

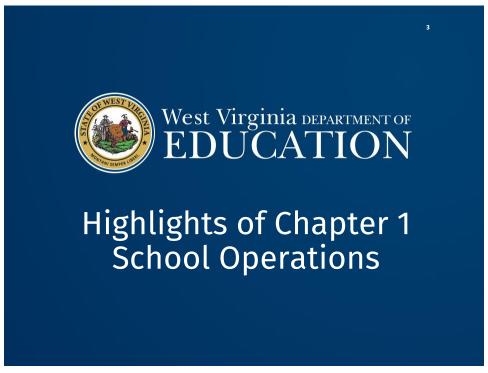
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Structure of Manual

- Chapter 1 School Operations
- Chapter 2 Parent-Teacher Associations, Booster Groups and Other School Support Organizations
- Appendix A Various Forms
- Appendix B Sales & Use Tax
- Appendix C Authorized and Unauthorized Expenditures
- Appendix D Employee vs. Independent Contractor
- Appendix E Individual School Review Checklist



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1-1 Accounting System

Three basic functions of an accounting system:

- 1. The recording of transactions
- 2. The summarizing of transactions
- 3. The reporting and interpreting of summary information



1-2 Internal Control Structure

- A school's control structure consists of the overall attitude, awareness and actions of the principal and other management personnel.
- A good internal control structure is a key factor in the effective management of a school.
- Internal controls encompass both accounting and administrative control procedures.



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1-3 Separate Entity

- Each school is considered to be a separate and distinct <u>FINANCIAL</u> accounting entity.
- Schools are not separate LEGAL entities. School personnel, including principals, do not have the statutory authority to enter into contracts or obligate board funds.



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1-4 Responsibility

- The school principal is responsible for the financial management of a school.
- The principal must ensure that:
 - All provisions of this manual and local board policies and procedures are followed,
 - All accounting records are maintained accurately, and
 - All financial reports are prepared and submitted in a timely manner.



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1-5 Fund Accounting

Each county board of education shall establish by local policy the number of funds the schools within the county are authorized to maintain. In establishing the policy, the board should consider the size of the school, the benefits derived from maintaining separate funds, and the availability of adequate personnel at the school to perform the required accounting tasks required in maintaining separate funds.



1-5 Fund Accounting, Cont'd

- The different funds that may be maintained are limited to the following:
 - General Fund (required for all schools)
 - Faculty Senate Fund
 - Athletic Fund
- The activities for the faculty senate and athletics may be recorded as sub-accounts of the General Fund instead of in separate funds.



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1-5 Fund Accounting, Cont'd

- A school may establish as many separate sub-accounts within each fund as considered necessary.
- A sub-account is a group or particular activity with a claim against the assets of the school without regard to the specific asset.
- Ex: Specific Clubs, Specific Classes, etc.



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1-6 and 1-7

- 1-6 Basis of Accounting
 - Cash basis modified at year-end to reflect any receivables and payables.
- 1-7 Accounting Records
 - Policy provides a list of the types of accounting records that must be maintained for each fund.



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1-8 Transaction Journal

- Each fund must have a transaction journal that records all receipts and disbursements.
- It is recommended that each county board require a standardized electronic accounting system for all schools in the county to use.



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1-8 Transaction Journal, Cont'd

- The following transactions must be posted to the transaction journal daily:
 - All receipts
 - All cash disbursements
 - · All voided receipts
 - All voided checks
 - All interest earned/bank charges
 - All transfers between accounts within a fund
 - All transfers between different funds
 - · All transfers between depository and investment bank accounts



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1-9 Signatures

- Generally required to be manual handwritten signatures.
- Use of electronic signatures is acceptable so long as the signature is password protected.
- No signature stamps or pre-printed signatures.
- Two different signatures required on every check issued by the school.



1-10 Bank Accounts

- All bank accounts must be properly insured.
- All accounts must contain the name of the county board, name of the school, name of the fund, and the county board's FEIN.
- Any funds deposited in an account with the county board's FEIN number must be accounted for in the school's GL and follow the procedures contained in Policy 1224.1.



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1-10 Bank Accounts Cont'd

- Bank signature cards must be maintained current at all times.
- School principal must have signature authority for every account in which school funds are deposited.
- CSBO must have signature authority on all accounts.



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1-10 Bank Accounts Cont'd

- All checks must have certain pre-printed information.
- Only one checking account per fund (an exception is that CTE Centers can have a separate checking account for Pell Grants).
- The total of all cash and investment accounts should be equal to the total of all sub-accounts.



