

SCHOOL DISTRICT OF WAUPACA

SERIES 300 INSTRUCTION

CODE: 375

STUDENT ACTIVITY FUND MANAGEMENT

Student Activity funds are established to account for monies used to support the activities of student organizations and clubs. The students in the organization are involved in the management of the organization's activities. Acting as agent, the district is responsible for maintaining records and properly accounting for the activity within the activity funds (student activity funds). The funds are under the control of the school board which has a fiduciary responsibility to establish and enforce policies and procedures to safeguard activity account assets consistent with other assets of the school district. The school district activity fund policy goal is to formulate and evaluate fraud prevention and create detection policies and procedures to ensure the safeguard and accounting integrity of student activity funds. These policies and procedures that the school district has adopted are to establish and improve controls over activity funds for which it has custodial responsibility.

STATUTORY AUTHORITY

WI States, s 120.16(2) authorizes a school district treasurer to receive money raised in "extra-curricular activities".

STUDENT ACTIVITY FUNDS VS DISTRICT ACTIVITY FUNDS

STUDENT ACTIVITY FUNDS (Fund 60)

Student activity funds consist of activities that revolve around a student organization. Disbursement of the organization's moneys is subject to the approval of the student organization and its supervisor. If it is not a student organization, it should not be classified as a student activity fund.

Examples of Student Activity Funds

- Student Government
- Drama Club
- Foreign Language Clubs
- Journalism club
- Band Club
- National Honor Society
- Pep Club
- Class of 2XXX
- Debate Club
- Photography Club

Student activity funds are accounted for and reported in FUND 60 as assets (cash 711000, investments 712000 and receivables as prescribed by WUFAR) and a liability “Due to Student Organizations” in liability 814000. Please note that school districts are not required to report revenues and expenditures for agency funds in the audited financial statements. However the district business office should be able to provide this detail to the faculty advisor, the principal, the Board of Education and auditors.

DISTRICT ACTIVITY FUNDS (Fund 10)

District activity funds, in contrast, consist of co-curricular activities in which students participate, but are administered by the school district. District activity moneys belong to the school district, are deposited in the districts operating bank account and are disbursed through the school district’s general cash disbursement procedures.

Examples of District Activity Funds

- Athletics
- Music Concerts
- Band Uniforms
- School Plays
- Field Trips

The WUFAR chart of accounts provides for the proper coding of co-curricular activities such as athletics, band and debate in fund 10 function 160000. Field trips should be coded to the proper instruction and transportation functions.

School districts may derive revenue from vending machines, school stores, gate receipts, etc. If a student organization is in charge of the activity, the proceeds should be accounted for in that organization’s activity fund. If the district determines the use, the proceeds should be accounted for with other district funds in the district’s accounts.

Scholarship funds are not activity funds and should not be reported in fund 60. Scholarship funds, including those resulting from donations from parent and student organizations should be reported in fund 72 per the WUFAR as fund balance reserved for scholarships 72B-931500.

Convenience funds, such as sunshine funds, faculty or coffee funds are not student related and have no statutory authority for a district to maintain on its general ledger.

FEE COLLECTIONS

The activity fund may be used to record fees collected at a school location on a temporary basis until turned over to the district office for deposit. Any fees on hand at year end should be closed to the general fund.

CONTROLS FOR ESTABLISHING AND MAINTAINING ACTIVITY FUNDS

The collection, disbursement, and accounting for activity fund money is usually located at the building level, with the building principal designated as the activity fund supervisor. The principal's secretary will act as the activity account fund's initial bookkeeper securing any funds immediately received from the faculty advisor and place them in the buildings vault or lockbox. All funds collected by the faculty advisor must be receipted and given to the building secretary preferably immediately but no later than 3:00 p.m. of the day the funds were received. The principal's secretary then disburses these receipted funds directly to the school district business office staff to further centralize the bookkeeping and reporting functions.

The decentralized nature of activity funds demands a need for strong controls on all activity funds. These controls include establishing lines of authority and policies to guide the operation of all agency funds.

LINES OF AUTHORITY

Proper control begins with the district wide recognition of the lines of authority over all funds maintained by the school district.

