

# SANBORN REGIONAL SCHOOL DISTRICT

SRSD File: JJF-R

## STUDENT ACTIVITY FUND MANAGEMENT REGULATIONS

### Introduction

The procedures and guidelines set forth in this manual were developed in compliance with existing Sanborn Regional School Board Policies and Administrative Regulations of the Sanborn Regional School District. These procedures are to be used by the principals, athletic directors and administrative assistants in establishing and maintaining internal controls over student activity/internal accounts.

**Chapter One** of this manual highlights the policies governing the administration of student activity/internal accounts. **Chapter Two** contains the operating procedures that are to be followed in the financial administration of student activity/internal accounts and the necessary internal control requirements. **Chapter Three** includes sample forms used in administering internal accounts as well as instructions to complete the bank reconciliation, internal transfers, as well as monthly financial reporting. **Appendix A** contains sample forms for use and distribution.

### CHAPTER ONE (Rules and Policies)

#### 1.0 RULES

##### 1.0.1 SECTION 194.2 FISCAL MANAGEMENT

- a. The school board shall be responsible for the administration and control of all local school funds derived by any public school from all activities or sources, and shall prescribe the principles and procedures to be followed in administering these funds.
- b. The Sanborn Regional School Board shall adopt regulations governing the procedures for the recording of the receipts, expenditures, deposits, and disbursements of student activity/internal funds.

#### 1.1 SANBORN REGIONAL SCHOOL DISTRICT ADMINISTRATIVE PROCEDURES

##### 1.1.1 District Financial Records

The superintendent of schools shall be responsible for keeping adequate records and accounts of all financial transactions in the manner prescribed by the school board in the publication titled, "Financial Handbook, Invest in Education, May 2003," which is hereby incorporated by this set of procedures. Copies of the manual may be obtained from the business office.

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## 1.1.2 Basic Principles of Student Activity/Internal Fund Accounting

- a. Monies collected and expended within a school shall be used for financing the normal program of school activities not otherwise financed, for providing necessary and proper services and materials for school activities and for other purposes consistent with the school program as established and approved by the school board. Such funds are the responsibility of the school board and it shall be the duty of the school board to see that they are properly accounted for through use of generally recognized accounting procedures and effectively administered through adherence to student activity/internal funds policies of the school board and applicable New Hampshire statutes and provisions. Funds collected in connection with summer program activities, funds derived from school athletic events, gifts, and contributions made by band or athletic booster clubs, civic organizations, parent-teacher organizations, and commercial agencies, and all other similar monies, properties, or benefits shall be included in student activity/internal funds of the school based upon policies adopted by school district or as provided in "Financial Handbook, Invest in Education".

## 1.1.3 **School Board Responsible for Student Activity/Internal Funds**

The school board shall be responsible for the administration and control of the internal funds of the district school system, and in connection therewith shall:

- a. Adopt written policies governing the receipt and disbursement of all internal funds.
- b. Provide for an annual audit of student activity/internal funds by a person certified by the state board of accountancy as a certified public accountant or a public accountant. The auditor shall submit a signed, written report to the school board covering all funds including student activity/internal funds which shall include any notations of any failure to comply with Generally Accepted Accounting Principles, and policies of the school board, and commentary as to financial management and irregularities.

## 1.1.4 **Purchases from Student Activity/Internal Funds**

Requirements pertaining to purchases and securing bids on purchases made from public tax funds by the school board shall be observed when purchases are made from student activity/internal funds, except that approval by school board of internal account vouchers for payment is not required unless otherwise specifically provided for by school board regulation. The school board may by regulation place more strict requirements pertaining to purchases from internal funds than is required by the general or any special law relating to purchases from the operating funds. The board may delegate by regulation to such individuals as it may deem appropriate the making of such purchases from internal funds and the securing of quotations and awarding of contracts. Insofar as possible, purchases of the same or a similar nature to be used in more than one school should be combined and purchased only after approval by the school board.

