



Franklin County Technical School District

Student Activity Account

Operations Manual

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Student Activity Account

Operations Manual

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1. Introduction

The procedures listed in this Student Activity Account Operations Manual are designed to guarantee the safety and security of funds raised by the students themselves and which are intended to be used solely for their benefit.

1.1 Authority and Responsibility of the Principal

State law is very clear. The principal of the school is legally responsible for the operation of the designated Student activity account (S.A.A.). While authority may be delegated to subordinates for some functions, responsibility always remains with the principal.



Student activity accounts are governed by Massachusetts General Law, Chapter 71, Section 47, a copy of which is included in the Tab 1 of this manual. It is strongly recommended that principals spend a few minutes reading the text of the actual statute that governs these accounts.

1.2 Checking and Savings Accounts

The law specifically charges the principal with the responsibility of collecting and depositing funds generated by students in an interest-bearing [savings] Student Activity Agency Account which is under the supervision and control of the district treasurer.

The law then allows the district treasurer to create a separate Student Activity Checking Account which is to be "...operated and controlled by a school principal and from which funds may be expended exclusively for student activity purposes per the particular student activities authorized by the School Committee." [M.G.L. Ch 71, §]

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It is important to understand the different purposes of these two accounts. The agency or savings account is the only account in which student funds may be deposited. The checking account is used to pay student activity expenditures and can carry a maximum balance of \$10,000. The Principal or his/her designee has check signing authority over the funds transferred into the checking account. Student expenditures should NOT be paid in cash.

Student-generated funds may never be deposited directly into the checking account. The checking account provides a convenient way to pay student activity expenses. Funds are transferred to the checking account from the agency account through the district warrant process. This replenishment procedure is described in greater detail in Section 5.5 of this operations manual.

1.3 Separation of Duties

The single most important protection for any student activity account is to separate the duties and responsibilities of those collecting and depositing money from those who disburse or spend it. Think of it as a wall between the producers and the consumers of wealth.

Student activity advisors have been designated as the primary agents for collecting and depositing funds. According to a proper separation of duties activity advisors are not allowed to sign checks or otherwise make payments to vendors.

The second most important protection is to have effective, standard procedures for transferring funds from one person to the next – a chain of custody that involves counting money in the presence of witnesses and signing for receipts of funds at each step in the deposit process.

Whenever physical custody of funds is transferred from one person to another, the receiving party should count the money in the presence of the current custodian and provide him or her with a written receipt for the proceeds. This process protects both individuals and clearly establishes responsibility for safeguarding the money.

1.4 Uniform Procurement Act, M.G.L. Chapter 30B

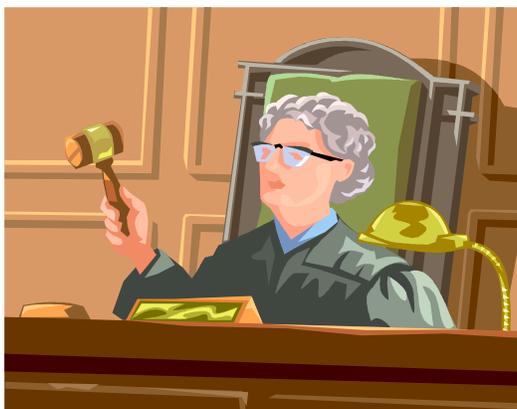
By design and by law, the student activity account operates outside the confines of the district's formal purchasing organization. Student activity accounts (S.A.A.), deal with money raised by students, rather than with public funds appropriated by our member towns.

The Office of the Inspector General has determined that Chapter 30B bidding rules do not apply to student activity accounts. However, the fact that the money belongs to students rather than to the district makes it even more imperative that it be spent wisely and effectively.

Principals, therefore, have extraordinarily broad discretion over the operation of the student activity account. With that discretion, however, comes the matching responsibility.

1.5 Ethical Considerations

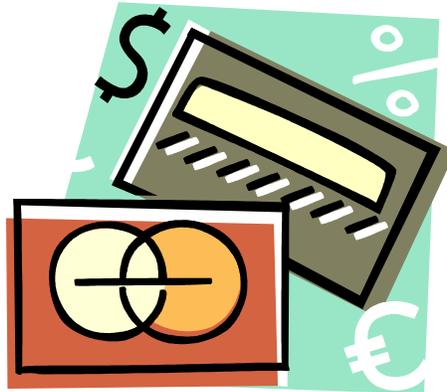
Principals, club advisors, and other district staff should be aware of the ethical guidelines and code-of-conduct rules that apply to all state employees. Massachusetts General Law Chapter 268A - Conduct of Officials and Employees – provides specific and detailed guidelines for business dealings in a variety of settings. Sections 17 and 19 of M.G.L. Ch 268A are included in Tab 1 of this manual.



Accordingly, the administration expects district employees to adhere to the spirit and intent of the conflict-of-interest law. Advisors and principals should refrain from doing business with companies that employ family members. District employees should not accept any discounts, favors, or free goods – such as Red Sox tickets - on personal purchases as a result of student activity account business. Principals and advisors should shop around for the best prices as required by generally accepted accounting practices. Vendor selection must always be based on price, quality, and service.

1.6 Personal Reimbursement

In most cases, allowing employees to use personal credit cards for student activity account purchases makes good business sense. Most employees are conscientious shoppers who are simply trying to save the district money by picking up a bargain at a local store. The administration is also well aware that there are often bargains available through internet vendors who do not accept purchase orders.



Employees, however, should not benefit personally from such purchases. Rebate and credit card incentive programs illustrate the potential pitfalls of this procedure. A district employee should not benefit personally from a 10% “teacher reward” incentive for purchases made with student funds. When an employee routinely uses his or credit card for “big ticket” purchases, the credit card company often awards bonus points, frequent flyer miles, or other rewards with real cash value.

