



Maryville City Schools

Student Activity Funds Management

Standard Operating Procedure Outline

<i>Category:</i>	Fiscal Management	<i>Department:</i>	School Audit		
<i>Procedure:</i>	Student Activity Funds Management				
<i>Policy Reference #:</i>	2.900	<i>Version:</i>	1.0	<i>Date Revised:</i>	12/21/22

Operational Objective(s)

To provide guidelines for accountability that MCS schools and school principals with the responsibility of managing student activity and other internal school funds are operating with transparency regarding public funds and by maintaining adequate records, following acceptable procedures to account for all internal school funds in accordance with the Internal School Funds Manual.

Internal School Funds Manual

The Internal School Funds Manual was published by the State Department of Education with the approval of the Comptroller's office. This manual provides uniform policies and procedures for the management of student activity and other internal school funds in public schools. The purpose of this manual is to provide the minimum accounting procedures and documentation necessary to provide the required accountability. Section 49-2-110 requires local systems to adopt this Manual and maintain all books and records in accordance with the requirements of it. A copy of the most current edition of the Internal School Funds Manual should be maintained on school premises by the principal, making it available to all school personnel. The principal and bookkeeper should be thoroughly familiar with its contents.

Administration of Internal School Funds

Definition of Student Activity Funds and Internal School Funds

Student Activity funds include money received from any source for school-sponsored student activities or school-sponsored events held at or in connection with a school, and specifically include but are not limited to various other sources of revenue raised by the school.

Internal School funds are any and all money received and accounted for at individual schools including student activity funds, and specifically include various other sources of revenue raised, charged, collected, or transferred by or to the school.

Student activity funds must be used for normal and legitimate extracurricular activities and not to replace funds the School Board is legally obligated to provide for an instructional program, property, equipment, salaries, and staff development.

Accountability, Reporting, and General Principles

Each principal shall ensure that all school personnel comply with the Internal School Funds Manual and with any additional regulations, standards, or procedures for student activity, or other internal school funds.

Money or property received by a school official, employee, or volunteer acting as a representative of the school, becomes public money or property. Those funds must be receipted and deposited into the appropriate student activity or internal school fund account. School purchases made with student activity funds must be shipped to the school and become the property of MCS.

**For specific financial processes related to the School Bookkeeper position, School Bookkeepers must reference the School Audit Online Bookkeeper Manual.*

All information and documentation related to student activity and internal school funds must be retained on file. All manually prepared documents must be recorded in blue or black permanent ink.

Internal Control Systems

Principals must ensure that control systems are in place to provide reasonable assurance that internal school funds and related inventory: (1) are spent and used in accordance with laws, regulation and policies; (2) safeguarded against waste, loss and misuse; and (3) reliable information is obtained, maintained and fairly presented and disclosed in reports. Control systems must also be in place concerning the plan of organization and the procedures and records that relate to the safeguarding of internal school money and related inventory, and the reliability of financial records. The Internal School Funds Manual provides detailed minimum requirements for control systems that must be in place and followed.

Safekeeping of Cash

School funds must be deposited daily, if possible. However, it must be deposited intact (in the form and amount in which collected) in banks within three (3) banking days from the initial collections. This means change must not be made from funds that are received. The first day of collection is the first day your deposit should be made. School money should never:

- Be taken home by employees or deposited into an employee's personal banking account.
- Be left unattended or overnight at a school unless it is stored in a vault or safe with the proper collection documents. Funds left overnight at a school should never exceed the amount of insurance coverage for the school.
- Be given to a student by an employee in their official capacity to handle or be responsible for the funds.

All MCS schools must have a combination safe or vault for the safekeeping of school funds. The safe or vault should not be located in the bookkeeper's office. It is highly recommended that a depository style safe with a deposit drop box is purchased. Combinations to the safe or vaults must be restricted to authorized employees set forth by the principal and changed once every two years or upon a change in personnel with access to the combination. A copy of the combination must be filed with the Director of Schools or the Director's Designee. All losses must be documented and reported immediately to the School Safety department and the School Audit department. If loss is related to fraud, waste, or abuse, the Comptroller of Treasury fraud reporting requirements should be followed.