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1-11 Investments

- Excess funds should be invested to maximize the amount of funds available to each schools.
- Allowable investments:
 - Interest bearing checking accounts
 - Savings accounts
 - CDs
 - Money Market Certificates
 - State Consolidated Investment Fund



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1-12 Collections

- All moneys collected must be remitted daily to the school principal or designee.
- If collected in the evening or on a weekend, moneys must be remitted the following school day.
- The amount remitted must be reconciled to detailed supporting records.
- Must use a restrictive endorsement stamp.



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1-12 Collections, Cont'd

- Checks collected must be made out to the school.
- Checks may not be made payable to an employee or school group representative.
- Checks may be made payable to an approved third-party vendor providing a commission to the school in the form of cash or merchandise (ex: school pictures, Scholastic, etc.).



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1-12 Collections, Cont'd

- Certain types of collections from students, such as for field trips and meals, will require the preparation of a detailed record which lists each student's name and amount remitted.
- Detailed records must be maintained for all fund raisers conducted in the name of the school.



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1-13 Accounts Receivable

- The school principal or designee is responsible for ensuring all unpaid charges are collected.
- Local procedures should be developed to provide guidance on collections.



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1-14 Child Nutrition Accounts

Prior to allowing charge privileges for meals provided by the child nutrition program, an approved county board policy must be in place regarding the collection of outstanding balances for meal charges. If charge privileges are extended to employees, the county board approved collection policy must be enforced.



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1-15 Issuance of Receipts

- Pre-numbered receipts must be issued for all collections at the time the funds are collected, regardless of whether by cash or by check.
- Every receipt must contain the following information:
 - Date
 - Amount received
 - Form of payment (cash or check)
 - Name of individual from whom funds were received
 - Purpose of the collection
 - · Fund and account for which the monies were received



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1-15 Issuance of Receipts, Cont'd

- The total amount of receipts issued must equal the total amount of funds received.
- Almost everything requires the issuance of a receipt very few exceptions.
- Receipts are to be prepared in duplicate (print 2 electronic copies). Original goes to the individual who remitted the funds and the copy is to be retained by the school in numeric order.
- Every receipt must contain a valid signature (electronic signatures are okay).



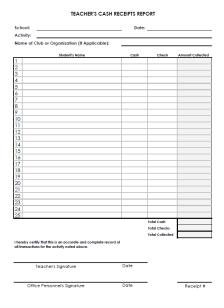
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1-15 Issuance of Receipts, Cont'd

In situations where classroom teachers, sponsors, etc. are originally collecting fees from a group of students, the collections may be recorded on a single list rather than issuing a receipt to each student individually. The list must contain specific info, including whether the student paid by cash or check. A copy of the list must be remitted with the funds.







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1-16 Bank Deposits

- All funds collected must be deposited intact into a bank depository account.
- No cash disbursements are to be made from collections and no personal checks are to be cashed.
- It is recommended that bank deposits be made daily. However, a deposit must be made whenever total collections on hand exceed \$500 or before any extended school holiday. Deposits must be made at least weekly regardless of collection amount.



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1-16 Bank Deposits, Cont'd

- If bank deposits are not made daily, a bank deposit slip must still be prepared daily with the total collections for the day sealed in a deposit envelope and placed in a safe or otherwise safeguarded until the deposit is delivered to the bank.
- Bank deposit slips must be prepared in duplicate. Original goes to bank. Copy retained by the school.
- Beginning and ending receipt numbers for the deposit must be listed on the deposit receipt/slip.



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1-17 Checks Returned by the Bank for Insufficient Funds

- Normally banks allow returned checks to be redeposited at least once.
- If a check is returned a second time, it should be considered worthless and steps should be taken to recover the funds.



1-18 Authorized Expenditures

- All moneys received by a school are considered quasipublic funds and are to be expended for the benefit of the students at the school.
- Schools and school clubs may NOT make contributions to charitable or private non-profit organizations unless a fundraiser is conducted specifically for that purpose.



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1-18 Authorized Expenditures, Cont'd

Appendix C provides specific examples of expenditures considered to be unauthorized either by the State Attorney General or the State Superintendent of Schools. Examples include but are not limited to:

- · Chamber of Commerce dues
- Food or drink for board of education meetings
- Food or drink for meetings of the public
- · Food or drink for staff meetings
- Membership fees for individuals into the WV or National Principal's Association



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1-18 Authorized Expenditures, Cont'd

- WVC §18-5-13 allows schools to expend funds for student, parent, teacher and community recognition programs using funds generated through a fund-raiser or donationsoliciting activity.
- Prior to commencing the activity, the school must publicize that the activity will be for this purpose.
- Any funds generated must be in a separate sub-account in the General Fund.