The district recommends that the principal allow the use of personal credit cards with post-purchase reimbursement only for the occasional purchase of relatively inexpensive items. Expensive items should always be purchased from vendors who will accept a district purchase order.

Lastly, in this age of credit card fraud and identity theft, the district is doing its employees a disservice by allowing or encouraging them to use personal credit cards for official district purchases.

1.7 The One and Only School Account

The authorized student activity account described herein is the only bank account for the school that is allowed to use the district’s tax identification number. Schools and principals may not use this tax identification number for any other type of bank account.

Schools cannot use the district’s tax ID number for a staff morale “sunshine” fund, a teachers’ room vending machine account, a separate “principal’s account”, or an athletic booster club and parent-teacher group account.

These activities are permissible, but the person responsible must apply to the Internal Revenue Service for an employer identification number (EIN) which can then be used to open and operate bank accounts for these purposes. The business office will assist staff who wish to set up such accounts.

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The name of the account must make it clear that it is not an official account of the district or the school. For example, “Smallville Elementary Staff Sunshine Fund” is perfectly acceptable, whereas “Smallville Elementary School” is not.

1.8 Class Accounts

Each graduating class at the high school normally has a sub-account within the high school student activity account that contains funds raised over a four year period. When a class graduates, the district must liquidate this account and turn the money over to the elected class officers. The class officers may choose to donate the money to the school or to the incoming freshman class. They may also elect to retain control of the money for future use – a class reunion, for example



If the officers elect to keep the money, they must establish a new, separate bank account that does not use the district’s tax-exempt identification number. The account is normally opened in the name of the class with the president and the treasurer as joint owners. The administration will help the class officers obtain an employee identification number (EIN) from the Internal Revenue Service for this account.

1.9 Possibility of Fraud or Embezzlement

Even a high school with less than 600 students generates an enormous volume of deposits and withdrawals from the student activity account. In a typical year more than \$50,000 in student funds cycle through the high school student activity account. The potential for fraud, abuse, or simple mismanagement is always present. No set of procedures or instructions can possibly cover every contingency or eliminate every weak point in the system.

Throughout this manual the administration emphasizes the importance of separating the duties and responsibilities of the club advisors from those of the principal or business office personnel who serve as the check-and-balance in the deposit process. The principal needs to understand the importance of authorizing student activity account transactions personally, instead of delegating any part of that process to others. The administration recommends that secretaries not be involved with the checking account in any way – especially writing checks.



As was mentioned earlier, the law clearly states that the principal is personally responsible for the operation of the student activity account for his or her school. When fraud or mismanagement occurs, it is generally the principal who takes the blame. In most cases, lack of oversight and inadequate internal management controls implicate the school business administrator as well. When something goes wrong, everyone suffers – especially the students.

The district's outside auditors normally examine one or two student activity accounts each year. The district business staff is charged with auditing the other accounts, at least once per year. In addition, any student activity account will be audited upon a change of custodian – when a principal or secretary resigns, retires or leaves the district for any reason.

2 Raise Money

This chapter applies to our high school students and their activity advisors. It governs the procedures for raising money and safeguarding it until it is turned over to the business office for deposit.

2.1 Generate Funds

Student club members generate funds through a variety of activities and turn over receipts to the club treasurer. The club officers count the money together and turn it over to the club advisor – the same day on which it was collected, if possible.



The student activity account must track and manage funds for each separate club that has been specifically authorized by the school committee. It is the responsibility of the school principal to establish procedures to accomplish this objective.

Funds generated by a particular activity or club can be expended only on behalf of the same group of students. For example, money raised by the chorus through a car wash cannot be spent to send the debating team to a national competition.

Some student activity funds are generated by school-wide activities that do not involve a recognized club. Examples: 1) rebates to schools for student picture contracts, and 2) interest from the savings account. The principal has broad discretion to spend the picture money and interest for the benefit of the general student body.

2.1.1 Run Activity or Event

Events may be run either by the students themselves or by the faculty member who has been appointed as the advisor for the club. High school students should be encouraged to take on as much responsibility for their club as possible.

The advisor and club members should keep track of revenues and expenses for each event in order to be able to determine its net profit or loss. Some events may never breakeven but serve a worthy purpose and deserve to be subsidized by other events or fund-raising sources.

2.1.2 Collect Receipts

Proceeds or receipts from events are collected by the students or by the advisor. The nature of the event determines how the receipts should be controlled and managed.

This operations manual contains a sample receipt slip that is suitable for most collection activity. Students and advisors should always bear in mind that common sense may require modifications to the collection procedures to insure that money is properly accounted for at all times.

Tickets for student events with controlled admission such as athletic events or concerts should be serialized (numbered). If individual students are selling tickets to an event, then the club advisor should keep track of the serial numbers of tickets given out to and the amount of cash turned in by each student. Unsold tickets must be returned and accounted for.

For tickets being sold in a single location – such as a box office – a roll of serialized tickets is recommended. The student collector or advisor records the number of the first and last ticket sold. The cash collected should agree with the product of the number of tickets sold and the admission price of the event.



If the club charges different prices for adults and students, then its student members should use two different rolls of tickets to keep track of the total amount collected from each group.

If students or parents are contributing money directly to the club to pay for sports apparel, trip expenses, or any other item to be provided to them, the activity or club must be able to identify who has paid and the amounts received. The Receipt Collection Journal [Tab 2-1] is designed for this purpose.

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The Receipt Collection Journal has columns for 1) Date, 2) Received From (parent or student name), 3) Purpose, 4) Cash, and 5) Checks.

