signed by the Activity Coordinator and securely forwarded to the School Secretary with the money. The School Secretary will then count the receipts and sign the form indicating agreement with the amount. If the amount does not agree, the secretary will note the details of the discrepancy and have the School Principal or designate promptly investigate the situation. Unresolved discrepancies should also be acknowledged by the Activity Coordinator on the Funds Received

Form.

- e) The Activity Coordinator will verify receipts against supporting documentation (i.e. class list, order forms, etc.) where applicable. Once all receipts are collected, this documentation will be submitted to the office. The School Secretary will verify that the total receipts recorded in the account for the activity coincide with the total receipts collected according to the supporting documentation to validate completeness of funds received.
- f) A computerized notice will be issued to the Activity Coordinator for each "Funds Received Form" processed. The notice will be checked by the Activity Coordinator for amount and category information and discrepancies followed up with the school office immediately.
- g) Duplicate bank deposit slips will be maintained in the school office.
- h) No students will be responsible for cash deposits.

## **11. Cash Handling**

In order to promote safe transport and deposit of funds, the following guidelines are recommended.

- a) Encourage people to give cheques rather than cash where online payments are not possible.
- b) All components of the bank deposit should be supported with sufficient source documentation. For example, monies collected from the sales of hot dogs maybe accompanied by a class list indicating the hot dogs that were ordered to determine total hot dog sales. This would serve as the source documentation for the hot dog sales component of the bank deposit. The order sheet would be signed by the activity coordinator and would accompany the Funds Received Form. All supporting documents must be retained for seven years.
- c) Deposits should be made regularly to avoid carrying excessive amounts of cash. It is recommended that deposits are made weekly or when funds exceed \$500.00 (whichever comes first). Funds should not be left over weekends or during school holidays.
- d) Where an unusually large amount of cash has accumulated (i.e. large ~~donation in cash~~ fundraising event), have two people make the deposit.
- e) Make the deposit during the daylight hours and wherever possible, during open bank hours.
- f) Go directly to the bank with no extra stopovers or errands on the way.
- g) Put deposit in regular, unmarked envelope for transport.
- h) Do not make deposits on a regular, known schedule (i.e. every Friday at 2 p.m.).

## 12. Cash Disbursements

- a) All payments will be made in compliance with board policies (i.e. purchasing, travel and expense reimbursement, hospitality).
- b) All reimbursements paid to an individual require the supervisor's signature. For practicality, reimbursement from SGF to individuals with offsite supervisors will require supervisor's signature for reimbursements for greater than \$300.00.
- c) Payments should not be made unless supported by an original invoice or receipt. In rare circumstances if the original is not obtainable, it must be well documented as to why the receipt was not available and the reason for the expense.
- d) All invoices and receipts will be initialed by the Activity Coordinator and approved by the School Principal or designate before payment. A "School Cheque Requisition for School-Generated Funds" form (Form C) is attached.
- e) The purpose of the disbursement will be recorded on the cheque stub.
- f) All payments will be made by cheque whenever possible.
- g) Invoices and receipts will, once paid, be clearly marked as such.
- h) Cheques will be pre-numbered. All spoiled or void cheques will be retained in the cheque register.
- i) Keep all unassigned (blank) cheques in a secured locked area such as the school's safe.

## 13. Transfers

At times it may be necessary to transfer money from one category to another. Transfers may be required if the initiative has concluded and no further transactions will be posted to the category account.

For example, a school fundraiser has concluded, all the entries have been posted to the category. However, a balance of \$500 remains in the category. In order to manage the category accounts and clear the balance, a transfer to an active category account would be required.

The following example illustrates the transfer, assuming that the Admin-General account 2000 is the intended destination for the remaining funds:

Transfer from: 8001 School Fundraiser	(\$500)
Transfer To: 2000 Admin General	\$500

Transfers may also be required between category accounts when funds raised and coded to one category are used to fund another category account. For example, a decision has been made to fund a portion of a class trip with a commitment of \$2,000 to be transferred to the trip from the proceeds from the on-going milk program. The following example would be processed in the case of the trip funding

decision:

Transfer from: 8004 Milk Program	(\$2,000)
Transfer To: 7016 Class Trip	\$2,000

A "School Transfer Request Form for School-Generated Funds" (Form D) should be used to ensure there is proper backup and approvals.

