

STUDENT ACTIVITY IMPREST CHECKING AND CASH ACCOUNTS

INSTRUCTIONS FOR OPERATION OF STUDENT ACTIVITIES ACCOUNTS

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INTRODUCTION ON INSTRUCTIONS FOR OPERATION OF STUDENT ACTIVITIES ACCOUNTS

Introduction

The following pages provide guidance for the accounting of student activity funds. Student activity programs work to increase the educational experience of student life by allowing them to participate in the planning and execution of activities beyond the normal core school program.

Activity programs however, are subject by law, to the policies of the School Board and state and federal statute around educational goals and tax free status of the district. The accounting for the funds that support these programs still need to follow meaningful and financially sound principals. All accounting functions are designed to achieve maximum control over the safeguarding of assets and the accurate reporting of these funds.

What is a Student Activity Fund?

Agency Funds

Student activity funds are agency funds which the District holds on behalf of the students. They are Agency funds because the district acts only as a custodian of the funds. The district has a legal agency relationship with the students of the district. The district is responsible for holding the assets and receiving and disbursing them at the request of the authorized representatives. These funds do not report operations, only assets and liability account balances. The importance of sound accounting procedures for these funds is to document that the district acted within its authority as an agent with regard to any transactions that take place in the funds, as well as within federal and state guidelines of the district's state and federal tax free status..

Student Activities Funds vs. Other Convenience Activities Funds

Student Activities Funds

Student activity funds are used to account for monies earned and received *by* the students to be used for the *benefit* of the students. These typically include class accounts, yearbook, student council and other clubs and sports.

Convenience Activities Funds

Student Activity funds must not be confused with convenience funds which are set up for the convenience and use of the faculty and staff of the school. These can include an employee fund, coffee fund, or sunshine fund.

To properly handle student accounts, the following should occur:

- Student activity funds contain only student money. Employee funds shouldn't be comingled.
- Student activity funds should not take on the appearance of a "slush" fund.
- Student Activity funds need to be maintained with the highest degree of accuracy and reliability. The accounting for funds that support these activities follow the same guidelines in fiscal safety and financial soundness as all school monies to protect the integrity of the funds and those involved.

Responsibilities of Student Representatives, Advisors, Activity Bookkeeper, and Principal

All student activity accounts must be managed by a faculty or staff advisor, not a student. This advisor will help the students with oversight of the group and deal directly with the activity account person/"bookkeeper" at the district level (most often the secretary, administrative assistant or athletic director).

Student representation and participation in the management of the activities account is encouraged. Each activity representative, under the guidance of the faculty advisor, shall deposit funds and request payments from the bookkeeper in the prescribed fashion. It is the responsibility of the bookkeeper (in many cases, the principal's administrative assistant) to maintain the books and records of the Student Activities Funds. Finally, it is the school principal's responsibility to insure that these regulations are followed.

In the case of dues being paid by each member of an activity, (such as class dues), the activity treasurer must keep a year-to-year record of all students eligible to pay dues, with a cumulative record of such payments. Receipts for any dues collected must be issued to the payee (see Appendix I) and a copy of each receipt shall be kept on file by year.

Each class or club which engages in any financial transactions must have its accounts maintained by the bookkeeper. No "private" accounts should be authorized or permitted. Likewise, any funds which do not belong to student groups (such as sunshine or coffee funds) and are for faculty purposes, should not be handled through the Student Activities Funds.

General Requirements for Accounting for Activities Funds (Funds 700-759)

There should be a listing of each student activity and a brief description of the purpose and major source of revenue for the account so an audit could verify that the account should be classified as a student activity account (Appendix III). The following general principles are required in accounting for activities funds:

1. The school board is responsible for all activities funds in the school district. The board should receive an accounting of those funds at least quarterly.
2. All activities funds shall be audited.
3. Any activities funds classified as governmental shall be budgeted and controlled in the same manner as other governmental funds.
4. School employees are not authorized to borrow or loan money from the student activity account under any circumstances.
5. Student activity funds cannot be used for the purchase of personal items for staff even if a reimbursement agreement exists

Cash Receipts

A pre-numbered 2 -part receipt voucher is used to document each receipt transaction. These come in booklets and can be purchased from any office supply firm. As illustrated in Appendix I, it contains all pertinent information which is necessary for the record keeping of the event, such as date, fund, amount, authority, etc. A separate voucher is prepared for each transaction by the activity representative. After insuring that funds have been accurately counted, all money and the completed voucher should be given to the bookkeeper. The bookkeeper should verify that all information is complete and then sign the voucher as proof of receipt of the deposit. Then one part is returned to the activity representative.

