

SCHOOL ACTIVITY ACCOUNTS

JULY 21, 2008



End of Year Closing

- **TRANSFERS**
 - Any negative balances in the Instructional Fund must be covered by transferring funds from the General Fund.
 - Normally, negative balances in individual sports need to be covered by the Athletic General fund.
 - Normally, negative balances in the Clubs and Organizations Fund must be covered from the General Fund. If the club or organization is disbanding, any negative balance must be covered. Any positive balances must be transferred to General Funds.
 - Transfer all School-wide Fundraisers to the General Fund, General Activity (4000)
 - Transfer up to 50% School Picture profits to Adult General Fund

End of Year Closing

- TRANSFERS (Continued)
 - Transfer up to 50% After School Program profits to Adult General Fund
 - Profits from vending machines in teacher's lounge to Adult General Fund. Pro-rata share of profit if there are no separate vending machines.
 - ***Last Entry***: Up to 10% of General Fund/General Activity (4000) ending balance on June 30 to the Adult General Fund.
- Transfer Ins (190.00) must equal Transfer Outs (900.00).
- Transfer Ins are always credits. Transfer Outs are always debits.
- Deadline for year end closing: August 1, 2008. Do not wait until the last day to work on closing.

Gift Cards

- Gift cards can only be purchased from the Adult Benevolence account (i. e. Sunshine Fund) or from clubs which have voted to make such purchases.

Sales Tax Exemption for Food

- Does not apply to food purchased at restaurants, carry outs, snack bars, places of accommodation, etc.
- Does not apply to food purchased for resale in a break room.
- Does apply to food purchased at a retail food store, such as grocery stores, etc.

Sales Tax Exemption for Food

- Does apply to food prepared by a caterer for off-premises consumption. The caterer can only deliver the food. Cannot provide any onsite service related to the consumption of the food. If services are provided, sales tax exemption does not apply.
- A restaurant that has a catering business that delivers the food - tax exemption applies if the above criteria is met.
- Do not get “delivery service” and catering confused. If it is a “delivery service”, the food is taxable.

Disbursements

- Must have properly approved P.O. or Check Requisition Form prior to order being placed or check being written.
- Must have invoice, receipt, registration form, other acceptable documentation.
- HCBOE does not pay or reimburse sales tax (exception: see sales tax exemption for food). For FY09, inform your employees that reimbursements from School Activity Accounts will not include sales tax.
- Get originator and principal signatures. If the Principal is the originator, you must check the box next to your signature on the Check Requisition Form.

Section 3.6

Disbursements

- *Watch carefully to make sure adult expenses are not charged to student funds.*

Expenses that are of an **instructional/administrative nature**, which are for the benefit of students, **can** be paid from student-generated funds. (Ex. teacher supplies, such as calendars/planners; conference registrations)

Meals during a meeting - **must have an agenda *and a listing of attendees* when paid from Student Funds**; neither an agenda nor a listing is necessary for meals paid from Adult Funds

- Invoices must be paid within the terms of the invoice. This is typically 30 days.
- Checks payable to the school principal should not be signed by the principal.

Disbursements

- Purchasing-Bids and Quotations
 - Purchases of goods and services with a cost of more than **\$1,000.00 but less than \$7,500.00** require a verbal, facsimile or written quotation from two or more vendors. Good faith basis.
 - Purchases of goods and services with a a cost of **\$7,500.00** but less than \$75,000.00 require a facsimile or written quotation from three or more vendors. Documentation required – will be audited.
 - FUNDRAISERS are exempt from competitive bidding.
 - Consult Purchasing Department for any large dollar purchases.

Section 3.6

Disbursements

- Purchasing Policy DJE prohibits purchases, except through sealed bid, from employees or companies in which the employee or a member of the immediate family has a controlling interest.
- According to Purchasing Policy DJED, the Superintendent and/or Chairman of the Board of Education shall be signatory to all contracts obligating the District for more than one fiscal or calendar year. *No other employee may obligate the District for multiple fiscal or calendar years, regardless of funding source.*

Revenues

- Funds must be accompanied by a monies collection form or individual deposit record. **Documentation Required.**
- Bookkeeper or Principal should make deposits on a timely basis – within 3 days of receipt. Daily deposits are ideal. However, they are required at times when collection activity is high. **DO NOT LEAVE FUNDS IN THE SCHOOL OVER THE WEEKEND OR HOLIDAYS.**
- Before making a deposit, run a tape of the collection forms and compare it to the actual deposit and system total for the inclusive receipt numbers.
- Bookkeepers should have a safe and secure location to count money. This is for the protection of the bookkeeper, principal, and school.

