



SECTION:	Fiscal Management	APPROVAL DATE:
SUBSECTION:	Fiscal Accounting and Reporting	January 10, 2005
POLICY NAME:	Managing School Based Funds	LAST REVISED:
POLICY NUMBER:	P.FM.G.2	October 5, 2009

OBJECTIVE

School-Generated Funds are those funds raised and collected in the community by the school or parent-administered group, from sources other than the operating or capital budgets of the Board. The Board is required to ensure that these funds are properly administered and transactions are accurately recorded. Procedures have been put in place to protect fund-raisers, parents, school staff and principals in carrying out their responsibilities.

These obligations are met by:

- Administrative guidelines for the collection, recording and control of student funds.
- Monthly and annual reporting requirements.
- Financial review of funds by internal and external audit staff.

The School Principal has direct responsibility for the management and control of school-based funds. The Principal is directly accountable to the School Board, through the Assistant Superintendent of Corporate Services and Associate Treasurer for ensuring that the purposes of fundraising undertaken on behalf of the school and the ultimate expenditure of funds are in compliance with current school board policies. The Principal is also responsible for ensuring the school community is generally consulted on the ultimate use of the funds.

The Board is ultimately responsible for the fundraising activities of not only schools, but also any group that raises funds in the name of the school.

All fund-raising activities, undertaken on behalf of the school, shall be related to educational, humanitarian, charitable or service activities consistent with the education of its students. Therefore the disbursement of such funds should directly benefit the students for which the funds were raised. It is important that there be transparency in the way in which funds are raised and spent. The funds raised should have a stated designated purpose and the funds should be spent for this purpose and no other. It is not the responsibility of parents or school communities to raise funds for basic educational requirements, but rather the school community may raise funds to enhance the program and /or support school initiatives.

When funds are to be expended from the School Council funds, the minutes of the School council meeting shall record the motion of the expenditure and the purpose of the expenditure.

1. SOURCES AND USES OF SCHOOL GENERATED FUNDS

What are school-generated funds?

- Athletic/student fees
 - These are fees that are collected (usually in the Secondary panel) to offset the cost of athletic teams, yearbook costs or the use of school lockers.
- Funds raised for charitable organizations
 - In this category, schools raise funds for a specific charitable cause or event. In this situation, the funds are raised and subsequently turned over to a third party.
- School generated fundraising
 - This is fundraising that is conducted to support a specific event or initiative. This school-based activity is done independently from the School or Parent Councils.
- Funds raised through Board approved School initiatives.
 - In this category, where approved by the Board, schools raise funds from such things as cafeteria services. The School retains any profits.
- School/Parent Council initiated fundraising
 - This is also fundraising that is conducted to support a specific event or initiative. However, this differs from number 3 above in that these events will be pre-determined during the budget process in September. Also, these events are conducted with the direct involvement of the parent community as represented by their School Council.

The Wellington Catholic District School Board does not endorse and discourages door-to-door sales and canvassing. When such activity takes place, it must be voluntary and must have the written consent of the student's parent or guardian where the student is not 18 years of age. Safety precautions must be outlined by those supervising any student involved in such fundraising projects.

The following is a list of approved sources of School Generated Funds:

(Please note that the list is not inclusive and only provides common examples)

- Pizza/hotdog days
- Bake sales
- Magazine Sales
- Chocolate Bar Sales
- Chicken Sales
- Book Fairs
- raffles (please refer to lottery licensing policy)
- Dress Down Days
- School Dances
- School Plays/Concerts
- Milk sales
- Excursion Fees
- Student Fees
- Donations (please refer to acceptance of donation policy)
- Nevada tickets (please refer to lottery licensing policy)
- Bank interest
- GST rebates

Each school is allowed three major fundraisers within a school year. A major fundraiser is defined as an event or activity which involves and benefits the entire student body. Ongoing programs such as milk and pizza days are excluded from the category of major fundraiser.

Uses of School Generated Funds

All purchases made using school-generated funds must comply with Board purchasing policy and procedure. It is important to remember that funds raised for a specific purpose must be used for that intended purpose.

The School Cash accounting system is designed to track each category separately. If the category is of an ongoing nature (milk sales,), residual amounts at the end of a school year should roll forward to the next year. Residual amounts in one-time categories should be disclosed and then transferred to another category (please refer to Category Accounting Procedures in the School Generated Funds handbook) Refunds should be considered where large surpluses remain in one-time categories. Carry forwards greater than 10% of gross revenues must be approved by the Board office through a written request. Deficits for any category should not be permitted, unless subsidized by other general fundraising activities.