The second voucher is kept by the bookkeeper as back-up to the bank deposit receipt and referenced on the Deposit Reconciliation slip to be sent to the school's accountant at the central office. The Request for Disbursement Requisition Slip (Appendix II) references: the voucher, amount, club organization, organization coding, etc...

All monies collected are then entered onto a bank deposit slip for deposit into the activity fund's checking account. A copy of this deposit slip should be attached together with the bank deposit receipt and copy of the vouchers as mentioned above.

All monies must be kept in a secure location (a safe, a locked desk, or a similar location) at all times until deposited. Deposits must be made at least weekly, so that no cash remains in the school office over a weekend. All funds become the responsibility of the district at the time a receipted copy of the voucher is given to the activity representative. A single, interest-bearing checking account is used for all activities. Separation is achieved through accounting methods in the Unifund system under the 700 Funds. Interest earned can be allocated annually to individual activity accounts on an equitable basis when the receipt of interest is recorded.

Disbursements

A form (see Appendix II) is used to document requests for payments from the student activity account. Schools may use other forms of internal requisition if they wish to initiate disbursements. The activity advisor, or bookkeeper, can enter the disbursement request into the Unifund Purchase Order System in the same manner all orders and payments are requested.

All original invoices should be matched to the PO and submitted for payment upon satisfactory receipt of service or goods. All invoices should be approved by a student treasurer/student officer/class advisor in addition to obtaining any other necessary approvals. No payments should be made unless someone with primary association with the student activity is one of the approvers on the account.

Checks will be cut by the central office per schedule. The school district treasurer will sign the checks and mail envelopes to vendors.

Internal Imprest Checking Accounts

Each school will maintain an Imprest Checking Account with a pre-scribed limit of no more than **\$3,500**. The account is to be used in the event that a payment process cannot be made through the normal PO process. In this case, all checks and mailing envelopes are prepared by the bookkeeper. However, checks must be signed by the principal or assistant principal or both. **Signature stamps are not allowed for this purpose.**

Bookkeeping and cash custodial functions must be separated for dual control.

Payments are to be made as follows:

1. Make out a Request for Requisition Disbursement.

- Give complete name and address of firm or person to be paid. Get this information from the W-9 form or W-9 Alternate Form available from Business Office or LNSU website.
- Unless indicated, payment will automatically be mailed from the office. Checks will be given only to the faculty advisor in all other cases.
- Payment is not to be authorized unless a bill/invoice accompanies the request.

2. Payments to faculty for reimbursement of personal funds expended for activity purposes are **NOT** to go through the Imprest account and student reimbursement is highly discouraged. Business should be conducted with providers that deliver materials and issue a bill. P-Cards are also available for use when time or vendor does not allow for the normal purchase order process. **Plan far enough in advance so that personal funds need not be used.**

4. Payments to referees, umpires, and officials for sporting events should be paid through the district's regular AP process.

5. Blank Imprest checks are kept in a locked location when not in use and are properly controlled and safeguarded at all times.

6. Checks are **NOT** to be made payable to "Cash" except in the rare case for cash box initial balances when necessary for events that require change be made. If a check to "Cash" is done for this purpose, two individuals are to sign off on the transaction and a deposit amount to replenish the sum must be made within one week and documented as to what event necessitated the transaction.

Bank Reconciliations for Imprest Checking

The Imprest Checking account should be reconciled monthly. The purpose of bank reconciliations is to compare the bank balance with the Imprest Checking balance and to resolve/explain any differences. Errors are often identified during this process, so timely reconciliations should be performed or the purpose of bank reconciliations is defeated. After all cash transactions (i.e.; deposits and disbursements) for the period have been posted to the activities ledger, a bank reconciliation can be performed. Because of the need for an adequate segregation of duties for internal control purposes, employees directly responsible for cash collections or disbursements should not do the bank reconciliation.