- **Board of Education:** The school district's Board of Education is responsible for adopting policies over the establishment and operation of all activity funds. These policies should include the appropriate accounting and reporting practices.
- **School Business Official:** The business official has overall responsibility for the accounting and reporting of all activity funds to the Board of Education. The Board of Education's policies may delegate authority to the district business official to establish procedures to create, operate and close activity funds. The school business official /designee is responsible for the implementation of the policies and internal control pertaining to the supervision and administration of the activity funds in accordance with the established policies of the Board of Education.
- **Principal:** The principal at each school building should be designated the activity fund supervisor. The activity fund supervisor has overall responsibility for the operation of the activity funds, including collecting and depositing money, approving disbursements, and supervising the bookkeeping.
- **Faculty Advisor:** The faculty advisor of each student organization is responsible for supervising all activities of the organization. As such, faculty advisors approve all transactions of the student activity fund. The faculty advisor should be an employee of the school district under the direct control of the principal.

GENERAL POLICIES FOR THE ESTABLISHMENT OF ACTIVITY FUNDS

Policies governing activity funds should be in writing and distributed to all activity fund supervisors, faculty advisors, and accounting personnel. Policies for the establishment of activity funds should include the following:

- Each activity fund should be approved by the Board of Education.
- Application for the creation of the student or parent organization should include the purpose of the organization, proposed fund raising activities, duration of the organization. The name of the student organization should indicate its purpose.
- Activity fund supervisors (school principals) should be formally designated by the Board of Education.
- Each student organization must have a faculty advisor approved by the activity fund supervisor. The faculty advisor is responsible for maintaining proper documentation to support the student activity fund records.
- Each activity account should have a representative responsible for approving all transactions of the organization. The representative of each activity account is responsible for maintaining proper documentation to support the organization fund records.
- Bank accounts (depositories) of the activity funds should be approved by the Board of Education and subject to the same internal control procedures as all other school funds.
- All activity fund fundraising activities should require advance approval by the Board of Education.
- Policies should address the misappropriation of activity funds which includes theft, and any other misuse of agency funds.

GENERAL POLICIES AND INTERNAL CONTROL FOR THE OPERATION OF ACTIVITY FUNDS

- All activity funds should be subject to the same internal controls as all other school funds.
- All forms, receipts, tickets, and checks should be pre-numbered. A perpetual inventory should be maintained to account for all pre-numbered forms, receipts, tickets and checks.
- All activity funds should be accounted for on the school district's fiscal year.
- Activity funds should be subject to periodic internal and external audit and are part of the district's annual audit.
- School districts should consider bonding all employees responsible for handling student activity fund money.
- Monthly or quarterly financial reports on all activity will be prepared by the business office for review by the student organization and the Board of Education pursuant to the district's policy. All student organization and parent organization funds should be accounted for and reported in FUND 60 on the school districts financial reporting system.

Disbursements

- A request for cash disbursement should be initiated by the student organization, then, approved by the organization faculty advisor.
- Disbursements should be requested using a purchase order, requisition form, or check request form which requires agency fund supervisor / designee authorization for payment. Districts should strictly enforce the use of such forms.
- Donations to the school district from student activity funds or parent organizations should be handled like any other disbursement from the agency funds. Donations from student and parent organizations, like any other donation, are subject to approval by the school board prior to receipt by the school district. Report such donations as “gifts” source 291 in the receiving fund.
- The Board of Education may wish to establish dollar thresholds for activity fund disbursements, requiring business office or Board of Education approval for disbursements in excess of the threshold.
- Invoices are obtained for all disbursements prior to payment. Support documentation for all disbursements should be retained according to the district’s record keeping policy.
- Pre-numbered checks that require an original signature should be the sole means of disbursing from student activity funds. Computer generated preset signature stamps are acceptable.
- Checks should not be signed in advance.
- All voided checks are retained and accounted for.
- Student activity accounts should not maintain a negative balance in any of their accounts. Exceptions may be made by the supervisor or business official for temporary negative balances that will be funded with incoming receipts.
- The district prohibits the use of student activity proceeds to cash personal checks, make loans or extend credit to individuals, or to pay compensation directly to employees.