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## 1.2 POLICIES AND ADMINISTRATIVE REGULATIONS

### 1.2.1 Student Activity/Internal Accounts

- a. **Student Activity/Internal Funds.** Student activity funds shall be composed of monies collected and expended within a school other than elementary and secondary lunchroom monies. Funds generated solely by parent-teacher organizations, booster organizations, or faculty groups may remain separate from activity funds; however, contributions from such organizations shall become student activity/internal funds. Funds voluntarily placed in the internal accounts shall be subject to all school district account policies and procedures.
- b. **Administrative Responsibility.** The principal shall be responsible for internal accounting in the school and all student activity/internal accounts shall be audited annually. The school board shall provide for the bonding of school employees who handle school monies.
- c. **Fund Use.** Funds derived from the student body as a whole shall be expended to benefit the student body as a whole rather than a specific group of students or an organization. Funds collected shall, insofar as is practicable, be spent to benefit those students currently in school from whom the funds were collected and for the purpose collected.
- d. **Fund-Raising Projects.** All fund-raising projects and activities by the school, or by any group within, or in the name of the school, shall not be in conflict with the overall instructional program. Such projects shall have the prior approval of the principal and Business Administrator. Accountability must be provided for all items purchased for resale in such fund-raising projects. Raffles or other games of chance involving prizes of significant value shall not be authorized.
- e. **Cooperative Agreements.** Prior to a cooperative activity involving an external organization, there shall be written agreement between the school and the outside organization. This agreement should include the responsibilities to be shared in the activity and the financial obligations of both parties.
- f. **Future Liabilities.** The Sanborn Regional School Board is the only authority which can obligate public funds beyond a fiscal year. No principal, or any other employee, is authorized to sign promissory notes, lease-purchase agreements, or any contracts containing commitments for payments in future school years.
- g. **Safekeeping of Monies.** All monies received shall be recorded, deposited and reconciled to the proper accounts.

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- h. **Commercial Competition.** Student body functions shall be conducted in such a manner so as to offer a minimum of competition to commercial firms, while still benefiting the student body.
- i. **Expenditures.** All expenditures from student activity funds shall be made by check. Invoices or other approved substantiating evidence shall be required for all payments from student activity funds. All checks are to be signed by one (1) person, the principal or the designee.
- j. **Administrative Office.** No item of equipment or furniture, technology, desks, rugs, chairs, textbooks, library books or other items considered "Fixed Assets" may be purchased for the school's administrative offices from general student funds unless prior written approval has been received from the Superintendent or his/her designated representative.
- k. **Property.** All purchases from student activity funds, other than tokens of appreciation, shall remain the property of the Sanborn Regional School District.
- l. **Credit Cards.** No school shall enter into a contractual arrangement for credit cards.
- m. **Employee Pay.** Direct salary payments and non-recurring "wages" shall not be paid to employees out of student activity funds.
- n. **Loans.** Student activity funds shall not be used to grant personal loans to individuals.
- o. **Tickets.** Pre-numbered tickets shall be used at school functions where an admission price is charged and all tickets acquired must be accounted for by perpetual inventory records.
- p. **Faculty Expenses.** General student funds shall not be used to pay expenses of faculty members to attend professional meetings or conventions.
- q. **Travel.** Travel expenditures shall be governed by the following principles:
  - (1) avoidance of unnecessary travel;
  - (2) joint travel in a single vehicle whenever feasible;
  - (3) limitation of expenditures for reimbursements from all sources to the maximum amounts currently authorized by the Board;
  - (4) cash advance for travel shall not be allowed.

