



# STUDENT ACTIVITY FUND ACCOUNTING MANUAL

*Montana Association of School Business Officials*

*Revised February 2025*

## Student Activities Fund Manual:

Key ideas new and veteran school business officials should know:

1. Purpose of Student Activities Fund
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  - b. Which funds (revenue) should be deposited into Student Activities funds?
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## **PURPOSE OF AN EXTRACURRICULAR FUND**

The purpose of a student extracurricular fund is to support and enhance the extracurricular activities and experiences available to students outside of regular academic programs. These funds are typically used to finance various student-led clubs, organizations, teams, and events that contribute to students' personal, social, and academic development. Examples of expenses covered by these funds may include equipment, travel costs, competition fees, uniforms, and other resources necessary to facilitate extracurricular activities. The ultimate goal is to enrich students' educational experiences, foster their interests and talents, promote teamwork and leadership skills, and create a vibrant and engaging school community.

The utilization of student extracurricular funds is restricted to benefit students exclusively. Students must be engaged in the decision-making process regarding the allocation of these funds.

## **DEFINITION OF TERMS**

### **BOOKKEEPING SYSTEM**

The procedure of analyzing, classifying, and recording transactions in accordance with a preconceived plan for the purpose of:

- Providing a means by which an enterprise may be conducted in an orderly manner.
- Establishing a basis for reporting the financial condition of the enterprise and the results of its operations.

### **DISBURSEMENT AUTHORIZATION**

A document initiated by a club, advising the fund custodian that a purchase has been made and that an invoice from the vendor will be forthcoming.

### **FISCAL YEAR**

The extracurricular fund accounting period from July 1, 2\_\_\_ to June 30, 2\_\_\_.

### **FUND ACCOUNTS**

Clubs or activities of the extracurricular fund that collectively make up the financial operation and position of the extracurricular fund.

### **FUND ADMINISTRATOR**

The individual designated by the board of trustees to administer the extracurricular fund.

### **FUND CUSTODIAN**

The individual appointed by the board of trustees to receipt, disburse and maintain the records of the extracurricular fund. (The Fund Custodian and Fund Administrator can be the same person in some smaller districts; such as the Business Manager. In this situation please refer to the Fraud/Internal Control section.)

### **FUND OVERDRAFT**

The amount by which demands for payment exceed the amount of the credit against which they are drawn for a particular fund account.

### **INTERNAL CONTROL**

A plan of organization under which employee duties are so arranged and records and procedures so designed as to make it possible to exercise effective accounting control and safeguarding over assets, liabilities, revenues, and expenditures.

### **OPERATING STATEMENT**

A statement summarizing the financial operation of the extracurricular fund for an account period.

### **REQUISITION/PURCHASE ORDER**

A document which authorizes the delivery of specified merchandise or the rendering of certain services and the making of a charge for them.

### **REGISTER**

A record for the consecutive entry of a certain class of documents or transactions, with a proper notation of all the required particulars. Common registers would be a receipt register, a disbursement register and a combined receipt, disbursement and fund balance register.

**POLICY REVIEW:**

Each school district has its own unique policies and policy numbers that must be followed. However, it is important that each district develops its student activity processes and procedures in accordance with its local policies. MASBO recommends districts review and align their student activity fund management procedures by reviewing their local policies in the following topic areas:

- Extracurricular Funds
- Fundraising
- Student Clubs
- School support organizations
- Purchasing
- Donations, gifts, endowments
- Title IX
- Field Trips
- Credit Card Use
- School Sponsored Activities

In addition to local policies Districts should consider and familiarize themselves with some of the policies, laws, and regulations around other organizations such as:

- IRS- payroll reporting for fringe benefits
- MHSA- bylaws for amateur awards and payments

**ARE THEY STUDENT ACTIVITY FUNDS OR DISTRICT FUNDS?**

Since an extracurricular fund is established for student functions, all receipts/deposits should be related to organized student activities.

