



SCHOOL DISTRICT #10 (ARROW LAKES)

SCHOOL TRUST ACCOUNT HANDBOOK

FOR DISTRIBUTION TO: School Secretaries
School Principals and Vice-Principals

Purpose of the School Trust Account

The purpose of the school trust account is to allow individual schools to fundraise, collect student fees to supplement programs and activities outside the school's district budget accounts held at the Board Office. The school trust account allows autonomy to school administrators, PAC's and teachers to provide extra curricular learning experiences, support clubs and teams and purchase additional supplies and equipment. For secondary schools the trust account is also a vehicle for scholarship donation administration.

Purpose of the School Trust Account Handbook

The purpose of the School Trust Account Handbook is to make administrators of the school trust accounts, including all signing officers, Principals and Secretaries in charge of bookkeeping (the "Bookkeeper"), aware of their roles and responsibilities and to standardize the handling of school trust accounts across School District No. 10. It is the intention of the Handbook to clarify expectations of the day to day accounting for the trust account, the reporting requirements and the audit of the trust account by District Finance Staff.

Cycle of a School Trust Account

1. Bank Account
2. Sources of Funds
3. Disbursements of Funds
4. Reporting of Funds
5. Reconciliation of School Trust Account
6. Audit of School Trust Account

I. Bank Account

A school may choose the bank of their choice for its trust account. Please note that School District No. 10 banks with Kootenay Savings Credit Union in Nakusp, who will offer any school trust account the same preferential rate of interest as the District is receiving and will forgo most service and bank charges. While the interest rate is attractive, it is understood that schools may forego the interest rate in order to take advantage of convenience, customer service or other preference when choosing its bank.

The requirements for the opening of a bank account are:

- ❑ Each cheque requires two signatures, one of which must be a principal or vice principal;
- ❑ Copies of resolutions and signing officer documents are kept on file at the School;
- ❑ Cheque stock must be pre-numbered.

If a signing officer leaves the school due to transfer, bumping rights, resignation or other reason the bank must be advised and the employee removed as a signing officer as soon as possible. Documents evidencing the change in signing officers must be kept on file at the school.

Blank cheques are to be kept in a vault or locked cupboard or drawer.

Cheques that are pre-signed by one or both signing officers are prohibited. To avoid signing conflicts due to absences of signing officers, it is suggested that three or four people should be authorized to sign cheques (for example: principal, vice-principal, secretary, and a teacher(s)). It is at the school's discretion to determine who will be the additional signing officers other than the principal.

All cheque stubs must be retained and should be filed in numeric order. Void or spoiled cheques are to be retained and filed with the cheque register as evidence that they were not issued. Stop payment instructions to the bank for issued but lost cheques must be on file for audit.

In special cases more than one bank account may be required by each school (ie. scholarship accounts at the secondary level). The rules above apply to each bank account that is opened under a school's name.

In the event of a school closure the bank account must be closed after the final accounting (see Item 4. Reporting of Funds) for the school trust account. Residual funds in the school trust account are customarily forwarded to the receiving school to be spent on the children from the closed school. The Secretary-Treasurer, in consultation with the closing school principal will direct the receiving school in the use and destination of the residual funds.

2. Sources of Funds

There are three main sources of funds at the school level:

- ❑ Fundraising (including vending machines, sports clothing sales, yearbooks)
- ❑ Student Fees and Cafeteria Sales
- ❑ Petty Cash

All sources of funds will be traceable to the bank deposit book and the general ledger.

A. Fundraising

Fundraising may be done for extra curricular teams or trips, supplements to curriculum or PAC special events.

Teachers collecting money in their classrooms must track receipt from students on the Fundraising Receipt Form or class list which includes the fundraising event and date, teacher's name, a list of student names and the amount collected from each student. When a teacher is ready to submit funds to the administration office the form is to be totalled. The total on the form must match the amount of money submitted to the office. Each time a teacher submits a fundraising form and envelope of money to the administration office a receipt must be issued to the teacher. Similar procedures apply to coaches of teams and PAC representatives if the PAC fundraising money is be administered by the school trust account.

Large fundraisers that require on-going revenue gathering such as extended field trips or large equipment purchases should be accounted for in the general ledger such that the amount of funds incoming can be compared to the cost of fundraising (ie. revenue and supplies accounts) to analyse the profit or loss for specific fundraising events.

Funds that are raised for a trip or purchase that is cancelled due to lack of participation or shortage of funds will be returned on a pro-rata basis to those individuals, parents or corporations that contributed initially.

B. Student Fees and Cafeteria Sales

Lump sum sources of funds such as student fees and cafeteria will be tallied against cash register tapes or student fee receipts and deposited to the bank at least once per week.

Upon payment of student fees, students will be issued receipts indicating amount paid, date, specific course fee category and whether payment was by cash or cheque.

Cafeteria staff or contractors submitting cafeteria cash register tapes and sales will be issued a receipt indicating amount received, date, time frame of sales and the amount of cash and the amount of cheques.