Students and advisors should be prepared to issue written receipts to students or parents who request proof of their contribution. This is particularly important for cash.

2.1.3 Count Receipts

After collecting the receipts, the collector (student or advisor) should tally the cash and check sub-totals for each page and fill in the appropriate line at the bottom of the form. If multiple journal pages are involved, he or she also indicates the number of pages and the grand total that is to be deposited in the student activity savings account.

The Deposit Total at the bottom of the Receipt Collection Journal is carried over to the S.A.A. Deposit Form which is submitted to the business office. It is always advisable to have at least two people count the money and check the accuracy of the calculations on the Receipt Collection Journal.



2.1.4 Turn in Receipts

Students should turn in receipts to the club advisor on a daily basis and should not keep collected funds in their possession overnight. The advisor is strongly encouraged to turn over funds to the business office daily as well.

If for any reason, the advisor cannot turn in the money to the business office, he or she must secure the money in a locked file cabinet, desk drawer, or closet.

2.1.5 Make Transaction Ledger Entry

The club advisor records the receipt in the club Transaction Ledger [Tab 2-2] and increases the total balance available to the club.

The Transaction Ledger is a six column table showing 1) date, 2) activity or event, 3) document number, 4) income - amount raised, 5) expense - amount paid and 6) revised club balance. The document number field is used for expenditures to record either the number of the check for expenses under \$500 or the number of the purchase order for expenses over \$500.



It is not the intent to convert club advisors into certified public accountants. However, this Transaction Ledger is one of only two places where balances by club are maintained. The business office maintains the master club balances in the QuickBooks accounting software on their computer. Club advisors must constantly compare their balance with the current QuickBooks balance.

2.1.6 Safeguard Documents

The advisor's responsibility does not end when he or she turns over the money to the business office. As has been mentioned before, both the business office and the advisor maintain balances by club.

The advisor must safeguard his or her copies of the Transaction Ledger, the S.A.A Deposit Form and the deposit ticket from the business office.

3 Make Deposit

This chapter applies primarily to the business office personnel who receive money from the faculty advisors and is responsible for its safekeeping until it is deposited in the student activity savings account.

3.1 Revise Club Balance

The business office has been designated for the deposit of money in student activity accounts. This office is also tasked with the responsibility of maintaining a running balance of funds available for each club in the school.

The advisor is the only other individual who keeps track of a club balance.

3.1.1 Review S.A.A Deposit Form

The business office checks the S.A.A Deposit Form for completeness and mathematical accuracy, serving as a quality control check for the student collector and the club advisor.

The two most critical entries on the S.A.A. Deposit Form are 1) the amount of the deposit and 2) the current balance for the club.

3.1.2 Verify Club Balance

The club balance maintained online in QuickBooks should always match the club balance maintained by each advisor in the Transaction Ledger. In the past, most advisors have maintained adequate club records. However, some did not and relied on the business office for this vital information.

This addition of the Operations Manual requires every advisor to maintain his or her own club balance record. If for any reason, the QuickBooks balance does not agree with what the advisor has written on the S.A.A Deposit Form, the business office and the advisor should jointly reconcile the difference as soon as possible.

3.1.3 Provide Receipt to Advisor

The business office counts the money, confirms the amount of the deposit, signs the S.A.A. Deposit Form and gives a copy of a numbered deposit ticket to the advisor. Typically, the numbered receipt ticket has two or three copies of various colors. One copy is given to the faculty advisor, a second copy remains in the business office as a permanent record, and the third copy is given to the school treasurer to attach to a copy of the bank deposit ticket.

3.1.4 Record New Club Balance

The business then enters the amount of the deposit online into QuickBooks. Technically she debits (increases) the cash balance in the savings account and credits the particular club or activity. This standard “double entry” accounting software will not allow the business office to complete the deposit transaction without crediting one of the club accounts.



See Section 7.2 of this manual for specific QuickBooks procedures for recording deposits.

3.2 Deposit Money

As soon as possible after receiving the money, the business office deposits the funds in the student activity savings account maintained at the bank.

This account is used by the district for the deposit of funds from a variety of student clubs and activities. In the M.G.L. chapter pertaining to student activity accounts, it is referred to as an “agency account.” For the purpose of this operations manual, it will be referred to simply as the student activity savings account.

Funds are never to be deposited in the school’s student activity checking account. Massachusetts General Laws, Chapter 71, Section 47, specifically prohibit deposits directly to the checking account. The only way funds are to be transferred from the student activity savings account to the checking account is through the school district’s accounts payable warrant system.

4 Pay Vendors

The process of paying vendors involves the faculty advisor, the business office, and the principal. Vendors should be instructed to send invoices for student activity account purchases directly to the faculty advisor at the school.

4.1 Process Vendor Bills

When vendor invoices are received, the faculty advisor and club officers verify that the goods have been received or that the services have been rendered and the vendor’s performance has been satisfactory. As a matter of policy, vendors are entitled to prompt and accurate payment for their services. Failure to do so reflects poorly on the club, the school, and the district as a whole.

4.1.1 Review Invoice

The faculty advisor is in the best position to verify that goods and services have been delivered as ordered and that the vendor is entitled to present its bill for payment.

4.1.2 Sign Invoice

Even though the advisor signs the S.A.A. Withdrawal Form, he or she must also sign and date the original invoice presented by the vendor. The business office and principal look for the advisor's signature on the invoice as proof that payment is authorized and appropriate.

4.1.3 Make Transaction Ledger Entry

The advisor records the amount and date of the withdrawal request in the Transaction Ledger, reducing the balance of funds available to the club. It is the advisor's responsibility to keep adequate, up-to-date records of the running balance of his or her club at all times. The advisor's Transaction Journal is the only backup for the QuickBooks balance maintained in the business office.

