

SECTION 1 – GENERAL INFORMATION

1.1 DEFINITIONS AND PURPOSE OF ACTIVITY FUNDS

The Activity Funds have been defined as funds consisting of resources received and held by the school, as trustee. Specifically, they are funds accumulated from the collection of student fees and various school-approved, money-raising activities. Activity funds are used to promote the general welfare of the school and the educational development and morale of all students. The accounting function for the activity funds is delegated to each campus and must comply with the guidelines and procedures described in this manual.

1.2 RESPONSIBILITY FOR ACTIVITY FUNDS

- A. The school principal is responsible for the proper collection, disbursement and control of all activity funds on the campus. This responsibility includes:
- 1) Providing for the safekeeping of monies in the school.
 - 2) Proper accounting, administration and authorization of transactions of the activity funds.
 - 3) Expenditure of funds in compliance with applicable state laws, local board policy and administrative guidelines.
 - 4) Adequate training and supervision of all personnel designated by the principal to administer activity funds.
- The principal may appoint administrative assistants to aid with the various functions of the activity funds.
- B. The campus bookkeeper and/or other designated employee is responsible for the following:
- 1) Maintaining the accounting records as required in this manual.
 - 2) Completing monthly bank reconciliations of all checking and savings accounts.
 - 3) Issuing checks when properly authorized by the principal.
 - 4) Receiving money and issuing receipts.
 - 5) Depositing into the school's bank account in a timely manner.
 - 6) Sending the Monthly Accounting Report to the sponsor of each student activity fund account.
- C. The faculty sponsor of a student activity group is responsible for safeguarding and accounting for all student activity funds entrusted to him or her. The faculty sponsor is obligated to follow the procedures presented in the *Student*

Activity Funds Sponsor Supplement. The sponsor will also sign the form titled *Acknowledgement of Rights and Responsibilities of Faculty Sponsors of Student Groups* at the beginning of each school year. These forms will be kept on file at each campus. A copy of all should be scanned and emailed to the Accounting Specialist responsible for activity funds. The *Student Activity Funds Sponsor Supplement* and the *Acknowledgement of Rights and Responsibilities of Faculty Sponsors of Student Groups* can be found in Appendix B of this handbook.

- D. The school principal is not responsible for funds collected, disbursed and controlled by parent or booster organizations. These parent and booster organization funds are not to be accounted for in the Activity funds.

1.3 REVIEW OF ACTIVITY FUNDS

A. PERIODIC REVIEWS

Periodic review of activity fund records assure principals that their procedures in handling funds entrusted to them are reasonably adequate for the protection of themselves and their personnel. Reviews are often requested by persons responsible for large sums of money to prove themselves careful and to prevent the development of any weakness in their financial procedures or records. It is the purpose of the activity fund review to provide the principal with this type of protection. There are two types of reviews that could occur on the activity funds:

- 1) Audits by the external auditors.
- 2) Random internal reviews.

B. SPECIAL REVIEWS

Certain events may necessitate a special review of the activity fund. Examples of such events include:

- 1) Change of principal.
- 2) Change of Financial clerk and/or campus secretary. The principal should submit a written request for the review to the Executive Director of Finance two weeks prior to the change.
- 3) Special request by the principal.

C. RETENTION OF RECORDS

All records should be kept current and in good order for a period of five years after the conclusion of the fiscal year in which the transaction occurred and should be available for review at any time.

SECTION 2 – ACTIVITY FUND TYPES

2.1 ACTIVITY FUND TYPES

There are three types of funds that campus secretaries/bookkeepers may handle. They are Student funds, Faculty and Staff funds and District funds. Each of these is discussed in more detail below.

A. STUDENT FUNDS

Student Activity Funds are the property of student groups. The school district is required to provide stewardship by properly accounting for these funds. Decisions on the use of club funds are the concern of the specific student groups to whom the funds belong, as long as the decisions regarding the use of the funds do not conflict with Board policy and/or legal regulations and restrictions. Following is a list of general concepts for student funds:

- 1) Student funds consist of monies collected from students for club or classroom dues and from various school-approved money-raising activities.
- 2) Student funds may also be received as donations.
- 3) The funds financial decisions rest with the student organization and their sponsors.
- 4) These funds are used to promote the general welfare of the school and the educational development and morale of all students via their respective clubs, class levels and the school as a whole.
- 5) Income received for a specific purpose shall be disbursed only for that purpose. If a specific purpose is not designated when the income is received, it may be spent for any lawful purpose that the club or class officers and members decide.
- 6) These funds are not subject to recall by central office administrators.

Examples of Student Funds:

Individual class accounts or club accounts such as Science Club, Math Club, Student Council, Cheerleaders, 8th Grade Class and all other student organizations.

B. FACULTY AND STAFF FUNDS

Faculty and Staff Funds are property of groups organized to benefit faculty and staff members in some manner. The funds of these groups are not required to provide any enrichment to students. Decisions on the use of faculty and staff funds are the concern of the principal and/or other school employees to whom the funds belong, as long as the decisions regarding the

use of the funds do not conflict with Board policy and/or legal regulations and restrictions. Following is a list of general concepts for faculty and staff funds:

- 1) Includes monies generated or contributed solely by the school faculty and staff. Faculty and Staff Funds are property of groups organized to benefit faculty and staff members in some manner.
- 2) Faculty and Staff Funds may also be received by donation.
- 3) Control and decision-making rest with the principal and/or other school employees. These monies may be utilized and expended at their discretion.
- 4) These funds may be used in a manner that does not directly benefit the students.
- 5) Disbursements may be made for gifts, donations, hospitality, condolences, lounge facilities or any other lawful purpose for the sole benefit of faculty and staff or for the benefit of others as determined by the principal, faculty and staff representatives.
- 6) These funds are not subject to recall by central office administrators.

