

MOUNT PLEASANT COTTAGE SCHOOL UNION FREE SCHOOL DISTRICT**SUBJECT: SAFEGUARDING, ACCOUNTING AND AUDITING OF EXTRACLASSROOM
ACTIVITY FUNDS**

There are certain principles and procedures that should be followed in establishing an adequate accounting system for extraclassroom activity funds. The following basic devices are essential to the proper management of such funds:

Basic Principles

- 1) Two (2) separate and independent sets of records of receipts and expenditures shall be maintained.
- 2) The authority to expend moneys shall be distinct and separate from the custody of these moneys.
- 3) At least two (2) individuals shall take part in each act of disbursing money.
- 4) The Central Treasurer and Faculty Auditor shall report to the Board of Education or its designated representative at regular intervals.
- 5) All accounts shall be audited at least annually.
- 6) Procedures shall be established which will ensure a prompt and careful examination and check of each receipt and each payment.
- 7) The accounting system shall be such that it will yield the largest possible educational return to students without sacrificing the safety of funds or exposing students to undue responsibility or unnecessary routine.

Functions and Duties of Officers**Chief Faculty Counselor (usually the Building Principal)**

It shall be the duty of this officer to coordinate the financial planning of all projects of the various student organizations in his/her building; to consult with the Faculty Advisors; to appoint a Faculty Advisor for each activity in his/her building on a year-to-year basis; and to submit to the Board of Education for approval all new activity organizations initiated by the students. He/she shall investigate all problems and disputes concerning the student organizations under his/her jurisdiction and shall effect action that will enable these problems and disputes to be resolved.

Faculty Advisor (appointed by Building Principal)

It shall be the duty of these officers to guide and advise the student officers in planning extraclassroom activities and the planning of financial budgets. The advisors shall assist the Activity

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Treasurer in the preparation of statements and sign them as acknowledgment of verification of the income statement to be attached to deposit slips. The advisor shall guide the student treasurer in posting to the account ledger and from time to time shall check the balancing of the Activity Treasurer's accounts and the completeness of their supporting evidence. The Faculty Advisor shall supervise expenditures by insuring that funds are available before approving each proposed purchase and by signing all pay orders drawn on the Central Treasurer for disbursement of funds. The Faculty Advisor is responsible for determining which of the activities of the organization are subject to sales tax and for taking steps to see that all tax information is accurately recorded and sent to the Central Treasurer. The Faculty Advisor shall constantly work toward the goal of insuring the largest educational return from the activities participated in by the students.

Activity Treasurer (student elected)

The Activity Treasurer shall receive all moneys raised by student activity and shall immediately deposit such funds with the Central Treasurer. Duplicate deposit slips shall be made out and signed by both the advisor and Activity Treasurer. One of these deposit slips is to be retained by the Central Treasurer, and one deposit slip, after being signed by the Central Treasurer, is to be returned to the Activity Treasurer together with a Central Treasurer's receipt.

The Activity Treasurer shall pay all bills by issuing pay orders signed by himself/herself, and the Faculty Advisor. It is the responsibility of the Activity Treasurer to verify the balance in his/her account when submitting a payment order. This form is to be made in duplicate and is an order on the Central Treasurer to issue a check for payment of the invoice which shall be attached to the pay order. The Central Treasurer will keep one copy of the pay order and return the other copy together with the completed check. The Activity Treasurer will then send the check to the vendor involved after posting.

The Activity Treasurer shall keep a ledger showing all receipts and expenditures and indicating a daily running balance which shall be on a form prescribed by the Board of Education. He/she shall file all supporting data, chronologically, as evidence for the entries made in the ledger.

Central Treasurer (appointed by the Board of Education)

It shall be the duty of the Central Treasurer to have custody of all funds. The Board of Education shall require the Central Treasurer of the extraclassroom activity fund to be bonded for no less than the amount of the average cash balance of the fund. All disbursements of funds shall be by means of pre-numbered check forms signed by the Central Treasurer upon receipt of a payment order signed by the Activity Treasurer, Faculty Advisor and Chief Faculty Counselor. The Central Treasurer shall have no

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part in the approval of payments but shall disburse funds only on the presentation of a properly signed pay order in duplicate providing, of course, that there are sufficient funds available in the account. The completed check will be returned to the student treasurer who will send it to the vendor after posting.

The Central Treasurer shall sign a receipt for all funds placed in his/her custody, and shall deposit these funds promptly in a bank designated by the Board of Education. The Central Treasurer shall keep an account listing the receipts and expenditures of each individual activity and post a register of all the receipts and disbursements of the combined student organizations on ledger forms prescribed by the Board of Education.

Once each month, the Central Treasurer shall receive and verify the bank statements and prepare reports for presentation to the Faculty Auditor and the Board of Education. These reports to the Board should show beginning balances, receipts for the month, disbursements for the month and the ending balances for each organization as well as a copy of the bank reconciliation.

Faculty Auditor (appointed by the Board of Education)

The function of the Faculty Auditor shall be distinct and separate from the duties of the other officers. The person appointed as Faculty Auditor shall have no part in the approval of payments, the planning of income or in the keeping of records and forms.