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- r. **Transfers of Funds.** Transfer of funds from one student activity account to another student activity account must be accompanied by written authorization from the principal releasing the funds.
- s. **Inactive Accounts.** Any balance on deposit by an inactive class, club, or organization, which is not committed to a specific project, shall be transferred to the general internal fund when inactive status has been clearly determined by the principal.
- t. **Quarterly Financial Report.** The principal shall file a quarterly and annual financial report with the Business Office by specified deadlines following the last days of September, December, March and June. All quarterly financial reports are due no later than 30 days after each quarter end.
- u. **Accounting Procedures.** The methods, procedures, and guidelines for internal accounting shall be outlined in manuals issued by the Superintendent or designee.
- v. **Audit Response.** Within twenty (20) workdays after receipt of the annual financial audit, the principal shall submit a written reply to the Business Administrator when/if the audit determines the need for improvement. The reply shall give explanations and/or actions taken, or to be taken, for any deficiencies cited in the audit.

## CHAPTER TWO

(Internal Controls and Internal Accounts Procedures)

### 2.0 ACCOUNTING SYSTEM

In establishing a system of accounting/bookkeeping for the administration of student activity/internal accounts, each school administrative assistant shall record all transactions in the school district's accounting system.

The administrative assistant is responsible for obtaining the necessary training to become proficient in the use of that system.

### 2.1 CHART OF ACCOUNTS

Student activity/internal accounts shall utilize fund number 90 to record all transactions to the schools financial accounting system. Each school should design its student activity/internal accounts within the framework of the New Hampshire Department of Education state standard chart of accounts as designated below and further described in the Sanborn Regional School District's Financial Handbook:

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## DEFINITION OF MAJOR BUDGET ACCOUNTS

**1100 Regular Education Programs** – Includes activities dealing directly with the teaching of pupils, or the interaction between teacher and pupils. Included in the category are salaries of the instructional personnel, supplies, textbooks, equipment and any other costs directly related to the instructional process.

**1200 Special Education Programs** – Instructional activities designed primarily to deal with students having special needs. Includes personnel, supplies, equipment, and tuition for students placed in programs outside of the District and other services required as part of the instructional process.

**1400 Co-Curricular and Athletic Programs** – School sponsored activities, under the guidance and supervision of school staff, designed to provide students such expenditures as motivation, enjoyment, and improvement of skills. Extra curricula activities supplement the regular instructional program and include sports, band, chorus and student clubs and associations.

**2120 Guidance Services** – Activities involving counseling with students and parents, providing consultation with other staff members on learning problems, evaluating the abilities of pupils, assisting students as they make their own educational and career plans and choices, assisting students in personal and social development, providing referral assistance and working with other staff members in planning and conducting guidance programs for students.

**2220 Educational Media Services** – Educational media are defined as any devices, content materials, methods or experiences used for teaching and learning purposes. Library supplies, books, reference materials, audiovisual materials and equipment are included here.

**2320 Superintendent Services** – Activities associated with generally directing and managing the overall administration of School District, SAU No. 17. The superintendent, business administrator and associated support personnel are included in this account.

**2410 School Administration Services** – Activities concerned with directing and managing the operation of a particular school. It includes the principals, assistant principals and other staff involved in the general supervision of the school, evaluation of the staff members and coordination of school instructional activities.

**2600 Operating Building Services** – Activities concerned with keeping the physical plant open, comfortable, and safe for use, and keeping the grounds, buildings and equipment in effective working condition. It includes operating the heating, lighting and ventilating systems, and repair and replacement of maintenance equipment as well as insurance of the school buildings.

**2700 Student Transportation Services** - Activities concerned with the conveyance of students to and from school, as provided by State and Federal law. This includes trips between home and school, and trips to school activities.

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## 2.2 CASH RECEIPTS

### 2.2.1 Checking Account

A checking account will be established at a qualified school depository. Guidance in selecting an approved financial institution can be obtained from management staff within the district's Business Office. Interest-bearing checking accounts with no monthly service charges are available at most banks.

Only one checking account is to be maintained by each school, except in the case of high school athletic funds. All receipts and disbursements are to be handled through these accounts. The total amount on deposit should not exceed the federally insured maximum. One signature is required to be affixed to all checks drawn from student activity accounts. It is required that at least two responsible persons in a school have signature authorization over the checking account, one of which must be the principal. This will facilitate the conduct of financial transactions in the event one person who is authorized to sign checks is not available.

