

# AR DI-R Accounting and Reporting of Funds Financial Statements, Reports and Audits

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## SCHOOLS AND OFFICE ACCOUNTING

The methods and procedures by which schools and the district office handle their financial receipts and expenditures will be determined by the superintendent or his/her designee.

These methods and procedures will be sound financial procedures normally adhered to by successful business organizations and set up in such a way that all monies can be accounted for by an annual audit.

The following are the minimum records that must be kept in order for school records to be audited:

## COLLECTIONS AND RECEIPTING

All cash, money orders, and checks received shall be receipted by the teacher/sponsor using pre-numbered receipts from District assigned receipt books; and, must be **submitted to the school bookkeeper or secretary daily, and secured in a locked safe, locked vault or another securely locked location without exception.**

Once funds are collected and receipted, **refunds of cash are not permitted from the funds collected.** The funds must be deposited and a check written/disbursed for the refund. *In case an event is cancelled for monies already collected, the bookkeeper shall issue refunds by writing a check to respective person(s).* Also, **making/giving change from funds collected is not permitted.** However, when the teacher is collecting cash from students, change may be given, if available. **The bookkeeper is not permitted to give change from student activity funds. Exact funds turned in to the bookkeeper from teachers/sponsors must be deposited, intact.**

Checks written to the school shall be accepted only in payment of an obligation; **no checks may be cashed as a service to an employee, patron, or student.** Checks must be stamped "for deposit only". Make sure the purpose for the check is written on the face of the check. **IT IS AT THE PRINCIPAL'S DISCRETION WHETHER TO ACCEPT PERSONAL CHECKS AT THE SCHOOL.**

**Checks, money orders, and cash collected must be kept in a locked safe, locked vault or another securely locked location at all times** prior to pick up by the courier service.

## DISTRICT RECEIPT BOOKS

District receipt books will be issued to each school's secretary/bookkeeper at the beginning of the school year by Financial Services. The District will in turn bill each school for the cost of receipt books received. **NO OTHER RECEIPT BOOKS SHALL BE USED FOR RECEIPTING STUDENT ACTIVITY FUNDS.** Only the individual who signs for the receipt book on Form 800-5 shall receipt funds in the receipt book issued. **NO OTHER PERSON IS ALLOWED TO USE THIS ASSIGNED BOOK.**

**ONLY EXCEPTION: During the Summer Break when staff at the school is limited can more than one person use the "OFFICE" receipt book. There must be a separation in who signs the individual receipt and who signs the summary receipt.**

The bookkeeper/secretary must keep a **Receipt Book Log (Form 800-5)** listing all receipt books issued (**used and unused**) and indicating the date and to whom each receipt book has been issued. Bookkeepers shall issue receipt books to teachers on an *as needed basis*. The bookkeeper shall have each **teacher/sponsor** who receives a receipt book **read and sign the Teacher/Sponsor Receipt Book Procedure Form 800-5A** verifying receipt of the book and procedures that must be followed when receipting monies. All issued receipt books must be returned to the

office at the close of the school year for balancing and audit purposes. All “**used**” receipt books must be accounted for and turned in to Financial Services at the time of the year-end close-out appointment.

**NOTE:** Before giving the teacher a new receipt book, have the teacher write the word “SUMMARY” on the **last receipt** of the receipt book. This summary shall be written for the last receipts recorded in the book. This will ensure that the book balances at year-end. The teacher shall request another receipt book to continue receipting funds.

## **RECEIPTING FUNDS**

Receipts are accounted for in the following way and should be used to document all funds collected: **(ALWAYS WRITE RECEIPTS IN INK)**

1. Pre-numbered, in duplicate issued by Financial Services at a cost to the school.
2. The original receipt (white) is given to the person making the payment.
3. The duplicate is retained in the receipt book as a permanent record.
4. A summary receipt is prepared by the teacher/sponsor for funds collected for that given day. For audit purposes, the **receipt book number** from which the summary receipt was written shall be **recorded at the top (left) on the summary receipt**. The teacher/sponsor should not sign this receipt.

