

RULES FOR THE SAFEGUARDING, ACCOUNTING, AND AUDITING OF EXTRACLASSROOM ACTIVITY FUNDS

General

Certain principles and procedures should be followed in establishing an adequate accounting system for extraclassroom activity or club funds. The following are essential for the proper management of these funds:

Basic Principles

1. Two separate and independent sets of records of receipts and expenditures must be maintained (one by the central treasurer and one by the (student) activity treasurer) for each club at the Junior High and High School level.
2. The authority to expend money (by the activity or club membership and student treasurer) shall be distinct and separate from the custody of the money (with the central treasurer).
3. At least two individuals shall take part in each act of disbursing money (the activity treasurer, with approval by the faculty advisor).
4. The custodian of funds (central treasurer) and the district treasurer or activity auditor shall both report to the board of education or its designated representative independently and at regular intervals (at least quarterly).
5. All accounts must be audited annually by an independent auditor.
6. The accounting system shall be such that it will provide an educational benefit to students without sacrificing the safety of funds or exposing students to undue responsibility or unnecessary routine.

Officers

The board of education shall appoint, on the recommendation of the superintendent, members of the regular faculty and clerical staff to fill the following positions:

1. Central treasurer(s) – one for each building
2. Faculty advisor(s)
3. Chief faculty counselor(s) – generally building principals, who recommend faculty advisors for each extraclassroom activity or club
4. Extraclassroom Activity Auditor
5. Independent auditor

Each extraclassroom activity or club, at a minimum, must elect an activity or club president, secretary, and treasurer from its membership.

Duties and Responsibilities (job descriptions) should be prepared for each position.

Procedures for Handling Funds

Preaudit of Receipts - The most important functions are the prompt checking, recording, and depositing of receipts. Since extraclassroom activity or club funds are derived from a variety of sources (admissions, membership dues, sales and campaigns, and donations), procedures should be used which make it possible to determine, in advance, the amounts which should be received. To facilitate the pre-audit and recording of receipts, statements should be made by those collecting money, giving all the essential data for a complete check and audit of the receipts.

Admissions – Pre-numbered tickets should be used so the faculty auditor may determine the amount that should be collected. Different color tickets should be used for each event and ticket collectors should destroy each ticket when collected to prevent using old tickets.

Receipts from Sales, Campaigns, etc. – Students collecting money should issue prenumbered receipts in duplicate (original to purchaser and duplicate to activity treasurer after audit). If receipts are not practical, a sales statement should be prepared in advance to track each student salesman's starting inventory, inventory sold, cash received, and unsold inventory. A copy of the sales statement should accompany deposits.

Inventory

Items held for resale must be adequately safeguarded in a secure location and properly accounted for, including an accounting and reconciliation of amounts on hand at all times.

Donations

Gifts or donations are usually made in lump sums and should be recorded in the minutes of the activity or club. The activity treasurer should issue a receipt and deposit the gift with the central treasurer.

Receipt of Money

Upon receiving money, the activity treasurer should take the following steps:

1. Count the money received and prepare a deposit slip in duplicate, obtain the signature of the faculty advisor (after review), and deposit the funds with the central treasurer.
2. Place the receipts in a bank deposit bag with the money, and place the bag in the school vault until the next school day. No activity or club money should be taken home by anyone.

3. Return any funds used for making change.
4. Enter the amount of the deposit in the activity or club's ledger indicating the source of the funds.
5. Ensure a completed profit/loss statement is submitted promptly after all significant fundraising events are completed. The faculty advisor should sign the profit/loss statement next to the signature of the activity treasurer, check any activity treasurer receipts.
6. File (chronologically) the supporting documentation consisting of the duplicate deposit slip and the profit and loss statement, if applicable, as evidence of the entries made in the activity treasurer's ledger.

Payments

The faculty advisor is responsible for ensuring any merchandise purchased is proper in all respects. When goods are received and the invoice arrives, the activity treasurer, under the supervision of the faculty advisor, checks the goods and the invoice to ensure there are no discrepancies. If the invoice is correct, the following steps are taken:

1. A disbursement order form is prepared in duplicate and signed by both the activity treasurer and the faculty advisor.
2. The final audited invoice is attached to the original disbursement order form and both are given to the central treasurer.
3. The central treasurer records the next consecutive disbursement order form number on the forms and prepares a 3-part check (actual check and two copies of the advice).
4. The central treasurer makes entries in his/her ledger and files both the original disbursement order form and invoice as evidence for the entries.
5. A copy of the disbursement order form is sent to the activity treasurer.
6. The activity treasurer makes the necessary entries in his/her ledger indicating to whom the check was written and the reason, and files the copy of the disbursement order form as evidence for the entries.
7. The central treasurer sends the check to the vendor.

Advances

Advances may be necessary to finance certain types of activities, which do not lend themselves to the usual procedures (i.e. to provide the necessary cash for extraclassroom activity or club trips). The activity treasurer will prepare a disbursement order form, explaining the check is to be made out to the faculty advisor, giving essential facts of the trip and including a detailed estimate of expenses. After audit and approval, the central treasurer prepares the check so the activity or club has the requested cash. After the trip, the activity treasurer files a detailed statement of actual expenses with the central treasurer and returns any unexpended money.