4.1.4 Complete S.A.A. Withdrawal Form

The advisor fills the Student Activity Account Withdrawal Form [Tab 2-5], staples the invoice or transaction receipt to the form and forwards it to the principal for processing. Because this is student money, a club officer should also sign the form.

On the S.A.A. Withdrawal Form, the advisor lists 1) the prior club balance [from the Transaction Journal], 2) the amount of the withdrawal, and 3) the revised club balance. The original invoice and other supporting documents should be attached to the Withdrawal Form.

4.2 Write Check

Vendor invoices are paid from the student activity checking account maintained at Citizens Bank. Invoices must be paid by a district check prepared through the warrant process. See Section 4.3 for details.

4.2.1 Verify Documents

The principal reviews the invoice and the S.A.A. Withdrawal Form [Tab 2-4] received from the club advisor for accuracy and completeness. He/She checks specifically to insure that the advisor has signed and dated the original invoice. The principal forwards the invoice and withdrawal form to the business office for payment processing.

4.2.2 Verify Balances

The business office verifies that the club has sufficient funds on hand to pay the vendor bill as presented. If the running balance from the advisor does not agree with the business office (Quick Books) balance, the discrepancy must be resolved immediately.

In general, activities and clubs are not allowed to maintain a negative balance. If the club does not have sufficient funds available to pay the invoice, the business office brings the matter to the attention of the principal. A negative balance requires a written corrective action plan prepared by the advisor and approved by the principal and the district business manager.



4.2.3 Prepare and Sign Check

Throughout this operations manual, the administration continues to recommend – strongly – that the principal personally review the Student Activity Account Withdrawal Form [Tab 2-5] and attached invoice documentation before signing the check. Given the complexity of running a school of any size, this recommendation seems on the surface to be unreasonable. It is understandable, therefore, that the principal may be tempted to delegate the task to a trusted subordinate.

The danger of delegating is the fact that the principal may sign the checks without reviewing in detail the supporting documentation from the club advisor – the withdrawal form and the signed invoice. It is all too easy to sign checks already removed from the checkbook and placed on his or her desk.



If the principal chooses not to prepare checks personally, then the administration most strongly recommends that this task be delegated to the treasurer.

Please remember that the key protection for the district is segregating the duties of those who deposit the money from those who spend it. Asking the same person to deposit funds and also to prepare checks compromises this protection and may place both the business office and the principal at risk.

Only the principal and the district treasurer have the authority to sign checks. Only one signature is required on the check.

Signature stamps are expressly prohibited for use with student activity checking accounts.

4.2.4 Reduce QuickBooks Checking Account Balance

Either before or after the principal signs the check, the business office enters the expenditure in the checking account register in QuickBooks. See Section 7.5 of this operations manual for specific instructions on processing checkbook withdrawals in QuickBooks.

4.2.5 Route Documents

The business office mails the check to the vendor, with a copy of the invoice and retains the original invoice and S.A.A. Withdrawal Form in the student activity files located in the business office.

A copy of the S.A.A. Withdrawal Form is returned to the advisor who marks the check number in his or her Transaction Ledger to document payment.

5 Reconcile Account (Monthly)

The business office and principal will work together to balance the checking and savings accounts and to reconcile the total amount of money available in the student activity account. This process is relatively pain-free when completed monthly but seems almost impossible if a three or four month time period is involved.

5.1 Balance Checking Account

The principal is responsible for insuring that the account balance in the checkbook is reconciled with the bank statement. It is strongly recommended that the principal perform this task personally OR delegate this task to the district treasurer.



The process of balancing the student activity checking account is exactly the same as balancing a personal checkbook. The steps are straight forward and uncomplicated. If the account is balanced monthly as required, it should be relatively easy to identify and correct any errors since the previous month.

5.1.1 Review Statement

At the end of each month the bank sends the checking account statement to the school, addressed to the principal by name. At a minimum, the principal should review the bank statement before forwarding to the district treasurer to balance the checking account.

5.1.2 Add Recent Deposits

To the “ending balance” on the bank statement, the principal or treasurer adds any deposits made directly to the bank to replenish the checking account after the closing date of the statement. The only deposits to the checking account should be transfers from the student activity agency

account. These transfers are made after a school committee warrant is signed, authorizing the treasurer to replenish the checking account to a maximum of a \$10,000 balance.

5.1.3 Identify Outstanding Checks

The principal or treasurer marks the student activity checkbook to identify all checks that have cleared – or have been paid – during that calendar month.

After noting all the recently cleared checks, the principal or treasurer reviews the checkbook and makes a list of all checks written previously that have not yet cleared the account. This outstanding check total is subtracted from the ending balance.

No matter which form is used, outstanding checks must be listed by 1) number, 2) date, 3) amount and 4) payee.

5.1.4 Calculate New Balance

The formula is very simple. Ending balance + unlisted deposits – outstanding checks = adjusted balance.

5.1.5 Compare to Checkbook

The adjusted balance from the bank statement reconciliation form should agree with the checkbook balance. If these figures agree, the checking account is considered balanced.

5.2 Balance Student Activity Agency (Savings) Account

The process for balancing the savings account is very similar to that of the checking account. Like the checking account, this balancing process should occur on a monthly basis.

5.2.1 Review Statement

At the end of each month the bank sends the agency account statement to the school, addressed to the principal by name. At a minimum, the principal should review the agency bank statement before forwarding to the district treasurer to be balanced.

5.2.2 Add Recent Deposits

To the “ending balance” on the bank statement, the principal or treasurer adds any deposits made directly to the bank for the student activity agency account after the closing date of the statement. The agency (savings) account should be the only student activity bank account receiving cash deposits from the school district.

