



Administrative Procedure 3000

Accounting for School Generated Funds

Board Governance Policy Cross Reference: [1](#), [15](#)

Administrative Procedures Cross Reference:

[School Fees and Fundraising](#)

[Fundraising and Parent Councils](#)

[Records Retention and Disposition](#)

Form Cross Reference:

[Cash/Cheque Listing Report](#)

[Request for Payment](#)

Legal/Regulatory Reference:

[The Public School Act](#) – [subsection 56\(4\)](#), [56\(5\)](#)

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Amended: February 2022

The Brandon School Division recognizes that all financial activities of the Division and its schools must be managed in a way that:

- Demonstrates accountability, fiscal responsibility and planning;
- Reflects the trust placed in the Division and its staff by the public.

School generated funds are defined in the Public Schools Act as money that “the principal of each school, subject to the rules of the school board, may raise, hold, administer and expend for the purposes of the school.”

School Funds:

School funds are comprised of two types of funds as described by the Schools’ Finance Branch policy on school funds:

- **Type A** school funds include monies from all fundraising activities of the school, such as a walk-a-thons, dances, hot dog days, school pictures, bottle drives, car washes, raffles, auctions, etc. As these monies are raised by the school, or under auspices of the school through extra-curricular activities for the sole use of that school, they are to be reported in the Division’s financial statements as School Generated Funds.

Funds from cafeterias and vending machines that are operated by or contracted out by the student council are student council funds. Funds from cafeterias and vending machines that are operated by or contracted out by the school are Type A school funds.

School Fees that have been authorized by the Office of the Superintendent are considered Type A school funds. These monies are for school supplies, programs or activities designed to benefit students, as distinct from:

- Budgets or monies administered by the Office of the Secretary-Treasurer;
- Monies collected by parent/student councils.
- **Type B** school funds include allocations from the Division (per capita grants, budget allocations, specific purpose grants, etc.), vocational revenues (business education initiatives, etc.), and revenues from cafeterias and vending machines that are operated by or contracted out by the Division. These monies are often administered by the Division on behalf of the school but in cases where the school administers them, they are considered to be Type B school funds and would fall under the guidelines for school funds. These funds are included in the Division's Operating Fund and reported in the Division's financial statements.

Responsibility:

The School Leader is responsible for:

- Administering and authorizing all school fund transactions;
- Ensuring that funds generated are spent on their intended purpose;
- Confirming implementation of accounting procedures and controls as set out by the Office of the Secretary-Treasurer;
- Providing financial reports and supporting documentation to the Office of the Secretary-Treasurer for financial reporting and audit purposes;
- Submitting an [Annual School Fees Plan](#) to the Office of the Secretary-Treasurer for approval by June 15th of the prior school year;
- Submitting an [Annual Fundraising Plan](#) to the Office of the Secretary-Treasurer for approval by November 1st;
- Ensuring that advisory councils, parent councils and/or student councils do not charge fees that would be in violation of [School Fees and Fundraising](#) and [Fundraising and Parent Councils](#).

The Secretary-Treasurer or designate is responsible for:

- Developing and monitoring procedures for recording and handling school generated funds;
- Reporting on school generated funds as part of annual financial statements, performing an audit of each school's financial records as required at the Secretary-Treasurer's discretion.

Procedures:

- Bank Accounts
 - Each school has its own bank account with Division's financial institution. The account is an interest-bearing chequing account.
 - The bank accounts have at least three (3) individuals authorized to sign on behalf of the account in the case of absences or payments to one of the authorized individuals. At all times, the authorized signatories should be the School Leaders and the Administrative Assistants.
- Financial Record
 - All transactions must be recorded in the school accounting software (SAS) provided by the Division for this purpose. At no time should receipts and payments be combined and recorded as a net amount.
 - Each month the bank statement must be reconciled to the financial records.
- Receipt of Funds
 - All monies received shall be recorded as soon as possible and a cash receipt shall be issued.
 - At the discretion of the School Leader, the writing of a receipt to an individual student may be waived and a [Cash/Cheque Listing Report](#) used for large collections of funds.
 - All payments must be deposited to the school bank account within forty-eight (48) hours. When conditions make a deposit impossible or impractical, funds are to be safeguarded in a lock box in a locked file cabinet or in a safe by the School Leader or School Administrative Assistant until deposit can prudently be made.
 - All monies collected for and by the school must be delivered to the School Administrative Assistant for accounting purposes and deposited into the school's bank account. Staff cannot deposit in their personal

bank account or retain monies collected on behalf of the school and designated for school purchases or expenses.