Transfer of Funds From One Activity or Club to Another (Book Transfers)

Transfers from one extraclassroom activity or club account to another may be done by use of a disbursement order form made by the activity treasurer of the activity or club initiating the transfer, with approval of the faculty advisor. The central treasurer makes the necessary entries, but no money changes hands. These transfers are referred to as book transfers.

Bonding of the Central Treasurer

For the protection of the extraclassroom activities and clubs, good business practice suggests the board of education require the central treasurer at each building, be bonded for no less than the amount of the average cash balance of the extraclassroom activity or club fund account.

Closing Inactive Accounts

Extraclassroom activity or club accounts may become inactive (no receipts or disbursements during the school year) due to lack of student interest or a class graduating. Extraclassroom activity or club accounts determined to be inactive will be closed after three years (one year for Senior Class) and any unused balance will be transferred to the account of the Student Government.

Sales Tax

Each faculty advisor is responsible to know which activities his/her extraclassroom activity or club undertakes are subject to New York State sales tax. The faculty advisor should ensure all sales tax information is accurately recorded and sent to the central treasurer. The central treasurer should prepare and distribute a reference of extraclassroom activity or club fundraising and social events with their taxable status. (See Exhibit 6450-E.1). Again, it is strongly recommended that extraclassroom activities and clubs pay sales tax in the first instance, when possible, and avoid the possibility of error in collecting and reporting sales tax on resale items.

Accounting Records and Their Use

The **central treasurer** should keep the following records:

1. Central Treasurer's Receipt and Expenditure Ledger – There shall be a separate receipt and expenditure ledger for each activity or club. Ledger entries must include the date; the person to whom a payment is made, or from whom money is received; and a receipt number or check number. One column is used for recording receipts, one for payments, and one for balances.

2. Register of Receipts (control) - chronological record of all receipts from all activities/clubs or sources. It must include date, source, receipt number, amount, and activity or club to be credited.
3. Register of Disbursements (control) -chronological record of all payments for all activities or purposes. It must include date, payee, check number, amount, and activity or club to be charged.
4. Central Treasurer's Receipt Book – receipt forms should be numbered and issued in duplicate (original to activity treasurer, copy retained by the central treasurer). Receipts generally serve as deposit slips and the source of information needed by an auditor.
5. 3-Part Checks – should be pre-numbered. One part is the actual check; the remaining two parts are duplicate advice. The duplicate is kept by the central treasurer. The advice should have sufficient detail to clearly identify and describe the payment and should be used for making accounting entries.
6. Transfer forms – The disbursement order form is used to transfer funds from one activity or club to another for services rendered or to make distributions to other activities (i.e. the Student Government's distribution of interest income) by using the same procedure for making withdrawals. The central treasurer will use the disbursement order form instead of writing a check. The original disbursement order form goes to the activity treasurer receiving the funds and the duplicate goes to the activity treasurer paying the funds.
7. Treasurers' Reports on Extraclassroom Activity or Club Accounts - In accordance with Part 172.3(b) of the Regulations of the Commissioner of Education, the district's treasurer shall submit a financial report to the board of education, at least quarterly, pertaining to the receipts and expenditures for all extraclassroom activity or club accounts. The central treasurer shall submit a report to the board of education, at least quarterly, pertaining to the activities for all accounts in his/her custody.

The **student activity treasurer** should keep the following records:

1. Activity Treasurer's Receipt and Expenditure Ledger – The activity treasurer's receipt and expenditure ledger generally consists of one sheet for receipts and expenditures, depending on the complexity of the activity or club. The faculty advisor shall supervise posting to the activity treasurer's ledger when approving disbursement order forms. The activity treasurer shall routinely balance the ledger for presentation to the faculty auditor. The ledger should provide space for the faculty auditor's signature indicating approval of the balance after verifying the records. At year-end, the activity treasurer's ledger shall be turned over to the faculty advisor after completion of the final audit and kept on file for the inspection and guidance of succeeding officers.
2. Activity Treasurer's Receipt – should be numbered in order, with the name of the activity or club and used to acknowledge receipt of all money. The receipt, along with other evidence, such as a detailed statement of the source of the money,

should be maintained by the activity treasurer to account for all money taken in by his/her activity or club.

3. Deposit Receipt – prepared in duplicate by the activity treasurer. The deposit receipt should be sent to the central treasurer along with a copy of a detailed statement, signed by the faculty advisor, of the source of the funds. The central treasurer acknowledges receipt of the funds by signing and dating the receipt and entering the next consecutive register number on the receipt. The original deposit receipt is kept by the central treasurer, along with the statement of the source; the copy is returned and kept by the activity treasurer.
4. Disbursement Order Form – should be prepared in duplicate, by the activity treasurer, approved and signed by the faculty advisor, when a payment or withdrawal or transfer is to be made. The activity treasurer shall then present the disbursement order form to the central treasurer along with a final audited invoice. The central treasurer shall acknowledge receipt of the disbursement order form by entering the next consecutive register number on the order along with the number of the check issued. The central treasurer shall certify the amount of the account balance available by recording it on the disbursement order form. The central treasurer shall retain the copy of the disbursing order.

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