Retention and Disposal of Records

All school funds accounting records and supporting documentation are the property of MCS and must be preserved for a minimum of five (5) school years after the last entry or entry creation or until all applicable audit exceptions are resolved, whichever is later. Unless specifically authorized by the board, the records must be preserved in the applicable individual school.

Records may be destroyed at the end of the retention period. The disposal process should be supervised by the principal to ensure complete destruction. It is highly recommended to secure services of a reliable vendor for the disposal of records to decrease exposing bank information. A detailed list of all records destroyed and the destruction date should be prepared, signed by all persons participating in the disposal of records & should be kept on file, and submitted to the Director of schools.

All MCS schools must have a combination safe or vault for the safekeeping of school funds. The safe or vault should not be located in the bookkeeper's office. It is highly recommended that a depository style safe with a deposit drop box is purchased. Combinations to the safe or vaults must be restricted to authorized employees set forth by the principal and changed once every two years or upon a change in personnel with access to the combination. A copy of the combination must be filed with the Director of Schools or the Director's Designee. All losses must be documented and reported immediately to the School Safety department and the School Audit department. If loss is related to fraud, waste, or abuse, the Comptroller of Treasury fraud reporting requirements should be followed.

Retention and Disposal of Records

All school funds accounting records and supporting documentation are the property of MCS and must be preserved for a minimum of five (5) school years after the last entry or entry creation or until all applicable audit exceptions are resolved, whichever is later. Unless specifically authorized by the board, the records must be preserved in the applicable individual school.

Records may be destroyed at the end of the retention period. The disposal process should be supervised by the principal to ensure complete destruction. It is highly recommended to secure services of a reliable vendor for the disposal of records to decrease exposing bank information. A detailed list of all records destroyed and the destruction date should be prepared, signed by all persons participating in the disposal of records & should be kept on file, and submitted to the Director of schools.

Operating Procedures

Separation of Duties

The use of additional financial staff is necessary for optimal separation of duties. However, some schools may not have adequate personnel to allow someone other than the bookkeeper to collect money and write receipts. In these situations, school personnel should develop alternative procedures that minimize the risks associated with this lack of separation of duties.

When at all possible, someone other than the bookkeeper should collect money and write receipts.

Principal Responsibility of Authorizing Collections

Prior to authorizing or requiring any collections, the principal must evaluate the ability of school personnel to provide the required accountability. The use of teacher assistants and other support staff could be considered, as well as schedules designating the time of day for collecting and remitting the collections to the central school's office. This schedule should be developed with the understanding that all money must be deposited within three days of the initial collection. The principal should never authorize or require any collection which cannot be adequately accounted for.

Collection Records and Procedures for School Employees

Principals are responsible for safeguarding and proper recordkeeping of all student activity funds. There are several acceptable methods for recording and accounting for money collected in schools. All financial documents are legal documents and must be completed in all blue or all black ink. The bookkeeper should never prepare, receipt, & reconcile a collection document in any instance. One of the following documents must be completed when appropriate:

a) **Collection logs**

A collection log may be used to record individual collections. Collection logs should be used when a record of student participation is required such as field trips, school pictures, annuals, etc. The log is completed at the time the money is collected and the white copy of the log must be turned in to the bookkeeper along with the funds collected. The log documents the name of the school, the purpose of the collection, the name of the teacher/other or club/class, the payers, amounts remitted, methods of payment, the date(s) of collection, and the daily total. Noted errors should be corrected and unexplained differences should be documented. The yellow copy of the logs are kept by the teacher and attached to the teacher's copy of the receipt in numerical order. For internal controls, the bookkeeper should never come in contact with the yellow copy of the teacher's log. The principal will store the teacher's envelope with their yellow copies of the logs for a minimum of five (5) years for auditing purposes.

