

Karns City Area School District Student Activities



Procedure Manual

Updated: August 2020

Purpose of Procedure Manual

Section 511 of the Commonwealth of Pennsylvania Public School code indicates that each school district should have a policy regarding Student Activity Funds, which provides for reasonable rules and regulations regarding student activities and procedures in place for organization, management, supervision, control and financing of student activities.

The purpose of the Student Activities Procedure Manual is to document the necessary guidelines and to ensure that the proper checks and balances are in place to further outline expectations ensuring the appropriate use of Student Activity Funds. It is the responsibility of the District to make staff, activity advisors, volunteers, etc. aware of the expectations to mitigate possible fraud or misuse of Student Activity Funds.

Proper documentation of Student Activity Funds procedures is essential for facilitating the transition in the event of employee illness or turnover. Further detail regarding the appropriate use of Student Activity Funds can be found within the Karns City Area School District's Board policy on Student Activity Funds.

Objectives of the Procedure Manual

This Student Activity Procedure Manual represents the rules, regulations and procedures to be used by the Building Principals, Faculty Advisors, Student Club Officers and District Office staff. This manual is designed to provide procedures for accounting, record keeping and reporting of student activity transactions.

This Manual will:

1. Establish uniformity of practices and procedures.
2. Reduce or eliminate the misunderstanding of established policies and procedures.
3. Assure financial operations are properly conducted.
4. Assure monthly reports are properly presented.
5. Serve as a training tool for new employees or advisors.
6. Maintain maximum fiscal control.
7. Reduce or eliminate the potential for fraudulent behavior or occurrences.

The Procedure Manual is prepared to be compliant with the current Pennsylvania School Code, IRS tax regulations and PASBO guidelines as described in the 2019 Sixth Edition of the Student Activity Funds Guide. If the District becomes aware of changes to procedures, updates will be enacted as best seen fit with guidance from other school business officials, Auditors or the Board of Directors.

General Principles

Purpose of Student Activity Groups and Funds

Student Activity funds are to be utilized for to solely promote the general welfare, education and morale of all students and to finance normal, legitimate co-curricular activities of various student group. The groups must not be used to circumvent management or purchasing decisions made by the District. All funds derived from an individual student activity must be expended only to benefit that Student Activity as a whole.

Management of Student Activity Funds must be done within the framework of state laws and regulations, board policy and administrative rules and regulations. It is fundamental that management of student activities be organized to best serve the interest of pupils.

The Board, on the recommendation of a Principal, must approve individual student activities. Generally, Student Activities and their corresponding revenues and expenditures, are separated into four categories:

1. General Student Activities – Benefit All Students
 - a. i.e. – Yearbook, Student Council, etc.
2. Classes
 - a. i.e. – Senior Class, Junior Class, etc.
3. Clubs
 - a. i.e. – Spanish Club, French Club, etc.
4. Sports Clubs*
 - a. i.e. – Football/Weight Club

* Primarily all athletic revenue and expenses are run through the District General Fund, and should not be included in the Student Activity Fund.

Centralized Operations

The District will manage the Student Activity Funds by way of Centralized Operations. Under this methodology, bookkeeping functions for the Student Activity Funds are managed at one location (District Office) for all active accounts. Receipts and Disbursements will be entered into the computer software to aid in the appropriate tracking of the individual accounts. These processes will be described further later.

Management of Accounts

Students should have the ability to participate in various student activities carried out by the District. Along with this, students should be involved in the fiscal management of those activities, with aid from the Advisor and Administration.

Student Activity groups should have both by-laws and annual budgetary outlines. The purpose of these would be to plan for the Student Activity's goals, purpose, meetings and learning objectives. By-laws should be documented by the Advisor and be made available to both the students and Administration by use of computer. Budgetary outlines should be created annually based upon expected activity and should be finalized by October 1.

Student Activity groups should all have elected student officers which will be submitted to the Board of Directors annually. Each group should have a faculty advisor, which may or may not be paid position, appointed by the Board of Directors annually. Student Officers should include:

1. Student President
2. Student Vice President
3. Student Treasurer
4. Student Secretary

It is the responsibility of the faculty advisor, with oversight of the building principal, to ensure that an accurate record is maintained for the respective Club's activity. At any point, the advisor may contact the District Office requesting verification of transactions and other balance requests. Any discrepancies in records should be addressed cooperatively by the faculty advisor and the District Office.

Student Activity groups should meet on a regular basis to discuss the current status of the Club as well as any upcoming activities. Detailed record keeping of these meetings is imperative to ensure appropriate operation of the group and should include:

1. A sign-in sheet detailing the attendance of the meeting
2. An agenda of the proposed discussion for the meeting
 - a. The agenda can be as simple or complex as appropriate for the specific Student Activity group. It is noted and understood that certain accounts are more complex than others.
3. Minutes from the discussion of the meeting
 - a. Minutes should include any voting items discussed by the group.

Fiscal Management

Funds that are not derived from the students must be recorded elsewhere and shall not be comingled with Student Activity funds. Likewise, Student Activity accounts should not be used to account for School District charges. Transactions of this nature should be recorded in the District's General Fund. Petty cash accounts are not to be used by Student Activity groups for any reason. Cash receipts should not be used to pay for any expenditure at any time.