1. Obtain the monthly bank statement for the Imprest account (this can be viewed on-line.)
2. Identify all checks that have been written to date. (This can easily be done assuming that all checks are disbursed in numerical order.) Also, identify outstanding checks from the previous month's reconciliation.
3. Using the bank statement as a guide, identify the checks that have "cleared" the bank and eliminate them from the master list of checks written to date. After this has been done, those checks that have not cleared are considered to be the "outstanding checks." Then total these outstanding checks.
4. Total all deposits made by the activities and recorded in the activities ledger during the current period. Compare the deposits made to those reported on the bank statement. Most often, if there is a discrepancy, it is due to deposits that have not yet been recognized by the bank. These are known as "deposits in transit." Identify the total "deposits in transit" for each account.
5. Review all journal entries that have increased or decreased cash and determine whether the transaction is, or should be, reflected on the bank statement. If not, the journal entries may be a reconciling item.
6. Review the bank statement to ascertain whether any charges have been made to the bank account (e.g., service charges) that requires journal entries in the activities ledger.
7. To replenish the Imprest Account, submit the itemized request to the Central Office for processing.

Petty Cash

Petty cash is maintained to cover small, immaterial transactions that require the immediate use of cash. Petty cash should be centrally controlled in the main office and stored in a secure area. No more than two employees should be responsible for the petty cash funds, which should be reconciled on a regular basis.. Receipts are collected from those that use petty cash funds. In a manner similar to the approval of invoices, the receipts should include the account number to which the expense/expenditure should be charged. The fund is replenished by a check made payable to the petty cash. The receipts are used to charge the appropriate accounts for the use of petty cash. As a general rule, petty cash accounts should not have more than **\$500** and be adequate enough for two to three months of such petty transactions. The petty cash should be kept separate and not commingled with the student activities funds since these funds are not student related.

Safeguarding of Cash

Cash is probably the most sensitive of assets because it is the most liquid and at risk if not guarded. Proper management of cash requires solid internal controls and strict adherence to deposit and investment policies.

Internal Controls for Cash

All funds collected will be deposited. There are usually several people involved with cash collections. Adequate segregation of duties and verification between those involved is imperative. For frequent cash transactions, such as a student store or food service, cash registers are used that not only control access to cash drawers, but generate various reports that recreate transactions and thus facilitate cash drawer reconciliations. Ideally, two people should be present when counting cash. One person should be responsible for preparing the bank deposit. At a minimum, deposits should be prepared and sent to the bank weekly. Depending on the volume of transactions, it may be necessary to prepare more than one deposit. If so, a specific schedule should be established and followed. Preparing the deposit is actually a complex procedure with several important steps. Because of the nature of the asset involved, the deposit should be prepared in a secure area (preferably a separate locked room). Cash should not be left out. Access to the room or area that cash is being counted should be limited to authorized personnel. While the deposit is actually being prepared, the room should remain locked and entry by other employees should be restricted. At no time should the deposit be left unattended.

The contents of the cash drawers and cash received from other sources should be transported to the secure "deposit room" or stored in a safe or vault until the deposit is prepared. The following basic steps are then followed by the individual(s) responsible for preparing the deposit:

1. The cash, checks, money orders, and any credit card slips should be separated.
2. Currency and coin should be separated by denomination and counted.
3. The results of the count of currency and coin should be tallied on a deposit worksheet (adding machine tape).
4. The checks are briefly reviewed for accuracy (e.g., Is the check appropriately dated and signed? Is it made out to the proper payee? Are the numeric and written dollar amounts consistent?). Any checks that have obvious inaccuracies should be put aside and not included in the deposit.
5. Upon receipt all checks should be endorsed on the back: "For Deposit Only ___ School District" with the bank account number.
6. An adding machine tape should be prepared for all the checks and money orders.
7. The deposit slip should be prepared.
8. The results of the deposit count should then be compared to the cash transaction reports generated by the registers or copies of local receipts. Any discrepancies should be explored and explained.

Once the deposit is prepared, it should be locked in the bank bags provided and either immediately transported to the bank or held in a locked, secure place to await pick-up by the courier.

In these cases, the funds should be kept secure in a locked and fireproof vault or safe. Only authorized personnel should have access to these vaults or safes, and then such activity must be closely monitored.