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1-19 Purchase Orders

- All schools must maintain a purchase order system.
- Schools must follow bid thresholds in State Board Policy 8200.
- All POs must be approved in writing by the principal or his/her designee and sufficient funds must be available.



1-19 Purchase Orders, Cont'd

- Purchase orders are not required for the following:
 - Utilities
 - Executed Contracts
 - Maintenance Agreements
 - Remittances to the Central Board Office
 - Refunds
 - Reimbursement of Travel Expenses
 - Payments to Game Officials
 - Allocation of Faculty Senate Funds (POs are required for remaining funds beyond individual allocation required by statute).



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1-20 Itemized Claim for Payment

- Schools cannot expend any funds unless an itemized claim for payment (invoice) is filed by the claimant.
- Invoices must contain specific information as outlined in the policy.
- Invoices must be verified for accuracy when received. Use of a stamp and initials certifying invoice was verified is an acceptable way to prove the verification occurred.



1-20 Itemized Claim for Payment, Cont'd

- Principal or designee must approve all invoices prior to payment.
- Must mark all invoices as paid at the time of payment to prevent paying twice.
- Must pay all invoices timely.
- Must maintain a completed W-9 for all vendors.



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1-21 Travel Expenses

- May reimburse employees for reasonable and necessary travel upon presentation of a signed itemized statement that is approved by the principal.
- Subject to county travel policy.
- Travel submitted to the central office for payment must be signed by the principal to verify reimbursement wasn't already made at the school level.
- All principal travel must be approved at the central office level even if being paid by the school.



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1-21 Travel Expenses, Cont'd

- Schools may pay reasonable and necessary travel expenses actually incurred by students on trips authorized by the principal or designee.
- Policy contains specific record-keeping requirements for student-related travel, including situations where cash may be needed for a student trip.



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1-22 Payment for Personal Services

- All payments made by a school to an individual for services rendered are to be considered wages and must be paid through the normal payroll process at the central board office, unless it can be clearly shown that the individual is an independent contractor in accordance with IRS regulations.
- This includes payment for part-time temporary help for concession stand workers, ticket takers, athletic event workers, etc. even if the individual is not a full-time employee of the county board.
- There is an exception for payments made to athletic officials.



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1-23 Disbursements

- All disbursements must be made by check (except for petty cash).
- Must completely fill out check and stub at the time the check is issued.
- Cannot make check payable to cash. For starting cash for an event, the check must be made payable to the person cashing the check.
- Two signatures required on all checks. Check form must provide space for both signatures.



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1-24 Posting Disbursements

- Checks must be posted daily in the general journal. May not post in batch.
- The amount of the check must be properly classified in the accounting records.



1-25 Tuition Remittance

For receipts written for tuition for adult students or students in community education classes, the funds must be remitted to the central office on a monthly basis. A reconciliation that compares the tuition money receipted to the course registration listing must be prepared by the school and sent to the business office along with the tuition funds remittance.



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1-26 Petty Cash

- If authorized by local board policy, schools may establish a petty cash drawer to be used for the purchase of incidental items of nominal value.
- Max amount is \$50.
- Cannot cash personal checks from petty cash.



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1-27 Stop Payments and Cancellation of Outstanding Checks

- If a check is canceled during the same fiscal year it was issued, a negative expenditure is to be posted in the proper account.
- If a check is canceled during a subsequent year, a receipt must be written for the amount of the canceled check.
- Can use AJEs to handle this situation.



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1-27 Stop Payments and Cancellation of Outstanding Checks, Cont'd

- Outstanding checks are considered unclaimed property.
- All unclaimed property must be reported to the Unclaimed Property Division of the WV State Treasurer's Office.



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^{**}Recommendation – Schools should report unclaimed property including outstanding checks to the county CSBO annually.

1-28 Reconciliation of Bank Statements

- Principal must receive unopened bank statements upon receipt at school.
- Principal is to open the envelope and review the bank statement and canceled checks for any possible irregularities.
- After that review, the principal must sign the bank statement and send statement and canceled checks to individual who will be preparing bank reconciliation.