#### **14. Goods and Services Tax and Harmonized Sales Tax**

- a) Each school location has been registered with Canada Revenue Agency (CRA) as a branch annex office of the main Board. Each school should claim for its own school-generated funds HST on "Application for GST/HST Public Service Bodies' Rebate and GST Self-Government Refund Form" (Form F) that CRA will send you. This also means that you are not allowed to raise in excess of \$50,000.00 annually without collecting and remitting HST to CRA.
- b) HST rebates can be claimed for school purchases at the published HST rebate for education purposes for all expenses except for books, which can be claimed at 100%.
- c) The portion of the HST rebate that relates to CSC funds held in the Umbrella account for CSC should be allocated back to that account. The CSC and school can jointly agree to waive this requirement at any time.

#### **15. Profit & Analytical Review Analysis**

- a) Profit analysis and revenue review should be conducted on all fundraising and revenues to ensure profits and total revenues collected are as expected and reasonable when compared to original budget amount.
- b) Revenues collected and coded to specific categories should have the related expenses matched or coded to the same category.

For example, the milk program money collected from the students should be recognized as revenue by coding to the category "Milk program" upon the deposit of these monies. The expense of purchasing the milk for sale and consumption by the students should be matched with these revenues by coding the vendor's invoice to "Milk program" when the cheque for the milk purchased is processed.

This matching of the revenues and related expenses incurred to generate these expenses, facilitates the profit analysis.

- c) Category accounts that are in a negative position should be monitored and resolved on a periodic basis. Negative category account balances could result from either a deficit in the account where expenses exceed the revenues that have been generated or a classification misstatement, both situations should be investigated and corrected to resolve the negative category balance.

In the situation where expenses exceed revenues, a decision has to be made to determine where the funds to offset the negative balance will originate from. For example, surplus funds from a



fundraising event can be transferred to a category account that is in a negative balance. The transfer process is detailed in section "13. Transfers".

Where the negative category account is the result of expenses or revenues having been misclassified, a transfer entry should be processed to correct the classification of the entry to resolve the discrepancy.

- d) Financial statements and transaction reports should be subject to a high-level analytical review process. This process enhances the accuracy and reliability of the financial reporting. This review may consist of a quick review of the financial information to ensure the information is reasonable.

## **16. Plans for Use of Funds**

The Monthly Financial Summary Report should include information on future events and current accomplishments as well as plans to utilize significant funds that may have accumulated over time.

Priorities should be determined early in the school year to establish goals and objectives as they pertain to School-Generated Funds. As the school year evolves, updates to these initiatives would be provided in the monthly reporting package. Financial goals should reflect the School Improvement Plan and overall strategic direction.

## **17. CSC Report**

The School Principal will provide reports on CSC funds to the CSC Treasurer monthly. The CSC Treasurer will present the report to the CSC at each meeting. Any discrepancies/errors must be reported to the School Secretary within 30 days of report date.

The two reports that will be provided to the CSC Treasurer on a monthly basis are the 1) Category Umbrella Overview Report (report 5 on reports menu) and 2) the Customized Transaction Report (report 11 of report 11 menu).

## **18. Annual Financial Reports**

- a) The Annual Reports will be prepared by each school for the period July 1<sup>st</sup> to June 30<sup>th</sup>.
- b) The reports will include the following information:
  - i. School-Generated Funds Year End Financial Reports (Form G);
  - ii. Copy of the Bank Statement or Passbook showing June 30 balance;
  - iii. Report #5 – Overview Umbrella Category Summary. Run July 1 to June 30;
  - iv. Report #11B – Range of Date Transactions – Detailed Summary. Run July 1 to June 30;
  - v. Bank Accounts for School-Generated Funds (Form E). Include GIC's and investments as separate accounts that require reporting;
  - vi. Other reports as requested from time to time.
- c) School Principals will review the Annual Reports for accuracy and completeness and will sign such

reports to evidence their approval of same. In cases where the Principal of a school is to change for whatever reason, the School-Generated Funds Annual Reports should be approved by the outgoing Principal where possible.

- d) Once b) and c) have been completed, the year end rollover process must be performed by August 31.
- e) The Financial Services department will review the Annual Reports and follow-up with schools with any questions, if necessary.

## 19. Audits

- a) The Board's external auditors will audit school sites on a rotating basis.
- b) Internal audits of school funds may be conducted by the Financial Services department at any time.

### **Appendices**

Appendix 1: Category Listing for SchoolCash.NET

### **Forms**

Form A: School-Generated Funds Financial Summary Report

Form B: Funds Received Form for School-Generated Funds

Form C: School Cheque Requisition for School-Generated Funds

Form D: School Transfer Request Form for School-Generated Funds

Form E: Bank Accounts for School-Generated Funds

Form F: Application for GST/HST Public Service Bodies' Rebate and GST Self-Government Refund and Provincial Schedule – GST/HST Public Service Bodies' Rebate Form

Form G: School-Generated Funds Year End Financial Reports

Approved: January 28, 2014

Revised: October 24, 2017

Revised: November 2019