5.2.3 Identify Outstanding Transfers

To the “ending balance” on the bank statement, the principal or treasurer adds any transfers out of the account made after the closing date of the statement. NO checks should be written directly from the agency bank account. Only transfers from this account to the checking account are made AFTER the school committee warrant process is complete.

5.2.4 Calculate New Balance

The formula is very simple. Ending balance + unlisted deposits – outstanding transfers out = adjusted balance.

5.2.5 Compare to Treasurer’s Cash Book

The adjusted balance from the bank statement reconciliation form should agree with the treasurer’s cash book balance. If these figures agree, the agency(savings) account is considered balanced.

5.3 Reconcile to QuickBooks

The total amount of a school’s student activity account is the sum of the checking account balance and the agency (savings) account balance.

The sum of the assets in these two accounts – checking and savings – should agree with the sum of the individual club cash balances in the QuickBooks balance sheet.

The detailed procedure to balance with the QuickBooks ledger is listed below.

5.3.1 Print QuickBooks Balance Sheet

The business manager or designee goes to the QuickBooks reports menu and chooses “Balance Sheet” from the menu options.

Using the built-in calendar, he or she specifies the period for which the report should be run.

The QuickBooks subtotal for the club bank accounts should be used to balance to the treasurer’s cash book. The treasurer’s cash book should then be reconciled to the bank statements.

5.3.2 Reconcile Total Available

The total amount of funds in the school’s student activity account is the sum of 1) the checking account balance and 2) the student activity agency account [savings] balance. This total balance should agree with the sum of the activity/club balances in QuickBooks.

Checking Acct + Agency Acct [Savings] = sum of activity/club balances



5.4 Complete the Monthly Reconciliation Checklist

The final step is to prepare and sign the documents listed in the checklist prepared by the business office. Retain the originals at the main office and send a complete set of copies to the district by the end of the following month.

5.5 Replenish Checking Account Balance

The principal is authorized to have a maximum balance in its student activity checking account of \$10,000. The checking account is periodically replenished by transfers from the agency (savings) account via the school committee warrant process.

5.5.1 Monitor Checking Account

When the checking account balance drops below 50% of the maximum allowed, the principal with the assistance of the business office, creates a warrant list for an amount sufficient to restore the maximum balance. The warrant list is submitted to school committee on the regular bi-weekly warrant cycle for their approval.

5.5.2 Deposit Funds in the Checking Account

Upon receipt of the signed warrant the treasurer will transfer the amount so stated on the warrant to the student activity checking account. The source of the funds will be the student activity agency account.

6 Monitor Operations

The volume of deposits to and withdrawals from student activity accounts dictates a significant amount of management attention and compliance effort. There is just too much to lose if these accounts are not managed properly.

The Business Manager is charged with the responsibility of ensuring that the procedures and policies contained in this operations manual are followed consistently by all faculty advisors, school support staff and the principal.

6.1 Reconcile the Account Monthly

The first line of defense against fraud or mismanagement is to insist on timely, thorough reconciliations of both the savings account and checking account on a monthly basis. Anyone who has neglected a personal checking account for months knows how difficult it can be to find and correct errors from long ago.

The administration is keenly aware that it must provide detailed guidance and assistance on request to help activity advisors keep the student activity accounts in order. The principal has a matching responsibility to make a “good faith” effort to follow the procedures outlined in this manual and to ask for assistance when needed – before major problems develop.

The administration expects that a one month time window should be sufficient to complete the reconciliation. Monthly reconciliation forms, therefore, should be filed in the business office on the last day of the month following the time period being reconciled.

6.2 Audit Selected Accounts

The business manager will insure that the district’s outside auditors examine one or two student activity accounts as part of the normal end-of-year audit. The specific accounts will be selected by the auditors.

The business office staff will audit annually any student activity account that was not selected for an audit the previous year by the auditor. In addition, the business staff will conduct an audit any time there is a change in custodian – any time a principal or secretary retires, resigns, or transfers to another school within the district.

Audits may be conducted at any time – with or without prior notice to the activity advisors. The principal may request an audit at any time. Reports of audits by the business office will normally be sent on an “eyes only” basis to the principal. The superintendent will be copied on such reports only if the report contains repeat discrepancies that have not been corrected.

6.3 Preventing Mismanagement

While the principal is legally responsible for the student activity account, the administration has an obligation to monitor the account as well. It is the administration's job to prevent mismanagement from taking place and to correct problems before they threaten the integrity of the account.



If a particular student activity advisor does not comply with these procedures after repeated warnings, the administration may elect not to process requisitions to pay vendor bills or to replenish the club's account. Effectively, the student activity account will be shut down.

6.4 QuickBooks Training

The business manager will train his/her staff until they are completely comfortable with the routine transactions to deposit and withdraw money. The administration will also consider sending personnel to outside training seminars on QuickBooks if funds permit.

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7 Guidelines for Success by Job Function

These guidelines by function identify as succinctly as possible what each district employee needs to remember to carry out successfully his or her role in the safe and efficient operation of the district's student activity accounts.

7.1 Faculty Advisor

1. Maintain a running balance at all times of the funds available to his or her club.
2. Update the Transaction Ledger whenever a S.A.A. Deposit Form or S.A.A. Withdrawal Form is sent to the business office.
3. Always list the current balance, transaction amount, and revised balance on both the S.A.A. Deposit Form and the S.A.A. Withdrawal Form.
4. Encourage student club officers to fill out and sign S.A.A. documents. After all, it's their money.
5. Sign original vendor invoices when received and send them promptly to the office for payment
6. Keep copies of all documents for at least three years.
7. Verify the Liability Account Register from QuickBooks whenever it is sent to you by the main office [at least quarterly]. Insure that all deposits and withdrawals have been properly recorded in the main office.
8. Resolve immediately any discrepancy between the club's records and the records maintained in the main office.
9. Remember that student activity account expenditures should benefit directly the students who generated the funds. Expenditures for gifts to coaches, assistant coaches, or parent volunteers are generally not appropriate and in any case must clearly originate with the club officers.

