

**BLIND BROOK-RYE UNION FREE SCHOOL DISTRICT  
SCHOOL BUSINESS OFFICE  
390 NORTH RIDGE STREET  
RYE BROOK, NY 10573**

TO: Bill Stark  
FROM: Jon Ross  
RE: **Board Action on Policies, Regulations and Procedure**  
DATE: 1/13/11

The Erie 1 BOCES has informed the District of necessary changes and additions to both our school board policies and administrative regulations, including one procedure (see attached e-mails).

Listed below are the policies, regulations and one procedure that need to be reviewed by the Board.

<b>Policy</b>	<b>Title</b>
1334	Duties of the External Auditor (REVISION)
2130	Board Member Training (REVISION)
5510	Accounting of Funds (REVISION)
5511	Reserve Funds (REVISION)
5520	Extraclassroom Activity Fund (REVISION)

<b>Regulation</b>	<b>Title</b>
5410R.2	Competitive Purchasing of Goods and Services (REVISION)
5511R	Reserve Funds (NEW)
5520R	Safeguarding, Accounting and Auditing of Extraclassroom Activity Funds (REVISION)

<b>Procedure</b>	<b>Title</b>
5620P	Placing Purchases into the Inventory System

The policies, regulations and one procedure are attached as well (I bracketed the revised language). I ask that a first reading of these be held at the Board meeting on 2/7/11 and a second reading and adoption at the Board meeting on 2/14/11. If there are any questions please let me know.

Attachment

**Susan Arkawy**

EMAIL  
#1

**From:** William Stark  
**Sent:** Tuesday, January 11, 2011 8:48 AM  
**To:** Susan Arkawy  
**Subject:** FW: AU Jan 11 - Financial Issues Related to School Districts: Revisions to Select Regulations  
**Attachments:** AU Jan 11 - Safeguarding, Accounting and Auditing of Extraclassroom Activity Funds.doc; AU Jan 11 - Competitive Purchasing of Goods and Services.doc; AU Jan 11 - Placing Purchases into the Inventory System.doc; AU Jan 11 - Reserve Funds.doc

Packet

**From:** Jonathan Ross  
**Sent:** Monday, January 10, 2011 4:30 PM  
**To:** William Stark  
**Subject:** FW: AU Jan 11 - Financial Issues Related to School Districts: Revisions to Select Regulations

Bill:

The Board needs to act on these by revising existing regulations. The new/revised language is in red font so it is best to send this to them electronically. I will set up a memo requesting a first reading on 2/7/11.

Jon

**From:** VForcucci@e1b.org [mailto:VForcucci@e1b.org]  
**Sent:** Friday, January 07, 2011 10:28 AM  
**Subject:** AU Jan 11 - Financial Issues Related to School Districts: Revisions to Select Regulations

January 2011

## **FINANCIAL ISSUES RELATED TO SCHOOL DISTRICTS: REVISIONS TO SELECT REGULATIONS**

Our Monthly Administrative Update service routinely provides School Districts with a new regulation addressing a current topic of interest. However, we also continually monitor and revise our existing regulations based on changes in law to ensure that our School Districts remain compliant with state and federal law and corresponding regulations.

Our practice during the past few years has been to provide School Districts with an expanded Monthly Administrative Update each January to highlight significant revisions on important topics. Unlike the traditional Monthly Administrative Update, which provides participating districts with a new regulation, procedure and/or form on one particular topic, the annual January Update enables districts to review significant revisions to several existing regulations, procedures and/or forms. The January Update also invites School Districts to learn more about our Quarterly Administrative Revisions and Update (Level 2) Service.

Four (4) times each year, the Quarterly Administrative Revisions and Update Service provides Districts with a summary of recommended administrative revisions (in addition to the regular monthly Updates) based on changes in federal and state law, Commissioner's Regulations and NYSED guidance that have occurred during that quarter. Revised regulations included in the quarterly summary highlight changes to regulation and are transmitted to School Districts electronically for ease of District review. For Districts that update and maintain

their own administrative manuals, the service provides timely and comprehensive information. If you would like more information about this service please contact us or visit our Web site at [www.e1b.org](http://www.e1b.org) and look for Policy Services under the Quick Link tab on the opening page.

During this time of financial uncertainty, Policy Services strives to ensure that our fiscal regulations, procedures and forms assist districts in maintaining sound financial practices and fiscal responsibility. Additionally, Policy Services is conscious of diminishing revenues and escalating expenses, as well as the requests that New York State Comptroller makes of School Districts. In light of these situations, Policy Services has revised and updated several regulations, procedures and forms relating to fiscal management over the past several years. Therefore, this January's Policy Update provides School Districts with revisions to four (4) select regulations and one (1) procedure on various financial topics.

*Please note that the numbers of the Regulations provided here are approximations based on the Erie 1 BOCES general numbering system and that your actual numbers may vary.*

### **Procurement Guidelines -- Regulation #5410R.1**

Competition is a basis for all purchasing, whether it is in industry or by governmental agency. The purchasing agent for a public school district, however, has many more restrictions than an industrial purchasing agent. Federal and State laws, as well as board policy/regulation, set forth certain procedures which must be followed. Generally, local governments and school districts are required to advertise for competitive bids when procurements exceed certain dollar thresholds. Purchase contracts involving expenditures for a particular type or kind of equipment, materials or supplies in excess of \$20,000 (an increase from the prior threshold of \$10,000 effective June 22, 2010) and contracts for public work involving expenditures in excess of \$35,000 (an increase from the prior threshold of \$20,000 effective November 12, 2009) are subject to competitive bidding under the law. Contracts are awarded to the "lowest responsible bidder" after public advertisement for sealed bids.

Therefore, pursuant to recent amendments to New York State General Municipal Law Section 103, revisions have been made to regulation #5410R.1. The dollar amounts have been corrected under the following subheadings: "Procedures for Determining Whether Procurements are Subject to Bidding" on page 1; "Guidelines for Purchasing Supplies and Equipment when Competitive Bidding is Not Required by Law" on page 2; and "Requesting Bids and Quotations" on page 3 by substituting the new monetary threshold for public works contracts subject to public/competitive bidding requirements.

### **Competitive Purchasing of Goods and Services -- Regulation #5410R.2**

As with Regulation #5410R.1, this regulation is also subject to the recent amendments to New York State General Municipal Law Section 103. Amendments to the subheading "Requesting Bids and Quotations" on page 2 by substituting the new monetary threshold for public works contracts subject to public/competitive bidding requirements.

### **Reserve Funds -- Regulation #5511R**

In the September 2010 Administrative Update, Policy Services developed a regulation on *Reserve Funds* which outlined some of the more common types of reserve funds that may be created by School Districts—their purpose, statutory/legal authority and how and why they are established. A table was also provided which highlighted the following specific reserve funds:

- 1) Repair Reserve Fund
- 2) Unemployment Insurance Payment Reserve Fund

- 3) Workers Compensation Reserve Fund
- 4) Capital Reserve Fund
- 5) Tax Certiorari Reserve Fund
- 6) Employee Benefit Accrued Liability Reserve Fund
- 7) Retirement Contribution Reserve Fund

The sample regulation on *Reserve Funds* was intended as a template for District reference and to stimulate discussion on the role of this tool in the overall planning for the sound fiscal management of the School District. While this regulation did not specifically address reporting requirements, GASB 54 raises the issue of how districts report reserve fund balances on financial statements. Therefore, we have revised the regulation to address this issue.

