

# AVON MAITLAND DISTRICT SCHOOL BOARD

## ADMINISTRATIVE PROCEDURE

### NO. 513

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## **SUBJECT: SCHOOL GENERATED FUNDS (ACCOUNTING PROCEDURES)**

*Legal References: Education Act Section 265 Duties of Principal: Care of Pupils and Property; Section 286 Duties of Supervisory Officers: Supervise Business*

*Related References: AP 113 School Councils; AP 195 Freedom of Information and Protection of Privacy; AP 266 Field Trips and Excursions; AP 321 Fundraising (Students); AP 509 Petty Cash; AP 514 Money Left in Schools; AP 515 Travel and Expense Reimbursement; AP 516 Purchasing Procedures*

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### **Preface**

Changing attitudes in society require schools and school boards to be increasingly accountable for the use of public funds. Schools generate funds from multiple sources and use those funds in many different ways to enhance the development of educational programs, to support school initiatives, and to help build a broader sense of community.

It is important to create an overall environment, which discourages inappropriate use of funds by theft or any type of misappropriation. The best way to do this is to develop a comprehensive prevention strategy. A critical element in this strategy must be adequate internal controls surrounding the establishment and maintenance of school generated funds.

The objective of this administrative procedure is to:

- Provide appropriate guidance, authority, and protection to school staff and fundraising volunteers by providing specific administrative procedures for the administering, recording and reporting of school generated funds;
- Meet the public's expectations and validate the public's trust regarding the stewardship of school based funds;
- Provide consistent accounting practices for schools as well as supporting those staff members involved with school generated funds; and
- Meet the Board's requirement under Provincial regulations and the Ministry of Education Fundraising Guideline (2012) for the financial accountability of school councils involved in fundraising and for all school generated funds in general.

This administrative procedure has been developed and written with the principal and school secretary in mind. It outlines the procedures that will assist schools in administering, recording, and reporting the various types of funds and expenditures flowing through the school, while recognizing the time constraints that exist.

This administrative procedure addresses the accountability requirements relating to school generated funds. It is not a training guide on the reporting software (School Cash Accounting). For training or further explanation of the accountability requirements prescribed herein, please contact Financial Services at the Education Centre.

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## 1.0 Definition of School Generated Funds

School generated funds are online payments, cash, and cheques collected by students, school staff or outside sources either within the school or broader community in the name of the school for a designated purpose including, but not limited to fundraising, fees for supplementary learning materials and activities, and donations.

## 2.0 Sources and Uses of School Generated Funds

Schools generate funds from a number of different sources and use these funds in a number of different ways.

### 2.1 Objective

- To identify and categorize the sources of school generated funds to which these procedures apply.
- To outline generally acceptable uses of these funds.

### 2.2 Categories and Use of School Generated Funds

	<b>Funds Collected From Students/Parents/Community</b>	<b>Funds Collected From Other Sources</b>
<b>Source of Funds</b>	<p>Fees: student activity fees, student council, yearbooks, uniforms, tournaments, athletics, enhancement fees, material fees (refer to AP285 for guidance on fees deemed acceptable), etc.</p> <p>Refundable deposits: books, uniforms, instruments (refer to AP285 for guidance on fees deemed acceptable), etc.</p> <p>Sales: beverages, milk funds, food items, food days, school clothing, memorabilia, book sales, auto shop repairs, etc.</p> <p>Co-curricular: field trips, guest appearances, buses, etc.</p> <p>Special events: walk-a-thon, swim-a-thon, read-a-thon, band concerts, dramatic performances, etc.</p> <p>Fundraising: fundraising drives either to assist a registered charity or to provide support for a specific event/purchase.</p> <p><b>NOTE:</b> Crowdfunding (e.g. GoFundMe) is not an acceptable method of fundraising.</p>	<p>Interest on school generated funds</p> <p>Commissions and rebates: vending machines, photographers, etc.</p> <p>Funds donated to schools</p>

	<b>Funds Collected From Students/Parents/Community</b>	<b>Funds Collected From Other Sources</b>
<b>Use of Funds</b>	<p>Funds are to be used to promote the general welfare, education, and morale of all students and to finance the normal legitimate activities of the student body organization.</p> <p>The school shall ensure that the proceeds are directed toward the purpose specified when funds were solicited and in accordance with the Plan for School Generated Funds.</p> <p>Examples of acceptable uses of school generated fund proceeds include but are not necessarily limited to:</p> <ul style="list-style-type: none"> <li>- Assistance fund (e.g. providing payment for a field trip for students who cannot afford it)</li> <li>- Supplies, equipment or services which complement those funded by board allocations</li> <li>- Guest speakers or presentations</li> <li>- Ceremonies, awards, etc.</li> <li>- Extracurricular activities and events</li> <li>- School yard improvement projects (subject to 2.3)</li> <li>- Upgrades to sporting facilities (e.g. track, scoreboards, etc.) (subject to 2.3)</li> </ul>	<p>The school shall ensure that the proceeds are directed toward the purpose specified in the Plan for School Generated Funds.</p> <p>All proceeds from Other Sources are to be directed toward student activities, including school-related activities for students or student benevolent fund use.</p>

### 2.3 Fundraising for Capital Projects

For the purposes of this administrative procedure, the term “capital project” will refer to any project undertaken that adds to or alters the existing school building/property (e.g. outdoor classroom, playground, sports field, track).

- When planning and selecting capital projects which will be purchased in whole or in part by school generated funds the school must consider:
  - The need to complete a viability review that examines alignment with the school board’s overall capital priorities and planning processes, the school improvement plan, and Ministry of Education priorities;
  - The costs of future maintenance and repairs; and
  - Restrictions related to conflict of interest and procurement policies.
- In order to ensure that the planning of capital projects supported by school generated funds will comply with the above requirements the school must consult with:
  - Financial Services regarding the appropriateness of the fundraising initiative(s);
  - Facilities Department regarding the appropriateness of the capital project and the impact to the school building/property; and
  - Senior Business Official to ensure compliance.

- The Province provides capital funding for the construction of new schools and additions, for repairs and renovations, and for the operation and maintenance of schools. Funds raised for school purposes are to be used to complement, not replace, public funding for education. As such, capital projects supported by school generated funds must:
  - Be complementary to publicly funded education;
  - Not result in an increase in student capacity of a school;
  - Not impact other regulations or requirements; and
  - Not result in a significant increase in school or board operating or capital costs.

## 2.4 CAUTION

- Schools are the only vehicles through which funds may be raised. No person(s) shall engage in fundraising without the consent of the principal.
- All funds must be raised for a specific purpose as communicated to the school community and noted in the annual Plan for School Generated Funds. Funds must be used for that intended purpose. Projects supported by school generated funds shall be reviewed annually to examine alignment with the school board's strategic plan, the school improvement plan, and Ministry of Education priorities.
- Fundraising must be compliant with:
  - Municipal, provincial, and federal legislation; and
  - Ministry of Education guidelines and policies such as School Food and Beverage Policy, Equity and Inclusive Education Strategy, Facility Partnerships Guideline, and the Broader Public Sector Procurement Directive.
- Funds that are lost or stolen must be reported immediately to the Senior Business Official or designate immediately upon discovery. For any individuals who are apprehended, it is the intention of the Board to pursue the individuals for restitution of all losses incurred by the Board. Lost or stolen funds will not be replaced with board funds.
- All purchases made using school generated funds must comply with board policy and procedures including AP516 Procurement (Purchasing).
- Expenditures related to each of the above sources shall not exceed revenue received from that source, except where prior approval is received from the Principal.
- The accounting records must track each activity separately. If the activity is of an ongoing nature (such as student activity fees), residual amounts in that category at the end of one school year must roll forward to the next year and cannot be used for another purpose. Category balances carried forward year-to-year must be kept to a minimum. At the conclusion of a specific event or activity, if the category has a remaining balance, refunds shall be issued or funds transferred to a category of a similar purpose.
- Payments for benevolent purposes shall be made only for the benefit of students. An example of a benevolent fund payment would be the payment of the cost of a school field trip for students unable to do so themselves.
- Unacceptable uses of school generated funds includes, but is not limited to:
  - Items that are to be purchased from the school's allocation budget (e.g. textbooks, classroom learning materials).
  - Goods and/or services from employees, where such purchase would contravene the Education Act. A fundraising activity must not result in any staff or volunteer benefiting materially or financially from the activity.