Examples of Faculty and Staff Funds:

Benevolence/Social Funds, Flower Club, Faculty and Staff Vending Account

C. DISTRICT FUNDS

District Funds are monies received in the campus office that will be sent to the central office. These funds are accounted for in the district budget and the decisions on the use of these funds remains with central office administrators. Following is a list of general concepts for district funds:

- 1) The monies provided to the campus by the central office or are collected by the campus on behalf of the central office. District funds are funds that may be used for educational projects and materials and staff development. District funds in an activity account are considered public funds.
- 2) These monies must be either expended for purposes designated by the central office or forwarded to the central office.
- 3) Any excess fund balances in these accounts are subject to recall into the District's general fund for general school district use.

Examples of District Funds:

Sales Taxes, Attendance Incentives provided by the central office, collections for lost district-owned textbooks, summer school tuition collected at the schools, if any.

- D. Additional examples of appropriate and inappropriate expenditures for each type of funds may be found in Appendix A.

2.2 TRANSFER OF FUNDS BETWEEN ACTIVITY ACCOUNTS

- A. Periodically it may be necessary to adjust accounts due to errors in posting or to record the transfer of funds between accounts. Appropriate supporting documentation must be attached to all transfers. Examples would include a signed request by the sponsor and club president to transfer funds, invoice copy, category report, etc. The principal must approve all transfers.
- B. Funds may not be transferred between accounts in order to circumvent any restrictions placed on disbursements from a particular activity fund. In other words, if a particular disbursement is not allowed from a particular activity fund, monies may not be transferred from that account to an activity fund from which the disbursement is allowed.

Example:

Flowers sent to a staff member for appreciation or condolence is not an acceptable disbursement from the Student Activity Fund; therefore, monies may not be transferred from the Student Activity Fund to the Faculty and Staff Activity Fund from which payment for the flowers is acceptable.

2.3 Athletics and Music Activity Funds

- A. All middle school campus receipts for the Athletics or Music accounts should be made using the appropriate deposit book:
 - a. **Middle School Athletic Gate** – for use with all ticket sales for athletic events (goes into the HCISD General Fund)
 - b. **Middle School Athletics Fund** – for use with any deposits for the athletic activity fund, these expenditures require Athletic Director approval. (goes into the feeder high school athletic activity fund)
 - i. The exception are funds for Athletic meals, these will still be accounted for at the individual campus level, copies of all purchases of food should be emailed the to the High School Athletic Secretary
 - c. **Middle School Music Fund** - for use with any deposits for the music activity fund, these expenditures require Music Director Approval. (goes into the feeder high school music activity fund)
 - i. The exception are funds for Music meals, these will still be accounted for at the individual campus level, copies of all purchases of food should be emailed to the High School Music Secretary

- B. Appropriate supporting documentations for athletic gate ticket sales must be emailed to the Accounting Specialist responsible for accounts receivable, and saved to the X: drive Athletics or Music's appropriate folder. These files will be used by Darla Peters, Athletic Gate Ticket Worker Coordinator, to reconcile Ticketracker.
- C. Coaches/Sponsors must have each student sign off on the HCISD Athletic SAF Cash Receipts form to account for all meal money/meals received.
- D. For deposits into the Athletic or Music Activity funds, please pony the original to the appropriate high school Athletic or Music secretary.
- E. Appropriate supporting documents for all purchases should be emailed to the athletic or music secretary, who will complete the purchase using a MUNIS requisition.
- F. Monthly category reports should be emailed for meal funds, to the appropriate secretary at the high school level.
- G. High school Athletic and Music secretaries will provide monthly reports to their category sponsors at the middle school level (MS Athletic coach or Music director) to account for funds.
- H. Middle School sponsors should maintain their activity fund binders as a check and balance to match with their monthly reports.

SECTION 3 – BASIC RECORDS

3.1 INTRODUCTION

The following basic records comprise the Activity Fund Records. A general description is provided for each record.

A. CASH RECEIPTS

Activity Fund Cash Receipts are the means of accurately recording cash received and provide support for each bank deposit. Only pre-numbered receipt books are to be used. Each number sequence **MUST** be accounted for. Voided receipts are to be retained for audit purposes.

B. ACTIVITY FUND DISBURSEMENT REQUEST

The Activity Fund Disbursement Request is the authorization for the issuance of an Activity Fund check.

C. PRE-NUMBERED CHECKS

Pre-numbered checks are used to disburse all funds from the Activity Fund checking account. These checks are to be obtained directly from the bank handling the checking account, or from a reputable vendor that sells check stock.

Checks must be pre-printed with the name of the District and the school name followed by "Activity Fund." When ordering new checks, new check numbers should begin with the number succeeding the last check number. No more than a two-year supply should be ordered at a time.

D. BANK DEPOSIT SLIPS

Deposit slips, once validated by the bank, serve as a record for the specific date that receipts were credited to the bank account. Deposit slips are obtained from the bank as needed and must be pre-printed with the name of the District and the school name followed by "Activity Fund." A copy of the deposit slip remains in the book as a record of deposits.

E. MONTHLY BANK STATEMENT

The bank statement is the official bank record reflecting all transactions affecting the cash balance on deposit for a given month. When the bank statement is properly reconciled, the statement serves as support for the cash balance indicated in the Activity Fund records. A bank statement should be received and reconciled for all accounts including checking and savings accounts.

F. MONTHLY BANK RECONCILIATION

The bank reconciliation will be completed each month, to reconcile the activities ledger to the bank statement for checking and savings accounts.

G. ACTIVITY FUND GENERAL LEDGER

The activity fund general ledger is a summary of all financial transactions related to the activity funds of the school. The general ledger can be produced from Quicken.