- Deposit of Funds

The School Administrative Assistant:

- Verifies the amount for deposit by an actual count of money on hand;
- Verifies this amount with the total of receipts issued since the previous Deposit;
- Records the date and the amount of the deposit on last receipt covered by the deposit;
- Prepares bank deposit slip in duplicate and initials as prepared;
- The School Administrative Assistant will then post the deposit into the SAS.

The deposit and backup information must be verified and signed by School Leaders.

- The School Administrative Assistant or delegate assigned by the School Leader should then submit the money and the deposit slip to the bank. The bank should retain the original, validate the deposit and return the duplicate for the School Administrative Assistant's files. The slip should be initialed by the person making the deposit at this time.

- Loss of Funds

Any loss of cash, including cheques, must be promptly reported to the School Leader, the Secretary-Treasurer or the Assistant Secretary-Treasurer and to the appropriate law enforcement authorities if theft is involved or suspected. A written report must subsequently be submitted to the Secretary-Treasurer within 48 hours. The written report will include a recitation of the facts and circumstances, steps taken to prevent a recurrence and steps taken to affix responsibility, if any. Assistance should be requested from the Office of the Secretary-Treasurer, if necessary.

- Interest Income

Interest income earned and credited on the bank statement must be recorded in the accounting software.

- Disbursements

- Disbursements should be initiated by a [Request for Payment](#) and supported by invoices and/or vouchers. This form should be submitted to the School Leader for approval and coding. The School Leader will then forward it to the School Administrative Assistant for payment.
- All disbursements must be made by cheque. All cheques must have two signatures. Cheques are to be numbered and issued sequentially. Cheques should also be entered numerically and charged to the appropriate account in the SAS on a daily or current basis.

Note: The signing of blank cheques and the use of a signature stamp are prohibited.

- All cheques should be printed using the information entered into SAS. Cheques must not be manually written.
- Disbursements to vendors shall be supported by original invoice and signed for approval by the School Leader or designate once goods or services have been received and found to be acceptable.
- Disbursements to reimburse individuals shall be supported by vendor's receipt and shall contain all information related to payment.
- Acceptable forms of supporting documentation may include emails or memos when all efforts to obtain an invoice or a store receipt are unsuccessful. The e-mail or memo must originate from the individual or school requesting payment, and must specify how much is to be paid and the purpose of the payment.
- Items for supporting documentation that should not be accepted include statements of account, photocopied receipts, or interact/credit card receipts. If there is uncertainty, the Accounting & Purchasing Services should be consulted to ensure all requirements for supporting documentation are met.
- Disbursements for T4A eligible payments must be issued by the Division Office. Payment from school funds may then be sent to reimburse the Division Office for making the payment on the school's behalf. (For more information on T4A eligibility, please refer to the BSD Intranet Portal under Administration → Secretary School Administrative Assistant → T4A.)

- The supporting documentation should be checked for accuracy of the price, extensions and additions and signed off that this has been done.
- GST must be recorded for all disbursements and claimed at either 68% for general purchases or 100% for books. For per diems or mileage paid to individuals, GST must be calculated out of the total and recorded.
- All invoices, vouchers and/or requisitions will be kept with the cheque stub and filed in numerical cheque number order.
- Making cheques payable to “CASH” is prohibited.
- Prepaid items or expense advances should be limited to unusual circumstances and such items should be filed separately until an invoice or other appropriate document supporting the payment is obtained.
- Cheques: Stale-dated
 - Stale-dated cheques are to be cancelled within one month of becoming non-negotiable (six months from the issue date).
 - The cheque must be voided in the SAS and a record of the void retained.
 - An investigation is to be conducted by contacting the payee to determine if a replacement cheque is to be issued.
 - If a replacement cheque is to be issued, a stop payment should be requested of the bank if the original cheque cannot be located and returned to the school.
- Cheques: Stop Payment
 - If the school is notified by a payee that a cheque has not been received, after a reasonable period of time a replacement cheque may be issued after the following procedures have been performed:
 - Obtain verification from the bank that the cheque has not been cashed;
 - Issue a request for stop payment to the bank;
 - Cancel the cheque by following the procedures described under Cheques: Stale-dated;
 - Reissue the cheque if required.

- Cheques: Void
 - All void cheques (including stale-dated cheques and stop payment cheques) must be recorded in the SAS. The reason for the void must be indicated in the SAS and on any documentation that is available.
 - If the physical cheque is returned, mark “VOID” across its face and attach it to the documentation.
 - If the physical cheque is not available, a printout of the recorded void is an acceptable substitute.
 - Supporting documentation must be filed with either the void cheque or printout. This may include (but not be limited to) e-mail or memo.
- Purchases
 - Purchases to be paid for from operating funds should be ordered via Division Office without utilizing school funds.
 - Should a partial payment be required from school funds for an operating fund purchase, use Atrieve to produce the purchase order. The purchase order can be coded accordingly to allow for reimbursement from the accounting software.

