

North Providence School Department Student Activity, Special Grant & Other Funds Policy	Approved: 11/20/2019

The guidelines below apply to all funds belonging to the school or handled by employees of the North Providence School Department for various student activities operating within the school. These guidelines are to be followed by all schools as well as other offices and departments of the North Providence School Department. Since some of these guidelines apply to the more complicated financial activities; not all of the procedures and comments will apply to each fund. Therefore, schools should follow all applicable procedures outlined in the policy.

All schools must maintain records of all receipts/expenditures and keep all documents on file.

Adequate accounting records shall be maintained at the school level in order to provide proper controls over transactions, accountability, and reporting of the student activity, special grant and other funds. It is the intent of these guidelines to recommend a system of bookkeeping procedures for handling the money and policies governing the school activity accounting, special grants and other funds.

All student activity, special grants and other funds are to be used ***only for the direct benefit of students.*** Expenditures from student activity funds for refreshments for meetings, professional books and magazines, and personal memberships in professional organizations are prohibited.

MANAGEMENT OF FUNDS

The purpose of the student activity, special grant and other fund is to provide depository accounts for all monies raised by and for activities of North Providence students or grants awards received and to assure the proper fiscal accounting of receipts and disbursements of funds raised by, and expended for, various school classes and groups. Student activity, special grant and other fund records and financial procedures shall be subject to periodic review by the Finance Department and annual audits by outside, independent auditors. Audit reports shall be referred to the Finance Department for informative purposes and the possible improvement of procedures.

Student activity, special grant and other funds shall not be used for any purpose which represents an accommodation, loan, or credit to any person. Personal checks are not to be cashed from student activity, special grant or other funds. No *“sunshine funds”* should be run through the student activity special grant and other funds.

The Principal and Certified Teacher Designee (chosen by the Principal) shall be authorized to receive, deposit and account for funds. These rules shall apply to savings as well as to checking accounts. Supporting evidence shall be required prior to signing the check. Blank checks should never be signed.

Each account must be accounted for so that its resources, obligations, revenues, and expenditures are identified and continually maintained.

[*sunshine fund = fund employees use to collect financial contributions for gifts or donations on behalf of the school (i.e. wedding, birth, etc.)]

GENERAL PROCEDURES FOR RECEIVING AND DISBURSING MONEY

1. Collection and Deposit of Cash

All monies from any source must be substantiated by a completed form which details the source of the funds. (See "Cash Receipts Form"). The completed Cash Receipts Form should be signed by the person/teacher from whom the money is received. It should also be signed by the Principal or Certified Teacher Designee who is accepting the cash. The cash should be counted and verified prior to signing. A copy of the signed form should be given to the person/teacher from whom the money is received. The original is to be retained by the Principal or Certified Teacher Designee as a record of money received.

Collections should be deposited daily, if reasonable. Money should never be left in the school over weekends or holidays. All monies collected shall be placed in the school safe for safekeeping. Said monies shall remain in the school safe only until such time as a deposit can be reasonably completed. Monies collected shall not be used to cash checks from any source. All checks to be deposited in the student activity, special grant and other fund bank accounts shall be endorsed immediately upon receipt, showing a restrictive endorsement.

Cash receipts for lost books, locks, or other school equipment or supplies paid by the students, and any class action settlement checks, should not be deposited in the school activity fund, but forwarded to the Finance Department for deposit to the School Department's General Fund as an offset to the appropriate school's budget account.

2. Documentation of Receipts

A completed Cash Receipts Form must accompany all monies received. Cash Receipts Forms must include supporting documentation. For example, if Ms. James is organizing an event and collecting money from students, the form must include a class list of those students who have paid and the amount. Other examples would include the number of tickets, gifts, etc. sold along with the price charged. If this information is not pertinent, a brief summary of the reason for the deposit must be listed on the form.

3. Disbursements

All disbursements shall be made on pre-numbered checks which serve as the basis for making an entry and recording a disbursement. Disbursements shall be supported by invoices (not statements) and documentation (see "Cash Disbursement Form") which bear signatures certifying receipt of merchandise and the signature of the Principal authorizing the payment. Accuracy of prices, extensions and totals must be checked prior to payment. When a check has been written, the invoice and supporting documents shall be marked "PAID BY CHECK NUMBER XXX" and "DATE OF PAYMENT" and shall be filed for auditing purposes. **NO MONIES ARE TO BE DISBURSED FROM UNDEPOSITED RECEIPTS.** It is also a

requirement that before the disbursement check is signed, a direct disbursement is entered and posted into the Munis accounting system.