Receipts

- Pre-numbered receipts should be issued for all cash and checks submitted to the school. One copy should be provided to the payee if requested; the other should be maintained by the bookkeeper.
- All receipts should be deposited intact, in the form in which they are collected. Receipts should not be used for making change, petty cash or other disbursements.
- Ticket reconciliation forms to record ticket sales should be submitted along with any unused tickets and collections. The ticket reconciliation should be performed by the faculty advisor / parent organization representative.
- All Checks should be stamped “For Deposit Only” by the business office.
- Receipts should be deposited timely as defined by the board policy. Un-deposited receipts should be secured in a school safe if possible. Receipts should not be taken home after an event.

- The faculty advisor/ parent organization representative is responsible for all money collected until it is deposited with the bookkeeper. The faculty advisor / parent organization representative should receive and maintain a receipt of the deposit.
- No money should be placed in an advisor's / representatives personal account.
- Bank statements for agency funds should be reviewed and reconciled monthly.

Ideal internal controls

- Three critical duties should be delegated to separate individuals to ensure strong internal controls: (1) Check signing, (2) bookkeeping, and (3) bank statement reconciling.
- Bookkeeper duties should be in writing and address the following:
 - Collection of agency fund moneys;
 - Preparation of the deposit slips;
 - Maintenance of activity fund records, including the cash collections by source;
 - Preparation of disbursement requisitions;
 - Adequate training and knowledge of accounting and reporting for activity funds.
- Use pre-numbered checks which require two original signatures for disbursement from activity funds. The bookkeeper should not be a signatory.
- Purchase orders, requisition forms, or check requests, should be signed by the activity supervisor / designee. Again, the bookkeeper should not approve disbursement requests.
- A third person, other than the bookkeeper or the activity fund supervisor, should prepare monthly bank reconciliations.
- Monthly reports of the revenues and expenditures for each activity fund should be prepared for and reviewed by the activity fund supervisor and submitted to each student organization faculty advisor or parent organization. These reports should include the beginning balance, revenues, expenditures and ending balance for each agency fund. It should be the responsibility of the faculty advisor to reconcile the student activity fund record to the general ledger. Any discrepancies between the general ledger and the agency fund records should be reported back to the school district business office and resolved immediately.
- No group should maintain a petty cash fund.
- Each year the student activity group shall develop a budget indicating which activities they will be conducting for the next year and how much money will be required in terms of fund raising. The group's faculty advisor will be the key to the development of this budget. The budget will be submitted to the Principal on or before September 30.

INACTIVE ACCOUNTS

- Inactive accounts, such as twelve consecutive months without activity will be closed after notification and approval from the student organization.
- Distribution of funds from inactive accounts will be distributed to other student activity accounts, inactive accounts should be closed and transferred to the district general fund.
- Student activity specific class year accounts will be closed upon that class graduating.

IN SUMMARY

Activity funds must be supported by detailed records, maintained at the school building responsible for the organization. Due to the fiduciary responsibility of the Board of Education, these funds are subject to the same internal controls as all other district funds. Student activity funds are accounted for and reported in fund 60 as an asset and a liability "Due to Student Organizations." DPI requires, as supplementary information to the district's financial statements, a schedule of the liabilities at the beginning of the year, total receipts, total disbursements, and year end liability balance.

RESOURCES

- *Handbook for Evaluation and Improvements of Business Offices and Support Services Functions*. Issued by the Wisconsin Association of School Business Officials. Chapter 22 provides recommended procedures and internal controls for student activity accounts. WASBO has also developed a "Sample Policy and Procedures for Student Body Activity Accounts" which it has included in the handbook as Appendix I.
- *Student Activity Funds: Procedures & Controls* by Charles E. Cuzzetto. Published by the Association of School Business Officials International. This book provides 175 pages of bookkeeping procedures, control assessments and sample forms, specific to student activity funds.

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LEGAL REFERENCE:

CONTRACT REFERENCE:

CROSS REFERENCE:

The School District of Waupaca does not discriminate on the basis of sex, race, religion, national origin, ancestry, creed, pregnancy, marital or parental status, sexual orientation, or physical, mental, emotional or learning disability.