Each bank deposit will match to a specific range of receipts for all fundraising and student/cafeteria fees. The bank deposit should not be completed until the total on the deposit book page matches the range of receipts the deposit represents.

C. Petty Cash

Petty cash is recorded as a separate line item in the general ledger as the amount of the initial payment from the Board Office (usually between \$100 and \$500). Some schools may have more than one petty cash fund (ie. Career Prep) and each fund will have its own line item in the general ledger. At all times the amount of cash and the total of receipts for the petty cash fund should total the initial payment from the Board Office.

Petty cash and receipts are to be kept in a vault or locked drawer or cupboard at all times with limited personnel access (administration staff only).

3. Disbursement of Funds

Timing of disbursement of funds throughout the school year is at the school's discretion. At June 30th of each year as many of the outstanding invoices as possible will be paid before the bookkeeper leaves for the summer break.

Each cheque issued must have appropriate backup such as cheque requisition and receipts, invoice, letter etc. Cheque backup must be filed in the administration offices in alphabetical order, by payee or by cheque number. Backup will indicate the date paid, the cheque number, the payee, the goods or services purchased and the amount paid.

If a staff member requires an advance on a trip or purchase, the school may issue payment to the staff member at its discretion. However receipts and a final accounting of the advance must be received by the staff member and completed by the bookkeeper within one week of the staff member's return.

All cancelled cheques will be traceable back to the cheque file or cheque register and the general ledger.

Where a school develops departmental or teacher budgets within its school trust account, payments must be approved by the person responsible for the departmental budget even though/if they are not a signing officer before the cheque is issued as long as the budget has a positive balance. If the departmental budget is in a deficit position and a payment must be issued, principal authorization is required. For all other budgets or if the school does not departmentalize its school trust account budget the principal must approve all disbursements before a cheque is issued. Department or principal approval needs to be displayed somewhere on the cheque backup.

4. Reporting of Funds

There are two types of reporting required for the School Trust Account:

- School Administration
 - District Office Finance Staff
- A. School Administration reporting consists of the following on a monthly basis:
- i) Bank Statement and Bank Reconciliation for review and approval by Principal,
 - ii) Printout of general ledger transactions for review and approval by Principal,
 - iii) Printout of journal entries for review and approval by Principal
- B. District Office Finance Staff reporting consists of the following:
- i) Elementary Schools:
 - a. Bank Statement and Bank Reconciliation approved by Principal on a monthly basis
 - b. Account Balance listing approved by Principal on a monthly basis
 - ii) Secondary Schools:
 - a. Bank Statement and Bank Reconciliation approved by Principal on a monthly basis
 - b. Account Balance listing approved by Principal on a monthly basis
 - c. General Ledger detailed transactions on a yearly basis (as at June 30th)

District Office Finance Staff reporting will be submitted to the Director of Finance.

Note that Trial Balances and General Ledger reporting requirements above will NOT INCLUDE any district level budget accounts. School budgets must be kept separate in order to report accurately and balance the bank account for the trust account.

5. Reconciliation of School Trust Account

Bank reconciliations must be completed monthly. Month end bank statement balances must match the bank balance in the school trust account. If the two do not match, the differences in timing, outstanding items etc. must be identified to reconcile the two balances.

If there is any difficulty in balancing the bank statement balance and the school trust account balance the school bookkeeper or principal is to contact the Board Office Finance Department for assistance.

Once the bank reconciliation has been completed the principal or vice principal in charge of finances for the school must sign the bank statement and the bank reconciliation.

Cancelled cheques, signed bank statements and signed bank reconciliations will be filed together in a safe place in the School administration office.

6. Audit of School Trust Accounts

Secondary trust accounts are subject to yearly audits while Elementary School audits will take place once every two years. However if reporting requirements from School to District Office Finance Staff consistently show discrepancies or there is a concern regarding the accounting of the school trust account by either the school or District Finance Staff audits may take place more frequently.

If you require an audit before your scheduled audit (ie. principal or secretary transfer or retirement), please make a written request to the Secretary-Treasurer stating the timeframe of the proposed audit and reasons you require an early audit.

Prior to the school audit the principal and bookkeeper will be sent letter by the Board Office advising them of the date and time of the physical audit as well as the period of time the audit will cover (ie. July 1, 20xx – June 30, 20xx). Audits are subject to change based on convenience for school staff and district staff. It is understood that the reporting requirements in Item 4 will be up to date and complete at the date of audit.

The audit working papers are available from the Director of Finance. Audit working papers should be reviewed by ‘bookkeepers’ and principals on a regular basis to ensure the accounting of the school trust account is being done correctly. Audit working papers will comprise the basis and documentation District Finance Staff will complete during the school audit.

Subsequent to the audit school principals and ‘bookkeeping’ staff will receive a report on the results of the school’s audit, including completed audit working papers. Recommendations for procedure change or review may be made at this time. Audit reports are reviewed and approved by the Superintendent/Secretary-Treasurer.