The following is a list of unacceptable uses of School Generated Funds:

- Items that are to be purchased from the Board's budget
- Mileage reimbursements to employees unless pre-approved by the Principal as transportation for a school event (e.g. athletics, class trip). The reimbursement rate shall not exceed the amount set by the Board.
- Monetary payments to employees for services.
- Investments other than those permitted by the Board and Regulation 471/97 of the Education Act (Eligible Investments)
- Gifts for employees.
- Hospitality specifically for staff celebrations or recognition.
- Staff meetings.

Donations and flowers purchased for condolences are ALLOWABLE upon the death of a student, their parents or siblings. Staff Condolences should be paid through a collection process or a staff fund.

2. ROLES AND RESPONSIBILITIES

Board Office

- It is the responsibility of the Board to ensure that the School Generated funds are collected in accordance with Board and provincial policy. This responsibility includes ensuring that the funds are protected and are controlled through proper accounting procedures.

Principal

- Ensure that Board Policy related to School Generated funds is implemented at the school level.
- Act as one of the signing officers on the School Generated Funds account. The principal's signature must be on all cheques.
- Ensure that proper cash controls are in place including security of cash and records.
- Review and authorize the monthly bank statement reports.
- Review and authorize the annual financial statements.
- Work with the Parent Council executive to budget and plan for the receipt and disbursement of Parent Council funds.
- Notify the Superintendent of Education and the Assistant Superintendent or Superintendent of Corporate Services immediately if funds are lost or stolen.
- Ensure that the Parent Council Chair understands their roles and responsibilities.

School Admin Assistant (With School Banking responsibility)

- Act as one of the approved signing officers on the School bank accounts.
- Prepare bank deposits and deposit funds on a regular basis.
- Collect cash from teachers/parents and verify amounts collected.
- Issue cheques and ensure that all requests are accompanied with proper documentation and are approved by the Principal for payment.
- Record transactions within School Cash on a regular basis.
- Complete the monthly bank reconciliation and submit monthly reports to the Corporate Services after having them authorized by the Principal.

- Advise the Principal of any discrepancies or deviations from Board policy/guidelines.
- Assist during internal audit.
- Secure cash in school safe.

Parent Council Chair

- Work with Principal in an advisory capacity to determine the sources and uses of funds in adherence with Board policy.
- It is recommended that the Parent Council Treasurer position be for a term not to exceed two years.
- May act as one of the signing officers on the School/Parent Council Bank Account.
- Ensure that all records and financial reports are available for review and are presented regularly at School Council meetings.

Assistant Superintendent of Corporate Services

- Responsible for the consolidation of revenues and expenditures in the Board' audited financial statements.
- Review and approve internal audit reports as prepared by the Financial Analyst.

Financial Analyst

- Responsible for the review of the monthly bank statements and reports.
- Assists with ongoing questions and concerns related to school cash.
- Direct liaison with Kev Software.
- Performs internal audit function.
- Prepares monthly newsletter and distributes electronically.

3. RECEIPTS AND DISBURSEMENTS

Cash Handling Procedures

The following cash handling procedures will be followed at the school level for the proceeds of school funds:

- One consolidated Bank account will be set up for school-based funds. Banking cards that allow withdrawal of cash from an account are prohibited.
- All bank accounts will have at least two signing officers at the school level, one of whom must be the Principal.
- All bank accounts will be in the name of the school.
- Schools will maintain the School Cash system showing all activity in each bank account. A reconciliation between the bank statements and the school's records will be performed and details of same recorded monthly for each account. The Principal must initial all reconciliation statements signifying approval and they must be submitted to the Corporate Services department by the 15th of the following month.
- An internal audit will be conducted bi-annually for each school to provide independent verification of financial statements and reports. External audits will be conducted on a rotating basis as determined by the audit firm.
- The Principal of each school will submit a copy of all bank statements and a full reconciliation annually to the appropriate representatives of the School Council for those accounts involving fund-raising activities.
- Schools will keep on file for seven years all cancelled cheques (in some cases, these may be kept by the bank where the accounts are maintained) and copies of all deposits and related information for audit purposes.
- Cash should always be counted and the deposit slip initialled by the volunteer/teacher and the principal if the funds are brought to the school for deposit.
- GST rebate claims should be submitted to Revenue Canada on an annual basis.