- Administrative expenditures, including mileage reimbursement to employees, which must be reimbursed through the school's allocation budget.
- Investments other than those permitted by the Board and Regulation 471/97 of the Education Act.
- Professional development including support for teacher attendance at professional development activities.
- Support for partisan political activity, groups or candidates.
- Facility renewal, maintenance, or upgrades funded through provincial grants (e.g. structural repairs, sanitation, emergency repairs, flooring, etc.).
- Infrastructure improvements that increase the student capacity of a school or that are funded by provincial grants (e.g. classrooms, additions, gyms, labs, etc.).

**NOTE:** Expenditures made from school generated funds that do not directly benefit the students in the school are subject to greater scrutiny, and may require further justification to Board staff, Auditors, and the Ministry of Education.

### 3.0 Accountability – Roles and Responsibilities

The Board has a responsibility to ensure that all school generated funds are collected in accordance with Board policies and procedures, and municipal, provincial and federal laws and regulations. This responsibility includes ensuring that all funds are adequately protected, that they are controlled through proper accounting procedures, and that accountability for the funds is maintained.

#### 3.1 Objective

- To clarify the roles and responsibilities of the individuals involved in school generated funds, and to assist with the day-to-day operation, control, and management of such funds.

#### 3.2 Roles and Responsibilities

##### a) Senior Business Official or Designate

- Establish procedures for school generated funds.
- Ensure that schools have suitable accounting systems and/or technology available for the administering of school generated funds.

##### b) Superintendent of Education

- Reinforce to Principals the need to adhere to Board policy and procedures relating to school generated funds.
- Verify that schools are complying with the reporting requirements as indicated in the Management and Reporting section below. Follow up on school compliance reports prepared by Financial Services that indicate issues with respect to the administration of school generated funds.
- Report to the Senior Business Official or designate:
  - if any funds are lost or stolen;
  - any noted misuse of funds; or
  - any noted failure to follow any policy or procedures.

##### c) Financial Services

- Provide support and training to staff/volunteers on the appropriate application of the procedures and software.
- Completion and review of annual school generated fund financial statement reports. Follow up with schools and copy Superintendent of Education with

any concerns. Maintain a central file of financial reports as indicated in the Management and Reporting section below.

- Conduct random compliance reviews of school generated fund transactions processed in schools including disbursements, deposits, analysis of cash collections and adherence to policies. Upon completion, a compliance report will be distributed to the school principal, and copied to the school superintendent and the Senior Business Official. Follow up will occur for all recommendations.
- Keep schools informed concerning changes in applicable legislation.

d) Principal

- Ensure that the procedures for school generated funds are implemented in accordance with the Board Administrative Procedure.
- Ensure that processes are in place to adequately control the funds within the school, including physical security over cash and records including but not limited to changing safe/vault combinations, keys and passwords if applicable when staff involved in the administration of school generated funds change.
- Notify the following individuals immediately if funds are lost or stolen:
  - Superintendent of Education
  - Senior Business Official
  - Superintendent of Human Resources
  - Finance Manager – School Services
- Communicate responsibilities for receipts, disbursements, banking and record keeping with the school secretary and other staff members.
- Ensure that the school council chair is aware of and understands his/her role and responsibilities with respect to school generated funds.
- Act as one of the approved signing officers on the school's bank account(s).
- Ensure that no staff members or members of the community are collecting and managing funds in their own bank account(s) or any other account(s).
- Manage school generated funds including but not limited to:
  - Maintenance of a list of classes and clubs noting the responsible person and signing authorities.
  - Review of financial records and reports on an ongoing basis (initial and date to indicate review) including but not limited to: annual financial statements and reports, monthly bank reconciliations, class and club balances/activity, and bank account balances.
  - Distribution of the financial reports as outlined in *Section 4.0 Management and Reporting*.
  - Question and determine how to address any shortages or overages associated with the various activities.
  - Ensure that funds received are disbursed as per the intent of the funds raised/collected.
  - Review bank account balance(s) periodically to determine need to invest. Contact Financial Services if investing and provide them with a copy of all certificates.
  - Determine when a second bank account is required either by legislation or by other circumstance and contact Financial Services for approval.
  - Ensure that the school or any individual associated with the school does not enter into contracts in the name of the school or the Board.
  - Make available to the school council, on a regular basis, information regarding their receipts and disbursements recorded in the school's accounting records.



- e) Teachers and Other Staff Members
- Ensure details of financial activity relating to their classes or clubs are recorded accurately through review of monthly reports (as outlined in *Section 4.0 – Management and Reporting*).
  - Ensure that funds received are disbursed as per the intent of the funds raised/collected.
  - Ensure that payments do not exceed amount collected by the class/club. Advise the principal of any discrepancy.
  - Provide guidance to students to assist and train them.
  - Receipt of funds:
    - Provide the school secretary with a completed Event/Item Request Form (see *FORM 513G*) prior to commencing collection ensuring that items are available through School Cash Online for online payment.
    - Collect cash/cheque(s) from students or other sources as applicable.
    - Count cash/cheque(s) collected. Complete and seal the Deposit Envelope (as referred to in *Section 6.0 – Receipt of Funds*) including a list of student names and method of payment (cash or cheque).
    - Deliver funds collected to the school secretary daily in accordance with the collections over a period of time process in *Section 6.2 - Receipts (Cash and Cheques)*.
    - Record deposit in the Receipt Log upon submission of the Deposit Envelope.
  - Disbursement of funds:
    - Complete Voucher Slip requesting payment/reimbursement and ensure that the original itemized receipt/ invoice is attached. Sign or initial all transactions brought forward by students assisting.
    - Deliver to the School Secretary for payment in a timely manner.
- f) School Secretary
- Implement the procedures for school generated funds as directed by the principal.
  - Advise principal of deviations from the procedures outlined.
  - Participate in Board sponsored training relating to school generated funds.
  - Provide assistance during the internal and/or external audit process.
  - Liaise with teachers and other staff members.
  - Record Keeping
    - Maintain appropriate supporting and financial documentation.
    - Maintain an efficient filing system for accounting records (as outlined in *Section 4.4 – Records Retention*).
    - Record transactions on behalf of staff/volunteers/parents on a regular basis ensuring details of all transactions are properly recorded.
    - Create and attach School Cash Online items for all collections in the School Cash Catalogue.
    - Complete Bank Reconciliations monthly.
    - Print monthly transaction reports and distribute to those responsible for classes or clubs.
    - Perform year-end procedures as directed by Financial Services.
  - Receipt of funds:
    - Count funds received and verify amounts.
    - Where feasible record cash/cheque receipts in the School Cash Register (as outlined in *Section 6.6 – School Cash Register*).
    - Prepare bank deposits and deposit funds at the bank on a regular basis as outlined in *AP 514 Money Left in Schools*.
    - Note date deposited in Receipt Log.

- Prepare and distribute online payment/order reports from the School Cash Catalogue.
- Disbursement of funds:
  - Receive Voucher Slip requests for payment and ensure each is supported by a receipt (as outlined in *Section 7 – Disbursement of Funds*).
  - Act as one of the approved signing officers on the school bank account(s).
  - Provide all Voucher Slips and supporting documentation to the principal for approval prior to cheque generation.

g) School Council Chair

- Communicate with the principal to ensure that the sources and uses of school generated funds comply with Board policies and administrative procedures.
- Communicate with the principal to ensure that processes are in place to adequately control funds.
- Ensure that fundraising activities involving the students and/or the school council comply with Board policies and administrative procedures, and that no direct or indirect benefit is derived from a member of the school council.
- Ensure that school council members are aware that where conflicts of interest exist they are to be disclosed.
- Ensure that school council is aware that all funds shall be included as part of the school bank account and that school councils will not maintain a separate bank account.
- Ensure that all school council collections are available for online payment through School Cash Online.
- Provide the school secretary with a completed Event/Item Request Form (see *FORM 513G*) prior to any school council fundraising initiative.
- The school council chair shall ensure that members understand their responsibilities as outlined in this administrative procedure communicating with school council to ensure that the receipt, disbursement, and recording of all transactions under the responsibility of the school council follows the same procedures as those for in school transactions as noted below.
- Ensure that school council members receive a summary of the monthly transaction detail as provided by the school council treasurer.
- Attend Board sponsored training relating to school generated funds.

h) School Council Treasurer

- It is recommended that the school council treasurer position be for a term not to exceed two years.
- Function as the conduit for all things financial between the school office and the school council.
- Review monthly school council financial reports in detail. Work with school secretary on:
  - any clarifications and questions;
  - status of balances; or
  - queries on the business case/value of a program or fundraising initiative.
- Communicate with principal regarding questions or concerns related to school council funds record keeping.

- Work with principal to draft budgets for annual Plan for School Generated Funds. Present draft budgets related to school council initiatives for inclusion in the annual Plan for School Generated Funds to school council for approval. Present summary (rolled-up) of school council financial reports to school council. Respond to questions of school council and/or school parents with respect to school council fundraising activities. Attend Board sponsored training relating to school generated funds.