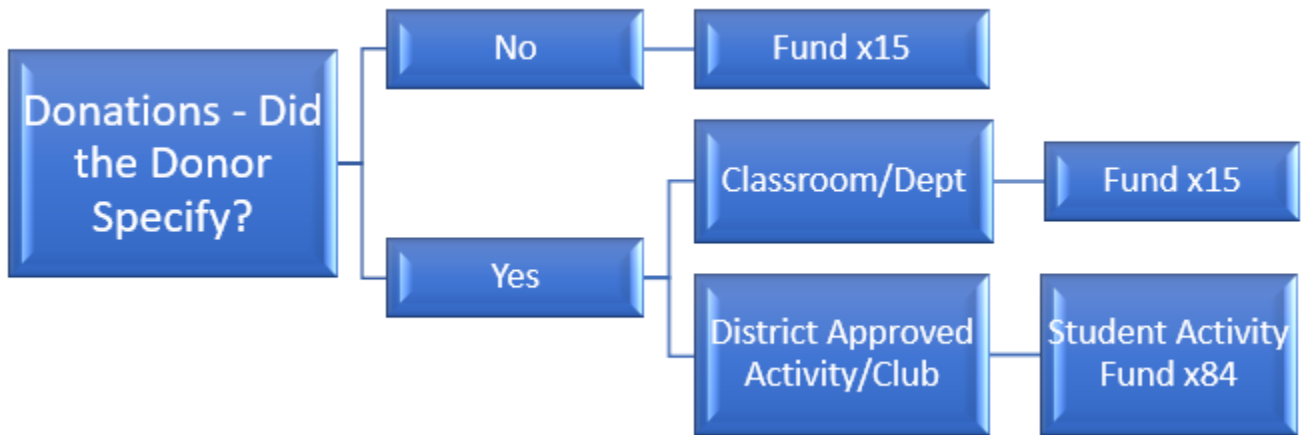
The following should not be deposited into the student activity fund accounts:

- Funds to be used for employee benefit. (such as flower or coffee funds)
- Booster club and Parent-Teacher Organization funds.
- Rentals of school district facilities and equipment. These receipts should be deposited directly to the district in compliance with Section 20-9-509, MCA, and 20-6-606.
- Book fines and lost school equipment.
- Driver Education Class Fees.
- Petty Cash
- Sale of district supplies or equipment
- Food Service monies
- Reimbursements from insurance companies (vehicle glass repairs, district owned housing, etc.)
- Money collected for instructional purposes.( i.e. classroom/instructional field trips, music instruments, etc.)
- Course & Lab Fees

**FUNDRAISING:**



## DONATIONS:



## **BANK ACCOUNTS**

Administrative Rule 10.10.304 (Student Extracurricular Activity Funds) notes that school districts maintaining student extracurricular activity funds may use a separate checking account or the county treasurer as a depository for student activity funds.

Best practices are outlined below for each option for the depository of student funds:

1. Opening a separate account with a local bank
  - a. Accounts must be opened in accordance with 20-9-235, MCA, and 7-6-207, MCA
2. County Treasurer and utilizing fund x84 within the district accounting system
  - a. All student activity funds must be accounted for separate from district funds
  - b. Funds can be held at separate bank or with county treasurer

Operating a separate account with a local bank:

- Require two signatures on all checks
- Revenues and expenditures must be tracked in the accounting system or by other means (excel, quickbooks, etc.)
- Reconcile monthly (or more frequently)
- Reported on TFS in Fund 84

County Treasurer and utilizing fund x84 within the district accounting system:

- Set up Fund(s) x84 (184- MS/elementary & 284- High school)
- Reconcile Monthly
- Reported on TFS

## **REVENUES**

A student activity account at a school typically accumulates revenue from various sources related to student organizations, clubs, and activities. Proper management and accounting of these revenues ensure that the funds are used effectively and transparently. Here are some common types of revenues that can be expected in a student activity account:

- Membership Dues/Participation Fees
- Fundraising Activities
- Events/Admission
- Donations or Sponsorships

### ***Fundraising Considerations:***

Fundraising projects encompass a wide range of activities, including, but not limited to: sale of food items, sponsorship of dances and entertainment, out-of-school sales of advertisements, gift items, magazines, and car washes. Developing procedures ahead of any fundraising activities can alleviate many conflicts/issues. For instance, the district should make several decisions, including:

- The extent to which the community will be inundated with sales;
- What sales are appropriate for which clubs and organizations;
- What limits, if any, should be set for accumulation of funds;
- What purposes are appropriate for use of funds; and,
- What happens if a trip or other fundraising objective is canceled?