When a person who is authorized to sign checks leaves the employ of the school, the administrative assistant is to notify the bank in writing that the person leaving is no longer authorized to sign checks. The person leaving should not be permitted to sign checks for a period prior to the termination date sufficient to allow all checks bearing his/her signature to clear. A new signature card needs to be established for the new authorized signer.

### 2.2.2 Cash Collections

All monies generated by school activities must be properly safeguarded and the person having custody of the money is to be held fully accountable for it.

The initial collection of monies should not be the responsibility of the school's administrative assistant. It is preferable that a teacher or other school employee receive money, document the transaction with a receipt and turn in the day's collection to the administrative assistant for safekeeping and deposit.

Monies collected from school activities are to be turned in intact to the school administrative assistant on the day it is collected or no later than the first school day following the collection. Employee's personal checks are not to be substituted for cash collected from students.

Persons responsible for collecting money must document the receipt in one of the following manners:

**Teacher receipt.** The administrative assistant is to maintain a log control (see Teacher Receipt Book Log form) over teacher receipt books on hand in the school.

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A list of names and amount collected from each individual recorded on a Report of Monies Collected whenever the amount collected from an individual exceeds \$5.00.

**Official Receipt.** The administrative assistant shall have responsibility for the issuance of the official receipt. It is to be used whenever money is received from any source.

The person from whom the money is received is to be given the original receipt when a receipt is required to be prepared (over \$5.00) or when one is requested if under \$5.00. Do not make erasures or alterations on any receipts. If an error is made, void the receipt and rewrite it. All copies of voided receipts must be retained for audit purposes.

Each teacher or activity sponsor receiving a check from a student or other person should write the name of the activity on the back of each check or on the lower left hand memo line of the check so that the check can be associated with a specific activity.

## 2.2.3 Verification of Receipts

The administrative assistant shall verify the amount received before issuing an official receipt. When collections are recorded in a teacher receipt book, the receipt book must accompany the deposit to the administrative assistant. The administrative assistant is to:

- a. Prepare an adding machine tape of the amounts recorded as received on the series of receipts covered.
- b. Verify that the total from the tape agrees with the amount on the Report of Monies Collected and that receipt numbers are reflected correctly.
- c. Verify that the amount of money received agrees with the total of the receipts and the amount recorded on the Report of Monies Collected.
- d. Earmark the last receipt covered by the deposit; record the total amount received and the official receipt number issued on the back side of the teacher receipt and enter the date.

For collections where no teacher receipt has been issued:

- Verify mathematical accuracy of the Report of Monies Collected.
- Verify cash count and agree with Report of Monies Collected.
- When donations are received, a signed letter or official minutes should be secured from the individual or organization to establish the purpose of the funds, even if the funds are to be used at the principal's discretion.



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- Report(s) of Monies Collected will be filed in receipt number order per deposit slip (each school deposit slip attached to appropriate Report(s) of Monies Collected).

## 1.2.4 Deposits of Receipts

Deposits should be made daily. If, however, the cash on hand is not of an amount to warrant deposit, it should be placed in the school safe or secured file cabinet. At a minimum, it is recommended that cash receipts be deposited within seven days of receipt.

Each day's receipts are to be deposited intact, that is in the same form as they were collected. The total receipts must equal the amount reflected on the deposit slip. Deposit slips are to be prepared in duplicate. One copy is for the bank and the other to be validated by the bank at the time of the deposit for school files.

