



SCHOOL FINANCIAL OPERATIONS MANUAL

Red River Valley School Division

SCHOOL FUNDS MANAGEMENT AND REPORTING

Preface

Keeping a current and accurate record of all money that flows through a school is important. It provides information on the amount of money available in the bank and various fund accounts. A record of the sources and uses of these funds provides a safeguard to the administration.

While the school principal is ultimately responsible for the administration of school funds, in most cases another individual will be responsible for maintaining the records.

Section I – “Financial Records”, is intended to provide some basic accounting principles and procedures. These principles should be followed in the administration of school funds.

School Funds – Red River Valley School Division

School funds are cash assets that are raised, held, and administered by a school principal for the purposes of the school. School funds include funds provided by the Division to schools to be used for prescribed purposes, as well as monies raised by the school, independent of the Division, through fund-raising activities and other means.

The Secretary Treasurer, in consultation with the Superintendent/CEO, shall prescribe the accounting practices and procedures for the schools to follow in the administration of School Funds. The Secretary-Treasurer, or a designate, shall conduct periodic audits of School Funds and make such recommendations for improvement to the financial accounting and control procedures, as he/she deems reasonable in the circumstances.

FINANCIAL RECORDS

Cheques Issued by the School

The following information must be kept when a cheque is issued:

- Cheque date
- Cheque number
- Payee – the person to whom the cheque is issued
- Cheque amount
- Fund account that was charged for the expenditure
- Supporting documentation which clearly describes what was purchased, the supplier, the cost, and the amount of GST, if any was included in the cost

EVERY CHEQUE ISSUED MUST HAVE SUPPORTING DOCUMENTATION.

Supporting documentation **does not** include banking **transaction records** such as the slips you receive from the store that indicate if your purchase was a direct account withdrawal or a credit card payment. Although they indicate the total amount of the purchase, they do not indicate the total of the items purchased and the taxes charged on those purchases.

Cheques should be issued in numeric order and two authorized individuals must sign all cheques. The above information must be recorded in a journal which will adjust the bank balance, and then it should be posted to CA\$cH.

When a cheque has to be canceled or a stop payment issued, an entry must be made in the journal, which reverses the original entry. The cheque, if available, should have 'void' written across it, the signature removed (torn off) and it then should be filed with the supporting documentation for other cheques as noted.

The practice of issuing advances is strongly discouraged, however, if it cannot be avoided, the supporting documentation must be collected as soon as possible in order to determine the GST factor before posting, as well as to substantiate the issuing of the cheque.

Money Collected by the School

The following information must be kept when money is received:

- Date that the money is **received**
- Receipt number
- Name of the **individual** from whom the money is received...canteen, drama, field trip, etc **are not** remitters. The receipt is issued to the **person** remitting the money.
- Amount of money received
- Fund account that is receiving the money
- Amount of the GST collected, if any
- Date that the money is deposited to the bank. Reconcile the total of the receipts for cash and cheques on hand to the amount of the deposit and document on the last receipt the total amount and date of the deposit. Follow-up on any discrepancies.
- Receipts must be pre-numbered, prepared in duplicate and issued sequentially.
- The individual receiving the funds should sign the receipt.

The above information must be recorded in the journal/receipt book. When the deposit is made to the bank, the deposit total is carried to the journal where the running bank balance is updated. The receipts are posted to CA\$CH.

All money received by the school must be remitted to the school funds treasurer who will issue a receipt. If a homeroom teacher is collecting from many students, a list (referred to as a sub-receipt) with the student names and amount received should accompany the money. The school funds treasurer will issue a copy of the receipt to the teacher.

Cheques should be stamped "For Deposit Only To The Payee", upon receipt, in order to minimize the likelihood of fraud. Monies should be deposited into the bank as soon as possible after receipt. Significant amounts of money should not be kept in the school, however, if there is no alternative, be sure to keep it in a locked desk or file cabinet in a secured room.