### ***Fundraising Best Practices***

- The fund custodian should develop procedures for fundraising activities to include, but not limited to, items such as types of fundraisers allowed, those types prohibited, approval process for fundraisers, number of fundraisers allowed, crowdfunding process, etc.
- Staff members, advisors, or coaches leading fundraisers should be trained in district fundraising protocols, cash handling procedures, and student supervision.
- Clubs or organizations wishing to conduct a raffle, bingo night, casino night, etc. should follow the rules issued by the Montana Gaming Commission (<https://dojmt.gov/gaming/>).
- Districts should work with their auditors to improve internal controls over cash receipts to reduce the risk of loss by implementing policies and procedures. Some examples include: inventory the items for sale; complete reconciliation of receipts of items sold and remaining inventory; use of numbered receipts; and balancing cash registers and cash drawers
- Fundraising should not be allowed for the direct benefit of an individual or a family.

### ***Event Considerations:***

Organizing events as fundraisers for student activities requires careful planning and consideration to ensure success. Implementing and communicating robust internal controls for ticket sales is crucial to ensure accountability, prevent fraud, and accurately track revenue. Here are key internal controls to consider for ticket sales:

- *Segregation of duties* - establish roles and responsibilities prior to the event
- *Ticket Inventory Control* - ensure proper security of the tickets and who will be responsible for issuing tickets for sale
- *Documentation for sales records and receipts* - create procedures and forms to track all sales of tickets in preparation for the event.
- *Reconciliation* - make sure all number of tickets sold match with amount of money collected

### ***Event Best Practices:***

- Different individuals should handle ticket printing, sales, cash collection, and reconciliation.
- Use pre-numbered tickets to maintain an accurate record of how many tickets are printed, sold, and unsold.
- Maintain a log to record the issuance and return of tickets to ensure accountability for all tickets.
- Keep detailed records of all ticket sales, including date, quantity, and method of payment (cash, credit card, online)
- Issue receipts for all ticket sales, and keep copies for reconciliation purposes.
- Use cash registers or point-of-sale (POS) systems to record sales transactions accurately.
- Track sales using ticket numbers and reconcile them with the cash collected.

## **INVESTMENTS**

Extracurricular funds may be invested. Interest earned on such an investment may be:

- credited to a general operating account within the fund to be used to offset expenses incurred in administering the fund, or
- distributed to the fund from which the money was withdrawn for investment. 20-9-504 MCA, or distributed equally between all funds based on cash balances of each account at the time interest is received.
- Consistency and documentation are key when distributing interest.

## **EXPENDITURES**

It is essential for school districts to establish clear guidelines and policies regarding allowable expenditures in the student activity fund, ensuring that funds are utilized responsibly, transparently, and in accordance with applicable laws, regulations, and district policies.

### **Allowable Expenditures**

Expenditures should be limited to those that benefit students who are currently enrolled or participating in the school activity or group and in accordance with the purpose of the particular group.

All student activity funds are owned by the district, but the students determine how funds are spent. Procedures within the district or building should be established so everyone knows and understands the expectation

- **Example:** *Club meeting minutes and/or student group member sign off on all expenditures*

### *Gift certificates, gift cards, or e-gift cards*

Gift cards, gift certificates, and e-gift cards are permissible expenses, and there are no laws explicitly prohibiting their purchase or use. However, MASBO recommends avoiding the use of gift cards for the following reasons:

- They can compromise internal financial controls.
- They may lead to potential IRS issues regarding employee compensation.
- They could be considered restricted gifts under Montana public employee gift regulations.
- They might violate MHSA (Montana High School Association) bylaws concerning awards and prizes for student athletes.

Therefore, while gift cards are allowed, as a best practice, it is generally advised to refrain from purchasing them with student activity funds.

### **Unallowable Expenditures**

- Salaries/wages - this includes, but is not limited to: Club Advisor Stipends, Officials, Coaches, etc. (exception MOA Officials)
- Attire for coaching, team uniforms or other required equipment, that is District property, should not be purchased by the Student Activity accounts.
- Purchases of textbooks, equipment or other classroom supplies
- Purchase Teacher or Principal appreciation gifts.
- Scholarships
- Textbooks
- Purchase drugs, alcohol or any other substances not supported by the District.
- General Fund budget restrictions should not be bypassed by way of the Student Activity accounts.
- Donations to individuals, religious activities, booster clubs, parent/teacher organizations, school foundations or scholarship funds are prohibited. Donations should be paid only when a specific fundraiser was utilized to raise the proposed donated funds. Excess funds in an account should not simply be donated as a way to decrease the account balance.