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1-28 Reconciliation of Bank Statements, Cont'd

- Every bank account must be reconciled monthly as soon as possible after the bank statement is received, including any CD and investment accounts.
- Copies of all bank reconciliations must be signed by the individual who completed the reconciliation and the school principal.



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1-29 Event Receipts

- Use pre-numbered tickets for all events where an admission fee is charged.
- Use two individuals for the sale and collection of tickets one to sell and one to collect them.
- Tickets are to be torn in half and one half given back to the patron.
- Ticket reconciliation reports must be completed for each event.
- A ticket log must be maintained by the school to account for all ticket stock used.



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1-30 Starting Cash

- If authorized by county policy, schools may establish a change drawer to be used as starting cash for athletic events, concession stands or other school activities.
- Max amount = \$500 per gate. Any exceptions must be approved in writing by the CSBO.
- Specific rules on when cash must be deposited in bank.



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1-31 SSAC Tournaments

- Follow the same accounting procedures as for the school's local athletic activities.
- Deposit all proceeds into the school bank account.
- Establish a sub-account to track receipts and disbursements.
- Make all payments for personal services (except for game officials) through normal payroll process.



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1-32 Uniforms, Equipment and Team Merchandise

- All uniforms, equipment or other team merchandise purchased with school funds belong to the school.
- An inventory is to be maintained of all such items.
- Uniforms provided to athletes and coaches are to be returned to the school at the end of the season.



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1-33 Class Activity Accounts

If a school has established separate sub-account groups within the General Fund to account for the activities of a particular class of students (ex: Class of 2023), one of the following procedures must be followed when that class of students is no longer at the school:

- A. The monies are transferred to a sub-account for the use in the general operations of the school.
- B. The monies are transferred to a sub-account for a specific purpose, such as public improvement of the school.
- The monies are transferred to a sub-account for a subsequent class of students.

**Cannot transfer them to an entity or bank account outside of the General Fund.



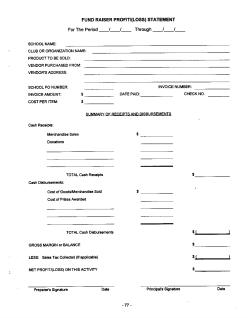
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1-34 Fund Raisers

- All fundraisers must be approved by the principal.
- Receipt and disbursement procedures apply.
- Prepare profit/loss statement for each fund-raising activity (must be signed by both the preparer and the principal).
- Fundraising activities must be covered by liability insurance.







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1-34 Fund Raisers, Cont'd

The school board's policy through BRIM generally includes elected or appointed officials, faculty members, employees, volunteers and student teachers acting within the scope of their duties, regardless of whether on school grounds. Volunteers must be acting on behalf of the school board and not a separate entity. Therefore, volunteers working for a school support organization with a separate FEIN number or IRS 501(c)3 status may not be covered. However, if the school support organization that is not a separate legal entity and runs all their funds through the school books, the volunteers are considered covered.



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1-35 Concession Sales

- Must have a local policy for concession stands operated by a school.
- All proceeds from concession sales operated by a school must be receipted and deposited intact in the school's general fund.
- Must periodically prepare a profit and loss statement for concession stands. Minimum at end of semester or activity.



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1-36 Vending Machine Sales

- Let vendors service the machines (Strongly recommended).
- If not:
 - Must establish written procedures for safeguarding inventory, stocking the machines, and counting and receipting the cash.
 - Must remit consumer sales tax to the State.
- Receipt and deposit all funds in the school's bank account (Including machines in the teachers' lounge).
- Faculty senates are to determine how 75% of the profit of soft drink and healthy beverage sales at ALL schools are expended.
- Must prepare a profit/loss statement periodically.



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1-37 Faculty Senate

- \$400 appropriated by the Legislature through the Public School Support Program for each professional student support personnel and professional instructional personnel employed.
- \$300 of the allocation is to be provided to each classroom teacher and librarian.



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1-37 Faculty Senate Cont'd

- Each faculty senate must adopt an annual budget.
- Funds must be deposited in the school's bank account, or if a separate fund is authorized, the bank account must be in the name of the school.
- The allocations to teachers must be expended during the school year, or the funds revert back to the faculty senate at year end.
- Balances may be reestablished by the faculty senate the following year.
- Allocations to teachers who transfer to another school stay with the original faculty senate.



