

	FISCAL MANAGEMENT	VII-A-3
STRAIT REGIONAL SCHOOL BOARD <i>Excellence in Lifelong Learning</i> POLICIES AND GUIDELINES	General	
	SCHOOL-BASED FUNDS	
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SCHOOL-BASED FUNDS

POLICY STATEMENT

The Strait Regional School Board is accountable to its students, parents/guardians, staff, community members, and partners, and to the Nova Scotia Department of Education, for the effective management of school-based funds.

The Strait Regional School Board must adhere to the accounting requirements defined in the School Board Financial Handbook issued by the Nova Scotia Department of Education. The Handbook requires school boards to operate and report in accordance with the Generally Accepted Accounting Principles (GAAP) as defined by the Public Sector Accounting Board (PSAB).

To maintain high standards of accountability to the public, the Board requires schools to use generally accepted accounting practices to manage all the funds they collect. Furthermore, because each school within the Strait Regional School Board is a part of the corporate body of the board, the school's financial records – including records of all funds raised in the name of the school – are part of the board's financial records and must be included in the board's annual audited financial statements.

This policy and supporting procedures describe how to manage school-based funds to ensure that schools in the Strait Region meet the legal and accounting requirements of the School Board (SRSB), the Nova Scotia Department of Education, and the Canada Revenue Agency (CRA).

This policy and supporting procedures is intended for principals, vice-principals, principal designates, and school office staff, as well as fundraising volunteers and student councils.

In the enforcement of this policy and supporting procedures, the Strait Regional School Board must adhere to relevant legislation, including but not limited to, the *Education Act and Regulations Under the Act* (Consolidated August 2006), and other applicable provincial and Board policies.

SCOPE

This policy applies to all funds received, raised, or collected in the name of the school or school groups (e.g., student council, school teams or clubs), including:

- Funds raised through contracts and service agreements;
- School-based services, such as athletics, student agendas, etc.;
- School-based fundraising for charities and/or specific events or initiatives;
- Funds donated to schools.

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DEFINITION OF SCHOOL-BASED FUNDS

School-based funds are defined as all funds available to or managed by the school, other than funds provided by the approved budget of the board. They include a wide range of funds received, raised, or collected in the name of the school or a school activity for the benefit of the students of that particular school.

These funds are under the direction and control of the school principal.

USE OF SCHOOL-BASED FUNDS

All groups are expected to operate on a balanced budget.

There are two types of school-based funds:

1. General Purpose Funds

Funds raised for a general purpose through contracts, fees and/or fund-raising activities, with no specific intent, must be used for school-related activities, as approved by the school principal. It is important for the principal to consult with staff and community (when appropriate) on the use of these funds.

2. Funds Raised for a Specific Purpose

Funds raised for a specific purpose must be used for the purpose that is agreed upon before fundraising activities begin. Decisions regarding the purpose of a particular fundraising activity or activities must be documented in writing and approved by all parties involved in the activity or activities, including the use to be made of any balance of funds remaining. The principal must be advised of all fundraising activities and has the authority to withhold approval if he or she deems the activity to be unsafe or inconsistent with board policies.

If at the end of the activity there is a balance remaining of funds raised for a specific purpose, the balance should normally be carried forward to the next year, if the purpose is of a continuing nature. However, the Board recognizes the need for flexibility in this area. Therefore, when approved by all parties involved in the activity or activities, these funds may be used for another school-related function or activity.

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There are two types of payments which are required to be paid by the Board's Finance Department (and reimbursed by a cheque to the Board).

1. Monetary payments from the school to employees for services. All payments for services, even those outside the normal course of one's duties, must be paid through the board's Finance Department. School funds can be used to reimburse these costs, but the payment must flow through the Finance Department because these disbursements require the board to issue a T4 or T4A tax slip.
2. Payments for items tendered through the Board's Procurement Office must be bought with a Purchase Order and not processed through the school bank account.

ROLES AND RESPONSIBILITIES

1. **Finance Department Staff**

The Director of Finance has the following responsibilities:

- Develop and update the Strait Regional School Board's School-Based Funds Policy and supporting procedures.
- Provide periodic professional development to school staff to ensure effective implementation of this policy and associated procedures.
- Follow up on audit reports of school-based funds that may be completed from time to time.
- Receive and maintain a central file of annual financial reports from each school.
- Ensure that schools have appropriate accounting software and/or technology for administering school-based funds.

2. **Principals**

The *Education Act*, section 38 (2) (o) states: "It is the duty of a principal to account to the school board for money received from the school board, or any other source". In carrying out these duties, principals have the following responsibilities:

- 2.1 Ensure that effective accounting procedures, practices, and internal controls are implemented in accordance with the Board's *School-Based Funds policy and supporting procedures*.
- 2.2 Submit an annual financial report for the fiscal year ending March 31 to the Director of Finance not later than April 30 of each school year.
- 2.3 Designate a staff person or persons to be responsible for receipts, disbursements, banking, and

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record-keeping.