### **INTERNAL CONTROLS**

Implementing robust internal controls is paramount for maintaining transparency, accountability, and efficiency within school districts. To ensure the integrity of financial processes and safeguard valuable resources, it is imperative for school districts to develop and document comprehensive procedures tailored to their unique operational needs. These procedures serve as a roadmap, delineating the appropriate steps and protocols to be followed in various scenarios, thereby minimizing the risk of errors, fraud, and mismanagement.

When crafting these procedures, school districts should consider factors such as segregation of duties, authorization protocols, documentation standards, and regular monitoring mechanisms. By establishing clear guidelines and workflows, districts can streamline operations, mitigate risks, and foster a culture of compliance and accountability. Moreover, regularly reviewing and updating these procedures in response to evolving regulatory requirements and organizational changes ensures their relevance and effectiveness over time. Ultimately, investing time and effort in developing robust internal control procedures not only enhances financial stewardship but also contributes to the overall effectiveness and credibility of the educational institution.

Here's a breakdown of key components:

1. **Segregation of Duties:** Assign different responsibilities to different individuals to prevent any one person from having complete control over a transaction from start to finish. For example, separate individuals should handle collecting funds, recording transactions, and reconciling accounts.
2. **Authorization and Approval:** Clearly define who has the authority to initiate transactions or approve expenditures. This helps ensure that all transactions are legitimate and align with the organization's objectives.
3. **Physical Controls:** Implement measures to secure physical assets such as cash, checks, and inventory. This may include lockable storage for cash, secure access to financial records, and restricted access to sensitive areas.
4. **Documentation and Recordkeeping:** Maintain accurate and complete records of all financial transactions and activities. This includes receipts, invoices, bank statements, and other relevant documentation. Proper documentation provides evidence of transactions and facilitates accountability and transparency.
5. **Reconciliation and Review:** Regularly reconcile financial records with supporting documentation to identify discrepancies or errors. Additionally, conduct periodic reviews of financial processes and controls to ensure effectiveness and compliance with policies and regulations.

6. **Training and Communication:** Provide training to staff and volunteers involved in student activities to ensure they understand their roles and responsibilities, as well as the importance of internal controls. Clear communication of policies and procedures is essential for effective implementation.
7. **Monitoring and Oversight:** Establish mechanisms for ongoing monitoring of internal controls and oversight of student activities. This may include the appointment of a faculty advisor or oversight committee responsible for reviewing financial reports, addressing concerns, and ensuring adherence to established controls. This is especially critical when segregation of duties is unattainable due to the size of the district.

By implementing robust internal controls, schools can minimize the risk of fraud, errors, and mismanagement within student activities, thereby safeguarding assets and promoting accountability and integrity.

## **ROLES & RESPONSIBILITIES**

### **Board of Trustees**

The Board of Trustees is responsible to:

- Establish a student activity account (Fund 84)
- Adopt policies to govern student activity account(s)
- Monitor student activity account funds
- Approve open/close of fund accounts
- Report via TFS student account financial activity

### **Fund Custodian**

The appointed Fund Custodian is responsible to:

- Establish procedures for receipting, disbursing, and maintaining student activity account funds
- Establish and monitor internal controls to prevent financial mismanagement
- Provide training and support to fund administrator, principal, advisors/sponsors, student leaders and staff on financial procedures, fundraising, budget management, and compliance requirements.
- Complete monthly reconciliation of student activity funds

### **Fund Administrator (Finance Secretary/Bookkeeper)**

The Fund Administrator is responsible to:

- Manage the fund's financial activities, including deposits, withdrawals, and expenditures, ensuring they align with the approved budget and purposes
- Provide regular financial reports to stakeholders, such as school administrators, student leaders, advisors, and school board
- Collect all monies and prepare them for deposit according to Board policy
- Assist sponsors and advisors regarding proper procedures
- Maintain all necessary documentation for all receipts and disbursements to comply with established board policy