DEADLINE CHANGES

- **Deadline:** All bank reconciliations are due to the principal no later than the ***15th of the following month***. The principal may designate an earlier date if feasible. The principal must sign and date the bank reconciliation and the Fund Level Financial Report after reviewing them with the bookkeeper.
- Quarterly reports will be monitored and are due to the Internal Auditor by the **20th of the month following FY Quarters**. Quarter ending months are September, December, March, and June (end of year deadline-August 1st). For example, the December quarter ending reports should be in the Internal Auditor's office by January 20th.

Other

- *OUTSTANDING CHECKS*: Checks should not be allowed to remain outstanding for more than six months. Section 3.11
- *NSF CHECKS* (non-sufficient funds, also known as bad checks or bounced checks): It is Board procedure that after an individual's second bad check is returned, the school or department should refuse to accept any future checks and should require cash or money order.
Section 3.4

Other

- *FUNDRAISERS*: Section 4.7 requires a Fundraiser Approval Form and a Fundraiser Financial Report be completed. In-school fundraisers do not need to be sent to the Central Office for approval. All others do.
- This requirement also applies to PTO and booster club projects that involve students or Board-owned property or facilities. This will be reviewed in the FY08 audits.

Other

– The following fundraisers do not need a Fundraiser Approval Form or Financial Report. However, a Financial Report is required if the activity has a negative year-end balance.

- School Pictures
- Concessions
- Yearbook
- School Newspaper
- School Store
- Field Day

Other

- *ADULT FUNDS: Principal has the following adult funding options –*
 - A. 10% of each year's ending balance in General Fund-General Activity may be transferred to adult funds.
 - B. Up to 50% of profits from picture sales may be transferred to adult funds.
 - C. Up to 50% of profits from After School Program may be receipted to adult funds.

Other

- *ADULT FUNDS: Principal has the following adult funding options –*
 - D. Concessions—If there are not separate vending machines for adults, a pro-rata share of the profits from general service vending machines may be transferred to adult. (# of faculty & staff divided by total school population-students/faculty/staff).
 - E. Energy Program Awards may be receipted to adult funds. If new energy ideas are generated by students, but implemented by adults, then must share awards equally with student funds and adult funds.

Other

- *ADULT FUNDS: Maximum Balance Limit*
 - **On June 30, the Adult Fund/General Activity (6000) ending balance can not be more than \$5000.00 over the General Fund/General Activity (4000) ending balance. Any overage in the Adult Fund (6000) must be transferred to the General Fund (4000).**

TRAVEL GUIDELINES

- Employee Expense Statement may include:
 - Lodging, Airline Tickets, Registration Fees if these items are to be reimbursed to the employee.
 - Meals (Current Per Diem Max \$28.00/day) Per diem rate for Georgia high cost areas is \$36.00/day. The amount submitted for reimbursement must be for the employee only. May not use the purchasing card for employee travel meals.
 - Mileage (Current Rate \$0.505/mile)
 - Airport Parking Fees are allowable expenses. They would be recorded under the "Other" column.

TRAVEL GUIDELINES

- Employee Expense Statement
 - Reasonable Rental Car Expenses are acceptable for travel to a professional event. When available, use the automotive rental companies which have Statewide Contracts that are open to local governments. Refer to http://ssl.doas.state.ga.us/PRSapp/PR_StateWide_contract_menu.jsp for a list of Statewide Contracts
 - Taxi Expenses are acceptable for travel to and from the airport. In addition, these expenses are acceptable for travel to professional events, when necessary, due to the available hotel/motel arrangements.