Revisions have been made with the addition of a new subheading entitled, "Reporting Requirements," to page 3 of the existing Regulation.

While the legal requirement for school districts in New York State to file an annual financial report (an ST-3 form) with the Office of the State Comptroller remains the same, the classifications to be used on the form ST-3 for reporting fund balances were changed by GASB 54 (effective for financial statements for the school district's fiscal year ending June 30, 2011).

GASB 54 replaces the former "reserved" and "unreserved" reporting categories with new fund balance classifications that distinguish between amounts that are considered nonspendable (for example fund balances associated with inventory) and other amounts that are classified as restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent. Accordingly, the new GASB fund balance categories are as follows:

- *Restricted* -- includes amounts subject to externally enforceable legal purpose restrictions imposed by external resource providers or through enabling legislation.
- *Committed* -- includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority.
- *Assigned* -- includes amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed.
- *Unassigned* -- is the residual classification for the government's General Fund and includes all spendable amounts not contained in the other classifications.

It is important to note that various provisions of New York State law authorize most local governments (including school districts) to establish reserve funds for various purposes (e.g., capital, repair, workers compensation, etc.). Since the relevant New York State enabling legislation regulates the establishment, funding and use of these funds, these reserves would be classified as "restricted" fund balances on financial statement balance sheets, according to the guidance provided by the Office of the State Comptroller.

### **Safeguarding, Accounting and Auditing of Extraclassroom Activity Funds -- Regulation #5520R**

The first revision, under the subheading "Basic Principles" on page 1, clarifies the role of the Central Treasurer and the Faculty Auditor as the custodian of the funds and indicates that they are to report to the Board of Education or its designated representative at regular intervals. The next revision, on page 2, adds the requirement that the Central Treasurer shall be bonded for no less than the amount of the average cash balance

of the fund. The next revision, on pages 3-4, adds the new subheadings of the Faculty Auditor and Independent Auditor (both appointed by the Board of Education) and outlines the functions and duties of these positions.

Finally, a link has been provided to the updated SED guidance document that details these changes: [Finance Pamphlet #2: The Safeguarding, Accounting and Auditing of Extraclassroom Activity Funds, 2008.](#) This on-line document also contains many sample forms that would be useful for student treasurers and faculty advisors.

### **Placing Purchases into the Inventory System -- Procedure #5620P**

In accordance with Policy #5620 "Inventories and Accounting of Fixed Assets", the Superintendent or his/her designee shall be responsible for maintaining a continuous and accurate inventory of equipment owned by the District in accordance with "The Uniform System of Accounts for School Districts." All supplies and equipment purchased and received by the School District shall be checked, logged, and stored through an established procedure. The School Business Official shall be responsible for accounting for general fixed assets according to the procedures outlined by the Uniform System of Accounts for School Districts and GASB Statement 34 Regulations.

This new recommended procedure provides the process for a district inventory system of all district assets. This will include equipment, furniture, computers, supplies and more. Paper forms or a software system can be used, but all current equipment and new purchases must be included in an inventory system. This procedure may assist with compliance to the Office of the State Comptroller (OSC) on inventories and fixed assets.

### **Conclusion**

In light of recent changes in New York State Legislation, our fiscal crisis and its impact on School Districts, your District's Board of Education may wish to review and revise its current regulations and/or utilize the new recommended procedure dealing with: **Procurement Guidelines; Competitive Purchasing of Goods and Services; Reserve Funds; Safeguarding, Accounting and Auditing of Extraclassroom Activity Funds; and Placing Purchases into the Inventory System (Procedure).**

Due to the nature and complexity of the laws and regulations that address these issues, Districts are advised to consult with their School Business Officials and/or school attorneys prior to the adoption and/or implementation of regulations and procedures in order to ensure compliance with applicable legal mandates.

### **Administrative Update Service**

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**NOTE: It is important to note the Sample Regulation Updates are not to be interpreted as the rendering of legal advice. You may wish to add or delete text in the enclosed administrative document, in**

**accordance with law and after consultation with your administrators/school attorney, to better reflect your District's needs and practices as well as to implement Board policy.**

\*\*\*\*\*

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EMAL  
#2

Jonathan Ross

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**From:** VForcucci@e1b.org  
**Sent:** Friday, January 07, 2011 10:27 AM  
**Subject:** PU Jan 11 - Financial Issues Related to School Districts: Revisions to Select Regulations  
**Attachments:** PU Jan 11 - Reserve Funds.doc; PU Jan 11 - Accounting of Funds.doc; PU Jan 11 - Board Member Training.doc; PU Jan 11 - Duties of the External (Independent) Auditor.doc; PU Jan 11 - Duties of the Extraclassroom Activity Fund Central Treasurer and Faculty Auditor.doc; PU Jan 11 - Extraclassroom Activity Fund.doc

January 2011

**FINANCIAL ISSUES RELATED TO SCHOOL DISTRICTS:  
REVISIONS TO SELECT POLICIES**

Our Monthly Policy Update service routinely provides School Districts with a new policy addressing a current topic of interest. However, we also continually monitor and revise our existing policies based on changes in law to assure that our School Districts remain compliant with state and federal law and corresponding regulations.

Our practice during the past few years has been to provide School Districts with an expanded Monthly Policy Update each January to highlight significant revisions on important policy topics. Unlike the traditional Monthly Policy Update, which provides participating districts with a new policy on one particular topic, the annual January Update enables districts to review significant revisions to several existing policies. The January Update also invites School Districts to learn more about our Quarterly Policy Revisions and Update (Level 2) Service.

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During this time of financial uncertainty, Policy Services strives to ensure that our fiscal policies assist districts in maintaining sound financial practices and fiscal responsibility. Additionally, Policy Services is conscious of diminishing revenues and escalating expenses, as well as the requests that the New York State Comptroller makes of School Districts. In light of these situations, Policy Services has revised and updated several Policies relating to fiscal management over the past several years. Therefore, this January's Policy Update provides School Districts with revisions to seven (7) select policies on various financial topics.

*Please note that the numbers of the Policies provided here are approximations based on the Erie 1 BOCES general numbering system and that your actual numbers may vary.*

**Duties of the External (Independent) Auditor -- Policy #1334**

The responsibility for engaging a qualified and competent Certified Public Accountant (CPA) or Public Accountant (PA) to perform the annual audit of the School District's financial statement resides with the school

district's Board of Education. This Policy was expanded to include more specific duties of the external (independent) auditor per a document published by the New York State Education Department (SED) entitled "Reference Document for Audits of Financial Statements of New York School Districts."

As Districts encounter more scrutiny of all financial aspects of their operations, another area impacted is Extraclassroom Activity Funds. It is now noted in the first paragraph that the Independent Audit shall include all Extraclassroom Activity Funds in accordance with guidance from Finance Pamphlet #2, The Safeguarding, Accounting and Auditing of Extraclassroom Activity Funds, 2008. See Policies #1336 and #5520 for further guidance and revisions related to Extraclassroom Activity Funds.

