

Wharton Independent School District Activity/Agency Fund Procedures

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1. Purpose of Activity Funds

The activity fund is designed to account for funds held by a school in a trustee capacity or as an agent for students, club organizations of the campus, teachers and the campus administration. These funds are used to promote the general welfare of each school and the educational development and morale of all students. The accounting function for the activity fund is delegated to each campus and must comply with Board policy CFD (Local) and the guidelines and procedures required by this manual.

2. Accountability & Responsibility

The State Board for Educator Certification requires that educators safeguard and account for student funds entrusted to them. The Code of Ethics and Standard Practices for Texas Educators states, "The educator shall honestly account for all funds committed to his or her charge and shall conduct financial business with integrity."

The **principal** is responsible for the proper collection, disbursement and control of all activity funds at the school. This includes providing for the safekeeping of funds at the school in a locked, secured area. The principal is **NOT responsible** for funds controlled by parent organizations, booster clubs, etc. **Per TEA guidelines, these funds may not be accounted for in the District's activity funds.**

The **campus secretary** is responsible for maintaining activity fund forms, issuing cash receipt books as needed to persons involved in the management of activity funds and maintaining official activity fund records. This person is also generally responsible for depositing activity funds in the bank and for accounting and financial reporting of activity funds.

Activity fund **sponsors** are responsible for managing their respective activity fund accounts. This should include developing fund-raising plans, monitoring the financial position of their account and safekeeping activity fund money. The sponsor must document all cash collections by the use of receipts and a cash receipts journal or collections list. If so designated by the principal, they may also be responsible for depositing funds.

3. Financial Audit

Activity funds shall be included in the District's annual financial audit. Additionally, the District may perform internal audits of activity funds.

4. Retention of Records

Activity fund records shall be kept for 3 years after the conclusion of the fiscal year in which the transaction occurred.

5. Cash Receipts

An official receipt shall be prepared immediately for any cash and/or checks received. **Postdated checks shall not be accepted.** Receipts shall be numbered, prepared in ink and must show the date, amount received, source of the funds (dues, candy sales, etc.), the activity fund account name, the person submitting the money and the signature of the party issuing the receipt.

All teachers or sponsors shall keep a cash receipts journal (or collections list) which documents cash/checks collected daily and from whom it was received. Money collected shall be given to the campus secretary daily and the teacher or sponsor shall receive a receipt from the campus secretary. The total on the receipt must equal the total of the cash receipts journal for that day. This creates an audit trail of the money handled by the teacher.

An actual cash count by the person signing the receipt shall be made in the presence of the person turning in the money. The total of cash and checks received shall be shown separately on the receipt.

A copy of the receipt shall be given to the person submitting the money.

Originals of receipts must be retained in the activity fund receipt book.

Under no circumstances shall a receipt amount or the signatures be altered. If an error occurs, the receipt shall be voided and a new receipt issued. Voided receipts must be retained in the activity fund receipt book.

Receipts are not to be pre-signed or pre-dated.

Deposit slips shall include receipt numbers to allow for an audit trail.

6. Expenditures

All expenditures shall be paid by pre-numbered check from the activity fund checking account. Checks must never be pre-signed, made out to "Cash" or issued blank. NO EXPENDITURES SHALL EVER BE MADE USING UNDEPOSITED CASH!

All checks written from activity/agency checking accounts must have two authorized campus signatures.

The principal shall approve no expenditure of funds unless sufficient funds are available in the appropriate activity account. If a transfer or loan between activity accounts is made, there must be proper documentation approving the transfer or loan. Loans shall be repaid by the end of the fiscal year in which the loan is granted.

In order for a check to be generated, the school shall complete an Authorization For Payment form which includes:

- Payee name and address
- Purpose of expenditure
- Amount of check
- Name of activity fund account
- Activity fund budget account code
- Signature of sponsor and principal.
- An original invoice, cash register tape or other supporting documentation must be attached to the Authorization For Payment.
- **Any Authorization For Payment for \$200 or more requires the advance signature of the Principal.**
- **Any Authorization For Payment for \$500 or more requires the advance signature of the Principal and Asst Supt of Finance.**
- **Reimbursements to employees must be held to a minimum and approved in advance by the Principal.**

7. Capital Outlay Expenditures

In order to insure that all capital outlay items are recorded in the fixed asset inventory, capital outlay items shall not be purchased directly from activity funds. Instead, the items shall be ordered through the campus budget and a check written from the activity fund to WISD General Fund to reimburse the budget.

8. Extra Duty Payments to Employees

All compensation to employees must be paid through payroll. If a principal wishes to compensate an employee for extra duty, an Authorization For Payment must be sent to payroll with a check from the activity fund to WISD General Fund to reimburse the budget.

9. Payments For Contracted Services

In order to insure issuance of an IRS 1099, payments for contracted services shall not be made directly from activity funds. Instead, the payment shall be made through the campus budget and a check written from the activity fund to WISD General Fund to reimburse the budget.

