



**Policy:** DM  
**Subject:** School Fund Accounts

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**Policy:**

The Red River Valley School Division Board of Trustees requires that all schools provide proper accounting of their school funds.

**Protocol:**

To ensure accountability in the handling of school funds, the guidelines provided in The Red River Valley School Financial Operations Manual will be followed.

Schools with multiple fund accounts will also utilize a computerized accounting system, as determined by the school division, to assist in proper record keeping.

**Procedures:**

The Secretary-Treasurer and/or designate will assist schools in the handling of school funds.

The Secretary-Treasurer's department will oversee periodic audits on school funds. Recommendations from the audit process will be followed up with the school principal.



# SCHOOL FINANCIAL OPERATIONS MANUAL

**Red River Valley School Division**

# SCHOOL FUNDS MANAGEMENT AND REPORTING

## *Preface*

Keeping a current and accurate record of all money that flows through a school is important. It provides information on the amount of money available in the bank and various fund accounts. A record of the sources and uses of these funds provides a safeguard to the administration.

While the school principal is ultimately responsible for the administration of school funds, in most cases another individual will be responsible for maintaining the records.

Section I – “Financial Records”, is intended to provide some basic accounting principles and procedures. These principles should be followed in the administration of school funds.

## *School Funds – Red River Valley School Division*

School funds are cash assets that are raised, held, and administered by a school principal for the purposes of the school. School funds include funds provided by the Division to schools to be used for prescribed purposes, as well as monies raised by the school, independent of the Division, through fund-raising activities and other means.

The Secretary Treasurer, in consultation with the Superintendent & CEO, shall prescribe the accounting practices and procedures for the schools to follow in the administration of School Funds. The Secretary-Treasurer, or a designate, shall conduct periodic audits of School Funds and make such recommendations for improvement to the financial accounting and control procedures, as he/she deems reasonable in the circumstances.

# FINANCIAL RECORDS

## *Cheques Issued by the School*

The following information must be kept when a cheque is issued:

- Cheque date
- Cheque number
- Payee – the person to whom the cheque is issued
- Cheque amount
- Fund account that was charged for the expenditure
- Supporting documentation which clearly describes what was purchased, the supplier, the cost, and the amount of GST, if any was included in the cost

### **EVERY CHEQUE ISSUED MUST HAVE SUPPORTING DOCUMENTATION.**

Supporting documentation **does not** include banking **transaction records** such as the slips you receive from the store that indicate if your purchase was a direct account withdrawal or a credit card payment. Although they indicate the total amount of the purchase, they do not indicate the total of the items purchased and the taxes charged on those purchases.

Cheques should be issued in numeric order and two authorized individuals must sign all cheques. The above information must be recorded in a journal which will adjust the bank balance, and then it should be posted to the ledger in KEV.

When a cheque has to be canceled or a stop payment issued, an entry must be made in the journal, which reverses the original entry. The cheque, if available, should have 'void' written across it, the signature removed (torn off) and it then should be filed with the supporting documentation for other cheques as noted.

## *Money Collected by the School*

The following information must be kept when money is received:

- Date that the money is **received**
- Receipt number
- Name of the **individual** from whom the money is received...canteen, drama, field trip, etc **are not** remitters. The receipt is issued to the **person** remitting the money.
- Amount of money received
- Fund account that is receiving the money
- Date that the money is deposited to the bank. Reconcile the total of the receipts for cash and cheques on hand to the amount of the deposit and document the receipt numbers that back up the deposit.
- Receipts must be pre-numbered, prepared in duplicate and issued sequentially.
- The individual receiving the funds should sign the receipt.

The above information must be recorded in the journal/receipt book. When the deposit is made to the bank, the deposit total is carried to the journal where the running bank balance is updated. The receipts are posted to the ledger in KEV.

All money received by the school must be remitted to the school funds treasurer who will issue a receipt. If a homeroom teacher is collecting from many students, a list (referred to as a sub-receipt) with the student names and amount received should accompany the money. A Group Collection will be created to track the payments received by the teacher.

Cheques should be stamped "For Deposit Only To The Payee", upon receipt, in order to minimize the likelihood of fraud. Monies should be deposited into the bank as soon as possible after receipt. Significant amounts of money should not be kept in the school, however, if there is no alternative, be sure to keep it in a locked desk or file cabinet in a secured room.

## *Fund Transfers*

The following information must be posted in the KEV program when transferring money between fund accounts

- Date of the transfer
- Amount being transferred
- Fund account that the money is being transferred to
- Fund account that the money is being transferred from
- Explanation as to **why** the transfer is being made

## *Fund and Bank Statement Balancing*

Fund ledgers are maintained in order to have detailed information on which areas money is being collected and expended. E.g.: basketball, field trips, kindergarten, etc.

As part of the monthly bank reconciliation process, a statement of fund ledger balances must be generated.

Bank reconciliation is the process of comparing the banks records to the school's records to ensure that the two are in agreement. It is essential that a bank reconciliation be done on a monthly basis and any variances investigated promptly. This will ensure that the funds that appear to be available are in fact available. There will be transactions identified during the bank reconciliation process such as interest and service charges which must be recorded in your journal and then posted to KEV. These will adjust your available bank balance. Bank reconciliations should be verified and signed by the Principal.

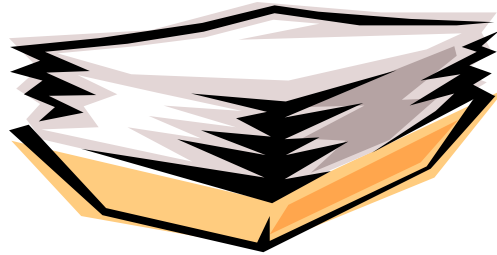
The bank statement along with the related canceled cheques should be kept for a minimum of seven years per the Records Retention Policy.

## *Audit Review Information*

Periodically, a member of the finance department will conduct an audit of each school's accounting records. The objective is to determine that:

- Payments are properly supported and recorded
- Monies received are recorded and deposited in the bank
- Journals and fund ledgers are clerically accurate
- Bank and fund ledger reconciliation's have been completed.

## *Statements and Reports*



### **Information Kept at the School**

The following must be maintained on a routine basis and made available when an audit of school funds is conducted:

- Monthly bank statement with related canceled cheques
- Monthly bank and fund ledger reconciliation
- Monthly cheque journal or cheque book
- Monthly receipt journal or receipt book
- Deposit slips
- Disbursement supporting documentation filed in cheque number order
- Sub-receipt for classroom collections etc. filed in receipt number order