Student Organizations

- Student clubs and classes are usually recognized as school activities.

- Student officers and a faculty sponsor operate the organization while the school principal acts in a fiduciary capacity over the organization’s funds.

- Monthly financial reports should be reviewed by the sponsor and student officers.
### Student Organizations

- The school’s accounting records contain a separate account to record the financial operations of each student organization.
  - Income from the student organization is recorded by receipts and deposited in the school bank account.
  - The school principal approves the purchase orders, signs the checks, and maintains the supporting documents for the expenditures.
- Must follow local board policies for receipts and disbursements.

### Athletics

- School athletics are under the control of the school principal.
- Coaches and other school employees cannot maintain a separate bank account that supports, or benefits from, a school extra-curricular activity.

### Athletics

- Athletic funds are maintained in the school bank account and include:
  - Gate receipts
  - Game programs
  - Vendor advertising
  - Parking *
  - Athletic concessions *

* When athletic events are held on locations other than school property, the school principal’s control over the financial operations of the event, including ticket sales, concessions, and parking fees, will be determined by agreement with the entity in control of the event location.
Income/Revenue

- Fundraisers
  - Number of fundraisers allowed
  - Fundraiser authorization and participation
  - Fundraiser Reconciliation Form
- Admissions
  - Pre-numbered tickets
  - Ticket seller and ticket collector
  - Sales reconciliation and inventory of tickets
  - Principal’s approval
- Concessions
  - Proper internal controls over cash/sales
  - Timely deposits
  - Separate activity code for vending vs. concessions
  - Inventory analysis and profit expectations
- Dues/Membership Fees
  - Proper receipting

Fundraising

- Each school fundraising activity should be approved by the Principal.

- A form requesting authorization for a fundraising activity must be approved by the Principal before the start of the fundraising activity.

- Fundraising activities involving students should be supervised.
**Fundraising**
- All funds collected must be delivered to the Principal for a Master Receipt.
- DO NOT USE FUNDS TO CASH CHECKS!
- Fundraising collections must be deposited on a timely basis. Collections should NOT be held until all funds are collected.
- Sales awards to students should be pre-determined and approved by the Principal.
- Do not make payments from funds collected.

**Fundraising**
- A school employee cannot receive a gift or gratuity from the fundraising vendor.
- After completion of the fundraising activity, a form that documents the result of the fundraising activity should be submitted to the Principal and reconciled to the Master Receipts.

**Admissions**
- Pre-numbered tickets should be sold at all events where admission is charged.
- Tickets sold for different amounts for the same event should be different number series in order to account for funds at varying ticket prices.
- The ticket collector should not be the ticket seller.
Admissions

• A report of ticket sales should be issued to each individual responsible for selling tickets.

• The Principal or responsible school official should enter the following information on the report of ticket sales when the tickets are issued to the individual seller:
  • Name and date of event.
  • Name of seller.
  • Beginning and ending number of each series of pre-numbered tickets issued to seller.

• When ticket sales have ended, ticket seller should complete the following information on the report of ticket sales:
  • Beginning and ending number of each series of tickets not sold.
  • Reconciliation of tickets sold to cash.

• The Principal or school official receiving the cash and unsold tickets will sign the report.

• A Master Receipt should be issued to the responsible individual for the cash collected from ticket sales after counting the funds.

• A separate Master Receipt should be issued to the responsible individual for the change cash after counting the funds.

• Do not use cash collected or change cash to cash checks, including school checks issued for officiating, security, ticket sellers, or ticket collectors.

• The Principal cannot issue any complimentary passes without the express authority of the local school board.
Common Problems noted by the Examiners

Receipts from Athletic Activities

- Pre-numbered tickets should be used for all athletic events
- Control sheets should be maintained documenting the beginning and ending ticket numbers issued for each event
- Check-up sheets should be used to document the number of tickets used and cash turned in.

Concessions

- An inventory must be maintained for items sold at event concessions, school concessions, and school stores.

- The inventory of items purchased, items sold, and items unsold should be reconciled to cash collected.

Dues Receipts – Completion

- Manually prepared receipts:
  - Pre-numbered, duplicate receipts
  - Issued in numerical order
  - Original signature – no signature stamp
  - Cannot be pre-signed
  - Receipt should be made to the name of the individual actually delivering the funds
  - The completed original receipt should be given to the individual delivering the funds.
Dues Receipts – Completion

- Retain voided receipts for audit.
- No correcting fluid or erasures.
- Complete with indelible ink.
- DO NOT CASH CHECKS!
- Do not use cash collected for change cash or expense payments.

Dues – Master Receipts

- Issued in the school office.
- Issued only after counting the amount of the funds at the time the funds are received.
- Teacher should not leave funds and come back later to get receipt.
- The teacher should bring the receipt documents to the office with the funds.
- Funds should be counted and verified to the receipt documents before the Master Receipt is written to the teacher.