**NOTE: Bookkeepers shall verify the source of funds collected before signing off on the summary receipt to determine if the funds should be deposited into the Student Activity account.** (For example: Teachers raising money to feed parents or PTO collections – this is not permissible.)

5. When the teacher/sponsor turns funds in to the bookkeeper/secretary, the bookkeeper must count all monies received, add individual receipts, and ensure monies received and individual receipts total the summary receipt written. The bookkeeper then signs the summary receipt. Until the bookkeeper signs the summary receipt, the teacher/sponsor is responsible for safeguarding funds collected. Once the summary receipt is signed, the bookkeeper is then responsible for safeguarding funds.
6. The teacher/sponsor shall submit the receipt book to the bookkeeper once collections for the event/activity has ended. Receipt books shall be locked in a secure area. The book shall be re-issued to the teacher upon the next event/activity.

**NOTE:** When an error is made on a receipt, it shall be voided and a new receipt issued. The original “VOID” receipt must remain in the book and the word “VOID” written across both the original and duplicate. Do not destroy, or in any way alter the writing on the duplicate pages of the receipt book.

**NOTE:** Students are not permitted to receipt funds, nor take funds to the bookkeeper’s office.

**NOTE: EXCEPTIONS FOR USE OF INDIVIDUAL RECEIPTS:**

- (1) When pre-numbered tickets are used.
- (2) When using Form 800-12 for collections of \$10.00 or less.

## PROCEDURES FOR LOST RECEIPT BOOKS

The teacher should write a statement using the school's letterhead addressed to the principal and the bookkeeper explaining what occurred. If the teacher is no longer with the school, the bookkeeper should write the statement. The bookkeeper shall track what was receipted in the receipt book from the summary receipt(s) keyed when recording the deposit on the system. Create a log and record each deposit by listing the summary receipt number, amount of the deposit, the date of the deposit, and the account the money was deposited to.

Staple the teacher's statement and the log together.

Attach the adding tape.

List the figures on Form 800-5.

Remember to record the figures on Form 800-5.

This will replace the lost receipt book to turn in at year-end.

All used receipt books must be turned in at year-end. Do not tear out receipts and re-issue a book for the next fiscal year. **Any receipt book “used” during a fiscal year, must be turned in at the end of the same fiscal year. “Unused” receipt books may be retained in the bookkeeper’s office and issued to teachers during the next school year.**

## REVENUE

No student activity fund will be conducted for the sole purpose of producing revenue. Revenue raised must be for a specific school sponsored activity. Because it is intended that student activities be self-supporting, only the amount of revenue necessary to establish and maintain the activity is acceptable. **Revenue collected for a specific purpose must be expended for the purpose collected.** (Example: money collected for a field trip must be used for that field trip, not another.) Excess balances shall be either refunded or used for the student population who paid or raised the funds.

## DEPOSITING

The bookkeeper/secretary shall deposit funds daily and intact, without any deductions utilizing the courier services contracted by the District. **In the bookkeeper’s absence, the principal shall assign someone already trained to receipt, safeguard and deposit funds.**

1. A deposit of all cash and checks (money orders shall be listed as checks) must be made daily utilizing the courier service contracted by the District. **Each deposit must be bagged separately when sending multiple deposits to the bank.** Enter the deposit information on the log sheet provided by the courier service. Lock the deposit in the safe/vault to await the courier service pickup. **DO NOT LEAVE MONEY UNPROTECTED!! Bookkeepers shall not take deposits to the bank.**