#### 4.0 Management and Reporting

A substantial amount of money is generated in schools for the benefit of students. The principal is accountable to both the school community and the Board with respect to the collection, management, and use of such funds. Financial reporting demonstrates accountability and, at the same time, provides information needed by the school community and the Board for decision-making.

##### 4.1 Objective

- To provide a guidance with respect to:
  - Accounting records
  - Documentation
  - Records retention
- To identify the minimum information to be recorded while:
  - Safeguarding the funds;
  - Protecting those responsible for collecting and handling the funds; and
  - Maintaining a thorough set of records regarding the receipt and disbursement of funds.
- To provide a format for financial reporting including:
  - The reports that are required and the fiscal period that will be covered;
  - Who will be responsible for preparing the reports;
  - What will be included in the reports; and
  - When the reports will be distributed and to whom they will be distributed.

##### 4.2 Accounting Records and Documentation

Accounting records, which detail all receipts, disbursements and bank deposits, shall be maintained. A basic accounting software package will simplify recordkeeping. All recording and reporting of school generated funds must be computerized. School Cash Accounting is required for use in the management of school generated funds by all schools. To ensure accountability, logins to computerized accounting systems must not be shared with other users.

###### a) Description of Classes and Clubs

- The category name shall be reflective of the purpose of the funding received/expended.

###### b) Revenue and Expenditure Records

- All revenues and expenditures must be recorded promptly.
- Schools must use the functionality of School Cash Online for all collections providing parents/guardians with the option to pay online.
- It is recommended that where possible the School Cash Register be used to track cash/cheque payments (as outlined in *Section - 6.6 School Cash Register*).

- For cash/cheque received the following information is required and must be documented (as outlined in *Section - 6.0 Receipt of Funds*):
  - date received
  - amount collected
  - purpose of funds and category name and signature of person submitting cash/cheque for deposit date deposited
  - deposit number
- For payments made, the following information is required (as outlined in *Section 7.0 – Disbursement of Funds*):
  - date cheque issued
  - amount of cheque
  - name of payee
  - reason issued
  - category and class description
  - approved by
  - approval date

**NOTE:** All funds must be deposited intact. Expenditures cannot be paid from cash collected. The total funds must be deposited to the bank and an electronic cheque written to pay for the expenditure.

c) CAUTION

To ensure appropriate controls are in place, it is critical to keep accurate, up-to-date records regarding the receipt and disbursement of funds. This will ensure that the money is handled appropriately, that staff are protected, and that written records exist which can be relied on for review/audit purposes. The controls are only as good as their enforcement. It is important that school administrators support and follow the established practices.

#### 4.3 Financial Reporting

a) General

- All financial reports shall be prepared under the direction of the principal.
- The reports shall encompass all money generated in the name of or under the auspices of the school regardless of its source or use.
- The fiscal year for the reports shall be August 1 to July 31.
- The reports shall be reviewed by the principal, signed and dated, and shall be kept with the records for school generated funds for seven years.

b) Reports

At the end of every month and/or fiscal year, reports will be prepared summarizing the activity for that period. The designated individuals will review these reports on a timely basis. The following sections provide a list of reports to be generated and the appropriate period in which they will be completed and reviewed.

***Plan for School Generated Funds***

The Plan for School Generated Funds (see *FORM 513A*) outlines for each school the purpose of the fundraising efforts, how the school intends to raise the funds, and the net proceeds projected to be raised. Reports discussed later in this document will then enable the school community to determine if the money raised was sufficient and used for the intended purposes.

The Plan will be prepared at the beginning of the school year by the Principal after seeking sufficient and appropriate input from the school community including students, staff, parents, school council, and community organizations. All significant funds generated in the name of or under the auspices of the school regardless of source or use must be reflected in the Plan. The following must be documented:

- The purpose for which the net proceeds will be used;
- The cost of the item/service to be purchased with net fundraising proceeds;
- The source of revenue/funding;
- The time period during which funds will be generated;
- The person responsible for the activity; and
- The anticipated net proceeds.

The Plan must be submitted to the Finance Manager – School Services prior to the end of October for review. The principal has flexibility to modify the Plan during the year in order to meet the needs of the school; however, all significant changes must be communicated to the Finance Manager – School Services. A copy of the Plan must be kept in the school and should be used in conjunction with the review of the monthly and annual financial reports. It is recommended that the Plan for School Generated Funds be communicated to the school community.

A copy of the annual Plan for School Generated Funds will be kept in Financial Services and will be accessible to the Senior Business Official, Superintendents of Education, the finance management team, and the Board's external auditors.

**NOTE:** Future Maintenance and repair costs need to be considered when developing the Plan for School Generated Funds.

**NOTE:** The number and extent of fundraising activities shall be limited to those required to raise the funds for those items included in the Plan.

**NOTE:** The impact on classroom time for staff and students, and administrative time for principals and support staff shall be limited.

**NOTE:** Fundraising initiatives that involve the sale of food products must adhere to *AP218 Food Beverages and Nutrition*.

#### ***Statement of Student Funds Balance***

The Statement of Student Funds Balance (see *Appendix 1*) provides a summary of school generated fund activity for the fiscal year and is used to facilitate the year-end audit process.

The Statement will be prepared by Financial Services and reviewed by the principal subsequent to the end of the fiscal year. The Statement of Student Funds Balance must provide the following information:

- The opening school generated fund balance at the beginning of the year (August 1). The total opening balance must agree to the prior year closing balance reported.
- The receipt and allocation of funds. The total allocations must agree to the revenue total per the Summary of Closing Balances for the School Year report for the year-ended July 31.
- The disbursement of funds. The total disbursements should agree to the expenses total per the Summary of Closing Balances for the School Year report for the year-ended July 31.
- The balance in the fund at the end of the year (July 31). The total ending balance will agree to the total per the Summary of Closing Balances for the School Year report for the year-ended July 31.

- Board funds and petty cash. The total board funds and petty cash must agree to the closing balance per the Summary of Closing Balances for the School Year – Not Reported report for the year-ended July 31.
- Outstanding or un-cleared transactions including outstanding cheques and deposits. These balances should agree to those reported in the July Bank Reconciliation.
- The cash balance at the end of the year. The total of the ending balance will agree to the closing balance in the bank statement at July 31.

### ***Overview Umbrella Category Summary Report***

The Overview Umbrella Category Summary Report (see *Appendix 2*) provides a summary of revenue, expense and net balance for each category within the umbrella (for example: field trips, activity fees and resources, fundraising for external charities, etc.). Umbrellas are determined at a Board level to ensure compliance with Ministry of Education reporting requirements (refer to *Appendix 3* for a listing of umbrellas and their definitions). The school secretary should prepare the Report for the period starting August 1 and ending at the end of each month. The principal must review the Report on a monthly basis, ensuring that expenditures do not exceed receipts, and that balances have been properly recorded. A final year-end report, encompassing the entire fiscal year, will be generated by Financial Services and distributed to the principal for review subsequent to the end of the fiscal year.

### ***Statement of Financial Position***

The Statement of Financial Position (see *Appendix 4*) provides a summary of school generated fund assets and liabilities at a specific date and at year-end is used to facilitate the year-end audit process. The total assets must equal total liabilities and equity. The statement of Financial Position will be generated by Financial Services and distributed to the principal for review subsequent to the end of the fiscal year.

### ***Monthly Bank Reconciliation***

A Bank Reconciliation identifies and reconciles the general ledger balance to the bank statement balance at a specified date (differences often exist between these two balances as a result of timing differences between when a cheque or deposit is recorded by the school in School Cash Accounting and when it is processed or cashed by the bank). The Reconciliation must be prepared at the end of each month by the school secretary using the functionality within School Cash Accounting. The principal must review the Monthly Bank Reconciliation (including the listing of outstanding deposits and outstanding cheques) along with the related bank statements, returned cheques, transfer entries, modification entries, and other items. Any questionable items should be investigated further.

As part of the monthly review process, the principal shall:

- Ensure that the ending bank statement balance agrees with the amount reflected in the Bank Reconciliation.
- Ensure that the closing balance as per the school records (trial balance) agrees with the Bank Reconciliation.
- Review all adjustments (outstanding deposits, outstanding cheques, miscellaneous charges) for legitimacy.
- Ensure that NSF cheques are taken into consideration when the Bank Reconciliation is completed.
- Review all category balance transfers and transaction modifications.
- Sign and date all reports as required.