## 1.2.5 Returned Checks

Those checks deposited by the school that are returned for non-sufficient funds (NSF) or for other reasons are to be handled as follows:

- a. When the administrative assistant receives a returned check from the bank, credit the checking account and debit the activity account for the amount of the returned check.
- b. Contact the person from whom the check was received and inform him or her that the check has been returned and for what reason. Every effort must be exerted to obtain payment of NSF checks.
- c. If the check maker so desires, re-deposit the check. At this time, debit the checking account and credit the activity account. Prepare a separate deposit slip and mark prominently on the face of the deposit slip "RE-DEPOSIT." Do not include re-deposits in the day's receipts totals.
- d. The principal is responsible for seeking reimbursement for any unpaid check returned by the bank. A check can be declared uncollectible and written off the books only by action of the school board or designated officer. This action will be taken only after every legal and reasonable effort at collection by the principal has been exhausted. The school principal may require payment for school obligations in cash, money order, or other form of guaranteed payment if it is deemed necessary.

**NOTE:** All checks not collected by June 30th, must be written off as outlined above before closing the books. Although a check has been written-off, efforts should continue to be made for a sufficient period of time to collect the amount owed.

## 1.3 CASH DISBURSEMENTS

The school is not responsible for an expenditure made by a student, parent or employee who has not first received an approval from the principal.

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General guidelines concerning expenditures are outlined within the Financial Handbook. Prohibited practices include:

- a. Issuing a check without first securing an itemized invoice or receipt (except for advance checks for field trips or travel).
- b. Using a statement as the basis for payment.
- c. Signing a blank check or a check made out to "cash."
- d. Using a personal check copy as support when the check has not been canceled.

If it is necessary to issue a stop payment on a check issued out of student activity funds, the stop payment should be completed and issued promptly using standard banking practices for the bank holding the school's accounts. It is suggested that any required forms for this process be obtained from your bank.

## 2.3.1 Check Requisitions

The check requisition form is to be used to initiate every expenditure from student activity funds. The person initiating the request for payment should prepare the form and present it to the administrative assistant for processing. The check requisition must be sufficiently documented before the check is drawn by attaching the following:

- a. Invoice from vendor indicating:
  - Date of purchase or service
  - Unit price if applicable
  - Detail of purchase or service
  - Total amount due
- b. Signature of person certifying receipt of goods/service.
- c. Disbursement support records should be filed in check number order.

## 2.3.2 Student Refunds

Whenever multiple refunds are to be made, it is permissible to prepare one check payable to the person responsible for the activity for which the refund is approved. This person should cash the check and make the refunds in cash.

Each person's signature and amount of refund due is to be listed and attached to the check requisition as sufficient documentation. All other refunds are to be paid with a check made payable to the individual. An explanation on the face of the check requisition form and the receipt number or a copy of the receipt is sufficient documentation.

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## 2.3.3 **Change Funds**

Change funds are funds established so that operating activities will be able to make change for their customers. The change fund should not be confused with a petty cash fund. Petty purchases cannot be made from a change fund.

Create the change fund by issuing a check to the person responsible for the activity. Establish an account "Change Fund" in the cash category, and charge the initial issuance to this account. Document the transaction with a check requisition.

The change fund is to be returned in full when the activity for which the fund was created is over and always at the end of the school year. Deposit the return in the student activity account and prepare a separate Receipt of Monies Collected form prominently marked "RETURN OF CHANGE FUND."

## 2.3.4 **Internal Revenue Service Requirements**

Periodically, schools engage the services of individuals for various activities. Internal Revenue Service requires a Form 1099- Miscellaneous Income to be prepared for individuals paid in excess of \$600 for a calendar year. The Business Office prepares all 1099 forms, each school is responsible to obtain vendor completed W-9 forms.

## 2.3.5 **Admission Tickets**

At all school sponsored events where an admission price is charged, sale of tickets is required for cash control.

One person is to be custodian of admission tickets. The person having custody of the tickets is to take appropriate measures to safeguard the tickets. A detailed record is to be maintained for issuance of tickets and return of unused tickets. This record should contain a perpetual inventory of tickets on hand by color code (price) and serial number. Resale of previously used tickets is prohibited.