- Each month, the sponsor should compare his or her balances from the Sponsor's Detailed Activity Fund Ledger to the balances on the Quicken report kept by the campus secretary/bookkeeper. If there is a discrepancy, the sponsor should promptly contact the bookkeeper. If necessary, the Director of Finance, the district accountant or the accounting specialist responsible for activity funds may be requested to assist.
- At least 4 times per year (Beginning of the year, Middle of the year, Spring Break and End of year) the principal shall require each sponsor to sign the report with a statement acknowledging their agreement with the account balances. The principal should sign for those accounts without sponsors.

H. ADDITIONAL RECORDS

The records described above are the basic records required by the District. Any additional records may be utilized either for a specific purpose or for better control over Activity Funds in general, provided the additional records are not used to replace the official records.

I. REPORTS DUE TO THE FINANCIAL SERVICES OFFICE BY THE 15th DAY OF EACH MONTH

- 1) Complete Bank Reconciliation for the prior month, including Outstanding Checks List and Deposits in Transit List.
- 2) Monthly Quicken Itemized Category Report showing ending balances for each activity fund, signed by the principal and the campus secretary/bookkeeper. (This report should show NO overdrawn activity accounts)
- 3) If an overdrawn category occurs make a note on the Itemized Category Report explaining why and when/how the deficit will be corrected.
- 4) The reports should be emailed to the Accounting Specialist responsible for activity funds.

SECTION 4 – BANKING PRACTICES AND PROCEDURES

4.1 CHECKING ACCOUNTS

- A. Each campus shall have one checking account, which shall be entitled with the name of the District and the school name followed by “Activity Fund.” This account name shall be pre-printed on all Activity Fund Checks and Deposit Slips. All monies received will be deposited into this account and all disbursements will be made by a check drawn on this account. No other checking accounts are permitted if related to the Activity Funds.
- B. Only Activity Fund transactions may be directed through the Activity Fund bank account. Transactions controlled by outside organizations, such as Parent Booster Clubs, PTA-PTO, and so on, must be handled through their own separate bank accounts.
- C. Only the Board approved school district depository bank shall be used for checking account purposes.
- D. Schools and school organizations are prohibited from borrowing funds or entering into deferred payment contracts from any and all sources without the expressed written consent of the CFO.
- E. Checks should be printed from the Quicken software. Handwritten checks should be used only for check taken by a check signer for point of sale purchase. *FINAL SIGNATURE SHOULD BE COMPLETED AT POINT OF SALE.*

4.2 CHECK SIGNATURES

- A. Each bank account must have a minimum of three authorized check signers – the campus principal, the assistant principal and another professional staff member (additional assistance principal, counselor, etc.). All checks must be signed with two actual signatures; signature stamps are not allowed. At least one signature must be a Campus Administrator or Director.
- B. Pre-signed, blank checks are strictly prohibited in all circumstances. No signatures shall be affixed until the check has been filled out in its entirety. Exception: 4.1.E point of sale purchase.

4.3 BANK RECONCILIATION

- A. Prompt reconciliation of the activity fund records to the bank account is critical. The principal is responsible for assuring that the campus secretary/bookkeeper has adequate opportunity to complete the bank reconciliation on time each month. Upon receipt of the monthly bank statement, the balance indicated on the statement shall be reconciled to the balances in Quicken by the campus/secretary bookkeeper. The bank reconciliation shall be signed and dated by the person completing it and by the principal. A copy of the reconciliation report, monthly transaction report, and an itemized category report will be submitted to the Financial Services Office by the 15th of the month.

SECTION 5 – CASH RECEIPTS

5.1 RECEIVING CASH

All cash and checks received by the campus must be deposited in the school activity fund upon receipt. In order to maintain effective cash controls, at least two persons must be involved in the functions of collecting, documenting and depositing cash. This is accomplished by having teachers or sponsors collect money from the students and support the amount collected by completing the Teacher/Sponsor Deposit Record Form and other supporting documentation, then submitting the collections to the campus secretary/bookkeeper for receipt and deposit. Deposits shall be made daily except when amounts on hand are less than \$300 at an elementary campus or less than \$600 at secondary campuses.

5.2 GENERAL RECEIPTING PROCEDURES

General Rule of Thumb: All deposits should be accompanied by a Teacher/Sponsor Deposit Record, receipt or other substantive tally sheet that supports the amount presented for deposit (i.e. Athletic Department “Hays CISD Ticket Sales” Form).

- A. The receipt or Teacher/Sponsor Deposit Record must be completed in its entirety, including:
 - 1) Date and amount.
 - 2) The individual or firm submitting the money. A receipt may not be issued to more than one person.
 - 3) An explanation of the purpose for which the money was received.
 - 4) The activity account to be increased by the amount of the receipt.
 - 5) Campus name.
 - 6) The signature of the person receiving the money. The signature must be manual; signature stamps are prohibited.
- B. Receipts must be prepared in ink and be legible.
- C. Under no circumstances shall a cash receipt be altered. If an error occurs, void the original receipt and all duplicates and issue a new receipt. The original of the voided receipt must be retained for audit purposes.
- D. Receipts are not to be written when money is collected in sealed envelopes to be turned over to a third party, unopened.
- E. When checks are received, the following rules apply:

- Checks may be accepted only for the amount of purchase.
 - An acceptable check should contain the maker's:
 - Name
 - Address
 - Phone number
 - Driver's license number
 - Post-dated checks are not acceptable under any circumstances.
 - Do not accept temporary checks.
 - Checks received for deposit will immediately be endorsed with the statement "For Deposit Only" and the name and account number of the school.
 - Checks are not to be held for more than 3 days.
- F. All money collected must be deposited in the same form as collected. Cash collected must equal cash deposited; but denominations may differ from those collected (e.g. refreshing change in a cash drawer). Checks collected must be deposited into the activity fund as received.
- Employee's check cashing is prohibited.
 - Cash should not be removed from activity fund collections and replaced with anyone's personal check.
 - Cashing checks received as part of the activity fund collections is strictly prohibited.
 - Cash collections must not be used to purchase supplies, refreshments or for any other purpose.

