
Student Activity Fund

Training for Faculty and Students

January 2010

Presentation Outline

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Why Conduct this Training Session?

This training session will describe the accounting system and accounting procedures to be utilized in the proper administration and management of student activity accounts.

Proper safeguarding of funds and their appropriate use will be discussed along with information about internal controls to reduce the risk of losses and increase fiscal accountability.

What are Student Activity Funds?

Student activity funds are defined in the Regulations of the Commissioner of Education as:

"Funds raised other than by taxation or through charges of a board of education, for, by or in the name of a school, student body or any subdivision thereof."

Basically, student activity funds are those operated by and for the students. Money is usually collected voluntarily by students and spent by them as they see fit so long as they abide by established regulations.

Who Manages Student Activity Funds?

The board of education appoints, on the recommendation of the superintendent, members of the administration, faculty, and/or clerical staff, and outside consultants. Certain roles are assumed by virtue of position.

- Central Treasurer - appointed by the board of education
- Building Principal – assumed responsibility
- Faculty Adviser - appointed by the board of education
- Activity Treasurer - elected by the student club members
- Independent Auditor – usually an external firm appointed by the board of education

Duties of the Officers – Central Treasurer

- The primary duty of the central treasurer is to serve as custodian of all funds. All disbursements of funds must be by means of pre-numbered check forms signed by the central treasurer upon receipt of a payment order signed by the activity treasurer and faculty adviser. The central treasurer has no part in the approval of payments but will disburse funds only upon presentation of a properly signed payment order in duplicate providing that there are sufficient funds available in the account. The executed check will be returned to the activity treasurer who then sends it to the vendor after posting.
- The central treasurer always signs a receipt for all funds placed in her custody, and must deposit these funds promptly in a bank designated by the board of education.
- The central treasurer maintains an account listing the receipts and disbursements of each individual activity and posts a register of all receipts and disbursements of the combined student clubs on ledger forms prescribed by the board of education.
- Once each month, the central treasurer is required to receive and verify the bank statements and prepare a reconciliation of cash balances and club accounts and forward these to the faculty auditor and school district treasurer.

Duties of the Officers – Building Principal

The building principal coordinates the financial planning of all projects of the various student organizations in his/her building and has the following responsibilities:

- Consults with the faculty advisers;
- Recommends school board appointment of all faculty advisers for each activity in his building on a year-to-year basis;
- Recommends to the board of education the approval all new activity organizations initiated by the students.

The principal investigates all problems and disputes concerning the student organizations under his/her jurisdiction and takes action that will enable these problems and disputes to be resolved. In addition, he/she shall be charged with implementation of any corrective action plan developed as part of an audit of the activities under his/her jurisdiction.

Duties of the Officers – Faculty Adviser

Faculty advisors guide and advise the student officers in planning activities and their financial budgets. They also provide assistance with the following:

- The advisers assist the activity treasurer in the preparation of statements of profit and loss.
- The advisers audit these statements and sign them as acknowledgement of verification of the activity statement to be attached to deposit slips.
- The advisers guide the student treasurer in posting his account ledger and from time to time check the balancing of the activity treasurer's accounts and the completeness of their supporting evidence.
- The advisers supervise disbursements 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 adviser is responsible for determining which of the activities of his/her 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 adviser must constantly work toward the goal of insuring the largest educational return from the activities participated in by the students.

Duties of the Officers – Activity Treasurer

An activity treasurer is a student approved by a majority vote of the activity's student membership and is responsible for the following:

- The activity treasurer receives all cash and checks raised by his/her activity and immediately deposits the funds with the central treasurer. Duplicate deposit slips are made out and signed by both the adviser and activity treasurer. One of these is to be retained by the central treasurer and one, after being signed by the central treasurer, is returned to the activity treasurer together with a central treasurer's receipt.
- The activity treasurer pays all bills by issuing pay orders signed by himself/herself and the faculty adviser. This form is to be made in duplicate and is an order for the central treasurer to issue a check for payment of the invoice, which is to 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.

Duties of the Officers – Independent Auditor

The independent auditor is appointed by the board of education to conduct an annual audit of all school district finances including the student activity fund. This audit includes a statement of receipts, disbursements, and balances for each activity together with a reconciliation of cash.

Operation and Maintenance of Fund Activities

School board policy/regulations provide direction for the following:

- Determine acceptable purposes for which students may form student activities.
- Determine grade groupings, which may form student activity clubs.
- Establish procedures for organizing student activities and bonding individuals handling cash.
- Establish resale inventory safeguards and accounting methods.
- Determine how faculty sponsors of student activities should be chosen.
- Determine how student officers of extraclassroom activities should be chosen.
- Publish annually, a list of approved student activities.
- Establish rules and procedures regarding transportation for student activities.