*Special Notice for Districts that currently receive our Policy Quarterly Revisions (Level 2) -- You will note that this Policy was included in the September 2010 Policy Quarterly Revisions. However, please note that this is a revised version that supersedes the previous version.*

### **Duties of the Extraclassroom Activity Fund Central Treasurer and Faculty Advisor -- Policy #1336**

Revisions to this Policy clarified the position of Extraclassroom Activity Fund Treasurer to include the term "Central" and added the role of Faculty Auditor in accordance with guidance from Finance Pamphlet #2, The Safeguarding, Accounting and Auditing of Extraclassroom Activity Funds, 2008. The Extraclassroom Activity Fund Faculty Auditor is appointed by the Board of Education and is responsible for the auditing of all financial transactions of the fund. This Policy also now lists the duties of the Extraclassroom Activity Fund Faculty Auditor.

### **Board Member Training -- Policy #2120**

This Policy was previous entitled, "Board Member Training on Financial Oversight, Accountability and Fiduciary Responsibilities," and focused solely on the six (6) hours of fiscal training required for Board of Education Members. Chapter 388 of the Laws of New York, 2010 amends Education Law Section 2102-a to include *additional* training for first-term/first year Board members which will be required beginning July 1, 2011. The course is designed to acquaint new Board members with the "powers, functions and duties of Board members and other authorities."

This Policy now addresses the two training requirements for Board of Education Members: 1) Training on Financial Oversight, Accountability and Fiduciary Responsibilities and 2) Training on Powers, Functions and Duties of Board Members and Other Authorities. In addition, a third subheading has been added to address Curricula and Compliance. Finally, please note that the title has been revised to simply read "Board Member Training."

### **Purchasing -- Policy #5410**

In accordance with General Municipal Law Section 104.b, effective June 22, 2010, the competitive bidding requirement for purchase contracts for items of materials, supplies, and equipment, or groups of like items, of more than \$10,000 has been changed to \$20,000. Competitive bidding on purchase contracts involving public works remains at \$35,000. The final paragraph on page five of this policy has been revised to reflect this change in law.

### **Accounting of Funds -- Policy #5510**

Proper segregation of duties is important in almost any business function, but is critical for electronic transactions. Without proper segregation of duties, the risk increases that one person could be in a position to

both commit a wrongdoing and to conceal it. At least two individuals should be included in each electronic transaction. In December 2008, this Policy was revised to include the subheading "Electronic or Wire Transfers" per General Municipal Law Section 5-a. Generally, the same controls should be used for electronic disbursements through online banking as apply to the manual preparation of checks. Payments made using electronic funds transfer services cannot circumvent laws, regulations, and/or your internal control procedures.

Further revisions were made to this Policy in June 2010, with the addition of a subheading, "Online Banking." This revision added wording on permission for online banking and safeguarding of online accounts. It ensures that one person does not have unlimited and unsupervised access to a district's online bank accounts. The change formalizes practices that many districts already have in place and ensures compliance with guidance from the Office of the State Comptroller (OSC).

### **Reserve Funds -- Policy #5511**

In the September 2010 Policy Update, Policy Services developed a policy on *Reserve Funds* to help guide a districts use, creation and maintenance of reserve funds. The sample policy on *Reserve Funds* was intended as a template for District reference and to stimulate discussion on the role of this tool in the overall planning for the sound fiscal management of the School District. While this policy did not specifically address reporting requirements, GASB 54 raises the issue of how districts report reserve fund balances on financial statements. Therefore, we have revised the policy to address this issue.

The first paragraph of this policy has been revised to include a reference to reporting requirements for school districts under New York law and as a result of the Governmental Accounting Standards Board (GASB) issued GASB Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

While the legal requirement for School Districts in New York State to file an annual financial report (an ST-3 form) with the Office of the State Comptroller remains the same, the classifications to be used on the form ST-3 for reporting fund balances were changed by GASB 54 (effective for financial statements for the School District's fiscal year ending June 30, 2011). GASB 54 abandons the prior "reserved" and "unreserved" classifications in favor of 5 new classifications: nonspendable, restricted, committed, assigned and unassigned.

The State of New York Office of the State Comptroller (OSC) issued a guidance bulletin in November 2010 to explain the new reporting requirements and how they will affect School Districts' annual filing of the ST-3. Per the guidance bulletin, specific questions should be directed to the OSC regional office that serves the local School District.

### **Extraclassroom Activity Fund -- Policy #5520**

The revisions that apply to Policy #1336, also apply to this Policy. The second paragraph of this Policy now clarifies the role of the Board of Education and the Building Principal, including the request that Building Principals keep a register of all approved clubs and activities. Each extraclassroom activity shall also have a faculty advisor appointed by the Building Principal. As previously discussed with regard to Policy #1336, a Central Treasurer and a Faculty Auditor shall oversee all financial aspects of extraclassroom activities. In addition, the annual District audit will include all extraclassroom Activity Funds in accordance with guidance from Finance Pamphlet #2, The Safeguarding, Accounting and Auditing of Extraclassroom Activity Funds, 2008.

The third paragraph in this policy has been revised to assign responsibility for contracts, commitments and guarantees. All commitments and contracts shall be the sole responsibility of the extraclassroom activity club giving rise to the transactions, regardless of change in advisors, membership or officers.

The fifth paragraph has been added to reinforce the need to charge sales tax on all student sales. The extraclassroom activities of the district are not included in the exemption from New York State sales tax granted to the school district. Without exception, clubs and activities are prohibited from using the school's tax exemption. The Central Treasurer shall be responsible for filing the periodic sales tax returns for the extraclassroom activity funds. These revisions are taken from the SED Finance Pamphlet #2 mentioned above.

Finally, the sixth paragraph was revised slightly to clarify the definition of an inactive account. An inactive extraclassroom activity shall be defined as one having no financial activity for one full school year. If an inactive club is identified, the Central Treasurer is directed to expend leftover funds as voted by the organization controlling these funds or if no such designation exists, then liquidate the leftover funds of these club(s) in accordance with the following: leftover funds of inactive or discontinued extraclassroom activities and of graduating classes shall automatically revert to the account of the general student organization or student council. Inactive clubs must follow the organizational procedures set forth in their policy or regulations to re-activate previously existing activities.

### **Conclusion**

In light of recent changes in New York State legislation, our fiscal crisis and its impact on school districts, your District's Board of Education may wish to adopt or revise its current policy(ies) dealing with: **Duties of the External (Independent) Auditor; Duties of the Extraclassroom Activity Fund Central Treasurer and Faculty Advisor; Board Member Training; Purchasing; Accounting of Funds; Reserve Funds; and Extraclassroom Activity Fund.**

Due to the nature and complexity of the laws and regulations that address these issues, Districts are advised to consult with their School Business Officials and/or school attorneys prior to the adoption and/or implementation of Board policies and procedures in order to ensure compliance with applicable legal mandates.