Receipt books provide written proof that cash has been received. They are pre-numbered and must always be used in consecutive order. When not in use, the receipt books should be secured in a locked drawer. The campus secretary/bookkeeper is responsible for maintaining an adequate supply of receipt books.

5.3 RECEIPT OF MONEY BY PERSONS OUTSIDE THE CAMPUS OFFICE

Money may be collected by an authorized individual other than the campus secretary/bookkeeper for such items as books, student fees, textbook fines, fund-raising activities, etc. This individual may be a sponsor, teacher, secretary, clerk, etc., who has been approved by the principal. In such instances, the individual collecting the funds must account for them as follows:

- 1) Pre-numbered receipts or Teacher/Sponsor Deposit Records should be used when monies are collected.
- 2) Teachers and account sponsors are responsible for funds collected and are required to turn them into the bookkeeper daily for safekeeping. Money collected should not be kept overnight in a desk or file cabinet, nor should the sponsor take it home. If, for some reason, all records cannot be completed and recorded before the end of the day, the funds should be enclosed in a sealed bag and stored in the campus safe or vault. The sponsor should initial the seal of the envelope to ensure security until the sponsor can complete the deposit record. When activity funds are lost due to carelessness, theft or fraud, the account sponsor will be held personally liable and will be required to reimburse the account.
- 3) The completed, signed and dated Teacher/Sponsor Deposit Record must be presented to the campus secretary/bookkeeper when money is given to the bookkeeper for deposit. The Teacher/Sponsor Deposit Record will be signed by the campus secretary/bookkeeper and a photocopy will be made and retained. The original is returned to the account sponsor to be kept as a record of the funds turned in for deposit.
- 4) All money collected must be submitted to the campus secretary/bookkeeper in the same form as collected.
 - Employee's check cashing is prohibited.
 - Cash should not be removed from activity fund collections and replaced with anyone's personal check.
 - Cashing checks received as part of the activity fund collections is strictly prohibited.
 - Activity fund collections must not be used to purchase supplies, refreshments or for any other purpose.
- 5) Once the deposit has been verified, the campus secretary/bookkeeper should sign the Teacher/Sponsor Deposit Record and issue a receipt to the teacher for the amount of the deposit. A copy of the signed and verified Teacher/Sponsor Deposit Record may be given to the teacher as an official receipt of the deposit in lieu of a pre-numbered receipt from a receipt book.
- 6) The campus secretary/bookkeeper should keep the photocopy of the Teacher/Sponsor Deposit Record form on file for five years for audit purposes.
- 7) Individual sponsors/collectors should keep original copy of the Teacher/Sponsor Deposit Record form for five years for audit purposes.

5.4 RECEIPT OF MONEY IN THE CAMPUS OFFICE

The Activity Fund receipts issued by the campus secretary/bookkeeper provide the basic support for Activity Fund bank deposits. The following procedures are to be observed in addition to those in Section 5.1.

When funds submitted to the campus secretary/bookkeeper have previously been counted and totaled by a teacher or sponsor and tabulated on a Teacher/Sponsor Deposit Record form, the campus secretary/bookkeeper shall:

- A. Count the monies submitted and verify that the calculated total matches the total shown on the Teacher/Sponsor Deposit Record form that accompanies the deposit. All discrepancies must be documented and resolved.
- B. The campus secretary/bookkeeper shall issue an official activity fund receipt to the teacher or sponsor when the monies received have been satisfactorily verified. A copy of the signed and verified Teacher/Sponsor Deposit Record may be given to the teacher as an official receipt of the deposit in lieu of a pre-numbered receipt from a receipt book.

5.5 CASH DONATIONS FROM PRIVATE SOURCES

- A. Cash donations given to a campus for a specific activity fund purpose shall be retained in the campus Activity Fund. At the time of the donation, a report must be made to the Director of Community Development and Partnerships indicating the donor's name, address, phone number, Federal ID number, amount of donation, specified purpose and the account assigned in the activity fund for this donation.
- B. Donations of any amount for the general use of the District shall be sent to the Financial Services Office for deposit into the appropriate budgetary fund.
- C. An acknowledgement of receipt of any donated funds will be issued to the donor by the principal.

SECTION 6 – DEPOSIT OF FUNDS

6.1 GENERAL PROCEDURES

- A. Any monies not deposited and left at the school must be stored in a combination lock safe.
- B. Checks should be endorsed “For Deposit Only” using the name of the activity fund bank account and the account number at the time they are received.
- C. Redeposit of returned checks must not be combined with other funds deposited and should be deposited separately.