Gifts

Monetary and other gifts received by the school should be handled in the same manner as other receipts. There should be a School Board policy in place for the acceptance of gifts. No school employees should sign income tax receipts for people making gifts. Refer the individual to the SU Business Office and a letter will be generated acknowledging the specific gift given.

Admissions/Ticket Sales

- Only approved employees or volunteers should run ticket/admissions booth
- Pre-numbered tickets should be used
- Tickets should be stored in a secure location
- Tickets should be destroyed/defaced when patrons enter event
- Color of tickets should be alternated frequently
- All money collected should be stored in a secure location after sales have ended

Deficit Balances

As general policy, deficit balances in student activity accounts are not allowed. If a transfer is needed to cover a disbursement it should be properly documented and approved by the advisors, student treasurer and the principal. No individual group should be allowed to have a negative balance in their account. Disbursements should be replenished to a positive position within the same fiscal year.

Disposition of Inactive Accounts

Graduating class accounts cease to exist at graduation since the graduated students are no longer part of the student body and, therefore, cannot have an account in the student activity fund. If a particular class votes to retain its treasury for future expenses such as reunions, custody of the funds should be transferred to the class treasurer or representative.

The same is true for any other types of activities that become inactive. The faculty advisor should be asked what is to be done with the balance in the account. If nothing is to be done, the principal should decide what to do with the balance, such as disbursing it among the remaining activity accounts.

Scholarship Funds

Except where otherwise specifically provided by special act of the school board, whenever a gift, legacy or devise is made in a trust to a school district, the school board must act to accept and administer same. Additionally, the fund should be held in the custody and administered by the board. The board can appoint and approve specific members or staff to insure that the trust parameters are met. The school board shall expend such funds, or the income thereof to be expended, consistently with the terms of the trust.

Internal Audit

Internal accounts are subject to internal audits periodically on Petty Cash and Imprest Account activity funds and external audits annually. An internal audit can be as simple as testing of receipts; disbursements and bookkeeping procedures or periodic checks of account balances along with the monthly bank reconciliations, to determine that district policies and procedures (Appendix IV) are being followed.

An internal audit should be completed on the Imprest Checking Account using a checklist similar to that below:

1. Cash journals or ledgers of recorded transactions of the Student Activities Funds for the period July 1 to June 30 totaled and reconciled to cash in bank
2. Reconciled bank statements and canceled checks for the fiscal year, and July of next year.
3. Paid bills or invoices, cash receipt documentation and approved payment vouchers for the fiscal year, and the subsequent year to date of audit.
4. Listing of accounts receivable and accounts payable at year-end.
5. Year-end financial report summarizing the revenues and expenditures of each activity for the fiscal year.

APPENDIX I

RECEIPT/INTERNAL DEPOSIT

SCHOOL: _____

No. _____

Date _____ 20

RECEIVED FROM _____

FOR

ACCOUNT NAME _____

BANK BAG #: _____

DEPOSIT TOTAL \$ _____

Activity Representative/ Faculty Advisor _____

Bookkeeper Signature _____

Bills

\$1's	\$10's	\$20's	\$50's

TOTAL BILLS _____

Coins

Pennies	Nickels	Dimes	Quarters	Half-\$	\$ Coin

TOTAL COINS _____

Checks

Check Number	Amount	Check Number	Amount	Check Number	Amount

APPENDIX II

REQUEST FOR DISBURSEMENT /REQUISITION

Vendor Name _____ Invoice# _____
Date _____
Expenditure Account # _____

REQUEST FOR PAYMENT OF FUNDS
(To be made out in duplicate by activity requesting payment)

Class or Activity _____
Pay to: _____
Name: _____
Address: _____

Check here if payment is not to be mailed from the office.

Attach invoice.

The Signatures Indicate that the Service or goods were received and payment should be made