**NOTE:** School Cash Accounting reports #9 Trial Balance, #11L Reconciliation Overview, #15 Modified Transactions, and #13 Transfer Report are also printed as part of the standard Bank Reconciliation. All reports must be reviewed, signed, and dated where required.

#### ***Detailed Category Summary Report***

The Detailed Category Summary Report provides a detailed listing of receipts and expenditures for each category for the period selected. The school secretary should prepare the Report for the period starting the first of the month and ending at the end of each month. The principal and class/club designate must review the Report on a monthly basis, ensuring that balances have been properly recorded.

**NOTE:** Due to the detailed nature of this Report, it cannot be distributed for presentation purposes to school councils, student councils or other teams and groups. The report may contain personal information that is governed under the Privacy Act and must be kept confidential. It is permissible to distribute a 'Detailed Category Summary Report' to the person responsible for the record keeping of a specific category or faction. The content of the report must be limited to include only the relevant information. When a report is required for publication and presentation, a Category Umbrella Overview Report offers a summarized version that is acceptable for all viewers. Alternatively, the individual responsible for the record keeping may choose to prepare his or her own summary.

#### ***Student Fee Reconciliation***

The Student Fee Reconciliation (see *FORM 513B*) identifies and reconciles the actual amount of student fees collected and recorded per the general ledger to that expected based on enrolments, a reasonability check. The school shall maintain a record of the fees collected from students. The school secretary must prepare the Reconciliation by year-end. The principal must then review. This Reconciliation may be requested during internal compliance reviews completed by Financial Services or external reviews of school generated funds completed by the Board's auditors.

#### ***Automated Banking Machine (ABM) Reconciliation***

The Automated Banking Machine Reconciliation (see *FORM 513C*) reconciles the expected cash balance on hand in the school's ABM to that actually in the machine. The Reconciliation must be:

- Prepared monthly by an individual other than the person who physically replenishes the ABM;
- Reviewed by the principal; and
- Filed at the school.

This Reconciliation may be requested during internal compliance reviews completed by Financial Services or external reviews of school generated funds completed by the Board's auditors.

#### ***School Cash Catalogue Reports***

School Cash Catalogue Reports provide a listing of all online payments made by parents/guardians and the desired option selections by student if applicable. When used in conjunction with the School Cash Register (as outlined in *Section 6.0 Receipt of Funds*) the reports provide a complete record of all payments (online, cash and/or cheque) and the desired choices. The school secretary should prepare the appropriate School Cash Catalogue Report at the expiry of each Catalogue Item or more frequently if warranted.

c) Distribution

To facilitate the management of, and ensure proper usage of, school generated funds, regular monthly reporting to various stakeholder groups is required. All reports and statements must be signed/initialed and dated by both the preparer and the reviewer.

In addition to regular monthly reporting, the financial position and yearly reporting for school generated funds should be communicated to the students, the parents of the students, the school council, the school community, and the Board. As well, all school boards in Ontario must report information regarding school generated funds to the Ministry of Education as part of the Board's EFIS submissions.

Report Name		Prepared By	Distributed Monthly To	Distributed Annually To	Completion Date
1	Plan for School Generated Funds (FORM 513A)	Principal	N/A	School Council, Finance Manager – School Services, School Community	End of October
2	Statement of Student Funds Balance (Appendix1)	Financial Services	N/A	Principal, School Council, Superintendent of Education, Public (upon request), Finance Manager – School Services	End of August
3	Overview Umbrella Category Summary Report (Appendix2)	Secretary, Financial Services	Principal	Principal, Finance Manager – School Services	End of August
4	Statement of Financial Position (Appendix3)	Financial Services	N/A	Principal, Finance Manager – School Services	End of August
5	Bank Reconciliations (including supporting schedules and bank statement)	Secretary	Principal, Finance Manager - School Services (upon request)	Principal, Finance Manager – School Services	End of subsequent month
6	Monthly Transaction Reports	Secretary	Principal, Staff Member, School Council Chair/School Council Treasurer	N/A	Middle of subsequent month
7	Student Fee Reconciliation (FORM 513B)	Secretary	N/A	Principal	End of June
8	Automated Banking		Principal, Finance Manager – School	N/A	Middle of subsequent month



Report Name	Prepared By	Distributed Monthly To	Distributed Annually To	Completion Date
Machine Reconciliation (FORM 513C)	Secretary or designate	Services (upon request)		
9 School Cash Catalogue Reports	Secretary	Staff Member, School Council Chair/School Council Treasurer	N/A	Upon expiry of Catalogue Items and/or more frequently if required

#### 4.4 Records Retention

Accounting records, supporting documents, and monthly/annual financial reports are to be kept by a school for seven (7) years as per the dictates of the Canada Revenue Agency.

These records and documents include:

- monthly bank statements/passbooks;
- deposit books;
- month-end bank reconciliations;
- cancelled cheques (i.e. cheques which have been cashed by the payee and returned by the bank with the bank statement);
- void cheques (i.e. those cheques which were erroneously completed and/or never issued);
- deposit slips, deposit envelopes, receipt logs, voucher slips (with invoices, receipts or other supporting documentation attached);
- accounting reports (i.e. the month-end general ledger and/or the general ledger by account reports); and
- other reports as noted above.

It is recommended that the records of each year be boxed, labeled (label should include a description of the contents, the school year, and the destruction date) and stored on school premises. Documents can be filed in file folders or binders. It is recommended that the following system be used:

ITEM	METHOD
Deposit envelopes and any other supporting materials	Chronologically
Cheque stubs/cheque copies	Sequentially (by cheque number)
Voucher slips and any supporting materials	Sequentially (attached to cheque stub)
General ledger reports	By classification and then chronologically
Bank reconciliations, bank statements and cancelled cheques	Chronologically by month
Student fee reconciliation	Chronologically
ABM reconciliation	Chronologically by month

It is recommended that staff responsible for maintaining accounting records ensure that access to records (including blank cheques) is restricted. Records shall be retained in a vault or locked filing cabinet, which, at a minimum, shall be locked during off-hours (access to blank cheques is to be restricted at all times). School records cannot be removed from the school premises.

## 5.0 Banking

All schools must have a bank account for school generated funds and a process to record transactions. It is essential that controls be in place to assist in the management of these funds.

### 5.1 Objective

To provide guidance with respect to the minimum school generated fund banking standards required recognizing the balance between limited staffing and the need to meet basic security and reporting requirements.

### 5.2 Bank Account

Each school will maintain a single bank account for school generated funds in the name of the school. The principal will determine the account that provides the greatest financial advantage to the school. Exceptions to the single bank account may be granted where legislative requirements or special circumstances exist (e.g. AGCO licensed activities. See *Section 8.0 – Lotteries and Games of Chance*). The principal will contact the Finance Manager – School Services for approval prior to establishing a second account. The principal shall review account activity of the additional account on a monthly basis to ensure that it is appropriate for continued use.

The bank account established must be such that statements are issued on a monthly basis along with returned cancelled cheques or scanned copies of the cancelled cheques. The bank statement must cut-off on the last day of the month. The banking agreement shall remain on file at the school and be available for review at any time. Internet banking is permissible only for the viewing and downloading of transactions. Schools may not obtain bank convenience cards.

Cheques for the school bank account must be electronic and pre-numbered. The principal shall designate the staff that has signing authority for the school's bank account. Signing authority shall be a minimum of two to a maximum of four people. The principal must be one of the signing authorities.

**NOTE:** A signature on a cheque indicates that supporting documentation has been examined and that approval has been granted (i.e. blank cheques should never be signed). The use of signature stamps is not permitted, nor is the pre-signing of cheques by one or both of the approved signatories.

### 5.3 Investments

Funds raised as part of a multi-year initiative may be invested in term deposits (any of the major banks, trust companies and/or credit unions are acceptable) in the name of the school as permitted by *Reg. 471/97 of the Education Act*. School staff must consult with the Finance Manager – School Services prior to creating or changing any investments. Funds invested must comply with Board policies and administrative procedures. A copy of all investment certificates shall be sent to Financial Services. Investments shall be properly recorded in the school's accounting records.

## 6.0 Receipt of Funds

### 6.1 Objective

- To ensure the security of incoming funds.
- To protect those responsible for handling the funds received.
- To maintain accurate records on behalf of the school, Board, and Ministry of Education.

**NOTE:** Schools must use the same procedure for receipting funds received directly from individuals or groups not employed by the Board (e.g. school councils, external donations, etc.).

## 6.2 Receipts (Cash and Cheques)

All money (cash and cheques) received shall be sealed in a Deposit Envelope with the deposit details recorded in the designated areas prior to the envelope being turned over to the school secretary. The names and amounts of all cheques accepted for deposit shall be recorded on the cheque side of the envelope. A class/group list indicating which students have submitted payment and the payment method (cash or cheque) must be included in the Deposit Envelope in order to facilitate use of the School Cash Register and School Cash Catalogue reporting.