6.2 GENERAL PROCEDURES FOR PREPARATION OF BANK DEPOSITS

- A. Documentation supporting the amount for each deposit slip should be kept together and retained. The following should be included:
 - 1) Teacher/Sponsor Deposit Records included in the deposit.
 - 2) Cash receipt number(s) from the activity fund receipt book included in the deposit and a total amount for the receipts.
 - 3) A listing of each check in the deposit, including the maker’s name or a photocopy of the checks received.
 - 4) A calculator tape or spreadsheet totaling the Teacher/Sponsor Deposit Records and cash receipts issued to support the amount on the bank deposit slip.
- B. The bank deposit slip shall be prepared in triplicate and shall include the following:
 - 1) The date and amount of the deposit.
 - 2) A listing of each check in the deposit. A calculator tape is acceptable. The total must agree with the amount shown on the deposit slip.
 - 3) The control number from the deposit bag used to make the deposit.
- C. Complete the required information on the depository’s tamper-evident deposit bag, following the instructions printed on the bag.
- D. Put the cash, checks and white copy of deposit slip inside the numbered deposit bag, following the instructions printed on the bag.
- E. Close the deposit bag as shown on the bag. **DON’T OVERLOAD.**

- F. Verify that the bag is properly sealed.
- G. Send the deposit to the bank via armored car pick-up.
- H. The tamper bag tear off and the yellow copy of the deposit slip should be attached to the bookkeeper's backup.
- I. The pink copy should remain in the deposit book for audit purposes.

SECTION 7 – RETURNED CHECKS AND REDEPOSITS

7.1 RETURNED CHECKS

For a variety of reasons the bank returns checks, which had been included in a deposit. A check may be returned for improper signature, insufficient funds, or the account is closed. When the bank returns a check, the following procedures shall be followed:

- A. The campus secretary/bookkeeper shall immediately notify the maker of the returned check and request that the check be redeemed with cash, money order or a cashier's check. (See Section 7.3 for information on sending letter notification.)
- B. Immediately deduct the amount of the returned check from the Quicken category balance.
- C. Under no circumstances should the returned check be surrendered to the maker except in return for cash, money order or a cashier's check.
- D. Proper control must be maintained over all returned checks. A separate file shall be maintained containing the returned checks for the school year.
- E. No checks shall be accepted from a party who has not redeemed a previously returned check.
- F. Retain all bank debit memoranda in the school files.

7.2 RE-DEPOSITS

When the maker redeems a returned check, the resulting deposit is known as a "re-deposit." Procedures to be followed are:

- A. Prepare a separate deposit disclosing:
 - 1) Date and amount of re-deposit
 - 2) Name of the maker of the returned check
 - 3) The previous cash receipt number or the activity category where the check was originally deposited.
- B. Issue a cash receipt from the receipt book. Make a note on the receipt that it is for a re-deposit.

- C. If a person redeems a returned check with cash or other payment, give the returned check to the individual with his receipt. (Keep a photocopy of the check for school records!)

7.3 LETTER NOTIFICATION OF RETURNED CHECKS

Send a letter to the maker of the check at the last known mailing address as follows:

- 1) Requesting payment in cash, money order or by cashier's check within a ten (10) day period.
- 2) Indicate that a \$20.00 fee or the actual bank charge will be charged on all returned checks. (The fee can be waived or adjusted at the discretion of the campus principal.)
- 3) Include the check number, date and amount of the check. **DO NOT SEND THE ORIGINAL CHECK** or the original check image returned from the bank.
- 4) The letter should state that the check has been re-deposited and returned a second time and unless payment is received within ten (10) business days, the district can no longer accept checks from the maker. Only cash will be accepted in the future from this party.
- 5) This letter should be sent Certified Mail – Return Receipt Requested.
- 6) If, after the 10 business days, repayment has not been made you are required to submit the "Attorney General's Office Information Sheet" and the "Affidavit of Service by Mail" forms and send with the original check.

If collection is made, it must be made in cash, money order or cashier's check. Follow the guidelines for re-deposits, Section 7.2.

SECTION 8 – DISBURSEMENTS

8.1 GENERAL PROCEDURES

- A. A student activity account is a trust account to be used for the intended purpose stated at the time the account was created. The principal must ensure that expenditures from these accounts are within the intended purpose and should not divert funds for other uses.
- B. No expenditure will be made nor any check written without prior authorization by the campus principal. The Activity Fund Disbursement Request should be completed and submitted to the principal in order to obtain this authorization.
- C. The principal shall approve the expenditure of funds only when sufficient funds are available in the corresponding activity account of the club or group requesting the disbursement.
- D. All expenditures shall be paid by check from the activity fund checking account using pre-numbered checks in numerical sequence. Expenditures will not be made directly from fund raising proceeds.
- E. Checks will be made to a specific person, company or organization. Checks will not be made to “cash,” to the school itself or left blank.
- F. If an error is made and it is necessary to void a check, the word “VOID” will be written clearly across the check and the signature line will be cut off. Voided checks should be retained in a separate file and should be available for review at any time.
- G. Activity funds will not be used to cash personal checks.
- H. No sales tax will be paid; exemption certificates are available.
- I. The District’s tax-exempt status should not be used to avoid paying sales tax on personal items.
- J. Principals desiring to spend funds for items or activities not allowed by these guidelines must obtain written approval from the Director of Finance before the expenditure is made. This includes the rare case where a campus makes an emergency purchase of an item that would normally be purchased through budgeted funds.
- K. The following expenditures may not be made with activity funds:
 - 1) Purchase of meals or entertainment for school employees or guests except as allowable from the Faculty Activity Funds.

- 2) Travel expenses including lodging and meals associated with attendance at meetings and conferences of professional organizations.
- 3) Purchases of clothing for sponsors from student accounts.
- 4) Personal loans.

8.2 ACTIVITY FUND DISBURSEMENT REQUEST

The Activity Fund Disbursement Request must be completed for all expenditures regardless of the amount. It must be completed prior to the issuance of a check. A copy of the request should be returned to the sponsor after the disbursement is made to provide a method for the organization to account for their expenditures.

A. The *Expenditure Approval* section of the Activity Fund Disbursement Request shall be completed in its entirety including:

- 1) The date.
- 2) The name of the organization to be charged.
- 3) Vendor name.
- 4) A description of the reason for the purchase.
- 5) The estimated cost.
- 6) The current account balance.
- 7) Original signatures by the principal and the account sponsor.