10. Deposits

As cash is collected and counted, deposit slips shall be completed by the campus secretary (or sponsor if so designated). When properly validated by the bank, these deposit slips serve as evidence of money deposited on specific dates. These slips are supporting documents for accurate cash recordkeeping and shall be retained as a financial record of the District.

Deposits shall be made whenever cash collections exceed \$200. Undeposited collections at the close of the school week shall be kept to a minimum.

All checks shall be endorsed as follows as soon as they are accepted:

- For Deposit Only
- Name of School Activity Fund
- Account Number

Deposit slips shall be prepared in triplicate and include the following:

- Date and amount
- The cash receipt number(s) issued that make up the deposit.
- A list of each check in the deposit and the name of the payor.
- If a Collection List is used it may be attached to the deposit slip.

11. Bank Statements

Monthly bank statements shall be sent in original sealed envelopes to the school principal, who shall review the statements. All bank accounts shall be reconciled monthly as soon as statements are received. When properly reconciled, the bank statement serves as official support for the cash balance indicated in the activity fund records. The principal shall document approval of the bank reconciliations by signing the monthly account reconciliation report. This report shall then be sent to the Asst Supt of Finance for his signature and then to accounting for posting.

12. Check Cashing

Cashing of personal checks shall not be allowed.

13. Returned Checks

A check which was previously deposited may be returned by the bank for insufficient funds, improper signature or account closed. When a check is returned by the bank, the procedure shall be as follows:

- The campus secretary (or sponsor) shall immediately notify the maker of the returned check and request that it be redeemed with cash, money order or cashier's check.
- Under no circumstances shall the returned check be surrendered to the maker unless it is redeemed as above.
- If the payor fails to respond within 10 days, a Certified Mail Letter shall be sent notifying the payor that unless payment is received within the next 10 days, the returned check will result in prosecution.
- If the payor does not respond to the Certified Letter, notify the Asst Supt of Finance for resolution.
- No checks shall be accepted from a party who has failed to redeem a previously returned check.
- Retain all bank memorandums in school files.

14. Re-deposits

When a returned check is redeemed as above by the maker, the resulting deposit is known as a "re-deposit". The procedure shall be as follows:

- Prepare a separate deposit slip including:
- Date and amount of re-deposit
- Name of the maker of the returned check
- The previous cash receipt number or the activity account where the check was originally deposited.
- DO NOT issue a cash receipt since this would constitute a duplication.
- If a person redeems a returned check, give them the returned check as the receipt. (Keep a photocopy for records.)

15. Fund Raising Activities

Fund raising activities are not confined to regular school hours but are considered an extension of the school program. When fund raising activities are in the name of the school, all funds raised become school funds, belonging to the school sponsored group responsible for raising the money.

To request permission to conduct a fund raising activity, the sponsor shall complete the application portion of the Fund Raising Application and Financial Recap form and submit it to the principal for approval.

16. Accounting for Fund Raising Activities

The sponsor is responsible for keeping accurate records for all fund raising activities. Such records shall include at a minimum:

- Product distribution lists
- Daily receipts journal or collections list
- Cash receipts received for money turned in to the campus secretary
- Income/Expense Report

Within one week of the conclusion of the fund raising activity, the sponsor shall submit an Income/Expense Report form to the campus secretary. This report shall list all money collections and all expenses incurred relative to the fund raising activity, thus arriving at a net income amount.

Using the information provided on the Income/Expense Report, the campus secretary will complete the Financial Recap portion of the Fund Raising Application form.

17. Fund Raising Activity Sponsor Responsibilities

- Submit a Fund Raising Application to the principal for approval.
- Document merchandise distributed to students for sale.
- Collect all applicable sales tax and report to campus secretary.
- Maintain a daily receipts journal or collections list.
- **Full payment must be made before fund raising merchandise is delivered to purchaser.**
- **Under no circumstances shall checks be held until a later date or post dated to accommodate a purchaser.**
- Safeguard all collections in a locked, secured location.
- Turn in collections daily to the campus secretary and obtain receipts.
- If so designated, make bank deposits and submit deposit slips to the campus secretary.
- All expenditures must be paid by check from the activity fund.
- **NO EXPENDITURES SHALL BE MADE USING UNDEPOSITED CASH!** Supporting documentation must be provided for all expenditures.

- Within one week of the conclusion of the fund raising activity, submit an Income/Expense Report to the campus secretary.
- Maintain fund raising activity records for 3 years after the conclusion of the current fiscal year. These records are subject to review by the independent auditor and campus and central office administration.

18. Taxable Purchases and Sales

Each campus is responsible for collecting sales tax on all taxable sales. They may do this in one of two ways: (1) The total price of the item(s) sold may be adjusted to include sales tax, or (2) Sales tax may be added to the purchase price of the item(s). In either case, the campus shall report the total taxable sales for each month to the Business Office no later than the 10th of the following month. The campus will generate a check to WISD General Fund for the appropriate amount. The District will complete the sales tax report and remit payment to the State.

Refer to the following pages of information for guidelines and procedures for all taxable purchases and sales:

TEA Site Based Decision Making Module pages 51-55
Texas Comptroller Bulletin