Invoice Number: _____

Activity Representative: _____

Faculty Advisor: _____

Bookkeeper's Initials: _____

Approved: _____

Invoice Amount: \$ _____

Purpose of Invoice: _____

APPENDIX III

SCHOOL STUDENT ACTIVITIES FUND ACTIVITY FUND DESCRIPTIONS

- Athletics:** Money is raised each year by sports teams from fund raisers (home-run derby's, flag football tournaments, free-throw events) for use to purchase equipment.
- Band:** Money is earned from fundraisers (bake sales, candy sales, raffles, etc.) and then used to support the yearly band trip, award night and to purchase "extras" such as equipment, instruments and uniforms.
- Baseball:** Money is earned from the baseball card show, bake sales, candy sales and raffles. This money is used to pay for pre-season baseball needs and extra equipment that the district cannot support.
- Class of 2015:** As a freshman class, they first borrow money from the Student Council to get started and prepare for "Spirit Week" and class dues. As they begin to build a balance, the loan from the Student Council is repaid. Monies are used for their Junior/Senior Prom, Class Day and Graduation.
- Class of 2014:** Money comes from fundraisers, class dues and dances. This money is continually being earned for the Junior/Senior Prom, Class Day and Graduation.
- Class of 2013:** Money comes from fundraisers, class dues and dances. This money is continually being earned for the Junior/Senior Prom, Class Day and Graduation.
- Class of 2012:** Money comes from fundraisers, class dues and dances. This money is continually being earned for the Junior/Senior Prom, Class Day and Graduation.
- ISO:** This is a service group. Money is earned from dues and fundraisers such as a Type-a-Thon. The money earned is used for scholarships to support members to attend the annual in-state conference, local and national dues and miscellaneous expenses.
- Field Hockey:** Money is earned through fundraisers and is used to purchase equipment and uniforms that the district cannot support.
- Class Trips:** This account is for class trips that the students have to fund themselves. Money is collected from the students and put into this account until the date of the field trip. A check is then issued in order to cover the class trip expenses as they occur.
- Commercial Activity Account:** This account is used as a teaching tool for the students. The students learn how to calculate product costs of manufacturing, taking orders, making and developing safer products, collecting the money and then distributing the profit sharing after expenses. Money is expended mainly to purchase building supplies.
- Student Council:** Money is earned from car washes, dances, bake sales, and the operation of the soda and candy booth after school each day. Money is spent on Spirit Week, scholarships, dues and new class loans.
- Yearbook:** Money is earned through advertising in yearbook, sales of yearbooks and payment from the current graduating class. Money is used in the expense of publishing and paying for the yearbooks.

APPENDIX IV

Internal Audit Checklist-Student Activity Fund

This list contains standards for evaluating components of an account that qualifies as a student activity fund. The results of this internal audit should be given to the external auditor as a data source for his or her use during the external audit.

STANDARD

Nature of the Fund

- | | | |
|----------------------------|----------------------------|--|
| <input type="checkbox"/> Y | <input type="checkbox"/> N | 1. Board policies and procedures governing the student activity fund are consistently applied. |
| <input type="checkbox"/> Y | <input type="checkbox"/> N | 2. Each activity group has appropriate organizational documentation on file. |
| <input type="checkbox"/> Y | <input type="checkbox"/> N | 3. Each activity account in the fund is for student-only groups. |
| <input type="checkbox"/> Y | <input type="checkbox"/> N | 4. The School Board has received a periodic -revenue and expenditure report on the student activity fund. |
| <input type="checkbox"/> Y | <input type="checkbox"/> N | 5. The cash account has been reconciled to the monthly bank statement(s) and the balance agrees with the GL. |
| <input type="checkbox"/> Y | <input type="checkbox"/> N | 6. No account has a span of inactivity greater than one year. |
| <input type="checkbox"/> Y | <input type="checkbox"/> N | 7. Graduated class accounts are removed from the student activities fund. |

(Any negative response requires an explanation)

Reviewed by Business Administrator

Date: _____

APPENDIX V

STUDENT ACTIVITY ACCOUNT DECISION-MAKING FLOWCHART

(Student Activity Accounts are Agency Funds-District is Custodian of the Funds)

Is the activity student-related?



Yes

Central Accounting System



No

Adult or staff-related activities are convenience accounts and are not allowed to be co-mingled with student activity or agency accounts

Are the funds raised by students and for students?



Yes

Central Accounting System



No

Funds are raised by other groups Like Booster Clubs or PTAs. and Are to be separate from district funds and allowed to be accounted for in separate internal check books

Is the activity and/or some of its transactions:

- A. mandated by board to be under board control, Or
- B. a requirement or partial requirement for graduation, Or
- C. A co-curricular, or extra-curricular activity? Or
- D. Initiated with General Fund Monies or a school sponsored event? Or
- E. Scholarship/Trust/Grant



Yes

Central Accounting System



No

Board does not need to take control?