### **Policy Update Service**

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\*\*\*\*\*  
Victoria Forcucci, Senior Clerk Typist

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REVISION

## **SUBJECT: DUTIES OF THE EXTERNAL (INDEPENDENT) AUDITOR**

The Board by law shall obtain an annual audit of its records by an independent certified public accountant or an independent public accountant. [The audit shall also include all extraclassroom activity funds.] The independent accountant shall present the report of the annual audit to the Board and provide a copy of the audit to each Board member. The Board shall adopt a resolution accepting the audit report and file a copy of the resolution with the Commissioner. The District will also file the audit report with the Commissioner for a specific school year by October 15th of the following school year. In addition to the annual audit, the District shall be subject to State audits conducted by the State Comptroller.

In addition, the independence and objectivity of the auditor may be enhanced when the Board of Education and Audit Committee perform an oversight role with respect to the hiring and performance of the auditor, as required by law.

### **Request for Proposal Process**

In accordance with law, no audit engagement shall be for a term longer than five (5) consecutive years. The District may, however, permit an independent auditor engaged under an existing contract for such services to submit a proposal for such services in response to a request for competitive proposals or be awarded a contract to provide such services under a request for proposal process.

### **Duties and Responsibilities**

The independent auditor must conduct the audit in accordance with Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States. Standards of GAGAS are organized as general, fieldwork, and reporting.

Below are some important considerations the District shall expect of the auditor in preparing the audit; however, they should not be considered all-inclusive or a substitute for the auditor's professional judgment.

- a) Independence: The auditor must document that he/she is independent of the District and free of personal and external impairments. The auditor must establish an internal quality control system to identify any personal and external impairment and assure compliance with GAGAS independence requirements.
- b) Internal Quality Control System: The auditor must document that his/her internal quality control processes adequately demonstrate compliance with government auditing standards. He/she must establish an organizational structure, policies and procedures to provide reasonable assurance of complying with applicable standards governing audits.

(Continued)

**SUBJECT: DUTIES OF THE EXTERNAL (INDEPENDENT) AUDITOR (Cont'd.)**

- c) Internal Controls: The auditor must obtain a sufficient understanding of the District's internal controls and document such understanding covering the five interrelated components: the control environment, risk assessment, control activities, information and communication, and monitoring.
- d) Planning and Supervision: The auditor's work is to be properly planned and supervised and consider materiality in order to provide reasonable assurance of detecting misstatements resulting from direct and material illegal acts and material irregularities to financial statements. The auditor should also be aware of the possibility that indirect illegal acts may have occurred.
- e) Audit documentation: In order to meet the GAGAS requirements, the audit documentation should provide a clear understanding of its purpose, the source, and the conclusions the auditor reached. It should be organized to provide a clear link to the findings, conclusions, and recommendations contained in the audit report.
- f) Reporting on Internal Controls and Compliance: The auditor must report on and present the results of his/her testing of the District's compliance with laws and regulations and its internal controls over financial reports in light of irregularities, illegal acts, other material noncompliance, significant deficiencies, and material weaknesses in internal controls.

Generally Accepted Government Auditing Standards (GAGAS) Sections 3.50-3.54, 4.03, 4.19-4.24, and 5.07-5.20  
Education Law Sections 1709(20-a), and 2116-a  
General Municipal Law Sections 33 and 104-b  
8 New York Code of Rules and Regulations (NYCRR) Sections 170.2, 170.3 and 170.12

Adoption Date

# POLICY

2011

1336

By-Laws

*REVISION*

**SUBJECT: DUTIES OF THE EXTRACLASSROOM ACTIVITY FUND [CENTRAL TREASURER AND FACULTY AUDITOR]**

## Central Treasurer

The Extraclassroom Activity Fund Treasurer is appointed by the Board of Education and is responsible for the supervision of the extraclassroom activity fund.

The Treasurer's duties include the following:

- a) Countersigns all checks disbursing funds from the Extraclassroom Activity Account;
- b) Provides general supervision to ensure that all receipts are deposited and that disbursements are made by check only;
- c) Maintains records of all receipts and expenditures;
- d) Submits records and reports to the Board as required;
- e) Assumes other duties customary to the position.

## Faculty Auditor

The Extraclassroom Activity Fund Faculty Auditor is appointed by the Board of Education and is responsible for auditing of all financial transactions of the fund.

The Auditor's duties include:

- a) Examine the statement of accounts from the Central Treasurer once each month;
- b) Audit the ledgers kept by student treasurers at least twice per year;
- c) Examine transactions and procedures to determine if correct;
- d) Certify the accuracy of entries posted and available balances listed;
- e) Investigate instances when Central Treasurer's report and club ledgers do not agree; and
- f) Prepare year end report summarizing the financial condition of each activity and submit to Principal and Board of Education.

8 New York Code of Rules and Regulations (NYCRR) Part 172

Adoption Date

# POLICY

2011

2120

Internal Operations

*REVISION*

## **SUBJECT: BOARD MEMBER TRAINING**

Training requirements for Board members in the first year of their first term as a Board member is two-fold.

### **Training on Financial Oversight, Accountability and Fiduciary Responsibilities**

Currently, within the first year of election or appointment, each Board member must complete a minimum of six (6) hours of training on the financial oversight, accountability and fiduciary responsibilities of a school board member.

Re-elected Board members are not required to repeat this training. Additionally, re-training is not required if the Board member has previously fulfilled this requirement as a first-term member of a component school district.

### **Training on Powers, Functions and Duties of Board Members and Other Authorities**

Beginning July 1, 2011 and thereafter, in addition to the above training, during the first year of a Board member's first term, he/she shall be required to complete a training course acquainting them with the powers, functions and duties of Boards of Education, as well as the powers and duties of other governing and administrative authorities affecting public education.

Re-elected Board members shall not be required to repeat this training. Additionally, should a voting Board member be seated or appointed on or before August 13, 2010, the signing date of Chapter 388 of the Laws of 2010, he/she is not required to take this training.

### **Curricula and Compliance**

Training on financial oversight, accountability and fiduciary responsibilities shall be approved by the Commissioner of Education in consultation with the State Comptroller. General training shall be approved by the Commissioner of Education. Providers shall be approved by the Commissioner. Curricula may be offered together as a single course or separately.

Upon completing the required training, the Board member shall file with the District Clerk a certificate of completion issued by the provider of the training. Actual and necessary expenses incurred by a Board member in complying with these requirements are a lawful charge of the District.

Education Law Section 2102-a  
8 New York Code of Rules and Regulations (NYCRR) Section 170.12(a)

Adoption Date

# POLICY

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Non-Instructional/Business  
Operations

*REVISION*

## **SUBJECT: ACCOUNTING OF FUNDS**

Accounting and reporting procedures shall be developed to facilitate analysis and evaluation of the District's financial status and fixed assets. The District will use the Uniform System of Accounts for School Districts.

Books and records of the District shall be maintained in accordance with statutory requirements.

Provision shall be made for the adequate storage, security, and disposition of all financial and inventory records.

### **Online Banking**

The Board has entered into a written agreement with designated banks and trust companies for online banking and electronic or wire transfers, which includes the implementation of a security procedure for all transactions. The District Treasurer, with a separate established user name and password, will have the authority to process online banking transactions. The Business Office Clerk or Deputy Treasurer, with a separate established user name and password, will be responsible for online banking transactions in the event the District Treasurer is not available.