Safeguarding, Accounting, and Auditing of Funds

The following internal controls are established by administrative regulations:

- Establishes proper and adequate methods for receiving and expending extraclassroom activity funds
 - Provides for proper and adequate records of all receipts and expenditures.
 - Provides guidance on the taxability of common fundraising activities.
 - Establishes procedures and times for regular financial reports to the board of education.
 - Mandates separate and distinct the authority to expend money from the custody of the funds.
 - Mandates the bank to be used as the depository of all student activity funds.
 - Establishes bank accounts, under the stewardship of an adult treasurer, for the deposit of all student activity funds of a school district
 - Provides for the review of inactive clubs and the disposal of funds of discontinued student activities and of graduating classes.
 - Provides for the investment of student activity funds and establishes the authority to use the earnings.
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Basic Principles Of Accounting

The following internal controls must be implemented for all funds:

- Two separate and independent sets of records of receipts and disbursements shall be maintained, one by the central treasurer and one by the student activity treasurer.
- The authority to expend funds shall be distinct and separate from the custody of these funds.
- At least two individuals shall take part in each act of disbursing money; at a minimum, the student activity treasurer and central treasurer.
- The custodian of funds and the accounting officer or auditor shall both report to the board of education regularly and independently.
- All accounts shall be audited at least annually.
- Procedures shall be established which will insure a prompt and careful examination and check of each receipt and each payment.
- 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.

Deposit Procedures for Activity Treasurers

When an organization has a dance or activity involving admissions, a statement of profit and loss must be prepared. Upon receiving money, the activity treasurer will take the following steps:

- Count the money received and reconcile with the statement of profit and loss or activity treasurer receipts which are involved in the transaction. The faculty advisor should sign the statement of profit and loss under the signature of the activity treasurer, check any activity treasurer receipts involved, place the receipts in a bank deposit bag, and place the bag in the school vault until the next school day. No activity money should be taken home by anyone or left unsecured.
- Prepare the deposit slip, obtain the signature of the faculty adviser on the deposit slip following his review, and deposit the funds with the central treasurer.
- Return all funds used for making change.
- Receive the duplicate deposit slip signed by the central treasurer together with a receipt for the money deposited.
- Enter the amount of the deposit in the activity fund register indicating the source from which the funds were received.
- File chronologically the supporting data consisting of the duplicate deposit slip, central treasurer's receipt, and, if applicable, the statement of profit and loss. These forms provide the evidence for the entries made in the activity treasurer's books.

Withdrawal Procedures for Activity Treasurers

When payments are to be made for services rendered, a pay order must be used. The activity treasurer and the faculty adviser should be certain that the bill accurately reflects the services rendered. When it is determined that the bill is correct, the following steps are taken:

- A payment order is prepared in duplicate and signed by both the activity treasurer and faculty adviser.
- The final audited bill is attached to the original pay order form and both are given to the central treasurer.
- The central treasurer records the consecutive pay order number on the forms and prepares the check.
- The central treasurer makes the entries in his/her books and files both the original pay order and the bill as evidence for the entries. The check and the copy of the pay order are given to the activity treasurer.
- The activity treasurer makes the necessary entry in his/her books indicating to whom the check is made out and the reason. He/she then sends the check to the vendor. The pay order is filed to give supporting evidence for the entry.

Procedure for Inactive Accounts

Prior to the termination of a student organization, all funds remaining in the treasury must be disposed of in accordance with school board policy:

“All funds of inactive clubs or classes must be transferred to the Student Senate by June 1st of the year after close-out”.

Activity Treasurer's Ledger

The Activity Treasurer's Ledger should be designed to provide flexibility in the accounting system and to meet the needs of both the average and the more complex activity. An average activity will need one sheet for its receipts and one sheet for its disbursements. A more complex activity should use one sheet for its principal ledger and as many sheets as necessary for subsidiary accounts.

As an example of a complex activity, the yearbook account amount may use three sheets for subsidiary receipts (advertising, sales, and other) and four sheets for subsidiary disbursements (printing and layout, photography, artwork, binding). At a given point in time, the total of the subsidiary accounts will equal the balance on the principal ledger.

At regular intervals fixed by the faculty adviser, the activity treasurers shall balance their ledgers and present them for examination by the auditor. Once audited by them they must affix their signature indicating approval of the balance after verifying the records.

The faculty adviser will supervise the posting of the activity treasurer's ledger when approving payment orders for the central treasurer. At the end of the school year, the activity treasurer's ledgers will be turned over to the faculty adviser and after completion of the final audit be placed on file for the inspection and guidance of succeeding officers.

Summary

Please remember that student activity funds are designed to be operated by and for the students and for their knowledge of sound business practices.

Practice the greatest care when exercising your supervisory responsibilities and instructing students. The knowledge gleaned from this presentation and practiced will ensure appropriate controls are in place and demonstrate that fiscal accountability is a paramount concern of all faculty and students.

If there is ever a time or situation where you are not sure about a procedure please do not hesitate to ask questions. The business office is eager to assist you.

For More Information

Call the business office with any questions at 937-3600x3030 or email the district treasurer at psilano@blindbrook.org.

This presentation can be viewed at the District's Website:

www.blindbrook.org

References

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