7.2 Secretary

1. Always verify the faculty advisor's balance before processing S.A.A. deposits or withdrawals.
2. Double-count the money, sign one copy of the S.A.A. deposit slip and give the advisor a copy as soon as possible after receiving the money. Use a multi-part receipt form instead, if that is faster or easier.
3. Deposit at the Bank of America daily if possible. If not, place the S.A.A. Deposit Form and money in an envelope and lock it in the S.A.A. safe provided by the district, or other secure location.

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4. Organize faculty advisor materials in folders by club, by transaction date, or any other criteria so that backup documentation is readily available to the principal, the business administrator, or the district's outside auditors.
5. If preparing checks, always maintain a running checking account balance. Write the name of the club and nature of the expense in the checkbook.
6. Present the entire checkbook to the principal for signature. Do not remove the checks from the checkbook until after they have been signed.
7. Balance the Citizens Bank checking account statement as soon as possible after it arrives.
8. Complete the monthly reconciliation using the district checklist and send copies to the business office no later than the last working day of the month.
9. Print club registers and send them to the faculty advisors at least quarterly. Monthly printouts are preferred and recommended.

7.3 Principal

1. Prepare checks personally if at all possible.
2. Consider assigning check writing duties to the assistant principal if one is available or a secretary other than the one who processes and deposits the money.
3. Sign checks while they are still in the checkbook. Examine the running balance, the club charged, and the nature of the expense. Insure that voided checks are recorded and safeguarded.
4. Spot check the club advisor's documentation – review the S.A.A. Withdrawal Form for completeness, student officer signatures, revised club balance, etc.
5. Review the completed monthly reconciliation package with the secretary or assistant principal.
6. Sign documents and statements as required.
7. Insure that the end-of-month deadline is met, or request an extension from the business office.
8. Remember that the law grants the principal wide discretion, but also imposes personal liability for the security of funds. Student funds must be spent for the benefit of the student group who raised the money, or for the student body as a whole.
9. Do not use student funds for professional development or for payments of any kind to district staff without explicit prior approval from the business office.

7.4 District Accountant

1. Send out the general ledger savings account statement to the schools as soon as possible after the last working day of each month, and no later than the 5th of the month.
2. Identify with notes or comments any interest payments, returned checks, or other unusual transactions that may not have been entered in QuickBooks at the school.
3. Assist when asked in reconciling the QuickBooks savings account register and the district G/L savings account statement.
4. Advise the business administrator no later than the 15th of the month of any student activity account monthly reconciliations that are overdue from the previous month.

7.5 Director of Business and Finance

1. Select two accounts yearly for examination by the district's outside auditor.
2. Audit personally any account not selected for outside auditor review.
3. Audit any student activity account upon the retirement, resignation, or transfer of either the principal or the school secretary. Provide a written statement of findings to the principal and superintendent.
4. Examine monthly reconciliation reports from the schools randomly to insure that all forms have been correctly filled out and signed.
5. Follow-up reports from the accountant on overdue or missing monthly reconciliations.
6. Update and re-publish the Student Activity Account Operations Manual periodically, or when events suggest a need for additional guidance.
7. Provide prompt, courteous, and professional assistance to school secretaries and principals upon request.
8. Insure that staff sunshine or morale accounts, PTO/PTA bank accounts, faculty room coke machine and other accounts are operated under a separate Employer Identification Number – not under the district's tax-exempt ID number.

7.6 Superintendent

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1. Review student activity account procedures and fraud prevention warnings with principals and other administrators at least annually, as part of the Administrative Summit.
2. Insure that principals understand that the law clearly places full responsibility for the operation and administration of the student activity account on their shoulders.
3. Follow up on any reports from the business administrator of missing or delinquent monthly reconciliation reports.
4. Remind principals that the authorized student activity account is the only bank account for the school that may be operated under the district's tax exempt I.D. number.

Student Activity Account

Operations Manual

Tab 1

Massachusetts General Laws

PART I. ADMINISTRATION OF THE GOVERNMENT

TITLE XII. EDUCATION

CHAPTER 71. PUBLIC SCHOOLS

SCHOOL COMMITTEES

Chapter 71: Section 47. Athletic programs; school organizations; student activity accounts

Section 47. The committee may supervise and control all athletic and other organizations composed of public school pupils and bearing the school name or organized in connection therewith. It may directly or through an authorized representative determine under what conditions the same may compete with similar organizations in other schools. Expenditures by the committee for the organization and conduct of physical education, athletics, sports, games and play, for providing proper apparatus, equipment, supplies, athletic wearing apparel, including appropriate souvenir garments and trophies, and facilities for the same in the buildings, yards and playgrounds under the control of the committee, or upon any other land which it may have the right or privilege to use for this purpose, and for the employment of experienced athletic directors to supervise said physical education, athletics, sports, games and play, shall be deemed to be for a school purpose. Expenditures by the committee for making special awards to pupils who have performed meritoriously in the fields of art, debating, distributive education, music, science, social studies or languages shall also be deemed to be for a school purpose. Cities and towns may appropriate for the employment of coaches to supervise in public schools physical education, athletics, sports, games and play, and for the transportation and expenses of public school athletic teams, coaches, cheerleaders, bands and any other groups composed of public school pupils which bear the school name and are under the control of the school committee, within and without the commonwealth, to places where athletic contests or physical education, sports, games, play, musical festivals, competition or other events are held, and for the purchase of band and cheerleaders' uniforms and musical instruments for the members of bands composed of public school pupils and bearing the school name and under the control of the school committee. All receipts by the committee in connection with the conduct of activities provided for under this section or any other activity not expressly provided for in this chapter but sponsored by the school committee in which participation is contingent

upon the payment of a fee by the participant, shall be deposited with the treasurer of such town or, in cases where the town is a member of a regional school district, with the treasurer of such district and held as a separate account and expended by said school committee without further appropriation, notwithstanding the provisions of section fifty-three of chapter forty-four. No moneys may be expended from an appropriation or from the separate fund authorized by this section except upon the approval of the school committee, or of the selectmen in towns and of mayors in cities, for travel to other states.