Cheques received to pay for school generated fund activities shall be made payable to the school.

Cash and cheques collected over a period of time must be submitted to the office daily. Funds shall be in a sealed envelope with the submitter's name and the purpose of the funds clearly marked on the exterior. Whether or not collection is complete, the parent/staff member must complete a Deposit Envelope provided by the office by the end of each week for inclusion in the school's regular bank deposit.

All Deposit Envelopes shall be recorded in the Receipt Log (see *FORM 513D*) by the staff/parent having collected the funds as follows:

- The staff member, student or parent who submits a Deposit Envelope shall record the date, their name, the class/club, and the amount of the deposit in the respective Receipt Log columns.
- The office staff member who accepts the Deposit Envelope shall initial the Receipt Log to indicate that the Envelope was received by the school office.
- The Envelope shall then be secured, unopened, in a designated locked safe that has limited access and is locked at all times.

It is the responsibility of the principal to ensure that all money received at the school is secured on-site in a designated locked and safe location (e.g. school safe/vault) that has limited access and is locked at all times. With the exception of the physical bank deposits made by the school secretary, once received by the staff, parent or student funds cannot leave the school building.

## 6.3 Post-Dated Cheques

Post-dated cheques that are included in the Deposit Envelope cannot be deposited until a future date. Such cheques should be handled as follows:

- Remove the post-dated cheque(s) from the bank deposit and ensure that the Total Funds on the Deposit Envelope and the Receipt Log are updated to exclude said cheque(s).
- Prepare a new Deposit Envelope for each uniquely dated post-dated cheque. The office staff shall complete the details on the new envelope; "Source and Purpose of Funds" shall explain that the contents are "post-dated cheques relating to Deposit Envelope X".
- Write the date that the cheques can be deposited across the top of the new Deposit Envelope. The new envelope must be recorded in the Receipt Log and then placed in a designated locked vault/safe which has limited access and that is locked at all times until the scheduled date of deposit.

#### 6.4 Cheques Pertaining to Multiple Classes or Clubs

Some cheques received by a school will be for credit to more than one class or club. Splitting a deposit entry between multiple classes or clubs can be accomplished by noting each class or club, and the amount collected for each, on the Deposit Envelope.

#### 6.5 Preparing Bank Deposits

When preparing a bank deposit:

- The contents of each Deposit Envelope must be verified by the school secretary (or another staff member in the event that the envelope was originally completed by the school secretary) and the bottom section of the envelope completed. If the contents differ from the amount noted on the envelope by the individual depositing the funds, the individual verifying the contents must ensure that the balance is updated on the Deposit Envelope and the Receipt Log to reflect the actual amount received. The individual who submitted the Deposit Envelope shall be notified of any difference immediately. It is recommended that the individual who submitted the Deposit Envelope initial the corrected Deposit Envelope and Receipt Log entries.
- The back of all cheques must be marked "For Deposit Only".
- The bank deposit must be detailed through the use of the One Page Bank Deposit and Deposit Statement forms within School Cash Accounting. An Adding Machine Tape of the cheques deposited from School Cash Accounting shall be attached to the retained copy of the One Page Bank Deposit and the copy sent to the bank.
- The actual date of the deposit to the bank and the School Cash Accounting deposit number must be noted in the corresponding columns on the Receipt Log. The school secretary shall ensure that all Envelopes recorded in the Receipt Log, but not deposited, have been included in the bank deposit (with the exception of post-dated cheques that have been logged by office staff for future deposit). The bank deposit total shall be balanced to the total amount of the Deposit Envelopes that support the deposit as noted in the Receipt Log. The Envelopes must be filed with the school copy of the above School Cash Accounting documents.

## 6.6 School Cash Register

Where feasible, all cash and cheque receipts shall be recorded in the School Cash Register.

When using the School Cash Register to prepare a bank deposit where a Deposit Envelope, including a class/group list indicating which students have submitted payment and the payment method (cash or cheque), has been completed and submitted to the office by a staff member or parent:

- The school secretary shall verify the contents of each Deposit Envelope and complete the bottom section of the Envelope. Refer to *Section 6.5 Preparing Bank Deposits* for guidance on how to handle discrepancies noted upon verification.
- Using the class/group list provided, the school secretary will itemize the cash and cheque collected in the School Cash Register. The printed Close Out/Group Collection report(s) shall be printed and filed with the One Page Bank Deposit.
- The back of all cheques must be marked "For Deposit Only".
- The School Cash Register will detail the deposit upon close out. All deposits must be detailed through the use of the One Page Bank Deposit and Deposit Statement forms within School Cash Accounting. An Adding Machine Tape of the cash and cheques deposited from School Cash Accounting shall be attached to the retained copy of the One Page Bank Deposit and the copy sent to the bank.
- The actual date of the deposit to the bank (must be the same as the verification date and the date of entry in the School Cash Register) and the School Cash Accounting deposit number must be noted in the Receipt Log. The school secretary shall ensure that all Envelopes recorded in the Receipt Log, but not deposited, have been included in the bank deposit (with the exception of post-dated cheques that have been logged by office staff for future deposit). The bank deposit total shall be balanced to the total amount of the Deposit Envelopes that support the deposit as noted in the Receipt Log. The Envelopes must be filed with the school copy of the above School Cash Accounting documents.

When using the School Cash Register to prepare a bank deposit where the school secretary receives the cash and cheque, reconciles any orders, and completes the Deposit Envelope:

- If there is no order form, the school secretary shall create a list as funds are received noting the student's name, homeroom, amount collected, and payment method (cash or cheque).
- As cash and cheque payments are received the school secretary shall place the funds and order forms (if applicable) in a collection envelope. The collection envelope must be secured in a designated locked and safe location (e.g. school safe/vault) that has limited access and which is locked at all times.
- Using the student list or order forms collected, the school secretary will itemize the cash and cheque collected in the School Cash Register. The printed Close Out/Group Collection report(s) shall be printed and filed with the One Page Bank Deposit.
- The school secretary will create a Deposit Envelope for each deposit form created in School Cash Accounting and log the Envelope in the Receipt Log.
- A staff member, other than the school secretary, must initial the Receipt Log to indicate that the envelope was received by the school office.
- A staff member other than the school secretary must verify the contents of each Deposit Envelope and complete the bottom section of the Envelope. Refer to *Section 6.5 Preparing Bank Deposits* for guidance on how to handle discrepancies noted upon verification.
- The back of all cheques must be marked "For Deposit Only".

- The School Cash Register will automatically detail the deposit upon close out. All deposits must be detailed through the use of the One Page Bank Deposit and Deposit Statement forms within School Cash Accounting. An Adding Machine Tape of the cash and cheques deposited from School Cash Accounting shall be attached to the retained copy of the One Page Bank Deposit and the copy sent to the bank.
- The actual date of the deposit to the bank and the School Cash Accounting deposit number must be noted in the Receipt Log. NOTE that the deposit/verification date may differ from ledger date if close outs are completed daily. Daily close outs are recommended. All such Deposit Envelopes must be verified and physically deposited by the end of the week of entry unless significant funds in which case deposits of such funds should be more frequent. The school secretary shall ensure that all Envelopes recorded in the Receipt Log, but not deposited, have been included in the bank deposit (with the exception of post-dated cheques that have been logged by office staff for future deposit). The bank deposit shall be balanced to the total amount of the Deposit Envelopes that support the deposit as noted in the Receipt Log. The Envelopes must be filed with the school copy of the above School Cash Accounting documents.

#### 6.7 Deposits to the Bank

Cash collected shall be deposited to the bank on the same day that the contents of the envelopes have been verified and posted to the ledger with the exception of some School Cash Register entries (See *Section 6.6 – School Cash Register*. Those receipts for which the School Cash Register has been used and the Deposit Envelope created by the school secretary must be verified and physically deposited by the end of the week of entry unless significant funds, in which case deposit should be more frequent). In order to minimize the school's exposure to loss or theft, deposits should be made on a regular basis in accordance with *AP 514: Money Left in Schools*.

In the event of a large deposit, arrangements should be made for a second staff member to accompany the school secretary to the bank as a matter of personal safety.

Under no circumstances shall cash on hand be disbursed. All money that has been accepted for deposit to the bank shall be deposited to the bank intact and shall not be used to make payments.

#### 6.8 Receipt of Funds from Another School

A multi-copy receipt shall be issued to another school for funds received (e.g. tournament fees) to ensure that the paying school has a receipt for their records and the issuing school has a copy for their records.