NOVASTONE

Learning

b) Pre-numbered Subsidiary Receipt Books

Subsidiary receipt books are used where the amount paid by each individual is significant or where the parent or student would expect proof of payments (yearbooks, student fees, athletic fees, Prom or Senior dues, etc.). The carbon copy of the subsidiary receipt must be attached to the teacher's yellow copy of the collection log. If necessary, a third copy of the subsidiary receipt may be requested with the bookkeeper's white copy of the collection log. Requirement of subsidiary receipt books are at the discretion and advisement of the internal audit department.

c) Count of Collections Form

The Count of Collections form is used for activities such as bake sales, car washes and concessions that preclude remitting money to the bookkeeper directly following the close of an event and do not lend themselves to the use of a collection log or pre-numbered receipt. This form may also be used instead of the ticket reconciliation form and collection log for events where admission price is less than \$1.00.

(1) In order for internal controls to be effective, two individuals must be present to collect funds. The count of collections form must be signed by both responsible individuals. The collections along with the original count of collections form that has been signed by both individuals should be turned in to the bookkeeper for a receipt.

(2) This form should include the date, purpose, account number, individual collecting funds, beginning change, and total profits/sales collected. A copy of the count of collections form must be kept by the responsible school employee and attached to the teacher's copy of the receipt in numerical order.

(3) When required, an inventory control sheet must accompany the count of collections form (i.e., concessions, unhealthy snack sale, spirit wear, etc.). Total cash deposited on the count of collections form must agree to the inventory control sheet. If a discrepancy between the count of collections form, inventory sheet, and the official receipt exists, the responsible individual for the activity should review and report to the principal in writing to determine the necessary actions. Also, all discrepancies of \$25 or more must be reported in writing to the school's Auditor.

Additional Internal Controls for Collection Procedures

All funds collected or received by school employees must be remitted daily to the bookkeeper and deposited intact in the form and amount in which it was collected (coins, bills, and checks). Funds collected should never be kept overnight, used to make cash purchases, or given to a school support organization.

- The principal should designate someone other than the bookkeeper to open the mail daily. Upon receiving any checks and money orders in the mail, the designee should appropriately log them and give them to the bookkeeper. The bookkeeper must

endorse all checks and money orders for deposit immediately and update all accounting records. If there are staff constraints that hinders this process the principal may designate the bookkeeper as the last option. However, if checks and money orders are in the mail, someone other than the bookkeeper must log those checks and money orders.

- Collections must be promptly recorded in the accounting records and deposited within three (3) banking days after the collections are received. The first day of collection is the first day funds should be deposited.
- For internal controls and the safeguarding of school funds, two or more employees that have a kinship should never be assigned together to handle and count school funds for any school activity or event.
- All correspondence to parents regarding the collection of school funds must outline the intended purpose in which funds will be used and itemized when possible for transparency.

If a non-faculty coach is hired to oversee a school activity, an official school district employee must be designated to assist with the collection of funds in lieu of the non-faculty coach or a district approved electronic method must be used for the collection of funds for the school activity.

Intact Deposits and Deposit Slips

Collections should be deposited intact. Intact means that collections are deposited in the form and amount in which they are collected. All money collected must be deposited in the next deposit. No collections should be withheld from the deposit for any reason.

Deposit slips must be completed in duplicate when making a deposit. All checks must be listed individually on the deposit slip or an attached list, itemizing the name of the payer or check number and the amount. A validated deposit slip or duplicate deposit slip with a bank deposit receipt that is given to the bookkeeper must be attached to the deposit analysis and reviewed & signed by the principal.

Bank Reconciliation

Bank statements must be reconciled monthly. Bank reconciliations should be prepared within 10 days after the bank statements are received from the bank. To ensure that bank reconciliations are completed on a timely basis, the bank reconciliations must be processed by the school no later than the 15th of the following month and submitted to the School Audit department by the 20th of that month.

Canceled checks and any bank charge / bank credit documentation must be retained on file with the applicable bank statements for future reference and audit purposes and should not be filed with paid invoices or purchase requisitions. If electronic statements are issued, the school should require the bank to include both the front and back of each check and deposit slip and require that the images be of such quality and size that they are clearly legible. When imaged copies are not included with the bank statement, the school should request the bank to send the copies to the school or download copies from online banking for canceled checks and deposit slips. Front and back copies of canceled checks are required regardless of the method used.