The purpose of this form is to provide the principal with adequate information to approve or reject the expenditure.

B. Once the amount of the expenditure has been determined, the *Payment Approval* section Activity Fund Disbursement Request is completed and submitted with the invoice or receipt attached for payment. The campus secretary/bookkeeper should review the supporting documentation prior to the issuance of the check to ensure proper purchases were made and that the amount of the purchase does not exceed the amount approved by the principal. If the amount presented for payment exceeds the approved amount, the principal should review the purchases and inquire about the circumstances that created the overage. The principal shall determine if the overages will be paid by the person who made the purchase or by the activity fund.

The Activity Fund Disbursement Request will be completed when the campus secretary/bookkeeper fills in the check number, check date and the date mailed when appropriate. When the check is given to an individual rather than mailed, the person receiving the check will sign and date the "Check Received By" line.

- C. The Activity Fund Disbursement Request will be kept on file to document the expenditure with the proper supporting documentation attached. Requests should be filed in check number order by month.
- D. Proper supporting documentation shall include:
 - 1) Vendors' original invoices. Periodic statements are not adequate supporting documentation.
 - 2) Original itemized receipt, sales slip or cash register tapes from teachers or other employees who request reimbursement from their own funds. Credit card statements and customer copy of charge slips are not adequate supporting documentation.
 - 3) Other supporting documentation may include letters, order forms, announcements and renewal notices when the vendor does not provide invoices.
- E. Each invoice shall be checked to determine that applicable discounts are taken.
- F. All invoices shall be checked to ascertain that sales tax has or has not been properly charged since most items purchased for schools are tax exempt.
- G. It is the responsibility of the principal to determine whether the payment is permissible from the designated activity fund.

8.3 REIMBURSEMENTS

- A. On occasion, checks may be issued to students or employees to reimburse them for personal funds expended for school purposes, provided proper supporting documentation is presented to the campus secretary/bookkeeper for consideration.
- B. The school is under no obligation to reimburse purchases not properly approved by the principal in advance.
- C. Keep reimbursements to a minimum to safeguard against unauthorized purchases by individuals.

8.4 REFUNDS

- A. It may be necessary to make refunds due to the cancellation of field trips, overcharges on books, club dues, etc.,
- B. In addition to the normal check requirements, the refund check request should indicate:
 - 1) Reason for refund.

- 2) The activity fund the refund is drawn on.
- 3) The date of the original deposit or the date of the event for which the money was collected.

8.5 SUPPLEMENTAL PAYMENTS TO STAFF MEMBERS FOR SERVICES

The principal may occasionally agree to compensate teachers or other staff members for additional services performed. Such auxiliary services are those discharged by the staff member in addition to his normal, specified duties and will usually be performed outside of the regular school hours. Such payments should NOT be made directly to the staff member from the activity fund. The prescribed procedures are as follows:

- A. Complete a Request for Special Assignment Pay form using the appropriate account code to charge the expenses.
- B. Forward the Special Assignment Pay form to the Payroll Department.
- C. Issue an activity fund check to Hays CISD to cover the extra pay to the employee. Note on the check what the deposit is for and the account code to which it should be deposited (use the same account code as used on the Special Assignment Pay form).
- D. Send the check to the Financial Services Office for deposit

8.6 PAYMENTS TO NON-STAFF MEMBERS FOR CONTRACTUAL SERVICES

- A. Payments for services performed by individuals not employed by the HCISD must be paid through Accounts Payable.
 1. Issue an activity fund check to Hays CISD to cover the payment to the vendor. Note on the check what the deposit is for and the account code (866) to which it should be deposited (use the same account code as used for the purchase requisition).
 2. Send the check to the Financial Services Office for deposit.
 3. Enter a purchase requisition to the vendor in the amount to be paid.
 4. Note on the purchase requisition that the funds will be provided by an activity fund check (866) to be deposited into the HCISD General Operating bank account.
 5. Use an account with an object of 6295 for the payment.
 6. Send the PO and invoice to the Financial Services Office for payment.
- B. The vendor must complete IRS Form W-9 before the PO can be requested.

8.7 CASHING OF CHECKS

Personal and /or payroll checks shall not be cashed.

8.8 CANCELLATION OF CHECKS

It will be necessary to cancel a check which is outstanding for a period in excess of three (3) months (90 days), which has been lost, or has been returned.

When a check is cancelled, it should also be offset in the bank reconciliation. The offset should occur in the month it is discovered. If you have the original check, no stop payment is required. If you do not have the original check, a stop payment should be completed by the accounting specialist responsible for activity funds. Email the control copy of the check to the finance office as backup for the stop payment request. The accounting specialist will email a copy of the stop payment to be included in your reconciliation file.

SECTION 9 – BOOSTER CLUBS AND PARENT GROUPS

9.1 SEPARATE ENTITY

Booster clubs, parent organizations and other associated groups are separate entities from the school district. By law, these groups must obtain their own tax exemption status and employer identification number independent of the school district.

These groups associated with the school district may qualify to obtain a federal 501c(3) exemption under the federal Internal Revenue Service (IRS) code. These organizations must also apply to the Texas Comptroller's office to be recognized as exempt entities. They should complete an IRS form SS-4 to obtain their own employer identification number (EIN).

9.2 ACCOUNTING RESPONSIBILITIES

The accounting of booster clubs and other similar activities should not be accounted for or reported by the school district in its annual financial audit. The principal is not responsible for funds collected, disbursed and controlled by parents, patron or alumni organizations. It is the responsibility of the organization to maintain its own accounting records.