The Faculty Auditor shall receive once each quarter from the Central Treasurer, a complete statement of the accounts showing the balance from each activity and the total balance for all accounts. In addition, the Faculty Auditor will call in the ledgers kept by the Activity Treasurers at least twice a year in order to compare the balance as shown on the Central Treasurer's report with the balance recorded in the ledger of the Activity Treasurer. The Faculty Auditor should also examine various transactions and paperwork to determine if correct procedures are being used. The Faculty Auditor shall certify on these pages as to the accuracy of the entries posted and the available balances listed.

In the event that the ledgers of the Activity Treasurer do not agree with the ledger kept by the Central Treasurer, the Faculty Auditor shall base his/her investigation on the supporting evidence kept by the Activity Treasurer and the Central Treasurer in the form of audited receipt statements, signed deposit slips, original audited bills, signed pay orders, canceled checks, and bank statements. The entries in the Central Treasurer's books and Activity Treasurer's ledgers are in the final analysis, based on forms, bearing not only the signature of the Activity Treasurer, but also the counter signature of the Faculty Adviser.

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ACTIVITY FUNDS (Cont'd.)****Independent Auditor** (appointed by the Board of Education)

The Independent Auditor is appointed by the Board of Education to make an annual audit of all School District finances and should be required to include the extraclassroom activity fund as a part of his/her annual audit. This audit should include a statement of receipts, disbursements, and balances for each activity together with a reconciliation of cash.

Further information can be obtained from: SED Finance Pamphlet #2 "The Safeguarding, Accounting, and Auditing of Extraclassroom Activity Funds." For this document, see website:
<http://www.emsc.nysed.gov/mtgserv/accounting/docs/ExtraclassroomActivitiesOctober2008.pdf>

Extracurricular Account Procedures

Each class/club organization has an extracurricular account as a depository for class/club organization funds. The Superintendent's secretary is the Extracurricular Funds Treasurer who has responsibility for the extracurricular accounts of all school class/club organizations.

All funds, raised in any manner in the name of a respective class/club organization, are to be deposited in the respective extracurricular account. Both the class/club advisor and organization treasurer will be responsible for making an appointment with the Extracurricular Funds Treasurer to complete the necessary forms in the depositing of funds.

The expenditures and/or disbursement of all funds from any extracurricular class/club organizations must have prior approval from the Principal. The class treasurer will be responsible for working with the Extracurricular Funds Treasurer to complete the necessary forms in the expending and disbursing of funds. Itemized disbursements are to be provided to the Principal prior to approval being granted.

Prior to the close of the school year, it will be the responsibility of both the advisor and class/organization treasurer to make an appointment with the Extracurricular Funds Treasurer to conduct account closing procedures. At this time the class advisor will receive remuneration for his/her duties. Advisor responsibilities for each year are not completed until account books have officially been closed.

Deposit Procedures

- 1) Upon receiving money, the Activity Treasurer will count the money received and complete a Recap of Receipts form in duplicate.

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- 2) If the deposit cannot be taken to Central Treasurer at that time it should then be placed in the school vault until the next school day. **No activity money should be taken home by anyone.**
- 3) The Central Treasurer will sign the recap sheet and return together with a receipt for the money deposited. If the Central Treasurer is not available to count the money then the Activity Treasurer should see that someone from the business office counts the money and issues a receipt. If money is left, uncounted, at the Central Treasurer's office it will be understood that it is NOT the Central Treasurer's responsibility if there is a discrepancy in the amount of deposit.
- 4) The Activity Treasurer shall enter the amount of the deposit in the activity fund register indicating the source from which the funds were received (i.e., dance, magazine sales, etc.).
- 5) File chronologically the supporting data consisting of the duplicate recap sheet, Central Treasurer's receipt and, if applicable, the statement of admissions. These forms provide the evidence for the entries made in the Activity Treasurer's books.

Withdrawal Procedures

- 1) Upon receiving an invoice for goods received or services rendered the activity treasurer and the Faculty Advisor should determine that the bill is correct and all items have, in fact, been received as billed.
- 2) A payment order is prepared in duplicate and signed by the Activity Treasurer, Faculty Advisor and the Chief Faculty Counselor.
- 3) An invoice, receipt or statement to substantiate expense **MUST** accompany all payment orders before the Central Treasurer can issue a check.
- 4) The balance in the activity's account must be verified and indicated on the payment order.
- 5) The payment order is sent to the Central Treasurer for payment. Checks are issued each Thursday for all payment orders received by Wednesday afternoon of that week.
- 6) The Central Treasurer will return a copy of the payment order with the date paid and check number indicated. When an address is included the Central Treasurer will send the check to the address listed unless otherwise advised. Where no address is given the check will be returned to the Faculty Advisor for mailing.
- 7) The activity advisor makes the necessary entry in his/her books indicating to whom the check is made out and the reason. The pay order is filed to give supporting evidence for the entry.

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Monthly Reconciliation

The Activity Treasurers shall reconcile their records with those of the Central Treasurer. At the end of every month the Central Treasurer will send every activity an Activity Reconciliation Report which will be verified by the Activity Treasurer. This will list the transactions for the month including interest earned for the previous month. At the bottom of the report is the statement:

The information on this report is correct and complete to the best of my knowledge.

Signature _____ Date ____/____/____
(Please sign and return to Central Treasurer)