**Reminder: COMBINATION TO SAFE/VAULT MUST BE CHANGED WHEN THERE IS A CHANGE IN BOOKKEEPER OR PRINCIPAL!!**

2. Every effort shall be made to ensure all cash and checks are deposited before leaving for winter and/or spring holiday breaks and before the bookkeeper leaves for summer vacation. If the courier service misses a pickup, monies must be properly secured in a safe/vault and deposited immediately upon return to the office.
3. All deposit tickets shall be made in triplicate. The original and one copy shall be included with the bank deposit and placed in the sealed courier bag. One copy shall be maintained in the school’s files. Also, two (2) adding machine tapes listing the money (by denomination) and all checks deposited shall be made – one to be included with bank deposit – one to be kept on file with the duplicate deposit ticket. Summary receipts covered by the deposit shall be attached to the school’s copy of the deposit ticket and placed in the monthly deposit envelope. Receipts shall be posted to the system based on

deposits made. Key the summary receipt numbers which make up the deposit in the “note” field in the system.

#### 4. Steps to perform when all collections for the day have been made:

- a. Count all money collected.
- b. Match all money collected for the day to the total receipts written for that day. Summary receipts for the day should match total individual receipts written for the day.
- c. Funds for deposit shall be packaged as follows:
  - Sort currency** by denominations: \$1’s, \$5’s, \$10’s, \$20’s
  - Roll coins** by denominations: \$.01, \$.05, \$.10, \$.25
  - Stamp the back of each check** and money order
  - Include adding machine tape** with each deposit to show money counted and a listing of each check (money order) in the deposit. Keep a copy of the adding tape for your records attached to your copy of the deposit slip.
  - NOTE:** Money orders shall be recorded as checks.
  - NOTE:** Paper-clip (or rubber band) the checks to the deposit slip.

**VOIDED DEPOSIT TICKETS** must be recorded in the accounting system as they occur. Key it to the *general fund* account number and the amount would be zero. Write “VOID” across the ticket and file it with the monthly copies of deposit tickets.

**NSF CHECKS:** If a non-sufficient funds check is received, a letter shall be written and mailed to the individual who wrote the NSF check immediately after receipt of the returned check from the bank. The teacher/sponsor who collected the NSF check is responsible for contacting the person who wrote the NSF check. Refer to the District’s **Check Acceptance/Returned Check Procedure** for further details regarding returned checks. With permission of the principal, the bookkeeper may refuse to accept further checks from anyone who has previously written a NSF check. Post NSF checks as soon as they are received and make every effort to collect. Once money is collected for the NSF Check, post the redeposit.

#### **PURCHASING**

1. Items purchased **under \$1,500** with local school funds (student activity) shall be exempt from the District’s Procurement Code. However, items purchased for \$1,500 or greater must follow the District’s Procurement Code, as outlined in the “Code” found on the District’s website. A Student Activity purchase requisition (Form 800-8, Part 1) must be completed prior to making any purchases with Student Activity funds and must be approved by the principal. *The District’s Procurement Code is available on-line for details.*

Note: Purchase Requisitions shall not be necessary for quarterly district billings: bank charges, supplies, field trips, etc.

Note: Blanket purchase requisitions shall only be used for a “specific” vendor, such as Pepsi, Pizza Hut, Dominos, etc.

2. For purchases made with **General Fund and Grant Funds**, the District’s Procurement Code shall be strictly adhered to. District purchase requisitions must be processed through on-line requisitions via the District’s Accounting System or through Procurement Services. -- ***See District Procurement Code.*** Follow Financial Services’ Accounts Payables guidelines for the receipt of items and payment of invoices.
3. All invoices for items purchased with Student Activity funds must be submitted directly to the bookkeeper/secretary for payment.

4. All purchases and/or donations of equipment must be reported to Property Accounting in Financial Services. Contact Property Accounting for appropriate form.