Section 4.18

TRAVEL GUIDELINES

- Unallowable Expenses (not reimbursed):
 - Rental Car Expenses for site-seeing/tourism and “going to dinner”.
 - Taxi Expenses for site-seeing/tourism and “going to dinner”.
- PRINCIPAL’S EXPENSE REPORT
 - All school principals must submit their employee travel reimbursement requests to the appropriate Executive Director in School Operations, along with a school check made payable to the Houston County Board of Education in the amount of the reimbursement.
 - Section 4.18

TRAVEL GUIDELINES

- Employee Expense Statement
 - Out of State travel or Georgia High Cost Area travel may have different rates. May have to check the appropriate websites:

<http://www.gsa.gov/per diem> For Out Of State travel

<http://www.sao.georgia.gov> For travel to High Cost areas in Georgia

Call the Internal Auditor or Director of Accounting if there are any questions.

VENDOR PROGRAM

- PARENT REFUNDS: The vendor program allows bookkeepers to enter a parent as a vendor at the time a check is entered. This is only to be used for parent/student reimbursements.
- EMPLOYEES: The vendor program assigns a vendor number to all full-time personnel as they are entered into the system by the Human Resources department. The program automatically updates new employees with a vendor number on a nightly basis.
- VENDOR REQUEST FORMS: This form **MUST** be completed before a new vendor can be added to the vendor system. **An order cannot be placed nor a check written before a vendor has been approved.**

School Affiliated Organizations

- Your school affiliated organizations, such as PTOs, Boosters, etc., should not allow wire transfers from their bank accounts. This is for their protection.
- The principal should **Contact** these organizations to verify that their banking documents do not allow these types of transactions.
- Then, the principal needs to **Send** me an email indicating the organization and person(s) you spoke with.

School Affiliated Organizations

- Recommended financial guidelines are available for your school affiliated organizations.
- Contact Michelle Morris for a copy of these guidelines.

REQUIRED PROCEDURES

- All monies received should have a receipt.
- All funds must be deposited within 3 days of receipt.
- No funds may remain in the school over the weekend or holiday.
- Require a Monies Collected Form or Individual Deposit Record Form when accepting any collection of funds from staff members.
- All checks must be properly documented.
- Make all payments by check unless using a Petty Cash Fund.
- Balance the books by the 15th of the following month

REQUIRED PROCEDURES

- Report immediately to the Internal Auditor any errors that cannot be traced to the source or corrected.
- **Report immediately to the Assist. Supt. Of Finance and Business Operations and Internal Auditor any irregularities or missing funds. (Principal)**

PROHIBITED PROCEDURES

- Paying Board of Education employees a wage or wage supplement directly from School Activity funds. This includes bonuses and additional compensation for any service. This is a function of the Board's Payroll Department.
- Purchasing a gift card from funds other than Adult Benevolence or club accounts.
- Making obligations for which funds are not available.
- Making obligations beyond the end of the fiscal year (basically multi-year contracts).
- Issuing a check without first securing an itemized invoice or receipt.
- Using a statement as the basis for payment (except florists/dry cleaners).
- Making personal loans from school funds.

PROHIBITED PROCEDURES

- Cashing checks with school receipts.
- Volunteers writing receipts and handling school funds.
- Permitting any outside agency (PTO, Booster Club, etc.) access to the Houston County Schools' Sales Tax Exemption Form or the schools' Federal Tax Identification Number.
- Transfer of funds from a restricted account without the approval of both the fund sponsor and the principal.
- Issuing checks to "CASH".

Audit Findings (including but not limited to)

- Mismanagement of school activity accounts
 - Ending the school year with a negative balance in your bank account.
 - Ending the school year with a negative balance in your General Fund (4000) and/or your Adult Fund (6000).
- Excessive late deposits
- Excessive late payment of invoices
- Untimely bank reconciliations

Audit Findings (including but not limited to)

- Failure to complete Fundraiser Approval Forms and Fundraiser Financial Forms
- Failure to require proper collection forms for revenues/receipts
- Failure to require proper Purchase Order or Check Requisition Form for disbursements
- Lack of supporting documentation for disbursements

QUESTION AND ANSWER SESSION