### **Principal**

The principal or other authorized administrator shall:

- Directly and ultimately responsible for the proper implementation of all laws and policies regarding the operation of their student activity account.
- Ensure all advisors/sponsors are trained and aware of their responsibilities
- Be responsible for the approval of requisitions for the expenditure of funds
- Be aware of and approve all fundraising activities
- Monitor student activity account funds
- Review monthly reports and bank reconciliations

### **Advisors / Sponsors**

The Club/Group advisor or sponsor shall:

- Support students in planning, organizing, and executing club events and activities, ensuring logistical arrangements are in place.
- Attend club meetings, events, and activities to provide support and oversight.
- Keep and compare the activities' financial records with the reports provided by fund administrator
- Keep copies of minutes of meetings and make them available when requested
- Complete fundraiser request and completion forms
- Maintain inventory records, if appropriate



## **CASH HANDLING**

The area most susceptible to abuse is the cash handling process. Therefore, effective cash handling is essential for maintaining the integrity and transparency of student activity accounts. By following these cash handling guidelines and best practices, student activity accounts can ensure that funds are managed responsibly, transparently, and securely, thereby maintaining trust and integrity within the student community and the institution.

- **Establish Clear Procedures**
  - *Written Policies:* Develop and maintain written cash handling policies and procedures. Ensure all involved parties are familiar with these guidelines.
  - *Training:* Provide training for all students and staff involved in cash handling to ensure they understand and follow the established procedures.
- **Segregation of Duties**
  - *Multiple Personnel:* Involve more than one person in the cash handling process to reduce the risk of errors or fraud. Separate responsibilities for collecting, recording, and depositing cash.
  - *Approval Processes:* Ensure that cash transactions are reviewed and approved by a designated authority.
- **Cash Collection**
  - *Receipts:* Issue pre-numbered receipts for all cash collections. Ensure receipts include the date, amount received, purpose, and the name of the person who collected the cash.
  - *Documentation:* Maintain detailed records of all cash transactions, including the source and purpose of the funds.
- **Cash Handling During Events**
  - *Secure Storage:* Use secure, lockable cash boxes or bags during events. Limit access to authorized personnel only.
  - *Supervision:* Ensure that at least two people are present when handling cash at events to provide oversight and accountability.
- **Cash Deposits**
  - *Timely Deposits:* Deposit all collected cash into the student activity account promptly, preferably on the same day it is received or the next business day.
  - *Bank Deposits:* Use bank deposit slips to document all deposits. Ensure that the total on the deposit slip matches the total amount of cash collected.
  - *Dual Control:* Have two individuals verify and sign off on the deposit to confirm accuracy.
- **Record Keeping**
  - *Accurate Records:* Maintain accurate and up-to-date records of all cash transactions, including receipts, deposit slips, and reconciliations.
  - *Audit Trail:* Ensure that there is a clear audit trail linking collected cash to recorded transactions and bank deposits.
- **Reconciliation**
  - *Regular Reconciliation:* Reconcile cash collected with receipts and bank deposits regularly, such as weekly or monthly. Investigate and resolve any discrepancies promptly.
  - *Review:* Have others, such as a school administrator, advisor, or an auditor, periodically review cash handling records and reconciliations.
- **Security Measures**
  - *Secure Locations:* Store cash in a secure location, such as a locked safe or drawer, until it can be deposited in the bank.
  - *Limited Access:* Restrict access to cash storage areas to authorized personnel only.
  - *Transportation Safety:* Use secure methods for transporting cash to the bank, such as using tamper-evident bags or accompanying transportation with multiple people.

### ***Change Or Cash Boxes***

A change fund may be necessary for making change at athletic events, concessions, and other student activities. The amount of change needed should be determined at the start of the school year. This cash will be retained throughout the year and would then be redeposited separately at the end of the school year. They are different from petty cash in that they may not be used for purchases or reimbursements and the dollar amount of a change fund does not fluctuate. Likewise, change funds do not affect revenues or expenditures.