It is recommended that the booster clubs and other associated groups follow procedures similar to those outlined in the Activity Fund Administration Manual for cash receipts, deposits, cash disbursements and bank reconciliation in order to maintain adequate control over the funds of the group.

9.3 FUNDRAISING

All groups must follow the Hays CISD Fundraising Guidelines for Schools/PTA/PTO/PTSA/PTSO.

An IRS letter ruling has indicated that funds raised by 501c(3) organizations cannot be used for a perceived individual benefit. Funds raised by the group must be available to all members (i.e. money raised by individual band and choir members or their parents cannot be credited to an individual account for the benefit of one person).

Appendix A

APPROPRIATE AND INAPPROPRIATE USE OF ACTIVITY FUNDS

- A. When using activity funds, it is important to remember that how the money is spent is determined by the way the money is derived. The management of activity funds shall be in accordance with sound business practices, including established accounting, purchasing procedures and budgetary procedures.
- 1) Money earned or paid by students must be spent for the benefit of those students. Funds derived from the student body, as a whole shall be expended in a manner benefiting all students. Activity fund money held in trust for a student organization is the property of the organization. It is not considered public funds.
 - 2) Money earned or paid by the faculty and staff employees can be spent on those employees as they wish.
 - 3) Money provided to the campus by the central office must be spent in accordance with the purpose designated by the District (e.g. attendance incentives). Money collected by the campus on behalf of the District must be remitted to the central office (e.g. sales tax).

B. STUDENT ACTIVITY FUNDS

Following are some examples of **appropriate uses** of student activity funds:

- 1) Purchasing supplies and materials to be used by the student members of the group
- 2) Entry fees and other expenses associated with student competitions and meetings
- 3) Travel expenses and meals consumed by the student members and their adult sponsors provided that the expenditures do not exceed the reimbursable limits established by the District's travel policy and do not exceed the employee rate
- 4) Scholarship for students unable to participate due to financial reasons.
- 5) Membership in student related organizations
- 6) School furnishings and equipment, which will benefit the student body
- 7) Awards such as plaques in recognition of students
- 8) Field trips and other activities planned for the benefit of students either in recognition of an accomplishment or for purposes of enrichment

Following are examples of **inappropriate uses** of student activity funds:

- 1) Any purchase not approved by the student membership of the group
- 2) Any purchase or expenditure benefiting only an individual student or students as opposed to all students participating in an organization, except as described above.

Appendix A

- 3) Cash prizes or cash awards

C. FACULTY AND STAFF FUNDS

Following are some examples of **appropriate uses** of Faculty and Staff funds:

- 1) Flowers, cards, plaques or other expressions of appreciation or condolence
- 2) Parties, lunches and entertainment not to exceed \$25 per individual per year

Following are examples of **inappropriate uses** of Faculty and Staff funds:

- 1) Loans to anyone
- 2) Purchase of alcoholic beverages
- 3) Political contributions
- 4) Fees or dues to participate in a fundraiser for a political candidate
- 5) Membership in private clubs
- 6) Paying for traffic citations, auto repairs, etc.
- 7) Stipends or monetary awards to employees
- 8) Cash prizes or cash awards

D. DISTRICT FUNDS

District funds are only to be used for the purpose expressed by the District. Any questions concerning the propriety of a disbursement should be directed to the District's Director of Finance.

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STUDENT ACTIVITY FUNDS SPONSOR SUPPLEMENT

The policies and procedures that govern student activity funds are set forth in the Activity Funds Administration Manual. This supplement contains excerpts from the Manual that are relevant to sponsors of clubs and organizations.

Student Activity Funds (SAF)

Activity funds consist of monies received and held by the campus to be expended for the benefit of students in accordance with District policy.

There are two types of Activity Funds that are common for Texas public schools.

The first type is a clearing account that is used for such things as school pictures and yearbooks. These funds shall be used to promote the general welfare of each school and the educational development and morale of all students.

The second type consists of funds that are the property of student organizations such as student council, choir, and pep squad. The District is required to provide stewardship by properly safeguarding and accounting for these funds. Decisions on the use of student funds are the concern of the specific student groups to whom the funds belong, as long as the decisions regarding the use of funds do not conflict with Board policy and/or legal regulations or restrictions.

Sponsors' Responsibilities

- The sponsor of each student organization is required to sign a Sponsor Acknowledgement of Responsibilities form and submit to bookkeeper each year.
- The sponsor of each student organization is required to maintain adequate records in the sponsor SAF binder to support the financial activities of the group. These records are subject to review during the audit of the school's activity funds and should include, at a minimum, the following:
 - Copies of monthly reports for the organization
 - Copies of money receipts and Teacher/Sponsor Deposit Records
 - Copies of invoices and disbursement requests
 - Copies of fund raising applications
 - Detailed records of fund raising proceeds, listed by student
 - Minutes of the organization's meetings which detail, at a minimum, attendance, discussion of fund raising activities, and review and approval of expenditures and financial status.

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- Each month, the sponsor should compare his or her balances from the Sponsor's Detailed Activity Fund Ledger to those kept by the campus secretary/bookkeeper. If there is a discrepancy, the sponsor should promptly contact the bookkeeper. If necessary, the Director of Finance, the district accountant, or the SAF accounting specialist may be requested to assist.
- At least 3 times per year (August, December and May) the principal shall require each sponsor to sign the report with a statement acknowledging their agreement with the account balances. The principal should sign for those accounts without sponsors.
- Sponsor binders and receipt books should be turned in to the secretary/bookkeeper for records retention at the end of each school year.

Collection of Money

All money collected by an organization or club for fees, dues or other fund raising activities must be recorded in detail using pre-numbered money receipts, Teacher/Sponsor Deposit Record forms, or collection forms provided by fund raising vendors. All collections must be deposited in the school activity fund.