### **Electronic or Wire Transfers**

Procedures will be implemented specifying who is authorized to initiate, approve, transmit, record, review and reconcile electronic transactions. At least two (2) individuals will be involved in each transaction. Authorization and transmitting functions will be segregated and whenever possible the recording function will be delegated to a third individual.

The District will enter into written wire transfer security agreements for District bank accounts which will include established procedures for authenticating wire transfer orders.

All wire transfers must be authorized by the District Treasurer. Dual approval controls will be established for non-routine wire transfer orders.

The Internal Auditor will periodically confirm that wire transfers have appropriate signatures, verification and authorization of proper personnel.

Education Law Section 2116-a  
General Municipal Law Article 2 Section 5-a

Adoption Date

REVISION

## SUBJECT: RESERVE FUNDS

Reserve funds (essentially a legally authorized savings account designated for a specific purpose) are an important component in the District's financial planning for future projects, acquisitions and other lawful purposes. To this end, the District may establish and maintain reserve funds in accordance with New York State Laws, Commissioner's Regulations and the rules and/or opinions issued by the Office of the New York State Comptroller, as applicable. The District shall comply with the reporting requirements of Article 3 of the General Municipal Law of the State of New York and the Governmental Accounting Standards Board (GASB) issued GASB Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

Any and all District reserve funds shall be properly established and maintained to promote the goals of creating an open, transparent and accountable use of public funds. The District may engage independent experts and professionals, including but not limited to, auditors, accountants and other financial and legal counsel, as necessary, to monitor all reserve fund activity and prepare any and all reports that the Board may require.

### Periodic Review and Annual Report

The Board of Education will periodically review all reserve funds. The District will also prepare and submit an annual report of all reserve funds to the Board of Education. The annual report shall include the following information for each reserve fund:

- a) The type and description of the reserve fund;
- b) The date the reserve fund was established and the amount of each sum paid into the fund;
- c) The interest earned by the reserve fund;
- d) Capital gains or losses resulting from the sale of investments of the reserve fund;
- e) The total amount and date of each withdrawal from the reserve fund;
- f) The total assets of the reserve fund showing cash balance and a schedule of investments; and
- g) An analysis of the projected needs for the reserve fund in the upcoming fiscal year and a recommendation regarding funding those projected needs.

(Continued)

# POLICY

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Operations

**SUBJECT: RESERVE FUNDS (Cont'd.)**

The Board shall utilize the information in the annual report to make necessary decisions to adequately maintain and manage the District's reserve fund balances while mindful of its role and responsibility as a fiduciary of public funds.

The Superintendent shall develop any necessary and/or appropriate regulations to implement the terms of the Board's policy.

Adoption Date

# POLICY

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Operations

REVISION

## SUBJECT: EXTRACLASSROOM ACTIVITY FUND

An extraclassroom activity fund shall be established for activities conducted by students whose financial support is raised other than by taxation or through charges of the Board of Education.

All extraclassroom activities shall be approved by the Board of Education. The Building Principal shall maintain an up to date register of all extraclassroom activities that are approved or discontinued. Each extraclassroom activity shall have a faculty advisor appointed by the Building Principal. A Central Treasurer and a Faculty Auditor shall oversee all financial aspects of extraclassroom activities. The annual District audit will include all extraclassroom activity funds.

All extraclassroom activity funds shall be handled in accordance with the financial procedures illustrated by Finance Pamphlet No. 2, the Safeguarding, Accounting and Auditing of Extraclassroom Activity Funds, 2008, published by the New York State Education Department. All commitments and contracts shall be the sole responsibility of the extraclassroom activity club giving rise to the transaction, regardless of a change in advisors, membership or officers.

Proper books will be kept and all moneys deposited in appropriate accounts as set up by the Board of Education. These accounts shall be subject to audit. All transactions involving extraclassroom funds shall be on a cash basis and no accounts shall remain unpaid at the end of the school year. Funds shall be invested in accordance with the Board of Education's Fiscal Management Policy on the "Investment of District Funds".

The extraclassroom activities of the District are not included in the exemption granted to the School District from New York State sales tax. Without exception, clubs and activities are prohibited from using the school's tax exemption. The Central Treasurer shall be responsible for filing the periodic sales tax returns for the extraclassroom activity funds.

Funds of discontinued extraclassroom activities [those inactive for one (1) year] and of graduating classes shall revert to the account of the general student organization or student council and shall be expended in accordance with the organization's constitution.

The Building Principals, with approval of the Superintendent of Schools, shall set up procedures for receipt and payment from the extraclassroom activity fund in their respective schools.

8 New York Code of Rules and Regulations (NYCRR) Part 172

NOTE: Refer also to Policy #5620 -- Inventories and Accounting of Fixed Assets

Adoption Date

# REGULATION

2011

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Non-Instructional/Business  
Operations

*REVISION*

**SUBJECT: COMPETITIVE PURCHASING OF GOODS AND SERVICES**

## **General Statements**

The purchasing policy of the \_\_\_\_\_ School District is to secure supplies, materials, equipment and services in an efficient, economical and timely fashion to meet the District's needs.

The purchasing procedures employed shall comply with all applicable laws and regulations of the State and Commissioner of Education.

## **Authority/Responsibility**

In accordance with law, the District must identify the individual or individuals responsible for purchasing and their respective titles. Such information shall be updated biennially.

The District purchasing function will be centralized in the business office under the general supervision of the Purchasing Agent designated by the Board of Education. The Board of Education has designated the School Business Official as the Purchasing Agent for the School District. The Purchasing Agent shall be responsible for developing and administrating the purchasing program of the School District.

## **Quality**

The purchasing function shall consider circumstances and use as determining factors in quality selection. The Board of Education expects the purchasing agent to make every effort to receive the maximum educational value for every dollar expended.

Items commonly used in the various schools therefore shall be standardized whenever consistent with the educational goals and in the interest of efficiency and economy.

## **Vendors and Contractors**

One of the purposes of the purchasing function is to purchase competitively, without prejudice or favoritism. Each order shall be placed on the basis of quality, price, delivery and past service being a factor if all other considerations are equal.

No Board member, officer or employee of the \_\_\_\_\_ School District shall be interested financially in any contract entered into by the Board. This shall also preclude acceptance of any gratuities, financial or otherwise, by the above persons, from any supplier of materials or services to the District.

(Continued)

**SUBJECT: COMPETITIVE PURCHASING OF GOODS AND SERVICES (Cont'd.)****Requesting Bids and Quotations**

The purpose of obtaining bids or quotations is to encourage competition in the procurement of supplies, equipment and services which will be paid for from public funds. Competitive bids or quotations shall be solicited in connection with all purchases whenever feasible and in the best interest of the \_\_\_\_\_ School District.

Contracts will be awarded to the lowest responsible bidder; residence or place of business of the local bidders may be a consideration only in cases where identical bids have been submitted.

[ All purchase contracts for materials, equipment or supplies involving an annual expenditure of over twenty thousand dollars (\$20,000) and all public works involving an expenditure of more than thirty-five thousand dollars (\$35,000) will be awarded on the basis of public advertising and competitive bidding.

All contracts requiring public advertising and competitive bidding will be awarded by resolution of the Board.

A statement of "General Conditions" will be included with all specifications submitted to suppliers for their bids.