Dues – Receipts

- The sponsor is responsible for funds collected until turned in to the office.
- No funds should be left in the classroom overnight or taken home.
- Do not hold funds until the collection is complete. Timely deposits of funds collected is required.
Common Problems noted by the Examiners

RECEIPTS
- Receipts are to be deposited timely and intact. If receipts are not deposited daily, there is more opportunity for problems / theft.
- "Master Receipts" should note if the amounts were cash or check
- If a receipt is voided, "voided original should be stapled to copy in receipt book.

PURCHASING

Purchase Orders
- The Principal should approve all purchases that will be paid from school funds.
- A completed, pre-numbered purchase order should be approved by the Principal before the purchase.
- Capital Improvements & Contracts should be approved by the Board.
Invoices

- An invoice should be obtained for each purchase before payment is made.
- IRS Form W-9 should be completed & maintained on file to determine necessity of 1099 at year-end.
- The invoice should provide:
  - Pre-printed vendor name & address
  - Description of purchase
  - Itemized listing of items purchased and item price
  - Shipping & handling charges
  - Total amount of the purchase.

Invoices

- Unless provided in another document, the individual receiving the items should sign the invoice to verify the items billed were actually received.
- Match the invoice to the purchase order before processing payment.

EXPENDITURES
Expenditures
- Payments for school expenditures should be made from the school's checking account.
- Do not write checks to "Cash".
- Do not sign checks that do not contain the check recipient's name and the amount of the check.
- Do not pay for items in advance.
- Invoices and supporting documents should be provided with the check to be signed.

Expenditures
- Vendors should be paid on a timely basis.
- Sales tax should not be paid on purchases.
- School employees may not use the school's tax exemption for personal purchases.

Common Problems noted by the Examiners
**Documentation of Expenditures**
- All expenditures paid by a local school should contain the following source documents
  - Purchase order signed by the Principal
  - Signed receiving slip
  - Original invoice (vendor statements are not acceptable)

NOTE: Please stamp invoice "paid" and write the date paid and check number on the invoice.
Common Problems noted by the Examiners

Salary Supplements

- All salary supplements paid to school personnel should be included in the employee’s gross wages ….. even if supplements are paid by booster organizations.
- IRS regulations do not permit an employer to send a Form 1099 to an employee, wages must be included on the W-2.
- Payments to employees MUST go through the payroll process unless specifically approved by the CSFO.

Common Problems noted by the Examiners

Loans

- Only the Board can borrow money for a school.
- The loans must be approved by the members of the Board.
- Capital Leases should also be approved by the Board.
- Schools can not loan money to clubs, PTA’s, etc.

Common Problems noted by the Examiners

Deficit Balances – Non Public Accounts

- Deficit balances in non-public activities / accounts are not allowed.
- The school can not loan money or extend credit to individuals per the State Constitution.
- The Principal / Bookkeeper should ensure money is available for a non-public expenditure prior to authorizing a purchase order.
Public vs. Non-Public Funds

Public Local School Funds
- Funds received from public (tax) sources/appropriations for the general operations of the local school under the control and direction of the Principal.
- Public funds are restricted to the same legal requirements as system funds at the district level.
- Funds are generally classified as "public" when the following criteria are met:
  - Money generated school-wide
  - Money used for all students instead of individual group
  - Money controlled by the Principal or a school employee

Public Funds - Revenue
- Admissions
- Appropriations
- Concessions
- Commissions
- Dues & Fees – Required
- Fines & Penalties
- Fund Raisers*
- Grants
- Sales
- Donations*

*In specific situations, these may be considered Non-Public
Non-Public Local School Funds

- Funds received by an organization’s or club’s sponsor or officer not usually used for the general operations of the school.
- Non-Public funds are restricted to the intent and authorization of various organizations (their officers and members), and are not under the direct control of the Principal, although he/she has the authority to prohibit inappropriate expenditures.
- Funds are generally classified as “non-public” when the following criteria are met:
  - Money generated by a particular group
  - Money used for that particular group
  - Money controlled by the students and/or a parental organization

Non-Public Funds - Revenue

- Dues & Fees – Self imposed by clubs or classes
- Fund Raisers*
- Donations*
- Accommodations*
- Other*

* In specific situations, these may be considered public funds

Fiduciary Responsibility of the Principal

- Ultimately it is the Principal’s responsibility to ensure that funds are collected and disbursed in accordance with local board policies.
- The Principal must be familiar with all local school financial policies so that he or she will not permit practices contrary to the policies.
Fiduciary Responsibility of the Principal

- The following are some general rules regarding the financial affairs of the schools. These rules, as well as the accompanying procedures and policies will be subject to audit.
  - School funds will be receipted and deposited in the school account on a timely basis.
  - Expenditures will be paid by check (or approved payment procedure) and supported by proper documentation.
  - Purchases will be approved by the Principal (with a signed purchase order when required) before the purchase is made.
  - Accounting records will be posted daily.
  - Bank statements will be reconciled monthly.
  - Monthly financial reports reflecting accurate balances and activities of the accounts of the school will be reviewed and approved by the principal.

Fraud Cases

- Fraud Triangle
  - Opportunity
  - Motivation
  - Rationalization

QUESTIONS

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