Tickets are to be issued to the sponsor of the event. The sale of tickets by the administrative assistant is strictly prohibited. The person selling the tickets should not be the person responsible for collecting them at the door/gate. The sponsor is held totally accountable for tickets issued.

A ticket sales report for each event must be executed and presented to the school administrative assistant for filing as a part of the audit records. Ticket inventory records and remaining tickets must also be on hand for audits. The loss or theft of tickets is to be reported to the Business Office as soon after the occurrence as possible.

All monies generated by the event are to be deposited with the school administrative assistant intact. No expenditures are to be made from receipts.

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## **CHAPTER THREE** (Financial Reports and Forms)

### **3.0 FINANCIAL REPORTS**

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

Upon receipt of the monthly checking account bank statement, the statement balance is to be reconciled to the monthly report. Administrative assistants should use the reconciliation form provided in this manual or included with their automated accounting system.

- a. Arrange the canceled checks in numerical order and determine outstanding checks including outstanding checks from prior months.
- b. Arrange the deposit slips in chronological order and determine whether all deposit have been recorded accurately on the statement.
- c. In the proper spaces on the reconciliation form, complete the following information:
  - 1) Beginning balance (ending balance from the prior month's reconciliation).
  - 2) Total monthly deposits and disbursements (from the month-to-date columns of the journal or from the computer generated monthly detailed transaction summary).
  - 3) Other reconciling items (record any transactions that the bank or savings and loan handled, but were not entered in school books; such as, interest, returned checks, re-deposits, service charges, etc.
  - 4) Outstanding checks and deposits.
  - 5) Ending balance (complete steps in reconciliation process).
  - 6) Compare and reconcile the ending balance per the reconciliation with the ending balance stated by the bank or savings and loan association.

All items returned by the bank or savings and loan association should be filed with the checking account statement on which they appear.

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## 3.0.2 **Interfund Transfers**

Interfund transfers are made to transfer funds from one account to another. The transfer is a receipt of the fund to which the money is transferred and a disbursement to the account from which it is transferred. It is not, however, considered a receipt or expenditure of the activity fund of the school.

All transfers must be supported by a check requisition bearing the signatures of the principal and the teacher/sponsor.

All inter-fund transfers should be sequentially numbered beginning with No.1 for each fiscal year.

## 3.0.3 **Principal's Monthly Financial Report**

A monthly financial report is to be prepared by the administrative assistant for review and approval by the principal. This report should include activity account balances which have been reconciled to the cash control account. This report should be submitted to the principal along with the monthly bank account reconciliation. A suggested format for this report is included in Appendix A of this manual. You may also use the monthly financial statement included in your automated accounting system to satisfy this reporting requirement.

## 3.0.4 **Annual Financial Reports**

The financial report on internal accounts shall be due as specified in Board Policy JJF.

## 3.0.5 **Audit Reports and Responses**

Board policy JJF authorizes 20 workdays to respond to annual financial audit comments. The following are guidelines for such responses.

- a. Discuss any disagreement at the time when the auditor reviews concerns with the administrative assistant.
- b. Take down notes during the meeting with the auditors and handle the response immediately following the audit exit while it is fresh in your mind.
- c. When there are many comments that require a response, number each audit comment and refer to the statement to which you are responding.
- d. Give explanations and/or actions taken, or to be taken, for any deficiencies cited.
- e. Follow-up on audit comments should be assigned to personnel who have input on improvement.
- f. The audit response should be on school letterhead and must be signed by the principal.

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## 3.1 RECORDS RETENTION AND DISPOSITION

### 3.1.1 Disposal of Records

Upon receipt of the records after audit, audit record containers are to be marked denoting the fiscal period involved. The basic retention time period for such records are:

- a. Canceled checks are to be retained for seven (7) years or until the final audit report has been issued, whichever is greater.
- b. All other records are to be retained for seven (7) years or until the final audit report has been issued, whichever is greater.

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