Fund Transfers

The following information must be posted in the CA\$CH program when transferring money between fund accounts

- Date of the transfer
- Amount being transferred
- Fund account that the money is being transferred to
- Fund account that the money is being transferred from
- Explanation as to **why** the transfer is being made

Fund and Bank Statement Balancing

Fund ledgers are maintained in order to have detailed information on which areas money is being collected and expended. E.g.: basketball, field trips, kindergarten, etc.

As part of the monthly bank reconciliation process, a statement of fund ledger balances must be generated.

Bank reconciliation is the process of comparing the banks records to the school's records to ensure that the two are in agreement. It is essential that a bank reconciliation be done on a monthly basis and any variances investigated promptly. This will ensure that the funds that appear to be available are in fact available. There will be transactions identified during the bank reconciliation process such as interest and service charges which must be recorded in your journal/cheque book and then posted to CA\$CH. These will adjust your available bank balance. Bank reconciliations should be verified and signed by the Principal.

The bank statement along with the related canceled cheques and vouchers should be kept for a minimum of seven years per the Records Retention Policy. A copy of the bank statement, the bank reconciliation and the fund ledger reconciliation, are documents that will be required for the internal audit.

Back-ups

After the monthly reconciliation's are complete, a backup of the CA\$CH data files should be made and retained off site, by the principal, until the end of the school year. At that time the June 30th back-up diskettes should be kept permanently. This back up should be done prior to the year-end process on CA\$CH, as the CA\$CH year-end process clears all the previous years data and only carried forward the balances and unreconciled banking items.

Audit Review Information

Periodically, the Secretary-Treasurer's department will conduct an audit of each school's accounting records. The objective is to determine that:

- Payments are properly supported and recorded
- Monies received are recorded and deposited in the bank
- Journals and fund ledgers are clerically accurate
- Bank and fund ledger reconciliation's have been completed.

Banking and Investing

Bank accounts are available where interest can be earned on any favorable balances without the requirement of transferring to a savings account. These accounts allow for cheque writing, return of cleared cheques and do not incur services charges. If you have a significant balance in your account for an extended period, you may be able to earn an even higher rate of return by investing in a term deposit.

Maintaining a Running Bank Balance

To know accurately how much money is available to the school for expenditures, a running bank balance should be maintained in your cheque book/journal.

When the bank statement is reconciled, any adjustments i.e. service charges, interest, NSF's, etc., are calculated into the balance. This balance is then compared to the bank and fund ledger reconciliation and verified for accuracy. If your book balance is not correct, the variance must be investigated and reconciled.

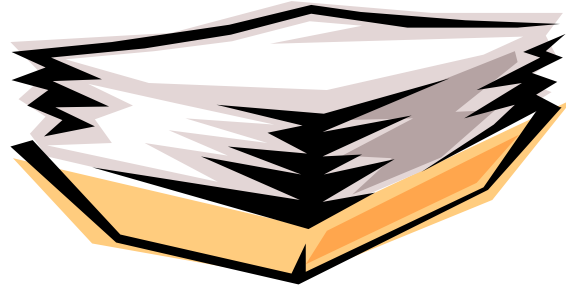
Your cheque book/journal is your source document. The importance of maintaining a daily running bank balance is identified in the following example:



EXAMPLE:

A school did not keep a bank balance in its journal/cheque book. They thought they could rely on CA\$cH to keep the running bank balance. The school wrote a cheque, but “missed” entering it in CA\$cH. The cheque was not cashed for two months. As it was not entered in CA\$cH, it did not appear as an outstanding cheque and because a balance was not kept in the cheque book, it’s omission was not discovered until the cheque was cashed. It caused the schools’ bank account to be overdrawn, resulting in overdraft charges and interest. It could also have resulted in the bank returning the cheque as NSF.

Statements and Reports



Information Kept at the School

The following must be maintained on a routine basis and made available when an audit of school funds is conducted:

- Monthly bank statement with related canceled cheques
- Monthly bank and fund ledger reconciliation
- Monthly cheque journal or cheque book
- Monthly receipt journal or receipt book
- Deposit slips
- Disbursement supporting documentation filed in cheque number order
- Sub-receipt for classroom collections etc. filed in receipt number order
- Diskette back-up copy of monthly/yearly CA\$cH data files