Receipts

- All money received at the school is to be stored on site in a designated locked and safe location which has limited access. No money is to be kept off site.
- All money collected is to be deposited intact to the bank account promptly. This means that expenditures are not paid from the cash collected. The total funds are deposited to the bank and a cheque written to pay for an expenditure. All deposits are made and all cheques created using the software program utilized at the School office.
- Deposits must be made when cash (excluding cheques) exceeds \$1000.00.
- All staff/volunteers collecting money must submit the cash collection envelope/form to the school office. The cash collection form should be attached to the deposit when filing the documentation.
- Money collected should not be kept on hand for use as petty cash nor should School Generated Funds and Board funds ever be interchanged. These funds must be kept separate for accounting and transparency reasons.

Disbursements

- All disbursements should be recorded promptly.
- All payments should be made by cheque.
- Payments should only be made upon the presentation of original invoices, receipts or other appropriate supporting documentation approved by the Principal.
- Reimbursements to Principals above the amount of \$200.00 must be approved by the Assistant Superintendent of Corporate Services.
- Unused cheques should be stored in a designated, locked location in order to prevent loss or theft.
- Pre-signing of cheques is strictly prohibited.

Investments

- Where a school has excess funds, they may be invested in the name of the school permitted by Reg. 471/97 of the Education Act (Eligible Investments) and Board policy and practices (e.g. term deposits, GIC's). These funds should be invested on a short-term basis.

Bank Reconciliation

- Monthly bank reconciliations must be completed.
- Cheques not cashed within 6 months are stale-dated and should be reversed in your records.
- The Principal shall review the monthly bank reconciliation, approve it and retain on file.
- The signed bank reconciliation must be submitted to the Corporate Services Department by the 15th of the following month along with a copy of the monthly bank statement.

Record Retention

- All invoices, cheques, bank statements and GST remittances must be kept on site for a period of 7 years. After the 7-year period, the files may be purged through shredding.

4. GST

- 4.1 All expenditures incurred through school cash are eligible for a rebate of 68% of the GST paid on the expenditure. Books are eligible for 100% rebate.
- 4.2 School Cash secretaries need to enter the appropriate taxes for each of the invoices in school cash. For invoices which taxes are not separated the secretary needs to separate the GST and PST when entering the invoice.
- 4.3 The secretary can determine the tax treatment of revenue realized by answering the following questions.
 - I. Is the supplier of the goods paying the school a commission and it is the supplier who is responsible for collecting and remitting GST based on the total retail amount collected from the final end- user purchaser?
 - a) Yes, no GST remittance is required by the school.
 - b) No, go on to question # 2.

- (a) Example of the situation contemplated in question #1 follows:
QSP charges the school \$16,492 which includes taxes.
The school retains \$5703 and remits \$10789 to QSP who is responsible to remit \$10789 to Revenue Canada. In this situation the school is not liable to remit GST to Revenue Canada neither does the school qualify for any rebate or tax credit related to the transaction. The school was simply a commission earning agent of the supplier.

- II. Are the following conditions present?
- The supply is in the course of fundraising
 - All salespersons are volunteers
 - The price of the goods does not exceed \$5 for each item
- (a) Yes, then the fundraising is deemed to be an exempt service with GST being collected on the sales. Any GST paid to the supplier is eligible for a GST rebate.
- (b) No, go to question #3
- (c) An example of the situation contemplated in question #2 is as follows:
Milk purchased for \$1.00 plus .06 GST is sold for \$2.00 with no GST charged. No GST remittance is required and a GST rebate of 68% of the .06 GST paid on the purchase can be applied for.
- III. Are the school's annual taxable sales in excess of \$50,000.
- (a) Yes, the school:
- Must collect and remit GST on the sale; and
 - May claim an Input Tax Credit for 100% of GST paid to enable the sale.
- (b) No, the school:
- Is not required to collect and remit GST on the sale;
 - May claim a rebate for 68% of the GST paid to enable the sale.
- The Wellington Catholic District School Board is a registered charitable organization. The Board has made elections with CCRA for branch filing and therefore each school has a unique suffix number appended to the Board's registration number. This number must accompany any submission to Revenue Canada when claiming GST rebates.

5. CHARITABLE DONATIONS

Wellington Catholic DSB is a registered charity and as such can issue tax receipts to donors.