**Request for Proposal Process for the Independent Auditor**

In accordance with law, no audit engagement shall be for a term longer than five (5) consecutive years. The District may, however, permit an independent auditor engaged under an existing contract for such services to submit a proposal for such services in response to a request for competitive proposals or be awarded a contract to provide such services under a request for proposal process.

**Bid Opening**

Sealed bids should be received, time-stamped, recorded and kept in a safe place until the appointed day and time when they are publicly opened and read. It is important to note that the law requires SEALED BIDS; therefore, "FAXED" bids MAY NOT be accepted.

Bids should be checked and analyzed for compliance with specifications and law. The right to reject all bids for valid cause is reserved to the School District. Also reserved is the right to reject, for cause, any bid in whole or in part; to waive technical defects, qualifications, irregularities and omissions if in its judgment the best interests of the District will be served. Also reserved is the right to reject bids and to purchase items on State Contract if such items can be obtained on the same terms, conditions, specifications, and at a lower price.

(Continued)

**SUBJECT: COMPETITIVE PURCHASING OF GOODS AND SERVICES (Cont'd.)**

**State Contracts**

Purchases shall be made through available State contracts of the Office of General Services Division of Standards and Purchase, whenever such purchases are in the best interest of the \_\_\_\_\_ School District. However, whenever possible, if quotations can be obtained from suppliers locally at similar prices and equal quality to the State contract, then residence or place of business may be considered if all bidding conditions are met.

**Purchase Orders**

The Purchasing Agent shall be authorized to issue pre-numbered purchase orders for all goods and services where a budgetary appropriation has been made. When formal bidding procedures are required by law, the purchase order will be issued after the Board award of the bid and will refer to the bid submitted, to the specifications which will be attached as part of the contract and will bear the price or prices indicated by the bidder in the bid.

Blanket purchase orders issued yearly to local dealers shall be used only for day-to-day custodial needs or minor repairs.

Purchase orders shall also indicate the address for delivery. All goods received must be accepted by an authorized \_\_\_\_\_ School District employee who shall certify that the goods were received in good condition, before payment can be approved.

No payment for goods or services shall be made unless both an itemized invoice showing name of the person or firm to whom payment is due, and a receiving copy of the purchase order, bearing the signature of an authorized school employee are present. Furthermore, the invoice must have been issued in response to an approved purchase order.

# REGULATION

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Non-Instructional/Business  
Operations

*NEW*

## SUBJECT: RESERVE FUNDS

In New York State, reserve funds may be established and maintained by School Districts for a limited number of specific intended purposes and pursuant to the requirements of select provisions of Education and General Municipal law. The following outlines some of the more common types of reserve funds that may be created by School Districts - their purpose, statutory/legal authority and how and why they are established.

### Specific Types of Reserve Funds - Purpose, Statutory Authority and Creation

Type of Reserve Fund	Statutory/Legal Authority	Why create?/Purpose	How to Create
Repair Reserve Fund	General Municipal Law Section 6-d	To pay for certain repairs (non-recurring repairs) to capital improvements or equipment.	Voter approval is required to fund the repair reserve.
Unemployment Insurance Payment Reserve Fund	General Municipal Law Section 6-m	To reimburse the State Unemployment insurance Fund for payments to claimants (in lieu of contributions required of employers under Article 18 of the Labor Law).	Board resolution; voter approval is not required to either create or expend monies from the reserve (per Labor Law Section 581(1) (e)).
Workers Compensation Reserve Fund	General Municipal Law Section 6-j	To pay compensation and benefits (e.g., medical, hospital or other expenses authorized by Article 2 of the Workers Compensation Law) and to pay the administrative expenses of administering a self-insurance program.	Board resolution; voter approval is not required to either create or expend monies from the reserve.
Capital Reserve Fund	Education Law Section 3651(1)	To pay the cost of any object or purpose of a School District.	Voter approval is required.
Tax Certiorari Reserve Fund	Education Law Section 3651 (1-a)	To pay judgments or claims in tax certiorari proceedings per Article 7 of the Real Property Tax Law. (Some City School Districts <i>may</i> , and others <i>must</i> , establish a reserve fund to cover uncollected taxes per Education Law Section 3651 (1-b)).	Board resolution; voter approval is not required provided the total amount of the reserve fund doesn't exceed the amount needed to pay the anticipated judgments and claims of the tax certiorari proceedings.

(Continued)

# REGULATION

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Non-Instructional/Business  
Operations

## SUBJECT: RESERVE FUNDS (Cont'd.)

Type of Reserve Fund	Statutory/Legal Authority	Why create?/Purpose	How to Create
Employee Benefit Accrued Liability Reserve Fund	General Municipal Law Section 6-p	To pay for any accrued employee benefit (e.g., cash payment of the monetary value of accrued and accumulated but unused and unpaid sick leave, personal leave, vacation leave, etc.) due upon an employee's termination of service. (School Districts in a city with a population of 125,000 or more are not eligible to create this type of reserve).	Board resolution; voter approval is not required to either create or expend monies from the reserve.
Retirement Contribution Reserve Fund	General Municipal Law Section 6-r	To pay for retirement contributions, defined as, all or any portion of the amount payable to the NYS and Local Employees' Retirement System, pursuant to Section 17 of the Retirement and Social Security Law. (School Districts in a city with a population of 125,000 or more are not eligible to create this type of reserve).	Board resolution to finance retirement contributions. Voter approval is not required to either create or expend monies from the reserve.

### Common Principles

In general, the School District shall adhere to the following principles with respect to the creation and funding of any or all reserve funds for the District:

- 1) Consult with legal counsel and other financial experts as necessary for guidance on the authority to establish the reserve fund;
- 2) Identify the financial need or purpose to be served by the prospective reserve fund, including an assessment of whether the reserve fund will complement the long-term financial or capital plans of the School District;
- 3) Communicate clearly and effectively to District residents the specific purpose of and the financial objectives for the reserve;

(Continued)

**SUBJECT: RESERVE FUNDS (Cont'd.)**

- 4) Maintain open and transparent records of all reserve fund transactions for the benefit of District residents and voters;
- 5) Determine optimal funding levels for the reserve, as well as the conditions under which the reserve assets will be utilized;
- 6) Periodically assess the reasonableness of the amounts accumulated in the reserve and when conditions warrant (and subject to any/all legal requirements) reduce reserve funds to a reasonable level or liquidate and discontinue a reserve fund that is no longer needed or whose purpose has been achieved; and
- 7) Provide the Board with regular financial reports on reserve fund activity.

**Reporting Requirements**

In February 2009, the Governmental Accounting Standards Board (GASB) issued GASB Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB 54 is intended to enhance the usefulness of the financial statements prepared by governmental entities (including school districts) specifically with regard to their reporting of fund balances. The new standard establishes a hierarchy of fund balance classifications based primarily on the extent to which a government must observe spending constraints imposed upon how resources reported in governmental funds can be used.

GASB 54 new fund balance classifications distinguish between amounts that are considered nonspendable (for example fund balance associated with inventory) and other amounts that are classified as restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent. Accordingly, the new GASB fund balance categories are as follows:

- 1) *Restricted* -- includes amounts subject to externally enforceable legal purpose restrictions imposed by external resource providers or through enabling legislation.
- 2) *Committed* -- includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority.
- 3) *Assigned* -- includes amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed.