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1-37 Faculty Senate, Cont'd

Teacher Portion of Allocation

- The \$300 allocated may be expended for materials or programs that in the opinion of the teacher will enhance student behavior, improve self esteem, increase academic achievement, or address the problems of students at risk
- May be paid as an allotment or on a reimbursement basis
- Purchase orders not needed for the \$300 teacher allocation needed for all other faculty senate expenditures



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1-37 Faculty Senate Cont'd

Faculty Senate Portion of Allocation

- Funds to be expended only for instructional materials, equipment, or supplies.
- Expenditures can be made only in accordance with the budget adopted by the faculty senate.
- Purchase orders must be used (except for the \$300 allocation to teachers).



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1-38 Consumer Sales Tax on Sales

- Public schools are required to collect and remit consumer sales tax on all sales that are considered taxable unless there is a specific exemption.
- Policy contains examples of exempt and non-exempt sales. Appendix B contains complete explanation of the exemptions.



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1-39 Consumer Sales Tax on Purchases

- Public Schools are statutorily exempt from the payment of consumer sales and use taxes on all purchases of goods and services as long as a properly completed exemption certificate is issued to the vendor.
- All invoices should be reviewed at the time of receipt to ensure that consumer sales tax has not been charged.



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1-40 Business Registration Certificate

- Schools must register with the WV Department of Tax & Revenue and obtain a business registration certificate.
- Every school in the county should use the same basic FEIN of the county board but request that the State Department of Tax & Revenue assign a different 3-digit suffix for the school.



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1-41 Monthly Financial Statements

- Monthly financial statements are to be prepared for each fund maintained by the school in a timely manner.
- Principal must submit at least one signed copy of the financial statement to the CSBO each month and make one copy available for review at the school. Must also submit a copy of the balance page of the bank statement with the monthly financial statement to the CSBO.



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1-42 Annual Financial Statements

- Annual financial statements are to be prepared for each fund on forms provided by the State Dept. of Education. Alternate forms are allowed.
- Prepared on a fiscal year basis.
- Must be signed by the preparer and the principal.
- Must also prepare a list of all outstanding POs at year end, all unpaid invoices and all revenues earned but not received.



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1-43 Annual Examination

- County board must ensure that an annual examination is conducted of the financial records of every school in the county.
- A report is to be issued for each school individually which presents the financial statements of each fund and all instances of noncompliance noted during the examination.



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1-43 Annual Examination, Cont'd

• Examination of all schools must be completed, and reports issued within 9 months of the end of the fiscal year, except for county boards that have 20 or more schools and conduct the reviews with their own personnel – those counties receive 3 additional months.



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1-43 Annual Examination, Cont'd

- The examination may be conducted by the CSBO, or his/her staff under the supervision of the CSBO, by a CPA, or by the Chief Inspector Division of the WV State Auditor's Office.
- The examination may be examined in accordance with agreed upon review procedures. Appendix E has a checklist of items which must be included in the school's annual review.



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1-43 Annual Examination, Cont'd

In addition to the annual examination, periodic reviews should be made of each school by the CSBO or a member of the CSBO's staff to review internal control procedures, to ensure that transactions are being posted in a timely fashion and to provide assistance during the course of the year as needed.



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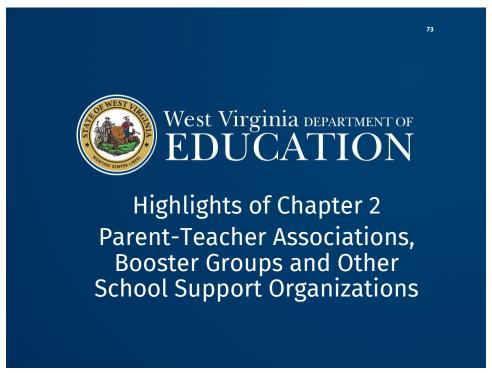
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1-44 Records Retention

- All financial records of the school belong to the county board of education and must be delivered or handed over to the superintendent or designee upon request.
- Must maintain financial records in accordance with the record retention schedule published by OSF.



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2-1 General

- A list of groups that will be collecting funds in the name of the school must be approved by the county board of education in advance (annually).
- Each school support organization must be approved annually by the school's principal.



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2-1 General, Cont'd

- All fundraising activities must be covered by liability insurance. Volunteers working for an organization with a separate FEIN, such as a separate 501(c)3, are not covered by the school board's BRIM policy.
- It is the responsibility of the school support organization to ensure that adequate liability insurance is obtained.



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2-1 General, Cont'd

It is strongly encouraged that student support organizations operate as a subaccount of the school's general fund and follow all school accounting procedures.