Change funds should be properly safeguarded at all times and should be reconciled after each event to ensure original funds are retained. The fund administrator should

Example to open/establish the change fund:

- Code the initial expenditure: xxx.0104 (debit) and xxx.0101 (credit)
- At year-end code the redeposit: xxx.0101 (debit) and xxx.0104 (credit)

### ***Cash Handling Best Practices***

- All monies collected should be stored in a secure location until deposited into the bank
- Deposits of all monies should occur at least weekly, but daily is preferred.
- Immediately upon receipt, all checks should be endorsed “For Deposit Only”
- A pre-numbered receipt should be issued to the payer immediately any time money is received, and all receipt numbers shall be accounted for (if electronic receipts are issued, print a copy for the payer)
- No school employee or Advisor/Sponsor should directly exchange cash collected from students for an event to pay a vendor in cash directly. An accounting trail must be kept to reconcile receipts collected for each event and payment of cash directly to a vendor reduces the paper trail needed to properly reconcile receipts and expenses for each event.
- Post-dated checks should not be accepted
- No expenses should be paid from the cash proceeds collected from the fundraiser or event.
- No student or employee should take money home at any time; procedures should be established for money received over the weekend so that it can be deposited to a night depository, secured in a locked vault, or safeguarded by other means.
- The cashing of personal, extracurricular fund checks, or school district warrants from undeposited cash on hand is absolutely prohibited. Such a practice greatly reduces and weakens internal control and the district should not serve as a bank for its staff, students, or community.
- School should not borrow money from or loan money to anyone, including district employees
- Cash advances for travel or other miscellaneous expenses is not encouraged

### ***Non-sufficient Funds (NSF) Checks***

The board is strongly recommended to establish a policy for handling NSF (Non-Sufficient Funds) checks. This policy should be tailored to the specific needs of each district.

**Policy Example:** If the district receives an NSF check, the individual responsible will be prohibited from writing checks to the school district for two years.

### ***Best Practices for Handling NSF Checks***

- 1. Carrying NSF Checks as Cash Items:**
  - NSF checks deposited and returned by the bank should be recorded as cash items on hand.
- 2. Notification and Collection:**
  - The fund custodian must notify the check author and attempt to collect the funds.
- 3. Cash Payment Requirement:**
  - Require the NSF check to be repaid in cash and re-deposited.
- 4. Re-depositing Replacement Funds:**
  - If the NSF check is replaced with cash or other means, the proceeds should be re-deposited using a separate deposit slip.
- 5. Monthly Reconciliation:**
  - Include the amount of any NSF checks held as cash items when reconciling month-end cash on hand.
- 6. Uncollectible Checks:**
  - If the fund custodian determines that an NSF check is uncollectible, they should seek collection assistance from the county attorney or by other means outlined in Board policy. If all collection attempts fail, submit a memo to the board of trustees requesting authorization for cancellation. The memo should include:
    - Date of the check
    - Author of the check
    - Amount of the check
    - Purpose of the check
    - Fund account the check was deposited into
    - Cancellation authorization by the board

## 7. Bookkeeping Entries:

- If the board authorizes the cancellation of an NSF check, make entries in the bookkeeping register to reduce the cash control receipt balance and the individual fund account balances involved.

## 8. Record Maintenance:

- Maintain records of cancellation authorization by the fund custodian.

## **REQUISITION & PURCHASING PROCEDURES**

Establishing clear requisition and purchasing procedures for student activity funds is essential to ensure transparency, accountability, and proper use of funds. Here is a comprehensive outline of the typical steps involved in these procedures:

### ***1. Requisition Procedures***

- *Request Form Submission:* Individuals (students, teachers, club advisors) must submit a requisition form detailing the items or services needed, estimated costs, and the purpose of the purchase.
- *Approval Process:* The requisition form must be approved by the appropriate authority, such as the club advisor, student activities coordinator, and/or school principal. Multiple levels of approval may be required depending on the amount or nature of the request or established district procedures.
- *Budget Check:* Ensure the requested funds are available in the relevant student activity account. Verify that the purchase aligns with the approved budget and goals of the student activity.

### ***2. Purchasing Procedures***

- *Vendor Selection:* Choose vendors based on the school's approved vendor list or through a competitive bidding process for larger purchases. Ensure vendors comply with school district policies, such as obtaining a W-9 form for all vendors.
- *Purchase Order (PO) Creation:* Once the requisition is approved, create a purchase order. The PO should include details of the items/services, quantities, prices, and vendor information. It serves as an official authorization for the purchase.
- *Order Placement:* Send the purchase order to the selected vendor to place the order. Keep a copy of the PO for record-keeping.
- *Receipt of Goods/Services:* Upon delivery, verify that the goods/services received match the order specifications. Inspect items for quality and completeness.
- *Invoice Processing:* The vendor sends an invoice after the delivery of goods/services. Match the invoice with the purchase order and delivery receipt to ensure accuracy.