(Continued)

# REGULATION

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## **SUBJECT: RESERVE FUNDS (Cont'd.)**

- 4) *Unassigned* -- is the residual classification for the government's General Fund and includes all spendable amounts not contained in the other classifications.

The State of New York Office of the State Comptroller (OSC) issued a guidance bulletin in November 2010 to explain the new reporting requirements and how they will affect School Districts' annual filing of the ST-3.

The requirements of GASB Statement No. 54 are effective for financial statements for the School District's fiscal year ending June 30, 2011.

**SUBJECT: SAFEGUARDING, ACCOUNTING AND AUDITING OF EXTRACLASSROOM  
ACTIVITY FUNDS**

There are certain principles and procedures that should be followed in establishing an adequate accounting system for extraclassroom activity funds. The following basic devices are essential to the proper management of such funds:

**Basic Principles**

- 1) Two (2) separate and independent sets of records of receipts and expenditures shall be maintained.
- 2) The authority to expend moneys shall be distinct and separate from the custody of these moneys.
- 3) At least two (2) individuals shall take part in each act of disbursing money.
- 4) The Central Treasurer and Faculty Auditor shall report to the Board of Education or its designated representative at regular intervals.
- 5) All accounts shall be audited at least annually.
- 6) Procedures shall be established which will ensure a prompt and careful examination and check of each receipt and each payment.
- 7) The accounting system shall be such that it will yield the largest possible educational return to students without sacrificing the safety of funds or exposing students to undue responsibility or unnecessary routine.

**Functions and Duties of Officers****Chief Faculty Counselor** (usually the Building Principal)

It shall be the duty of this officer to coordinate the financial planning of all projects of the various student organizations in his/her building; to consult with the Faculty Advisors; to appoint a Faculty Advisor for each activity in his/her building on a year-to-year basis; and to submit to the Board of Education for approval all new activity organizations initiated by the students. He/she shall investigate all problems and disputes concerning the student organizations under his/her jurisdiction and shall effect action that will enable these problems and disputes to be resolved.

**Faculty Advisor** (appointed by Building Principal)

It shall be the duty of these officers to guide and advise the student officers in planning extraclassroom activities and the planning of financial budgets. The advisors shall assist the Activity

(Continued)

**SUBJECT: SAFEGUARDING, ACCOUNTING AND AUDITING OF EXTRACLASSROOM  
ACTIVITY FUNDS (Cont'd.)**

Treasurer in the preparation of statements and sign them as acknowledgment of verification of the income statement to be attached to deposit slips. The advisor shall guide the student treasurer in posting to the account ledger and from time to time shall check the balancing of the Activity Treasurer's accounts and the completeness of their supporting evidence. The Faculty Advisor shall supervise expenditures by insuring that funds are available before approving each proposed purchase and by signing all pay orders drawn on the Central Treasurer for disbursement of funds. The Faculty Advisor is responsible for determining which of the activities of the organization are subject to sales tax and for taking steps to see that all tax information is accurately recorded and sent to the Central Treasurer. The Faculty Advisor shall constantly work toward the goal of insuring the largest educational return from the activities participated in by the students.

Activity Treasurer (student elected)

The Activity Treasurer shall receive all moneys raised by student activity and shall immediately deposit such funds with the Central Treasurer. Duplicate deposit slips shall be made out and signed by both the advisor and Activity Treasurer. One of these deposit slips is to be retained by the Central Treasurer, and one deposit slip, after being signed by the Central Treasurer, is to be returned to the Activity Treasurer together with a Central Treasurer's receipt.

The Activity Treasurer shall pay all bills by issuing pay orders signed by himself/herself, and the Faculty Advisor. It is the responsibility of the Activity Treasurer to verify the balance in his/her account when submitting a payment order. This form is to be made in duplicate and is an order on the Central Treasurer to issue a check for payment of the invoice which shall be attached to the pay order. The Central Treasurer will keep one copy of the pay order and return the other copy together with the completed check. The Activity Treasurer will then send the check to the vendor involved after posting.

The Activity Treasurer shall keep a ledger showing all receipts and expenditures and indicating a daily running balance which shall be on a form prescribed by the Board of Education. He/she shall file all supporting data, chronologically, as evidence for the entries made in the ledger.

Central Treasurer (appointed by the Board of Education)

It shall be the duty of the Central Treasurer to have custody of all funds. The Board of Education shall require the Central Treasurer of the extraclassroom activity fund to be bonded for no less than the amount of the average cash balance of the fund. All disbursements of funds shall be by means of pre-numbered check forms signed by the Central Treasurer upon receipt of a payment order signed by the Activity Treasurer, Faculty Advisor and Chief Faculty Counselor. The Central Treasurer shall have no

(Continued)

**SUBJECT: SAFEGUARDING, ACCOUNTING AND AUDITING OF EXTRACLASSROOM  
ACTIVITY FUNDS (Cont'd.)**

part in the approval of payments but shall disburse funds only on the presentation of a properly signed pay order in duplicate providing, of course, that there are sufficient funds available in the account. The completed check will be returned to the student treasurer who will send it to the vendor after posting.

The Central Treasurer shall sign a receipt for all funds placed in his/her custody, and shall deposit these funds promptly in a bank designated by the Board of Education. The Central Treasurer shall keep an account listing the receipts and expenditures of each individual activity and post a register of all the receipts and disbursements of the combined student organizations on ledger forms prescribed by the Board of Education.

Once each month, the Central Treasurer shall receive and verify the bank statements and prepare reports for presentation to the Faculty Auditor and the Board of Education. These reports to the Board should show beginning balances, receipts for the month, disbursements for the month and the ending balances for each organization as well as a copy of the bank reconciliation.

Faculty Auditor (appointed by the Board of Education)

The function of the Faculty Auditor shall be distinct and separate from the duties of the other officers. The person appointed as Faculty Auditor shall have no part in the approval of payments, the planning of income or in the keeping of records and forms.

The Faculty Auditor shall receive once each quarter from the Central Treasurer, a complete statement of the accounts showing the balance from each activity and the total balance for all accounts. In addition, the Faculty Auditor will call in the ledgers kept by the Activity Treasurers at least twice a year in order to compare the balance as shown on the Central Treasurer's report with the balance recorded in the ledger of the Activity Treasurer. The Faculty Auditor should also examine various transactions and paperwork to determine if correct procedures are being used. The Faculty Auditor shall certify on these pages as to the accuracy of the entries posted and the available balances listed.

In the event that the ledgers of the Activity Treasurer do not agree with the ledger kept by the Central Treasurer, the Faculty Auditor shall base his/her investigation on the supporting evidence kept by the Activity Treasurer and the Central Treasurer in the form of audited receipt statements, signed deposit slips, original audited bills, signed pay orders, canceled checks, and bank statements. The entries in the Central Treasurer's books and Activity Treasurer's ledgers are in the final analysis, based on forms, bearing not only the signature of the Activity Treasurer, but also the counter signature of the Faculty Adviser.