Bank Reconciliation

- The bank reconciliation shall be prepared monthly using the SAS and be completed by the end of the third week of the month.
- Bank interest and charges must be recorded in the SAS in the month they appear on the bank statement.
- The bank statement balance less outstanding cheques plus outstanding deposits (cheques and deposits posted but not yet listed on the bank statement) shall equal the bank balance as shown in the accounting software. Any problem in reconciling the statement should be reported immediately to the School Leader. The bank reconciliation should still be completed to properly maintain the funds.

- The School Administrative Assistant should print, sign and date the bank reconciliation report upon completion. It should be forwarded to the School Leader for review along with the bank statement. The School Leader will then initial each document and return the original to the School Administrative Assistant.
- Once the bank reconciliation is completed for the month, no further transactions should be posted to that month. This includes cash receipts, disbursements or journal entries.
- After March 31st of each year the school must submit its March bank reconciliation, consisting of the outstanding cheque listing, outstanding deposit listing, bank reconciliation report and bank statement to the Office of the Secretary-Treasurer.
- After June 30th of each year the school must submit its June bank reconciliation, consisting of the outstanding cheque listing, outstanding deposit listing, bank reconciliation report and bank statement to the Office of the Secretary-Treasurer. Once the Division fiscal year end reports are completed, the school fund accounts will be closed for that fiscal year and the documentation will be signed and dated by two (2) staff members.
- Upon closing of the records for the year and completion of the above financial reports, a representative from the Office of the Secretary-Treasurer will carry out a review of the school records (cycling intervals) in accordance with the Division's audit procedures:
 - Review monthly bank reconciliation for accuracy and timeliness of preparation;
 - Ensure mathematical accuracy of financial report;
 - Review control procedure for:
 - Purchasing and disbursements;
 - Cash and cheque handling;
 - Segregation of duties;
 - Records retention.
 - Sample test for:
 - Disbursement authorization;
 - Disbursement supported by invoice or receipts obtained from staff for reimbursed expenditures;
 - Cash receipts deposited to the bank in a timely basis;
 - Cash receipts supported by cash reports, master receipt lists, and/or cheque stubs;

- Continuity of cheque numbers;
- Proper calculation of GST rebate.
- Provide a written report on above with recommendations on any necessary procedural changes to the School Leader.

Such an audit/review shall also be carried out upon change of School Administrative Assistant and/or School Leader whenever such takes place. It may also be carried out upon a request from the Division.

- The Office of the Secretary-Treasurer must ensure monitoring procedures are in place to provide confirmation that the necessary action as per the audit report is completed.

Retention of Financial Records

Accounting records will be retained in an orderly fashion by fiscal year, for a period of seven years including the following:

- Cancelled cheques and bank statements;
- Duplicate deposit slips;
- Bank reconciliation reports
- Cash receipts;
- Master receipt reports and/or daily cash reports;
- Vendors' invoices, shipping reports, purchase orders, etc.;
- Monthly or other periodic financial reports.

Note: All records will be organized and prepared for scheduled Divisional internal audits.

Other

- At no time shall a School Leader permit an overdraft in any school funds bank account unless there has been a specific clearly identified plan for removing same. Such a plan shall be made in writing by the School Leader and submitted to the Secretary-Treasurer and to the appropriate Assistant Superintendent for their approval prior to the deficit.
- Purchase of items from the schools' fund account for individual staff members is not permitted.

- At no time shall a deposit be recorded for a net amount (i.e. if funds are taken from cash collected at a school dance are used to pay for goods or services related to the event). A cash receipt shall be produced for the full amount of funds collected, and a negative cash receipt produced for the expense. The two receipts added together should equal the total funds deposited.
- If a cheque paid to the school is returned Non-Sufficient Funds (NSF), the party issuing the cheque should be contacted by telephone and where necessary followed up in writing. The School's administration shall make all reasonable efforts to collect the outstanding balance. The returned cheque should be recorded in the SAS using the NSF menu options. Subsequent collection of NSF funds should also be in the SAS.
- If a decision is made to permanently close a school, the School Leader of such school should plan to:
 - Utilize existing school fund accounts for the school prior to closing;
 - Restrict fundraising activities for short-range needs and/or;
 - Plan for disposition of any residual funds.

As a general rule, residual funds should be distributed to schools receiving students from the closed school based on the number of students going to each such school. Otherwise the School Leader of the school being closed should present a written proposal for the disposition of the funds to the Secretary-Treasurer for approval.

- Cashing of personal cheques from cash received is prohibited.