### ***3. Payment Procedures***

- *Invoice Approval:* The invoice must be approved by the individual who authorized the purchase. They verify that the goods/services were received as ordered and that the invoice amount is correct.
- *Payment Authorization:* Submit the approved invoice to the school's financial office or fund custodian for payment processing.
- *Record Keeping:* Maintain detailed records of all transactions, including requisition forms, purchase orders, delivery receipts, and paid invoices. This documentation is essential for auditing purposes and financial reporting.

## ***Payment Processing***

When managing student activity funds, it's important to have clear procedures for different types of payments to ensure accountability, security, and proper record-keeping. The common types of payments used for student activity funds include:

### ***1. Check/warrant***

- *Usage:* Checks are often used for larger or more formal payments, such as paying vendors, booking venues, and making deposits for events.
- *Procedure:* Requires authorized signatures from designated school officials (e.g., principal, fund custodian). Checks provide a paper trail, making them useful for audits.
- *Record-Keeping:* Maintain copies of all issued checks and related documentation.

## **2. Credit/Debit Cards**

- *Usage:* Used for online purchases, immediate payments, and situations where check processing is impractical and/or inefficient.
- *Procedure:* Often, only certain authorized personnel (e.g., principal, finance officer) are allowed to use the school's credit or debit card. Detailed receipts and documentation must be provided for each transaction for audit purposes.
- *Record-Keeping:* Keep receipts and reconcile credit card statements monthly.

## **3. Electronic Funds Transfer (EFT) / Wire Transfers**

- *Usage:* Suitable for transferring funds directly to vendors, especially for large sums or recurring payments.
- *Procedure:* Requires authorization from designated school officials and detailed documentation of the transfer purpose.
- *Record-Keeping:* Maintain records of all EFT transactions and authorization forms for audit purposes.

## **4. Cash Payments (least preferable means of payment- not recommended)**

- *Usage:* Generally discouraged due to security and tracking issues, but might be used for minor expenses or petty cash.
- *Procedure:* Strict controls should be in place, including receipts for all cash disbursements, approval from authorized personnel, and a petty cash log.
- *Record-Keeping:* Keep detailed records of cash transactions, including receipts and a cash log.

## **5. Purchase Orders (PO)**

- *Usage:* Often used for ordering supplies, equipment, and services from vendors. Purchase orders ensure that funds are committed before the actual expenditure.
- *Procedure:* Requires approval from designated authorities before issuing the PO to the vendor.
- *Record-Keeping:* Maintain copies of all purchase orders and related invoices. Invoices are usually paid with a check or credit card.

## **6. Reimbursements**

- *Usage:* Used when individuals (e.g., teachers, club advisors) make purchases with personal funds and seek reimbursement.
- *Procedure:* Requires submission of detailed receipts and an expense report. Reimbursement requests must be approved by authorized personnel. Best practice is to develop a procedure for reimbursements which includes prior approval before an individual expends personal funds.
- *Record-Keeping:* Keep copies of receipts and reimbursement forms for audit purposes.

## **STUDENT TRAVEL PROCEDURES**

Establishing clear student travel procedures and authorization protocols is essential to ensure safety, compliance, and effective management of resources. Student travel requests should be authorized according to District policy. For instance, trips involving significant travel, such as overnight or out-of-state trips, additional approval from the school board or district office may be required.

The fund custodian should be notified upon approval to facilitate all financial activities. Payment options for student travel expenditures are as follows:

- **Credit Card/PCard-** Most common and preferred method of payment and issued to fund sponsors. Upon return from travel all receipts should be turned into fund custodian. Complete a listing of itemized expenditures paid, together with documentary evidence of payment.
- **Credit on Account/Purchase orders** - When possible, some schools prefer to call ahead and make arrangements for the food and lodging costs to be billed directly to the school on an open account basis. An authorized purchase order would be required to be given to the vendor.
- **Per Diem** - Some schools prefer to pay each student and/or adult a specified cash amount to cover costs of food on trips. This is not a recommended practice, however, if this option is used, the following type of accountability would be required:
  - A listing of all students and adults making the trip should be prepared in advance.
  - A check for the funds required should be drawn and cashed from the appropriate account of the extracurricular fund.