- 2.4 Approve any new bank account.
- 2.5 Ensure that processes are in place to adequately control funds within the school, including security over cash and accounting records. These processes include, but are not limited to, ensuring that:
- All funds raised by, or in the name of the school, are deposited intact to an approved school bank account and never into an individual's personal bank account.
 - All bank accounts shall have a minimum of two and maximum of four authorized signing officers.
 - The principal shall be one of the signing officers. Subsequent signing officers shall be elected by the respective group(s).
 - Signing officers must not be related.
 - Cheques are never pre-signed.
 - Any transaction over \$15,000, with the exception of school trips, is processed through the Board's Finance Department and not a school's bank account.
 - Any disbursement requiring a T4 tax slip is processed through the Board's Payroll Office.
- 2.6 Communicate responsibilities to staff members and others who collect funds in the school's name (e.g., parent-teacher associations or organizations).
- 2.7 Ensure that a primary staff member is designated as the contact person for each group, club or class involved with financial transactions.
- 2.8 Review accounting records at least monthly.
- 2.9 If funds are lost or stolen, immediately notify the Director of Finance.
- 2.10 Advise the Director of Finance of deviations from the *School-Based Funds policy and supporting procedures*

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- 2.11 Ensure that the school or any individual associated with the school does not enter into contracts of more than one year without first consulting with the Director of Finance and receiving approval of the Board.
- 2.12 Ensure that monetary payments to non-employees for services in excess of \$500 per transaction are paid through the Board's Accounts Payable Office, unless the individual has a valid business number, which puts the onus on the individual to file a tax return.
- 2.13 **Internet banking, debit cards and credit cards are strictly prohibited for any school bank account.**

3. **Designated Staff Person or Persons**

The principal may designate one or more individuals in the school to:

- 3.1 Implement the Board's *School-Based Funds policy and supporting procedures*, as directed by the principal.
- 3.2 Count and verify funds received for deposit, and issue receipts to the individual(s) remitting the funds.
- 3.3 Prepare bank deposits and deposit funds at the bank on a daily basis, unless there is a safe on site, in which case the deposits must be made at least weekly.
- 3.4 Issue cheques and ensure that all requests for payments are properly supported and approved by the principal before cheques are prepared.
- 3.5 Record transactions in the accounting system on a regular basis.
- 3.6 Complete the monthly bank reconciliation (within 21 days of the end of the month).
- 3.7 Complete the monthly file within 30 days and give it to the principal for review.
- 3.8 Prepare transaction reports as required.
- 3.9 Advise the principal of deviations from the *School-Based Funds policy and supporting procedures*.
- 3.10 Prepare the annual financial report and submit it to the principal for approval.
- 3.11 Assist during any audit by providing information and supporting documentation as required.

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3.12 Notify the principal of any financial irregularities (i.e., lost or stolen funds, misuse of funds) at the School.

4. **School-Based Staff**

School-based staff, other than those designated by the principal in section 2, have these responsibilities:

- 4.1 Work with the principal to ensure that the sources and uses of school-based funds comply with Board policy and the established procedures.
- 4.2 Ensure that fundraising activities involving students and/or the school are in compliance with Board policies and approved by the principal.
- 4.3 Ensure that funds received are used for the purposes for which they were raised or collected. (refer to Page 2 of this policy, Funds Raised for a Specific Purpose)
- 4.4 Ensure that the details of any financial activity related to their class or club are recorded completely and accurately.
- 4.5 Request and review transaction reports on a regular basis, and advise the designated individual of any discrepancies.

5. **Staff-Parent Groups**

- 5.1 The Strait Regional School Board recognizes that groups such as school advisory councils, home and school associations, and parent support groups will raise money for specific purposes. These groups are responsible and accountable for all funds raised. In addition, these groups have the following responsibilities:
 - 5.1.1 Provide the principal with a plan for the use of the funds and a final financial report.
 - 5.1.2 Work with the principal to ensure that the sources and uses of funds are appropriately spent.
 - 5.2.3 Once the support group transfers money to the school, the monies become school-based funds.
 - 5.2.4 Any equipment or other resources purchased by these groups are owned by the school.

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AUDIT

The school-based accounting records of all schools may be reviewed periodically to ensure that they comply with this policy and supporting procedures.

All school-based accounting records, including those of staff-parent groups, are subject to audits at any time by the Board's Finance Department or external auditors.

MONITORING

Implementation of this policy will be monitored by the Director of Finance, in conjunction with the Board's auditors.

PROCEDURES

The Strait Regional School Board has established a set of procedures to guide all aspects of this policy. Please refer to PRO VII-A-3.

The procedures describe how to manage school-based funds, including how to record, report, and review information about the funds. Where appropriate, the procedures refer to specific sections in the policy.

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