(Continued)

**SUBJECT: SAFEGUARDING, ACCOUNTING AND AUDITING OF EXTRACLASSROOM  
ACTIVITY FUNDS (Cont'd.)**

Independent Auditor (appointed by the Board of Education)

The Independent Auditor is appointed by the Board of Education to make an annual audit of all School District finances and should be required to include the extraclassroom activity fund as a part of his/her annual audit. This audit should include a statement of receipts, disbursements, and balances for each activity together with a reconciliation of cash.

Further information can be obtained from: SED Finance Pamphlet #2 "The Safeguarding, Accounting, and Auditing of Extraclassroom Activity Funds." For this document, see website:  
<http://www.emsc.nysed.gov/mtgserv/accounting/docs/ExtraclassroomActivitiesOctober2008.pdf>

### **Extracurricular Account Procedures**

Each class/club organization has an extracurricular account as a depository for class/club organization funds. The Superintendent's secretary is the Extracurricular Funds Treasurer who has responsibility for the extracurricular accounts of all school class/club organizations.

All funds, raised in any manner in the name of a respective class/club organization, are to be deposited in the respective extracurricular account. Both the class/club advisor and organization treasurer will be responsible for making an appointment with the Extracurricular Funds Treasurer to complete the necessary forms in the depositing of funds.

The expenditures and/or disbursement of all funds from any extracurricular class/club organizations must have prior approval from the Principal. The class treasurer will be responsible for working with the Extracurricular Funds Treasurer to complete the necessary forms in the expending and disbursing of funds. Itemized disbursements are to be provided to the Principal prior to approval being granted.

Prior to the close of the school year, it will be the responsibility of both the advisor and class/organization treasurer to make an appointment with the Extracurricular Funds Treasurer to conduct account closing procedures. At this time the class advisor will receive remuneration for his/her duties. Advisor responsibilities for each year are not completed until account books have officially been closed.

### **Deposit Procedures**

- 1) Upon receiving money, the Activity Treasurer will count the money received and complete a Recap of Receipts form in duplicate.

(Continued)

**SUBJECT: SAFEGUARDING, ACCOUNTING AND AUDITING OF EXTRACLASSROOM  
ACTIVITY FUNDS (Cont'd.)**

- 2) If the deposit cannot be taken to Central Treasurer at that time it should then be placed in the school vault until the next school day. **No activity money should be taken home by anyone.**
- 3) The Central Treasurer will sign the recap sheet and return together with a receipt for the money deposited. If the Central Treasurer is not available to count the money then the Activity Treasurer should see that someone from the business office counts the money and issues a receipt. If money is left, uncounted, at the Central Treasurer's office it will be understood that it is NOT the Central Treasurer's responsibility if there is a discrepancy in the amount of deposit.
- 4) The Activity Treasurer shall enter the amount of the deposit in the activity fund register indicating the source from which the funds were received (i.e., dance, magazine sales, etc.).
- 5) File chronologically the supporting data consisting of the duplicate recap sheet, Central Treasurer's receipt and, if applicable, the statement of admissions. These forms provide the evidence for the entries made in the Activity Treasurer's books.

**Withdrawal Procedures**

- 1) Upon receiving an invoice for goods received or services rendered the activity treasurer and the Faculty Advisor should determine that the bill is correct and all items have, in fact, been received as billed.
- 2) A payment order is prepared in duplicate and signed by the Activity Treasurer, Faculty Advisor and the Chief Faculty Counselor.
- 3) An invoice, receipt or statement to substantiate expense **MUST** accompany all payment orders before the Central Treasurer can issue a check.
- 4) The balance in the activity's account must be verified and indicated on the payment order.
- 5) The payment order is sent to the Central Treasurer for payment. Checks are issued each Thursday for all payment orders received by Wednesday afternoon of that week.
- 6) The Central Treasurer will return a copy of the payment order with the date paid and check number indicated. When an address is included the Central Treasurer will send the check to the address listed unless otherwise advised. Where no address is given the check will be returned to the Faculty Advisor for mailing.
- 7) The activity advisor makes the necessary entry in his/her books indicating to whom the check is made out and the reason. The pay order is filed to give supporting evidence for the entry.

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# REGULATION

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Operations

**SUBJECT: SAFEGUARDING, ACCOUNTING AND AUDITING OF EXTRACLASSROOM  
ACTIVITY FUNDS (Cont'd.)**

## **Monthly Reconciliation**

The Activity Treasurers shall reconcile their records with those of the Central Treasurer. At the end of every month the Central Treasurer will send every activity an Activity Reconciliation Report which will be verified by the Activity Treasurer. This will list the transactions for the month including interest earned for the previous month. At the bottom of the report is the statement:

The information on this report is correct and complete to the best of my knowledge.

Signature \_\_\_\_\_ Date \_\_\_\_/\_\_\_\_/\_\_\_\_  
(Please sign and return to Central Treasurer)

# PROCEDURE

2011

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Non-Instructional/Business  
Operations

*New*

## SUBJECT: PLACING PURCHASES INTO THE INVENTORY SYSTEM

The District will maintain an inventory of all assets. This will include equipment, furniture, computers, supplies and more. The inventory system can be maintained on paper files or in a computerized software program. Use of either type of system should show regular updates as new items are purchased and old items are retired.

<u>Responsibility</u>	<u>Action</u>
Requisitioner (Staff Who Places Order)	1) Sends requisition to the purchasing clerk noting on requisition that purchase should be placed into the inventory system.*  *The inventory system includes all items (a) costing \$250 or more per unit or set; (b) which are not expendable and are not consumed in use; and (c) which have a useful life expectancy of at least five (5) years.
Purchasing Clerk	2) Sends requisitioner's and receiving copies of purchase order to division clerk after order is typed with set of inventory tags.
Department Clerk	3) a. Assigns inventory number to purchase order. b. Enters information on inventory sheet.
Building Principal/designee	4) a. Gives requisitioner his/her copy of purchase order. b. Retains one copy of purchase order with inventory summary sheet and inventory tag pending receipt of material.
Building Custodian	5) Delivers equipment to requisitioner.
Requisitioner	6) a. Verifies accuracy of receipt and condition of goods with purchase order. b. Affixes his/her signature to purchase order showing receipt and forwards to Building Principal.

(Continued)

# PROCEDURE

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Non-Instructional/Business  
Operations

## SUBJECT: PLACING PURCHASES INTO THE INVENTORY SYSTEM (Cont'd.)

<u>Responsibility</u>	<u>Action</u>
Building Principal	7) a. Matches requisitioner's copy of purchase order with retained copy. b. Completes any pertinent information on master inventory card (date received, room number, etc.). c. Forwards inventory tag to requisitioner.
Requisitioner	8) a. Affixes inventory tag on equipment in proper location and position. b. Forwards completed Inventory sheet to Business Office.
Business Office	9) a. Receives inventory sheet. b. Transfers information from inventory sheets to inventory database.

## Annual Verification of the Equipment Inventory

<u>Responsibility</u>	<u>Action</u>
Business Office	1) Sends individual inventory summary and verification form to Building Principals and department directors.
Principal and Director	2) Verifies the annual updated summary by signing verification form and returns to Business Office.
School Business Official	3) Discusses individual reports with Building Principals and department directors (if necessary).
Business Office	4) Files the verification form with the original annual inventory summary for the inspection of the Auditor.