#### 6.9 Night Deposits

All previously described processes shall be followed except when a school event happens outside regular school hours and the proceeds are deposited immediately (e.g. school dances). In those instances:

- The staff/school council member responsible for the event shall prepare the Deposit Envelope and a second teacher/school council member shall verify and initial.
- A Bank Deposit Slip will be prepared using a multi-part bank deposit form: two copies along with the proceeds are placed in the deposit bag and taken to the bank.

- The next school day the staff/school council member will record the details of the Deposit Envelope in the Receipt Log and give the Envelope and the third copy of the Bank Deposit Slip to the school secretary.

#### 6.10 NSF Returns

When a deposited cheque is returned to the school for the reason of NSF, the receipt should be recorded in School Cash Accounting as part of the Non-Sufficient Funds function. All documentation should be held by the school for purposes of tracking amounts that remain outstanding. Repayments that are collected should be re-entered through deposit function, but also recorded in the 'Receive NSF Payment' feature of the NSF Menu. This will keep school records up-to-date and allow for accurate reporting on losses from NSF transactions.

#### 6.11 School Cash Online Rejected Payments

When an online payment is rejected for the reason of NSF or due to an error in the entry of banking information, the email notification received by the school secretary shall be printed and filed in a file marked "Online Rejected Payments". All rejected payments shall be followed up in the same manner as NSF cheques. Notes as to conversations, actions to be taken, and subsequent repayment date shall be kept with the rejected payment email. An online payment that is rejected will remain as an outstanding required item until payment is received in either the School Cash Register or School Cash Online.

### 7.0 Disbursement of Funds

#### 7.1 Objective

- To ensure that funds are spent for the designated and allowable purposes as communicated in the annual Plan for School Generated Funds.
- To protect those responsible for the handling of disbursements.
- To maintain accurate records.

#### 7.2 Cheque Requests

All requests for payment shall be submitted to the school secretary in a timely manner and all disbursements should be recorded promptly. No payments shall be made without a Voucher Slip (see *FORM 513E*) completed and signed by the staff/school council member requesting the cheque. Original invoices, receipts, vouchers or other appropriate supporting documentation must accompany all Voucher Slips.

When a cheque is issued, the supporting documentation must be marked paid and the cheque number and date recorded on the Voucher Slip. Authorization by the principal is to be received before the cheque is generated.

Please be aware that:

- Payments cannot be made from company statements, debit/credit receipts or credit card statements (original itemized invoices/receipts are required).
- Cheques made payable to cash or payments in advance to employees are not acceptable.
- Where floats are required, the cheque shall be issued in the name of the bank account, and returned and reconciled in a timely manner.
- Pre-signing of cheques and signature stamps are not acceptable.

Cheque stubs and supporting documentation should be attached to the Voucher Slip and the Cheque Statement as produced by School Cash Accounting.

Using the number control feature, all cheques must be accounted for. **All disbursements shall be made by electronic cheque.** Unused cheques must be stored in a designated, secure location that is locked at all times in order to prevent loss or theft.

### 7.3 Voided, Mutilated or Stale-dated Cheques

All voided or mutilated cheques are to be attached to the original Voucher Slip. The word "VOID" shall be written boldly across the face of the cheque and signature lines physically removed.

Cheques not cashed within six (6) months are considered stale-dated and must be reversed in the accounting records.

### 7.4 Replacement of Cheques

If a payee has indicated that they did not receive the cheque issued by the school, or it has been lost, review the cashed cheques and/or bank statements to ensure the cheque has not been cashed. If there is no record of the cheque being cashed, the bank shall be notified and a stop payment requested. A replacement cheque may then be issued, noting the previous cheque number. This transaction shall be properly recorded in the records.

### 7.5 Refunding Amounts Collected

In the event that an activity for which funds were collected and/or raised is cancelled, amounts collected are subsequently fundraised, or an individual chooses to withdraw, the following conditions will apply:

- If the arrangements for the activity are under contract to a commercial organization (e.g. travel agency), the terms and conditions of the contract will apply to the school, the participants, and their parent(s)/guardian(s).
- If the arrangements for the activity are organized by the school and advance payment or deposit is required to be made by a student or parent/guardian toward the individual student's projected personal cost of participation, an amount will be refunded according to the following criteria:
  - The refundable portion will be calculated taking into account individual fundraising profits, non-refundable deposits, cancellation fees, and other non-recoverable expenses.
- Under no circumstances shall profits from a fundraiser be returned to a parent/guardian. All fundraising profits must remain with the school and be used for the intended initiative. Only those deposits paid by the parent/guardian may be refunded.
- All refunds will be by electronic cheque or through the School Cash Catalogue (online payments).

All requests for refunds (online or cheque) shall be submitted to the school secretary on a Voucher Slip. Documentation supporting the original amount received and deposited, the amount to be refunded, and the reason for refund must be attached to the Voucher Slip. Authorization by the principal is to be received before the cheque is generated or refunds are processed online through the School Cash Catalogue.

### 7.6 Automated Banking Machines (if applicable)

Upon receipt of notification (ABM report) that additional funds are required to replenish the automated banking machine (ABM) a Voucher Slip shall be completed by the school secretary using the ABM report as backup for the amount required. Approval of the Voucher Slip by the Principal must be obtained and a cheque shall be written in the same manner as that used for petty cash. To ensure the personal



safety of staff, and reduce the risk associated with such transactions, arrangements should be made for a second staff member to accompany the School Secretary to the bank to obtain the funds, return to the school, and replenish the ABM.

On a monthly basis a Reconciliation shall be performed (see *FORM 513C*) by someone other than the individual(s) who obtained the funds and replenished the machine. The Reconciliation is to be reviewed in a timely manner by the School Principal. Copies of the Reconciliation are to be filed and made available in the case of an internal compliance review or external audit.

**CAUTION:** Deviation from the above banking, receipt and disbursement procedures will leave the school vulnerable. The need to have procedures in place is often not recognized until something goes wrong. The goal is to have controls that ensure money is handled appropriately, that staff are protected, and that records are accurate, up-to-date, and useful. The controls are only as good as their enforcement. It is important that school administrators support and follow the established procedures.

## 8.0 Lotteries and Games of Chance

Lotteries and games of chance are governed by the Criminal Code of Canada, which permits licensing of these activities. They may include bingo events, raffles, break open tickets, and social gaming events.

The Alcohol and Gaming Commission of Ontario (AGCO) is responsible for administering the lottery-licensing program in Ontario. Municipalities issue licenses for the smaller lotteries and games of chance in which a school may be involved.

### 8.1 Objective

- To provide information for schools and school councils so that they can readily comply with the rules and regulations of the Alcohol and Gaming Commission as they relate to lotteries and games of chance in which schools and school councils may be involved.

### 8.2 General

Municipalities issue licenses for:

- bingo events with prize boards of up to \$5,500;
- media bingo events with prizes up to \$5,500;
- break open tickets for local organizations;
- raffle lotteries for total prizes of \$50,000 and under; and
- bazaar lotteries that include wheels of fortune with a maximum bet of \$2.00, raffles not exceeding \$500, and bingo events up to \$500.

If a school or school council is involved in events that exceed these limits, they are required to obtain a license from the AGCO/municipality (as outlined in *Section 8.3 – Application Process*). Detailed information about lotteries and games of chance, including Nevada tickets, can be obtained on the Internet at <https://www.agco.ca/lottery-and-gaming/charitable-gaming-charitable-and-religious-organizations>

### 8.3 Application Process

Contact the local municipality, explain the type of activity contemplated and follow their instructions. The application should be prepared in the name of the school and signed by the principal. Applications may take a few weeks to a month, so start the process as early as possible.

#### 8.4 Banking

All licenses require that a separate trust bank account be used for revenue and expenses pertaining to the lottery or game of chance. This is the only instance where a second bank account is permitted. Contact Financial Services for written approval to open a second account. A single trust account may be used for multiple licenses; however, separate financial information must be reported for each license. The School Cash Accounting software provides this functionality.

#### 8.5 Reporting

A condition of all licenses is that the licensee report on the financial activity of the project. Detailed reporting requirements are outlined in the license. Prior to starting any project, the principal should read this information very carefully to ensure that the school is able to provide the reports required.

#### 8.6 Audit

All licenses provide for examination of the school's books and records by the licensing agent. Therefore, the school should keep records in such a way that the auditor would be able to find the required information easily.

**CAUTION:** If the school does not obtain a license for a lottery or game of chance, the school is subject to penalties under the Criminal Code of Canada.

Always check with the local municipality before commencing one of these activities. Document all verbal communications, especially if the person indicates the school does not need a license for a particular activity. Document the call with details including the name of the person spoken with, the date of the conversation and details of the conversation.