All payees, with the exception of corporations, must complete and return a W-9 form prior to payment. The payee on the issued check must be the same name that appears on the W-9 form. It is the responsibility of the Principal, or his/her designee, to ensure these forms are returned. Each school will be required to submit all W-9 forms to the Finance Department the first week of January in accordance with *Section G*.

It is possible that proper documentation may not be available at the time a check is requested. For example, a situation may arise when the amount to be paid and the supporting documentation are not available until the day of the function because charges are based upon such variables as actual attendance by the students. In such a situation, when proper documentation is unavailable, the following procedure should be adhered to:

Although the practice of requesting a check without all of the necessary information and documentation may occasionally be necessary, it is not a practice that is keeping with good business practices and is a practice that is not encouraged. Such requests should only be made when there is no way of providing the necessary information and documentation beforehand and must be accompanied by a "Request for Check Advance from Student Activity, Special Grant and other funds Form" (see attached form). This form must be signed by the person/teacher requesting the check. It must include an approximate amount that will be paid, the reason why the actual amount and proper documentation are unavailable, and a signed statement that the required documentation will be provided within three days. In all cases, the line on the check indicating the payee should be completed before the check is issued and signed. Only the dollar amount should be entered at a later date.

All purchases shall adhere to the procurement policy of the North Providence School Department. See "Procurement Policy".

All voided checks must have the word "VOID" written across them and must be kept on file.

4. Financial Records

The Principal or Certified Teacher Designee shall maintain a complete set of books recording all monies deposited and disbursed. The cash receipts journal and cash disbursements journal shall serve as a control whereby the total amount of money deposited and expended for all funds is maintained continuously. All transactions shall be entered and categorized to permit appropriate analysis.

- A. All financial transactions must be recorded electronically and be available to download to Excel.
- B. A spreadsheet for all receipts and expenditures must be maintained for each activity's funds (yearbook, drama, etc.).
- C. One account shall be established for funds other than student activities. This account is to be a general "administrative" account to be used by the Principal for expenditures that are for the direct benefit of students in the school. This account will be the account for recording bank interest, receipts such as those from soda machines, etc. This account is to be operated in accordance with all of the rules outlined for the student activity, special grant and other funds.
- D. The total of the detailed records must be reconciled to the bank balance on a monthly basis.
- E. Expenditures from individual activity funds will be made only if that specific fund has a sufficient balance to cover the expenditure being requested. Individual activity funds are not to be allowed to "deficit spend" by borrowing funds from other activity funds.

- F. Stipends, substitutes and other compensation must be paid through the North Providence School Department's payroll system. (See Section G entitled "Payments to Employees, Independent Contractors and Non-Incorporated Businesses).
- G. Invoices must be obtained for every disbursement made.
- H. The year-end balances (June 30), once reconciled, will be the starting balance for the new fiscal year beginning July 1.
- I. All financial records (invoices, canceled checks, documentation for expenditures, backup for deposits, bank statements) must be kept for seven (7) years.

5. Reconciliation of Bank Statements

The balance shown by the bank statement will rarely agree with the balance reflected by the books of the fund because of outstanding checks, deposits in transit, bank charges, and possible errors. Thus, the bank statement shall be reconciled with the activity fund books by the Principal or Certified Teacher Designee immediately upon receipt of monthly bank statements using the form provided by the bank. The end of each month shall serve as the cut-off date for reconciliation of the bank statement.

6. Quarterly Reporting

At the end of each quarter, the following information should be sent to the Finance Department for the purpose of reporting the overall financial status of the fund, as well as to provide an internal review:

Hard Copies to be provided

- Original copy of the reconciled bank statement, initialed by the Principal.
 - Checkbook stubs for the quarter
 - Cash disbursement forms with invoices attached.
- Cash receipts forms with bank deposit slips and any additional backup documentation
 - Request for check advance forms with any additional backup documentation
 - Elementary schools must also submit the checkbook itself at year end.

Electronic Copies to be Reviewed

- Check register in Excel format
- Fund breakout in Excel format

Period Due Dates:

July 1 to September 30 Due October 15

October 1 to December 31 Due January 15

January 1 to March 31 Due April 15

April 1 to June 30 Due July 15 (secondary schools)

Due last day of school (elementary schools)

BANK ACCOUNTS

The following general rules pertain to the various phases of bank account activity (checking, savings, etc.)

