

School Based Funds Policy

Policy Overview

This policy describes how to manage school based funds to ensure that schools meet the legal and accounting requirements of the Halifax Regional School Board (HRSB), the Nova Scotia Department of Education and Early Childhood Development (EECD), and the Canada Revenue Agency (CRA).

Table of Contents

- 1.0 Legislative Context**
- 2.0 Definition of School Based Funds**
- 3.0 Rationale**
- 4.0 Scope**
- 5.0 Authorization**
- 6.0 Policy Review**

Policy and Procedures History

- Policy approved November 28, 2000
- Procedures approved January 2001
- Policy & Procedures revised May 31, 2006
- Handbook created May 31, 2006

1.0 Legislative Context

1.1 *Nova Scotia Education Act*

1.2 Canada Revenue Agency – Interpretative Bulletins, including but not limited to:

- RC4034 GST/HST Public Service Bodies’ Rebates
- T4130 Employers’ Guide – Taxable Benefits and Allowances
- RC4157 Deducting Income Tax on Pension and Other Income, and Filing the T4A Slip and Summary

1.3 HRSB Purchasing Policy & Handbook

2.0 Definition of School Based Funds

- 2.1 School based funds are defined as all funds available to or managed at the school, other than funds provided by the approved budget of the board. They include a wide range of funds received, raised, or collected in the name of the school or a school activity for the benefit of the students of that particular school.

3.0 Rationale

- 3.1 The Halifax Regional School Board is accountable to its students, parents, community members, partners, and to the Province of Nova Scotia through the Department of Education and Early Childhood Development (EECD), for the effective management of school based funds.
- 3.2 To maintain high standards of accountability to the public, the board requires schools to use generally accepted accounting practices to manage all the funds they collect.
- 3.3 Each school within the Halifax Regional School Board is part of the corporate body of the board. The school's financial records – including records of all funds raised in the name of the school – are part of the board's financial records and must be included in the board's annual audited financial statements.

4.0 Scope

This policy applies to all funds received, raised, or collected in the name of the school or school groups (e.g., student council, school teams or clubs, cafeterias, staff-parent associations or organizations), including:

- 4.1 Funds raised through contracts and service agreements
- 4.2 Student fees as defined in the *Student Fees Guidelines* (see Appendix B in School Based Funds Handbook)
- 4.3 School based fundraising for charities and/or specific events or initiatives
- 4.4 Funds donated to schools

5.0 Authorization

5.1 The Superintendent is authorized to develop and implement procedures in support of this policy.

6.0 Policy Review

6.1 This policy will be reviewed every 5 years or on an as needed basis.

School Based Funds Procedures

Table of Contents

- 1.0 Use of School Based Funds**
- 2.0 Roles and Responsibilities**
- 3.0 Audit**
- 4.0 Handbook**

1.0 Use of School Based Funds

- 1.1 There are two types of school based funds: general purpose funds and funds raised for a specific purpose.
 - 1.1.1 *General Purpose Funds*
 - 1.1.1.1 Funds raised for a general purpose through contracts, fees and/or fundraising activities, with no specific intent, must be used for school related activities, as approved by the school principal.
 - 1.1.2 *Funds Raised for a Specific Purpose*
 - 1.1.2.1 Funds raised for a specific purpose must be used for the purpose that is agreed upon before fundraising activities begin. Decisions regarding the purpose of a particular fundraising activity or activities must be documented in writing and approved by all parties involved in the activity or activities. The principal must approve all fundraising activities and has the authority to withhold approval if he or she deems the activity to be unsafe or inconsistent with board policies.
 - 1.1.2.2 If, at the end of the school year, there is a balance remaining of funds raised for a specific purpose, the balance must be carried forward to the next year, and not used for another purpose without prior agreement among all parties regarding their application to other uses.
- 1.2 Unacceptable uses of school based funds include:
 - 1.2.1 Mileage and travel reimbursements to employees. These must be processed through the board's Payroll Office.
 - 1.2.2 Monetary payments to employees for services. All payments for services, even those outside the normal course of one's duties, must be paid through the board's Financial Services Department. School funds can be used to reimburse these costs, but the payment must flow through Financial

Services because these disbursements require the board to issue a T4 or T4A slip.