It is the responsibility of the school principal to ensure that the above processes are followed.

### 9.0 School Council

Under *Education Act Regulation 612*, school boards in Ontario are required to establish a school council for each school within the Board. These councils are advisory bodies that may make recommendations to the school principal or the Board on any matter. Many school councils perform fundraising activities in the name of the school and as such are required to conform to the appropriate sections of *Regulation 612* that deal with fundraising issues. The principal is ultimately responsible for activities related to the school and therefore is responsible for school council activities.

#### 9.1 Objective

- To clarify ownership of school council funds.
- To clarify banking procedures.
- To clarify financial reporting requirements.
- To clarify record retention.

#### 9.2 Ownership of School Council Funds

The Ministry of Education document, *School Councils: A Guide for Members* (2002) states "school councils should be aware that, because the school board is a corporate entity and the school is not, any funds raised by the school council (and any assets purchased with those funds) belong, legally, to the board." Fundraising for schools by school councils is a partnership between the school, the Board, and the fundraising group. The full document can be viewed at:

This administrative procedure addresses the recording and reporting of school generated funds. It is not intended to replace the decision making process that currently exists at the school regarding the generation and/or expenditure of funds.

However, all fundraising activities and expenditures must be conducted in accordance with Board policies and administrative procedures. Particular attention needs to be paid to procedures on purchasing, conflicts of interest, etc. This is clearly stated in *Regulation 612, section 22*. Information relating to the purpose of the fundraising activity and expenditures incurred from the proceeds must be clearly communicated to the school community.

### 9.3 Banking Procedures

School councils cannot have a separate bank account. All deposits and disbursements must flow through the school bank account and be tracked as a separate category within School Cash Accounting. School Councils must work with the school to use the functionality of School Cash Online providing parents/guardians with the option to pay online. Any expenditure of school council money requires the approval of the school council.

To facilitate the payment for ongoing expenditures such as the payment for food delivered on food days, the council may wish to authorize activities for which funds may be disbursed and reported at the next council meeting. Other disbursements would require council approval prior to the initiation of the purchase.

The sections within this administrative procedure dealing with banking, receipts and disbursements also apply to school council funds. For the security of the funds, and to protect anyone handling money raised through school council activities, all money needs to be counted and kept in the school for prompt deposit to the bank account.

### 9.4 Financial Reporting Requirements

To enable the school council to manage and monitor school council funds and fundraising activities, current financial information is required. To achieve this goal, monthly reports outlining the sources and uses of funds of the school council are required. The school is responsible for ensuring that this information is shared with the school council treasurer on a regular basis.

School councils must continue to adhere to the required reporting and record retention guidelines as noted in:

- *Administrative Procedure 113: School Councils and Regulation 612, S.24* states “every school council shall annually submit a written report on its activities to the principal of the school and to the Board”. It further states, “if the school council engages in fundraising activities, the annual report shall include a report on those activities”. This annual report should be a summary of the monthly reports received by the council from the school for the period ending July 31.
- *Regulation 612, S16* states “a school council shall keep minutes of its meetings and records of all of its financial transactions. The minutes and records shall be available at the school for examination without charge by any member of the public.”

As a matter of consistency, all records are to be retained on school premises for a period of seven (7) years.

**CAUTION:** School councils are reminded that *Regulation 612* of the *Education Act* governs their activities, responsibilities, and reporting requirements. It is the principal’s responsibility to advise school councils when their activities fail to meet the

requirements outlined in the Regulation and Board policies and administrative procedures.

In some schools, separate groups such as a parent teacher association, administer fundraising activities. These groups must follow the same processes prescribed for school councils.

## **10.0 Home and School Associations**

Home and school associations exist as entities separate from district school boards when they are constituted under the umbrella of the Ontario Federation of Home and School Associations. The proceeds from their activities are not part of school generated funds.

## **11.0 School Financial Review**

The Board's external auditors conduct a yearly financial audit of the school generated funds for a number of schools in the Board. Financial Services will also conduct financial and compliance reviews on an annual basis to monitor compliance with the stated administrative procedures. In addition, the Provincial Government has the ability to appoint a Ministry of Education Representative, a Public Accountant or an Auditor General's Office Auditor to conduct an audit of school generated funds at any time. Whether through an external auditor or by other means, all schools may be subject for a review/audit of school generated funds at any time.

### **11.1 Objective**

- To provide a description of a financial review of school generated funds.

### **11.2 Description of a Financial Review**

A financial review is an independent assessment of specific activities, which is used to assist management in the assessment of the organization's plans; ensure that policies and procedures are observed; and assets, liabilities, revenues and expenditures are properly accounted for and reported on a timely basis. The review usually consists of analysis and recommendations regarding the specific activities.

#### **a) Scope**

The scope of the financial review includes:

- Review and assessment of the adequacy and application of financial and other operating controls.
- Review of compliance with Board policies and administrative procedures as they relate to school generated funds.
- Evaluation of the timeliness, accuracy, and usefulness of the school's records and reports.
- Ensuring that school generated funds are properly accounted for and safeguarded from loss.
- Commenting on the extent to which funds raised are used for the purpose stated prior to the funds being raised

#### **b) Involvement of Staff**

The Superintendent of Education, principal, vice-principal, school secretary, other school staff, and the school council chair, can be called upon to provide information and records, and to clarify such information. It is expected that full cooperation will be given to the internal/external auditor in order to complete the review/audit. The auditor will take into account the time pressures on these individuals when making requests for records and will not unduly interfere with school operations.

The principal is responsible for adequate record keeping and the reporting of receipt and expenditure activities. Hence, it is expected that the principal will provide access to all records.

c) Review

The review will consist of the following elements:

- A meeting with the school principal and school secretary.
- Gathering of relevant records from the school, banking institutions, and school council as necessary.
- Review of records and detailed testing of sample transactions and reports.
- Preparation of a draft report and meeting with the principal to discuss and review findings. This meeting will give the auditor the opportunity to informally discuss findings and to give the principal the opportunity to identify any errors or omissions in the draft report.
- Preparation of the final report incorporating any comments/responses from the principal.

d) Reporting

Following the completion of the review, the final report is submitted to the Senior Business Official, the Superintendent of Education, and the principal for action, as required.

## 12.0 Changes in Principal and School Secretary

Changes in principals and school secretaries at schools occur frequently and should not affect the day-to-day administration of school generated funds.

### 12.1 Objective

- To ensure that when the principal and/or school secretary changes, basic financial information is transferred to the new principal and/or school secretary.

### 12.2 General

The accompanying forms (see *FORM 513F*) are to be completed by the existing principal and/or school secretary and a copy of the completed form is to be forwarded to the Finance Manager – School Services. Where possible, it should be reviewed with the new principal and/or school secretary in person.

The incoming principal and/or school secretary, upon receipt of the completed document, will need to verify its accuracy. Any discrepancies should be clearly outlined and forwarded to the Finance Manager – School Services.

The new principal and/or school secretary should arrange for the signing authorities to be updated with the financial institution if the school does not bank with RBC Royal Bank. Financial Services will facilitate all arrangements to the updating of signing authorities for all accounts held with RBC Royal Bank.

**APPENDIX 1: STATEMENT OF STUDENT FUNDS BALANCE**

STATEMENT OF STUDENT FUNDS BALANCE  
[School Name]  
School Year 20XX-ZZ

Opening Balance at August 1, 20XX (Closing balance per 20YY-20XX Statement of Financial Position)	\$ _____	A
+ Income	\$ _____	B
- Expenses	\$ _____	C
	\$ <u>0.00</u>	A+B-C
Adjustment	\$ _____	D
Closing Balance at July 31, 20ZZ (Closing balance per 20XX-20ZZ Statement of Financial Position)	\$ _____	E
Difference	\$ <u>0.00</u>	A+B-C+D-E

If "Difference" does not equal \$NIL please explain:

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Board Funds at July 31, 20ZZ (Closing balance per Summary of Closing Balances for the School Year – Not Reported)	\$ _____	F
Petty Cash at July 31, 20ZZ	\$ _____	G
Outstanding Items (Uncleared Items from Reconciliation)		
+ Expenses (e.g o/s cheques)	\$ _____	H
- Deposits	\$ _____	I
Actual cash balance at July 31	\$ <u>0.00</u>	E+F+G+H-I
Bank balance as of July 31 per bank statement (should equal actual cash balance above)	\$ _____	
Investments	\$ _____	