Notwithstanding the provisions of the preceding paragraph or section fifty-three of chapter forty-four, the school committee of a city, town or district may authorize a school principal to receive money in connection with the conduct of certain student activities and to deposit such money, with the municipal or regional school district treasurer, into an interest bearing bank account, hereinafter referred to as the Student Activity Agency Account, duly established by vote of the school committee to be used for the express purpose of conducting student activities. Interest earned by such Student Activity Agency Account shall be retained by the fund and the school committee shall determine for what purpose such earnings may be used. In addition to such Student Activity Agency Account, the school committee may authorize the municipal or regional school district treasurer to establish a checking account, hereinafter referred to as the Student Activity Checking Account, to be operated and controlled by a school principal and from which funds may be expended exclusively for student activity purposes for the student activities authorized by the school committee. Such account shall be used for expenditures only and funds received for student activities may not be deposited directly into such account.

The school committee shall vote to set the maximum balance that may be on deposit in such Student Activity Checking Account. The principal designated to operate and control such Student Activity Checking Account shall give bond to the municipality or district in such amount as the treasurer shall determine to secure the principal's faithful performance of his duties in connection with such account. To the extent that the funds are available in such Student Activity Agency Account, funds up to the maximum balance set by the school committee shall be transferred from the Student Activity Agency Account through the warrant process to initially fund such Student Activity Checking Account.

Periodically, to the extent that funds are available in such Student Activity Agency Account, the municipal or regional school district treasurer shall reimburse such Student Activity Checking Account, through the warrant process, to restore the limit set by the school committee. The principal shall adhere to such administrative procedures as the municipal or regional school district treasurer or accountant may prescribe. There shall be an annual audit of the student activity funds which shall be conducted in accordance with procedures as agreed upon between the school committee and the auditor based upon guidelines issued by the department of education.

PART IV. CRIMES, PUNISHMENTS AND PROCEEDINGS IN CRIMINAL CASES

TITLE I. CRIMES AND PUNISHMENTS

CHAPTER 268A. CONDUCT OF PUBLIC OFFICIALS AND EMPLOYEES

Chapter 268A: Section 17. Municipal employees; gift or receipt of compensation from other than municipality; acting as agent or attorney

Section 17. (a) No municipal employee shall, otherwise than as provided by law for the proper discharge of official duties, directly or indirectly receive or request compensation from anyone other than the city or town or municipal agency in relation to any particular matter in which the same city or town is a party or has a direct and substantial interest.

(b) No person shall knowingly, otherwise than as provided by law for the proper discharge of official duties, directly or indirectly give, promise or offer such compensation.

(c) No municipal employee shall, otherwise than in the proper discharge of his official duties, act as agent or attorney for anyone other than the city or town or municipal agency in prosecuting any claim against the same city or town, or as agent or attorney for anyone in connection with any particular matter in which the same city or town is a party or has a direct and substantial interest.

Whoever violates any provision of this section shall be punished by a fine of not more than three thousand dollars or by imprisonment for not more than two years, or both.

A special municipal employee shall be subject to paragraphs (a) and (c) only in relation to a particular matter (a) in which he has at any time participated as a municipal employee, or (b) which is or within one year has been a subject of his official responsibility, or (c) which is pending in the municipal agency in which he is serving. Clause (c) of the preceding sentence shall not apply in the case of a special municipal employee who serves on no more than sixty days during any period of three hundred and sixty-five consecutive days.

This section shall not prevent a municipal employee from taking uncompensated action, not inconsistent with the faithful performance of his duties, to aid or assist any person who is the subject of disciplinary or other personnel administration proceedings with respect to those proceedings.

This section shall not prevent a municipal employee, including a special employee, from acting, with or without compensation, as agent or attorney for or otherwise aiding or assisting members of his immediate family or any person for whom he is serving as guardian, executor, administrator, trustee or other personal fiduciary except in those matters in which he has participated or which are the subject of his official responsibility; provided, that the official responsible for appointment to his position approves.

This section shall not prevent a present or former special municipal employee from aiding or assisting another person for compensation in the performance of work under a contract with or for the benefit of the city or town; provided, that the head of the special municipal employee's department or agency has certified in writing that the interest of the city or town requires such aid or assistance and the certification has been filed with the clerk of the city or town. The certification shall be open to public inspection.

This section shall not prevent a municipal employee from giving testimony under oath or making statements required to be made under penalty for perjury or contempt.

This section shall not prevent a municipal employee from applying on behalf of anyone for a building, electrical, wiring, plumbing, gas fitting or septic system permit, nor from receiving compensation in relation to any such permit, unless such employee is employed by or provides services to the permit-granting agency or an agency that regulates the activities of the permit-granting agency.