- 1.2.3 Payments for items tendered through the board's Purchasing Office. These must be ordered through the approved purchasing method.
- 1.2.4 Personal items for staff or other non-school-related expenditures, including donations to third party organizations for non-education related purposes.
- 1.2.5 Gift cards with the exceptions as noted in Chapter 2 of the Handbook.
- 1.2.6 The purchase of alcohol including, but not limited to, beverages as part of a meal or alcohol purchased as gifts or prizes.

2.0 Roles and Responsibilities

2.1 Financial Services Department

The Director, Financial Services and/or designated Financial Services staff have these responsibilities:

- 2.1.1 Develop and update the Halifax Regional School Board's *School Based Funds Policy, Procedures and the supporting Handbook*.
- 2.1.2 Provide periodic professional development to school staff to ensure effective implementation of this policy and associated procedures.
- 2.1.3 Follow up on audit reports of school based funds that may be completed from time to time.
- 2.1.4 Receive and maintain a central file of annual financial reports from each school.
- 2.1.5 Ensure that schools have appropriate accounting software and/or technology for administering school based funds.
- 2.1.6 Authorize the number and purpose of bank accounts that can be maintained for each school.
- 2.1.7 Prepare an annual report of school based funds for the board.

2.2 School Administration Department

The Director of School Administration and/or designated School Administration staff have these responsibilities:

- 2.2.1 Monitor implementation of this policy and associated procedures as defined in the board's *School Based Funds Policy*.
- 2.2.2 Report any of the following incidents to the Director, Financial Services or designated staff:
 - lost or stolen funds
 - misuse of funds
 - failure to follow this policy and associated procedures.

2.3 Principals

The *Education Act*, section 38 (2) (o) states: "It is the duty of a principal to account to the school board for money received from the school board, or any other source". In carrying out these duties, principals have the following responsibilities:

- 2.3.1 Ensure that effective accounting procedures, practices and internal controls are implemented in accordance with the board's *School Based Funds Policy, Procedures and the supporting Handbook*.
- 2.3.2 Submit an annual financial report for the fiscal year ending March 31 to Financial Services not later than April 21 of each school year.
- 2.3.3 Designate a staff person or persons (e.g. school secretary or vice principal) to be responsible for receipts, disbursements, banking, and record-keeping.
- 2.3.4 Approve any new bank account.
- 2.3.5 Ensure that processes are in place to adequately control funds within the school, including security over cash and accounting records. These processes include, but are not limited to, ensuring that:
 - 2.3.5.1 All funds raised by, or in the name of the school, are deposited intact to an approved school bank account and never into an individual's personal bank account.
 - 2.3.5.2 All bank accounts have a minimum of two and maximum of four authorized signing officers, one of whom must be the principal.

- 2.3.5.3 Cheques are never pre-signed.
- 2.3.5.4 Any transaction over \$25,000, with the exception of school trips, is processed through Financial Services and not a school's bank account.
- 2.3.5.5 Any disbursement requiring a T4 tax slip is processed through the board's Payroll Office.
- 2.3.6 Communicate responsibilities to staff members and others who collect funds in the school's name (e.g., parent-teacher associations or organizations).
- 2.3.7 Ensure that a *specific* staff member is designated as the contact person for each group, club or class involved with financial transactions.
- 2.3.8 Review accounting records at least monthly.
- 2.3.9 If funds are lost or stolen, immediately notify the School Administration Supervisor, who will notify the Regional Accounting Services Manager.
- 2.3.10 Ensure that the school or anyone representing the school does not enter into contracts of more than one year, in the name of the school or the board, without first consulting with the board's Purchasing Office.
- 2.3.11 Ensure that monetary payments to non-employees for services in excess of \$100 per transaction are paid through the board's Accounts Payable Office, unless the individual has a valid business number, which puts the onus on the individual to file a tax return.

2.4 Designated Accounting Staff Person or Persons

The principal may designate one or more individuals in the school to:

- 2.4.1 Implement the procedures in the board's *School Based Funds Policy, Procedures and the supporting Handbook* as directed by the principal.
- 2.4.2 Act as one of the approved signing officers on the school bank account(s).
- 2.4.3 Count and verify funds received for deposit, and issue receipts to the individual(s) remitting the funds.