## **DISBURSEMENTS**

1. Checks shall be ordered from the authorized vendor selected by Financial Services. Checks must be pre-numbered and pre-coded with the school's location code preceded by the check number.
2. Checks shall be made payable to the person or company from whom items were purchased or services rendered. **Vendors shall not be paid in cash from funds collected.** Checks should not be made payable to "CASH", nor shall "Blank Checks" be pre-signed. **No checks shall be written for payroll purposes.** All employees must be paid through the District's Payroll Office in Financial Services.
3. Checks written shall be supported by a prior approved requisition (Form 800-8, Part 1), an invoice and/or statement from vendor, and a request for payment. The top portion of Form 800-8, Part 1 shall be completed by the teacher/sponsor and approved by the principal before submitting the request to the bookkeeper. The bookkeeper completes the bottom portion at the time of writing the check. (Form 800-8, Part 2) form signed by the principal. **ALL INVOICES MUST BE PAID BY CHECK, NO CASH TRANSACTIONS SHALL OCCUR.**

**NOTE: PETTY CASH SHALL NOT BE INCLUDED WITH STUDENT ACTIVITY FUNDS OR USED TO PAY STUDENT ACTIVITY EXPENDITURES.**

4. When a check is payable to the principal, the Executive Director of Schools shall sign Form 800-8, Part 1. The principal shall sign Part 2. The Chief Financial Officer shall sign the check. In the absence of the Chief Financial Officer, signature may be obtained from the Chief Operations Officer or the Superintendent.
5. All checks written must be recorded in the student activity accounting system. Checks shall be posted to the system as written and keyed by check number, amount, and vendor. One (1) copy of each check written (include the sequential list of checks which lists the range of checks attached) must be forwarded weekly to Financial Services. Checks written during the last week of the month must be received by the last day of the month unless instructed otherwise by Financial Services. **NOTE: THE USE OF A SIGNATURE STAMP IS PROHIBITED.**  
Follow the instructions listed when sending checks:
  - a. Place checks in numerical order (including original voids)
  - b. Paper clip/Staple each batch of checks
  - c. A "Sequential List of Checks" report listing only the range of checks submitted must be included when checks are sent to Financial Services.
6. Checks written in the amount of \$1,500 or more to a given vendor must not only be signed by the principal or his/her designee, but also by the Chief Financial Officer. In the absence of the Chief Financial Officer, signature may be obtained from the Chief Operations Officer or the Superintendent. Copies of the invoice, Form 800-8, and the general ledger report must be included with the check when submitted for signature. **PLEASE NOTE: DO NOT WRITE TWO CONSECUTIVE CHECKS TO ONE VENDOR FOR THE SAME INVOICE TO AVOID THE \$1,500 RULE.**

**NEGATIVE BALANCES:** When writing checks, keep in mind no account shall have a negative balance at any time. If needed, transfers to the appropriate account must be made prior to writing a check that would leave an

account with a negative balance. However, in the event a negative balance does occur, the principal must notify the Chief Financial Officer, in writing, indicating when/ how the negative balance will be resolved. This notification must take place as soon as it is determined a negative balance exists.

**VOIDED CHECKS:** All voided checks must be recorded in the accounting system as they occur and a copy sent to Financial Services immediately. See explanation of various situations below.

#### Financial Statements and Reports

Each month, and at such other times as the board will direct, the administration will prepare and furnish each board member a current, comprehensive financial statement of the district. The statement will show the receipts, expenditures and balances in whatever detail the board prescribes.

#### Audits

In keeping with sound fiscal management, including protection of employees, the board annually will designate an independent auditing firm to conduct an annual audit of district financial records, as well as those of individual or selected schools. These audits will include both appropriated and non-appropriated funds. Summaries of these audits will be furnished to all parties concerned, including the board.

As soon as possible after July 1 of each year, the various selected schools and the district office financial services will complete and make available to the auditing firm financial records for all appropriated and non-appropriated funds for the preceding year. As the audit progresses, it is expected that any and all persons will furnish any additional data requested by the auditors and will answer any questions posed by them.

All schools will be informed by the Finance Office financial services of the system to be followed in the auditing of financial records. The Independent Auditor will also audit the non-appropriated funds located at the schools.

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Richland County School District One