PART IV. CRIMES, PUNISHMENTS AND PROCEEDINGS IN CRIMINAL CASES

TITLE I. CRIMES AND PUNISHMENTS

CHAPTER 268A. CONDUCT OF PUBLIC OFFICIALS AND EMPLOYEES

Chapter 268A: Section 19. Municipal employees, relatives or associates; financial interest in particular matter

Section 19. (a) Except as permitted by paragraph (b), a municipal employee who participates as such an employee in a particular matter in which to his knowledge he, his immediate family or partner, a business organization in which he is serving as officer, director, trustee, partner or employee, or any person or organization with whom he is negotiating or has any arrangement concerning prospective employment, has a financial interest, shall be punished by a fine of not more than three thousand dollars or by imprisonment for not more than two years, or both.

(b) It shall not be a violation of this section (1) if the municipal employee first advises the official responsible for appointment to his position of the nature and circumstances of the particular matter and makes full disclosure of such financial interest, and receives in advance a written determination made by that official that the interest is not so substantial as to be deemed likely to affect the integrity of the services which the municipality may expect from the employee, or (2) if, in the case of an elected municipal official making demand bank deposits of municipal funds, said official first files, with the clerk of the city or town, a statement making full disclosure of such financial interest, or (3) if the particular matter involves a determination of general policy and the interest of the municipal employee or members of his immediate family is shared with a substantial segment of the population of the municipality.

Student Activity Account

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Tab 2

Student Activity Account Forms and Documents

S.A.A. Receipt Collection Journal [Tab 2-1]

Kept by students or the club advisor to record receipt of funds from students and parents, particularly when something of value is to be distributed or given to them at a later date. [Also available as an Excel file with formulae already in place.]

S.A.A. Transaction Ledger [Tab 2-2]

Used by the activity or club advisor to record all deposits and withdrawals and to maintain a running balance of the total available funds. [Also available as an Excel file with formulae already in place.]

S.A.A. Deposit Form [Tab 2-3]

Used by students and the club advisor to process receipts and to prepare for a deposit. This form is submitted to the secretary with the cash and checks collected.

S.A.A. Withdrawal Form [Tab 2-4]

Filled out and submitted by the advisor to the school secretary whenever money is needed from the account to pay a vendor invoice.

S.A.A. Monthly Checking Account Balance Form [Tab 2-5]

Completed by the principal to insure that the checkbook balance remains accurate at all times. Optional form – principal may elect to use checkbook balance form included with the Citizens Bank monthly statement.

S.A.A. Monthly Savings Account Balance Form [Tab 2-6]

Reconciles the district general ledger savings report produced by the district accountant with the QuickBooks savings account register maintained by the school. Identifies and corrects for the time delay in processing both deposits and withdrawals from the savings account.

S.A.A. Asset vs. Liability Reconciliation Form [Tab 2-7]

Completed by the principal with the help of the secretary. Compares the savings and checking account balances with the SUM of all activity and club balances.

S.A.A. Activity or Club Master Balance Form [Tab 2-8]

Listing of all activities or clubs at a particular school, with the total available (running balance) for each and a grand total for the entire school. May be prepared manually by the secretary or can be replaced with a printout from Quicken or QuickBooks.

S.A.A. Monthly Reconciliation Checklist [Tab 2-9]

Listing of documents to be retained for three years by the main office at the school, with copies submitted monthly to the district business office.

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Franklin County Tech School Student Activity Account

S.A.A. Deposit Form

Activity or Club: _____

Advisor: _____

Source of funds (event) _____

Receipt number _____

Bills _____

Coins _____

Cash subtotal _____

Bills + coins

Checks _____

Total deposit _____

Cash subtotal + checks

Prior Balance _____

From Activity/club Transaction Ledger

New balance _____

Prior balance + total deposit

Student officer name (print)

Club advisor name (print)

Secretary name (print)

Student officer (signature)

Club advisor (signature)

Secretary (signature)

Date

Date

Date

Franklin County Tech School

Student Activity Account

S.A.A. Withdrawal Form

Activity or Club: _____

Advisor: _____

Use of funds (event) _____

Check or PO number _____

Vendor name _____

Vendor address _____

Invoice number _____

Attach written explanation if no invoice

Withdrawal amount _____

Advisor must sign invoice

Prior balance _____

From Activity/club Transaction Ledger

New balance _____

Prior balance – withdrawal amount

Student officer name (print)

Club advisor name (print)

Student officer (signature)

Club advisor (signature)

Date

Date

Date Signed: _____

School Total: _____

School may use QuickBooks Balance Sheet Report in lieu of this form.

Franklin County Tech School

Student Activity Account

Monthly Reconciliation Checklist

School: _____

Principal: _____

Secretary: _____

Month _____

Year: _____

The following documents should be retained at the school’s main office for a period of three years. Copies should be submitted monthly to the Business Office. The deadline for submission is the last working day of the following month. Example: forms for September 2008 are due at the business office no later than 31 October 2008.

- 1. S.A.A. Monthly Reconciliation Checklist _____
- 2. Citizens Bank checking account statement – balanced, with outstanding checks listed by number. _____
- 3. S.A.A. Monthly Checking Account Balance Form [only if Citizens Bank statement not used to balance account.] _____
- 4. QuickBooks checking account register showing end of month balance. _____
- 5. District savings account statement produced by district accountant _____
- 6. S.A.A. Monthly Saving Account Balance Form _____
- 7. QuickBooks savings account register showing end of month balance _____
- 8. S.A.A. Asset vs. Liability Reconciliation Form _____
- 9. S.A.A. Club or Activity Master Balance Form or QuickBooks Balance Sheet Report _____

In addition, the school should retain for three years copies of all S.A.A. Deposit Forms, S.A.A. Withdrawal Forms with all supporting documents such as Bank of America deposit slips, vendor invoices, purchase orders, etc.

Secretary signature

date

Principal signature

date