- 2.4.4 Prepare bank deposits and deposit funds at the bank on a daily basis, unless there is a safe on site, in which case the deposits must be made at least weekly.
- 2.4.5 Issue cheques and ensure that all requests for payments are properly supported and approved by the principal, normally before cheques are prepared.
- 2.4.6 Record transactions in the accounting system on a regular basis (no less than weekly).
- 2.4.7 Complete the monthly bank reconciliation (within 21 days of the end of the month).
- 2.4.8 Complete the monthly file and give it to the principal for review.
- 2.4.9 Prepare transaction reports as required.
- 2.4.10 Advise the principal of deviations from procedures defined in the *School Based Funds Handbook*.
- 2.4.11 Prepare the annual financial report and submit it to the principal for approval.
- 2.4.12 Assist during any audit by providing information and supporting documentation as required.
- 2.4.13 Notify the principal, the School Administration Supervisor or the Regional Accounting Services Manager of any financial irregularities (i.e., lost or stolen funds, misuse of funds) at the school.

2.5 School Based Staff

School based staff with responsibility for school based funds, other than those designated by the principal in section 2.4, have these responsibilities:

- 2.5.1 Work with the principal to ensure that the sources and uses of school based funds comply with board policy and the established procedures in the board's *School Based Funds Policy, Procedure and the supporting Handbook*.
- 2.5.2 Ensure that fundraising activities involving students and/or the school are in compliance with board policies and approved by the principal.

- 2.5.3 Ensure that funds received are used for the purposes for which they were raised or collected.
- 2.5.4 Ensure that the details of any financial activity related to their class or club are recorded completely and accurately.
- 2.5.5 Request and review transaction reports on a regular basis, and advise the accounting designate of any discrepancies.

2.6 Staff-Parent Groups

- 2.6.1 All funds raised by student and/or volunteer groups in the name of the school are considered to be school based funds with the exception of properly constituted organizations that operate independently.
- 2.6.2 Organizations that raise funds in the name of the school who wish to apply to operate independently are responsible for submitting *Application for Exemption for Volunteer Organizations* (Appendix B-11) to the Director, Financial Services for approval on an annual basis.
- 2.6.3 Any group that raises funds in the name of the school with the exception of those approved under section 2.6.2 has these responsibilities:
 - 2.6.3.1 Work with the principal or vice-principal to ensure that the sources and uses of school based funds comply with board policy and the established procedures in the board's *School Based Funds Policy, Procedure and the supporting Handbook*.
 - 2.6.3.2 Ensure that fundraising activities involving students and/or the school comply with board policies and are approved by the principal or vice-principal.
 - 2.6.3.3 Ensure that all bank accounts have a minimum of two and a maximum of four signing officers and ensure that cheques written from these accounts have a minimum of two signatures, one of which must belong to the principal or vice-principal.
 - 2.6.3.4 Submit and/or work with school staff to submit monthly files and financial reports to the principal or vice-principal according to the procedures in the board's *School Based Funds Policy, Procedures and the supporting Handbook*. If monthly files and financial reports are prepared by the school's designated staff person, a monthly report will be generated for distribution to the Staff-Parent Group executive.

2.6.3.5 Submit and/or work with school staff to submit an annual financial report for the fiscal year ending March 31.

2.7 External Bookkeepers

2.7.1 An external bookkeeper may be engaged by a school to help with the following functions only:

2.3.5.6 Entering data into the accounting software package;

2.3.5.7 Completing bank reconciliations;

2.3.5.8 Generating reports.

2.7.2 There must be a contract for external bookkeeping and it must be approved by the Director, Financial Services before the services commence.

2.7.3 The contract must state that the accounting records are always the property of the school and not the external bookkeeper. The information must be stored at the school.

2.7.4 The contract must state that the external bookkeeper will not have signing authority on any of the school's bank accounts.

3.0 Audit

3.1 The school based accounting records of all schools may be reviewed periodically to ensure that they comply with the procedures in the board's *School Based Funds Policy, Procedures and supporting Handbook*.

3.2 All school based accounting records, including those of staff-parent groups, are subject to audits at any time by Financial Services and internal or external auditors.

4.0 Handbook

4.1 The school based funds handbook contains further instructions/descriptions on how to manage school based funds, including how to record, report, and review information about the funds. The Handbook is considered an inherent component of these procedures.