REPORT COMPLETED BY: \_\_\_\_\_  
Signature Date

REPORT REVIEWED BY: \_\_\_\_\_  
Signature Date

**APPENDIX 2: OVERVIEW UMBRELLA CATEGORY SUMMARY**  
(School Cash Accounting report #4)

ABC Elementary School  
Royal Bank  
  
School Account

<b><u>Activity Fees &amp; Resources Category Umbrellas</u></b>		Opening Balance	Expense	Revenue	Balance
Nutrition Program	822	\$568.95	\$2,134.51	\$2,840.00	\$1,274.44
Reading Program Lunch	910	\$1,017.51	\$1,017.51	\$0.00	\$0.00
	<b>Totals</b>	<b>\$1,586.46</b>	<b>\$3,152.02</b>	<b>\$2,840.00</b>	<b>\$1,274.44</b>
<b><u>Administration Category Umbrellas</u></b>		Opening Balance	Expense	Revenue	Balance
Administration - General	200	\$1,028.16	\$12,497.61	\$11,585.88	\$116.43
Transfers from AMDSB	210	\$168.40	\$604.67	\$0.00	-\$436.27
	<b>Totals</b>	<b>\$1,196.56</b>	<b>\$13,102.28</b>	<b>\$11,585.88</b>	<b>-\$319.84</b>
<b><u>Awards Category Umbrellas</u></b>		Opening Balance	Expense	Revenue	Balance
Graduation - Awards	904	\$807.23	\$3,253.76	\$2,418.34	-\$28.19
	<b>Totals</b>	<b>\$807.23</b>	<b>\$3,253.76</b>	<b>\$2,418.34</b>	<b>-\$28.19</b>
<b><u>Board Grants Category Umbrellas</u></b>		Opening Balance	Expense	Revenue	Balance
Parent Involvement Funding	1530	\$64.23	\$964.08	\$899.85	\$0.00
Speak up Grant	250	\$619.75	\$1,698.53	\$1,078.78	\$0.00
Student Involvement Funding	550	\$0.00	\$1,000.00	\$1,000.00	\$0.00
	<b>Totals</b>	<b>\$683.98</b>	<b>\$3,662.61</b>	<b>\$2,978.63</b>	<b>\$0.00</b>

**Clubs & Activities Category Umbrellas**

		Opening Balance	Expense	Revenue	Balance
Character Club	540	\$1,017.12	\$2,348.16	\$1,331.04	\$0.00
Spirit Club	620	\$318.95	\$358.81	\$39.86	\$0.00
	<b>Totals</b>	<b>\$1,336.07</b>	<b>\$2,706.97</b>	<b>\$1,370.90</b>	<b>\$0.00</b>

**Departments Category Umbrellas**

		Opening Balance	Expense	Revenue	Balance
Library	522	\$114.95	\$1,350.84	\$1,235.89	\$0.00
	<b>Totals</b>	<b>\$114.95</b>	<b>\$1,350.84</b>	<b>\$1,235.89</b>	<b>\$0.00</b>

**Fundraising External Charities Category Umbrellas**

		Opening Balance	Expense	Revenue	Balance
Donations - General	600	-\$215.00	\$186.18	\$401.18	\$0.00
	<b>Totals</b>	<b>-\$215.00</b>	<b>\$186.18</b>	<b>\$401.18</b>	<b>\$0.00</b>

**Fundraising General Category Umbrellas**

		Opening Balance	Expense	Revenue	Balance
Christmas Dinner	1540	\$290.20	\$925.20	\$635.00	\$0.00
Food	814	\$142.00	\$8,012.09	\$7,870.09	\$0.00
	<b>Totals</b>	<b>\$432.20</b>	<b>\$8,937.29</b>	<b>\$8,505.09</b>	<b>\$0.00</b>

**Parent Council Category Umbrellas**

		Opening Balance	Expense	Revenue	Balance
Environmental Account	1560	\$615.94	\$10,537.90	\$11,935.06	\$2,013.10
School Council Account	1500	\$3,011.90	\$16,672.59	\$18,511.55	\$4,850.86
	<b>Totals</b>	<b>\$3,627.84</b>	<b>\$27,210.49</b>	<b>\$30,446.61</b>	<b>\$6,863.96</b>

**Petty Cash Category Umbrellas**

		Opening Balance	Expense	Revenue	Balance
Petty Cash	300	\$0.00	\$1,935.35	\$1,935.35	\$0.00



<b>Totals</b>	<b>\$0.00</b>	<b>\$1,935.35</b>	<b>\$1,935.35</b>	<b>\$0.00</b>
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**Trips/Excursions Category Umbrellas**

		Opening Balance	Expense	Revenue	Balance
Celtic Trip	950	\$34.50	\$17,131.96	\$17,097.46	\$0.00
Excursions - General	700	\$969.12	\$7,863.01	\$6,987.93	\$94.04
Jump Program	720	-\$80.00	\$8,501.29	\$8,581.29	\$0.00
<b>Totals</b>		<b>\$923.62</b>	<b>\$33,496.26</b>	<b>\$32,666.68</b>	<b>\$94.04</b>

**YrEnd Adjustments Category Umbrellas**

		Opening Balance	Expense	Revenue	Balance
YrEnd Outstanding	1810	\$790.14	\$790.14	\$0.00	\$0.00
<b>Totals</b>		<b>\$790.14</b>	<b>\$790.14</b>	<b>\$0.00</b>	<b>\$0.00</b>

<b>Grand Totals</b>		<b>\$11,284.05</b>	<b>\$99,784.19</b>	<b>\$96,384.55</b>	<b>\$7,884.41</b>
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### APPENDIX 3: UMBRELLA DEFINITIONS

Umbrella	Definition	Sources of Revenue	Expenditure Types
Field Trips	<p>All money raise/received to support the cost of excursions and field trips.</p> <p>Category Examples: Field Trips/Excursions, Camp Celtic, JUMP</p>	<p>Student collections, transfers from “other” categories, specified fundraising.</p>	<p>Entry/admission fees, bussing, payments to vendors for goods/services sold.</p>
Fundraising – Capital Assets	<p>All money raised/received for products sold or activities that are intended to generate profits to be used toward the purchase of capital items.</p> <p>Category Examples: Smartboard, Playground</p>	<p>Monies collected in the sale of goods/provision of services within the community, donations, and transfers from “other” categories.</p>	<p>Payments to vendors for goods/services sold, payments to vendors for capital items purchased.</p>
Fundraising – External Charities*	<p>All money raised/received in support of an external charity. This charity would be registered with the Canada Revenue Agency.</p> <p>Category Examples: Red Cross, Terry Fox, United Way, Heart &amp; Stroke</p>	<p>Monies collected in the sale of goods/provision of services within the community, donations.</p> <p>*Net proceeds must equal donations to charities.</p>	<p>Payments to external charities, payments to vendors for goods/services sold.</p> <p>*Net proceeds must equal donations to charities.</p>
Student Activities & Resources	<p>All money raised/received relating to student activities and resources, including student fees.</p> <p>Category Examples: Student Fees, Athletics and Athletic Teams, Student Council, Book Fair, Departments/Classrooms, Agendas, Yearbooks</p>	<p>Student collections, transfers from “other” categories, specified fundraising.</p>	<p>Payments to vendors (e.g. yearbook supplier), bussing, tournament fees, classroom resources, event costs (e.g cost of dance run by Student Council), and payments to vendors for goods/services sold.</p>
Other	<p>All money raised/received that does not fit into one of the other categories.</p> <p>Category Examples: Administration General, Bank Charges, Interest, Donations, Commissions, Parent Council</p>	<p>Transfers from “other” categories, monies collected in the sale of goods/provision of services within the community, bank interest, and commission/rebate cheques.</p>	<p>Transfers to “other” categories, bank interest, payments to vendors for goods/services sold.</p>

**APPENDIX 4: STATEMENT OF FINANCIAL POSITION**  
 (Generated by School Cash Accounting as part of year-end rollover)

**Avon Maitland District School Board**

**ABC Elementary School**

**Statement of Financial Position  
 School Account  
 Royal Bank**

**As At: 07/31/2012**

	<b>2011-2012</b>	<b>2010-2011</b>
<b>FINANCIAL ASSETS</b>		
Cash and Cash Equivalents	\$7,884.41	\$10,600.70
Accounts Receivable – other	\$0.00	\$0.00
Investments	\$0.00	\$0.00
<b>TOTAL FINANCIAL ASSETS</b>	<b>\$7,884.41</b>	<b>\$10,600.70</b>
<b>FINANCIAL LIABILITIES</b>		
Account Payable – other	\$0.00	\$0.00
Deferred Revenue – other	\$0.00	\$0.00
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>NET FINANCIAL ASSETS (LIABILITIES)</b>	<b>\$7,884.41</b>	<b>\$10,600.70</b>