1. A checking account is to be used for daily or periodic disbursements and a savings account or an approved short-term investment vehicle is to be used for any funds held in reserve for the student activity special grant and other fund accounts. It is highly recommended that the Principal and Certified Teacher Designee sign all checks and savings withdrawals. **Under no circumstances is staff to open student accounts using their own signatures or names of parents.**
2. A request for approval to open a new bank account must be made in writing to the Director of Financial Operations. The request for a new bank account must include the following information:
 - Name of Account
 - Purpose of Account
 - Type of Account (Checking, Savings, etc.)
 - List of Authorized Signers
3. Each year at the close of school, all bank accounts must be reconciled for our auditors through June 30. Elementary schools must reconcile through the May statement, since they will not have the June statement prior to the end of the school year.
4. Authorized signatures for all bank accounts must be kept up to date. When people retire, transfer, etc., their name must be removed from the list of authorized signers and replaced with the signature of their replacement or other designated individual within 10 business days. The Finance Department must be notified, in writing, of all such changes or requests for changes.

PURCHASING/BID REQUIREMENTS

All disbursements from the student activity, special grant and other funds must directly benefit students. The student activity, special grant and other funds should not upfront the cash to pay general school expense and then request reimbursement from the School General Fund. This process circumvents the School Department purchasing system and must be discontinued immediately.

The School Department's Procurement Policy must be adhered to for all student activity, special grant and other funds. No personal purchases may be made through the student activity funds for school board members, staff members or other individuals.

CLASS FUNDS (HIGH SCHOOL)

In order to avoid any misunderstanding between the school administration and the graduating class, the disposition of any remaining funds of the graduating class must be agreed upon. Every effort should be made to expend all funds prior to graduation. It is the responsibility of the class advisor to notify all class officers of the procedure regarding class funds that are not expended prior to graduation. The advisor must inform the class that:

By September 1 following the graduation of the class, any and all funds not expended will be transferred by the Principal from the class account to the administrative account and will be disbursed by the

Principal for school purposes which benefit the student body. It is the responsibility of the class advisor to ensure that all four class officers are aware of the policy on funds disbursement. The class advisor is to prepare a document, signed by the officers, indicating this understanding. This document is to be presented to the Principal by March 1 of the senior year. A signed copy of the document will be sent to the Business Office of the North Providence School Department. See attached document.

BANK ACCOUNTS - RECONCILIATIONS

Monthly - Checkbooks will be reconciled immediately upon receipt of monthly bank statements using the form provided by the bank. Any differences are to be located and adjusted immediately. Checks that are outstanding more than three months should be investigated. Stop payments should be placed on any lost checks and a replacement issued.

Annually - Each year at the close of school, all bank accounts must be reconciled for our auditors.

PAYMENTS TO EMPLOYEES, INDEPENDENT CONTRACTORS, AND NON-INCORPORATED BUSINESSES

Due to the requirements of the Internal Revenue Service (IRS), the School Department must report to the IRS payments made to employees, independent contractors, and non-incorporated businesses that exceed \$600 per calendar year (January 1 through December 31).

Payments to Employees

No payments to employees for services rendered are to be paid from the Student Activity Funds.

Independent Contractors

A 1099 form is required to be issued by the North Providence School Department if an individual has received payments for services that total over \$600 per year on a system-wide basis. The independent contractor must complete Form W-9 in order to supply the School Department with a tax reporting identification number, regardless of the payment amount or if paid in installments.

During the first week of January, each Principal is required to submit an electronic list to the Finance Department containing the following information on any independent contractors and non-incorporated businesses who were paid in the previous calendar year:

- Payee name
- Payee address
- Date of payment
- Dollar amount of payment
- The list must be signed by the Principal
- Completed W-9 forms for each payee must accompany the list

Non-incorporated Businesses

Since many business corporations do not always include "Inc." on their invoices, it is difficult to identify if the business is a corporation. If it is not incorporated, we are required to file a 1099 with the IRS. If you are unsure as to whether or not the business is incorporated, they are required to complete a W-9 form and they should be included on the list with the independent contractors. Since these are

important tax documents, please be sure the information is accurate and complete. All forms will be kept on file for future audits. **If a non-incorporated business or independent contractor has been paid \$600 or more on a system-wide basis, we are required to file a 1099 with the IRS.**

In order to avoid any conflict with tax regulations for reimbursement made payable to teachers and other employees, the following procedure must be used:

Checks may be issued to the teacher or employee for a reimbursement ONLY. Sales tax cannot be reimbursed. The purchase should be made first, followed by a request for reimbursement accompanied by proper supporting documentation for your records (itemized paid invoices, receipts, etc.). Reimbursements will not be made for any receipts dated more than one month prior to the request. If in some cases, an employee is unwilling to purchase materials out of his/her own funds, then the teacher will be required to make the purchases within three school days after the issuing of the check and then submit the required documentation to back up the payments. The documentation must be attached to your records within three school days of issuing the check.

POLICY MAINTENANCE

Developed by North Providence School Committee, to be reviewed annually and updated if required.

First Read: 9/25/19

Second Read: 10/23/19

Third Read/Approval: 11/20/19