Money collected should not be kept overnight in a desk or file cabinet, nor should the sponsor take it home. If, for some reason, all records cannot be completed and recorded before the end of the day, the funds should be locked in a locking bank bag or a tamper-evident bag and stored in the campus safe or vault. The sponsor should keep the key to the bag if a locking bag is used and the funds should remain secured until the sponsor can complete the deposit records. This must occur promptly, however, and under no circumstances should personal checks be held for more than 3 days before being submitted to the campus bookkeeper for deposit.

Personal check cashing by faculty members is prohibited by District policy. Likewise, cash should not be removed from activity fund collections and replaced with the sponsor's personal check. In addition, cash collections may not be used to purchase supplies, refreshments or for any other purpose. Activity fund collections must be deposited intact, in the same manner in which they were received.

Sponsors will often be collecting money for more than one activity. Each activity should be clearly documented on the collection records. This will assist the campus secretary/bookkeeper in determining the sales tax due at the end of each month. It will also help the sponsor measure the profitability of fund raising efforts.

Depositing Funds Collected

When a sponsor submits funds collected to the campus secretary or bookkeeper for deposit, the funds should be verified by the bookkeeper in the sponsor's presence. This is simply a prudent cash-handling procedure that protects both the bookkeeper

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and the sponsor. After counting the funds, the bookkeeper must provide the sponsor with a pre-numbered money receipt or a copy of the Teacher/Sponsor Deposit Record form documenting the amount of the deposit. The sponsor will bear responsibility for any missing deposits or deposit shortages if funds are not verified in the presence of the bookkeeper.

- If money cannot be counted by the campus secretary/bookkeeper at the time the sponsor submits the funds collected, the deposit can be left with the campus secretary/bookkeeper in a tamper-evident bag. The teacher or sponsor should include their name, the date and the amount of the deposit *inside* the bag.
- The campus secretary/bookkeeper must initial and detach the numbered bag receipt stub and provide it to the sponsor as evidence of turning in the bag. Later, in the presence of the sponsor, the campus secretary/bookkeeper will count the money and reconcile the amounts to the Teacher/Sponsor Deposit.

Note: If the sponsor cannot view the opening of the bag, the Principal or a designee can witness the opening and counting.

Expenditures of Activity Funds

All expenditures from activity funds must be made by check. To track Vendor spend and contracted services, fund 866 should be utilized to capture these expenditures. No expenditures should be made using un-deposited cash. Prior to the expenditure of funds, an Activity Fund Disbursement Request must be completed and authorized by the principal. Under no circumstances should purchases be made without proper approval.

To the greatest extent possible, purchases should be planned in sufficient time to allow them to be made using fund 866 purchase orders or an activity fund check. Hays CISD is not required to reimburse a sponsor for purchases not properly approved in advance by the principal. Therefore, sponsors' requests for personal reimbursement should be limited in nature. In addition, requests for reimbursement should be submitted within 30 days of the date of purchase. Remember, too, that the principal is not required to reimburse any part of a purchase, including sales tax paid by a sponsor if a purchase was not properly approved in advance.

Club and organization funds should be used for the benefit of the students who participate in the club's activities. These funds should be expended on an annual basis so that the students who generated the funds can have the benefit of their use.

Grade level funds not expended at the end of each school year should roll up to the next grade level.

Prior Year funds for rising grade levels should be rolled into a new category (i.e.: PY5 for 5th grade) to be used only on students as scholarship or indigent purposes.

Appendix B

District Contracts and Agreements Signature POLICY/PROCEDURE:

a. By CH (Local) policy, the District Superintendent holds delegated contract signature authority on all Contracts and the ability to delegate this authority.

The District Chief Financial Officer and the District Director of Purchasing have in turn been delegated contract signature authority by the District Superintendent. In addition, signature authority for construction-related contracts has been delegated to the Chief Operations Officer.

Any contracts and/or agreements contractually binding the District for services and or supplies can only be signed by one of the individuals listed above. ***Please note any contracts signed by any District personnel other than those authorized individuals listed above are void and non- enforceable, and are the personal liability of the individual who signed the contract.***

The full Hays CISD Contracts and agreements Signature policy and procedure and signature transmittal form in its entirety is available for review and is located on the Hays website under {Staff Resources-Purchasing Resources}. Staff login is required to access. The attached shortcut link is sited below for your reference.

https://www.hayscisd.net/cms/lib/TX02204837/Centricity/Domain/58/HaysCISD_Contracts_Agreements_Transmittal_092617.pdf

Appendix B

Acknowledgement of Rights and Responsibilities
of
Faculty Sponsors of Student Groups

The purpose for the raising and expending of funds by student groups is for the direct benefit of the students. Fund raising activities will contribute to the educational experience of the students and will not conflict with the instructional program. Money raised by student groups and organizations will be held by the school as trustee. The faculty sponsor of a student club or group is responsible for maintaining adequate financial records as evidence of proper custodianship of money received by and disbursed by club accounts.

I hereby acknowledge that I have read the “Student Activity Funds Sponsor Supplement” and that I am responsible for complying with it. In particular, I acknowledge that:

1. I am responsible both for safeguarding and accounting for funds received from or on behalf of students.
2. Student activity money will be turned in to the office daily in the same form as it was received.
3. All purchases made on behalf of the student organization will be made by check and approved in advance by the principal using the Activity Fund Disbursement Request.
4. I will maintain a positive balance in my organizations account.

I understand that I will be held responsible for any student activity funds entrusted to me. I understand that I have an obligation and a right to ask for assistance with or clarification of any policy or procedure concerning activity funds that I do not understand.

Sponsor Signature

Date

Student Club or Organization

Campus