A charitable donation is a voluntary transfer of property or cash without valuable consideration being received by the donor. (Please reference P.SCR.C.1 - Acceptance of Donations, Gifts and Equipment.)

Canada Custom and Revenue Agency states that official donation receipts can be issued to donors in accordance with the following provision:

- 1) There is a transfer of real or personal property to a school or Board (most common being money).
Donation of services does not qualify for an official donation receipt.
- 2) The donation is voluntary.
- 3) The donor receives no benefit in return, whether directly or indirectly, which also includes benefit to a child of the donor.
- 4) Gifts received from another registered charity do not qualify for an official donation receipt.
- 5) Funds must be received by the Board from the donor requesting the receipt.

Donations made to the Board can be subject to general direction (e.g. to the benefit of a specific school) but cannot be directed to the benefit of a specific individual.

A gift in kind is a donation other than cash. It does not include a gift of services.

For donations of “gifts in kind”, the Board may issue a receipt stating the fair market value of the donation once the object has been appraised.

New items: The donation receipt will be equal to the original invoice amount less GST and PST.

Used Items: The donation receipt will be based on the appraised fair market value.

All Charitable Donation receipts are issued by the Corporate Services Department. Receipts will be issued for donations greater than or equal to \$20.00. Submissions of the attached charitable donation control form along with a copy of the donation cheque, proof of cash donation or the receipt, invoice or appraisals for gifts in kind to the Corporate Services department will initiate the receipt process.

6. SCHOOL COUNCILS

Under the Education Act Regulation 612, school boards in Ontario are required to establish a School Council for each school within the board. These Councils are advisory bodies that may make recommendations to the school Principal or the board on any matter. Many School Councils perform fundraising activities in the name of the school and as such are required to conform to the appropriate sections of Regulation 612 that deal with fundraising issues. The Principal is ultimately responsible for activities related to the school and therefore is also responsible for School Council Activities.

The Ministry of Education’s document, School Councils a Guide for Members (2002), states, “School Councils should be aware that, because the school board is a corporate entity and the school is not, any funds raised by the School Council (and any assets purchased with those funds) belong, legally, to the board.”

All fundraising activities and expenditures must be conducted in accordance with Board policies. Particular attention needs to be paid to policies on purchasing, conflicts of interest and other similar policies. This is clearly stated in Regulation 612, section 22.

General Procedures

- One of the signing officers on any School Council Accounts must be the Principal of the school.
- The fiscal year for School Council is the same as the Board and is August 1st to July 31st.
- Monthly bank reconciliations must be completed and a monthly financial report should be made available at monthly School Council meetings.

Regulation 612, section 24, School Councils states “every school council shall annually submit a written report on its activities to the Principal of the school and to the board”. It further states, “If the school council engages in fundraising activities, the annual report shall include a report on those activities.”

Regulation 612, section 16 states that “(1) a school council shall keep minutes of its meetings and records of all of its financial transactions.” It goes on to state “(2) the minutes and records shall be available at the school for examination without charge by any person.” “(3) Subsections (1) and (2) do not apply to minutes and records that are more than four years old.” As a matter of consistency with other financial record retention requirements, all records are to be maintained on board premises for a period of seven years.

7. BUDGET PLAN

The Objective of this exercise is to create a financial plan for the upcoming school year. For this reason, the Board recommends that the School have a policy that the School Council vice-chair moves into the position of Chair when this vacancy occurs. (Usually every two years) This allows for consistency from one school year to the next and allows for the budget to be prepared with the same consistency in advance of the year in which it is being prepared.

The Principal will prepare the Plan after seeking sufficient and appropriate input from the school community. The purpose of the Plan is to identify the activities that will take place, ensure that they are in accordance with Board policies and to determine at the end of the year if the expectations were met.

The Plan will include all planned sources and uses of funds.

A copy of the Budget signed by the Principal will be submitted to the Corporate Services Department by October 15th of each year to be included in the Board's financial statements.

A copy of the approved Budget will be kept in the school and used in conjunction with the review of the monthly and annual financial reports.

It is important that the approved Plan be communicated to the school community.

8. CHANGES IN ADMINISTRATION

Changes in Principal or Support Staff are common and should not impact on the day-to-day administration of school-generated funds.

The exiting Principal should complete the Principal relocation form and a copy of the completed form is to be forwarded to the Assistant Superintendent of Corporate Services immediately.

The new Principal should arrange for the signing authorities to be updated with the financial institution.