- Each person when receiving a per diem payment is required to make a signature acknowledgment next to his name on the advance listing.
- If persons listed are unable to attend the trip, the unexpended cash should be immediately refunded to the fund custodian and receipted back into the proper fund account.
- **Cash Advances** - This is the least desirable method for handling travel costs and not best practice. Proper internal controls should be established prior to employing this method.

### **MONTHLY RECONCILIATION**

Reconciling student activity accounts is crucial for several reasons, such as ensuring financial integrity, transparency, and proper management of funds. The fund custodian will have the responsibility of reconciling all individual fund account balances to the total of the control account balances at the end of each month. The OPI provides a [Student Activities Worksheet](#) to assist in the monthly reconciliation process.

- Each month all receipt and disbursement columns of the register must be totaled.
- Each control account balance and individual fund account balance must be verified in the following manner:
  - Beginning balance.
  - Add: Receipts for month.
  - Less: Disbursements for the month.
  - Transfers.
  - Ending balance.
- The total of all individual fund accounts must be in balance with the combined total of the cash control and bank control accounts.
- Any remaining balance shown in the cash control account at the end of each month must be reconciled and identified as to the source. (i.e., change fund, undeposited receipts, N.S.F. checks, etc.)
- The balance shown in the bank control account must be reconciled to the bank statements received from the depository bank each month. Evidence of this reconciliation must be available for inspection.
- The reconciliation of bank accounts is to be made as follows:
  - Balance per bank statement.
  - Add: Deposits in transit (deposited by fund custodian but not yet received by the bank.)
  - Less: Outstanding checks (checks entered to the register but not yet cashed by the bank.)
  - Less: Monthly bank charges or costs, if any, not yet entered to register.
  - Resulting reconciled bank statements must equal register bank control accounts.

### ***Best Practices for Reporting to the Board:***

Reports of this reconciliation and fund activity must be presented to the board of trustees for their review each month with the following information:

#### **Statement of receipts, disbursements and fund balance.**

- Fund account.
- Beginning monthly balance of each fund account.
- Receipts of each fund account.
- Disbursements of each fund account.
- Transfers of each fund account.
- Ending monthly balance of each fund account.
- Initials of fund account sponsor and president and/or treasurer acknowledging that fund account receipts, disbursement, transfers and balances are correct.
- Approved by the fund custodian and the Board of Trustees.

#### **Monthly bank and fund reconciliation**

- Name of bank and amount shown on the bank statement.
- Investments, if applicable. (Type of investment, certificate of deposit numbers, passbook savings numbers, etc.)
- Deposits in transit.
- Outstanding checks.
- Bank service charges not entered in the register.
- Reconciled bank balance
- Cash on hand.
- Total fund reconciliation.

## **Transfers**

- Transfer number.
- Account transferred from.
- Account transferred to.
- Amount of transfer.
- Authorization of transfer.

### ***Best Practices for Reporting to the Club/Group Advisor:***

Reports of reconciliation and fund activity should be presented to the club/group advisor for their review each month with the following information:

#### **Statement of receipts, disbursements and fund balance.**

- Fund account.
- Beginning monthly balance of each fund account.
- Receipts of each fund account.
- Disbursements of each fund account.
- Transfers of each fund account.
- Ending monthly balance of each fund account.

## **RECORD RETENTION**

The fund custodian should ensure all documents and records related to Student Activities should be retained and destroyed in accordance with the [Schedule No. 7: School District Records Schedule](#).

**20-1-212. Destruction of records by school officers.** (1) Upon the order of the board of trustees, a school officer may destroy records that have met the retention period, as contained in the local government records retention and disposition schedules, and, with written approval of the local government records destruction subcommittee provided for in **2-6-1202**, any records not referenced in the retention and disposition schedule that are no longer needed by the office.

(2) Each student's permanent file, as defined by the board of public education, must be permanently kept in a secure location. Other student records must be maintained and destroyed as provided in subsection (1). Personnel files must be kept for 10 years after termination.