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2-2 Organization

- Every school support organization should be officially organized with a set of published by-laws and be governed by an elected board of directors.
- Written minutes are to be prepared of each meeting and such minutes are to be made available to anyone interested.



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2-3 Transaction Journal

A transaction journal should be maintained to record all receipts and disbursements.



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2-4 Bank Accounts

- All bank accounts must be insured/bonded.
- All bank accounts should contain the name and FEIN of the organization.
- The account cannot use the school's FEIN.



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2-4 Bank Accounts, Cont'd

- If the organization does not obtain a separate FEIN, the organization must operate as a subaccount of the school's general fund and all monies must be deposited in the school's bank account.
- In this case, all school accounting policies and procedures must be followed.



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2-5 Collections

- All moneys collected should be receipted and deposited intact daily into one of the organization's depository accounts.
- Total amount of money collected should be reconciled to underlying records.
- Each check received should be stamped or marked with "for deposit only."



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2-6 Disbursements & 2-7 Posting Disbursements

- All disbursements must be made by check and the check and stub must be completely filled out at the time the check is issued.
- Checks are not to be made payable to cash.
- All checks must be posted daily to the transaction journal.



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2-8 Concession Sales

- If concession sales are operated by a school support organization, local procedures should be established to safeguard the inventory of goods sold to protect against pilferage or unauthorized use.
- Must periodically prepare a profit and loss statement for concession operations.



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2-9 Fund Raisers

- All school support organizations must obtain prior approval of the school principal before conducting any fundraising activity in the name of the school. See Appendix A for sample approval form.
- A profit and loss statement must be prepared for each fundraising activity conducted.
- Certain fundraisers require collection and remittance of sales tax.



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2-9 Fund Raisers, Cont'd

- Donations to school support organizations are only taxexempt if the organization has obtained its own taxexempt designation from the IRS or if the organization's funds are maintained in the school's account.
- Donors must be made aware of tax-exempt status at the time the donation is received.



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2-10 Event Receipts

- Must use pre-numbered tickets.
- Whenever practical, separate individuals should be used to sell and collect the tickets.
- Tickets should be torn in half upon collection.
- Ticket reconciliation report must be prepared and should be signed.



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2-11 Reconciliation of Bank Statements

- Every bank statement must be reconciled monthly as soon as possible after the bank statements are received.
- Bank statements are to be filed in chronological order.



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2-12 Annual Financial Statements

- Annual financial statements are to be prepared by each school support organization and a copy is to be provided to the school principal.
- The financial statements are to be signed by the preparer and the organization's president.



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2-13 Consumer Sales Tax on Purchases

- Private nonprofit organizations such as PTAs, booster groups, etc. are not exempt from paying consumer sales and use tax by reason of their nonprofit status alone and must meet very specific requirements contained in State tax laws and legislative regulations.
- Each organization must have its own business registration certificate – they cannot use the school's registration number.



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2-14 Consumer Sales Tax on Sales

- Private nonprofit organizations that meet the requirements for making tax exempt purchases may also make casual and occasional sales for fund raising purposes and not be required to collect/remit consumer sales tax.
- The fundraiser cannot last more than 14 consecutive days.
- The fundraiser is not held more than 18 times during any 12 month period.



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2-15 Business Registration Certificate

- In order to be considered tax-exempt, must register with the WV Department of Tax and Revenue and obtain a business registration certificate.
- Exempt from payment of the registration fee.



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2-16 Review of Financial Records

 Boards of education have the authority under WVC §18-5-13(1) to examine the financial records of any parent teacher association, booster group or other school support organization collecting money in the name of the school, or to require the organization to provide the county board with financial statements that have been examined by an independent accountant.



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2-16 Review of Financial Statements, Cont'd

- The financial records may be examined in accordance with agreed upon review procedures developed by the county board. Such procedures should include a review of compliance with the provisions of this manual and county board policies.
- Copies of the report must be provided to the county board of education, to the superintendent and school principal.
- Must have corrective action plans for reportable conditions.



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2-17 Records Retention

All financial records, minute books and other documents maintained by or in the name of a school support organization belong to the organization and must be delivered or handed over to the duly elected president or the organization, or to the county superintendent of schools upon request.



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2-17 Records Retention

- Copies of the organization's annual financial statements and minute books are to be maintained permanently.
- The transaction journal, bank statements, and canceled checks are to be retained for at least 5 years.
- All other financial records are to be retained for 3 years.



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Questions





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