Student Activity funds should generally be used during the year in which they were earned. Excessive balances should not be carried over from fiscal year to year without a plan to appropriately expend the funds in the future, and shall be used by students who have contributed to the accumulation. If a Club is disbanded and funds remain, the Board will follow policy when

applicable but upon recommendation of a building Principal, has the final determination as to what will be done with the funds.

Receipts

Student Activity groups oftentimes, by nature, operate with cash, whether it be through fundraising or sales. It is imperative that appropriate measures be taken to prevent fraud related to cash management and other receipts.

Fundraising is the largest type of receipt in a Student Activity group and should:

1. Be approved in advance by the building Principal. The form should be revised if a fundraiser is changed or added during the year. It is beneficial to all parties if the form includes as much detail related to the fundraiser as possible.
2. Care should be taken in scheduling fundraisers as to not inundate the community. This is both beneficial for the community and the Student Activity groups hosting the fundraiser.
3. Every fundraiser should have a specific purpose such as:
 - a. Specific charitable donations
 - b. Field Trips
 - c. Purchases

It is important to note with fundraisers that all funds should be used to benefit the student group as a whole, and should provide an educational experience for the students. Funds should be maintained within the oversight of the Faculty Advisor. The Faculty Advisor should request all monies be turned in to them following the completion of a fundraiser.

Receipts related to the Student Activity group should be submitted to the District Office the next available day after the funds were received. This practice of timely submissions mitigates the risk of lost or misplaced funds. The District Office will carry out the necessary procedures to prepare for Bank deposit.

All receipts should include the following when submitting to the District Office:

1. Treasurer's Receipts
 - a. This should include the date, a detailed description of how funds were received and authorization by the (1) Building Administrator (2) Faculty advisor and (3) the Student representing the Activity group.
 - b. This will be authorized by the District Office acknowledging receipt.
2. Deposit Form
 - a. This form includes everything aforementioned in addition to the breakdown of the funds be submitted – i.e. Cash, Coin, Check

Whenever possible, funds received by the Student Activity group should be delivered to the District Office by the Faculty Advisor. If needed, receipts may be sent to the District Office via Interoffice Mail.

In most cases, admission charges should be run through the District's General Fund. If Student Activity groups are granted approval to maintain admission charges, appropriate oversight of sales should be documented to reduce the risk of any potential fraud.

Disbursements

Student Activity funds should be used to finance a program of activities not part of the regular curriculum. They should not be used to circumvent management or purchasing decisions, which were made for the School District by the Board or Administration. Specifically prohibited are expenditures not made to benefit the student body as a whole.

All payments for Student Activity Fund purchases should be ideally be made by check to a Vendor. No expense should be paid in cash directly from ticket sales, dues collections, sales or other cash receipts. Reimbursements to Faculty Advisors is appropriate in certain instances, but should be kept to a minimum. Reimbursement requests are subject to the same requisition process described below.

The requisition process that is in place for District expenses, will be generally applied for use by Student Activity accounts. Since funds are authorized primarily by the joint decision of the students in the group, all payments must be authorized by the students using the following procedures:

1. A Club meeting should be held, where students vote upon a purchase or expense. Record of this should be maintained by the Club Minutes.
2. A Treasurer warrant will be completed and authorized by the Faculty Advisor and Club Treasurer. A building Administrator will also approve the transaction and initial the form.
3. A requisition should be entered into the computer software system and be approved by the appropriate governing bodies.
 - a. Requisitions must include the completed warrant, initialed by a building Principal, in addition to the copy of the Minutes in which the students voted to approve the purchase or expense.
 - b. Appropriate documentation should be submitted as an attachment to the Requisition and could include items such as: detailed invoice, quote, statements, registrations, etc. Supporting documents are necessary to process payment. No advances shall be permitted without prior approval.
 - c. Although requisitions are entered with the appropriate documentation, it is still at the discretion of the approving bodies if the disbursement is granted.
 - d. Oftentimes, disbursements are a result of purchasing a good or service from funds received in the account. Detail of the receipt of these funds should be cross-referenced to the requisition submitted, if applicable.
 - e. Orders shall not be placed without prior authorization.
4. Once approved, the District Office will process the payment and ensure payment is made to the appropriate vendor.
 - a. In most cases, payment will be made via check; however, if appropriate the District's procurement card may be utilized for payment if no other form of payment is acceptable.

- b. Appropriate documentation should be submitted to the District Office to ensure that legitimate vendors are being utilized.

Disbursements from the Student Activities account are subject to the same limitations as General Fund expenditures. If the amount falls within the following ranges, certain criteria must be met:

1. *\$11,300, but less than \$21,000:
 - a. Requires three (3) written quotes. Quotes received must be kept on file for review by Auditor, if requested.
2. *\$21,000 or more:
 - a. Subject to competitive bids and advertising requirements.

*Bid and quote limits are subject to current fiscal year guidelines pursuant to Board Policy #610 – Purchases Subject to Bid/Quotation.

Services are not subject to bidding or quotes. This includes, but is not limited to: prom hotels, music groups, DJ's, or fund-raising companies.

Scholarships

The Pennsylvania School Code permits the disbursement of scholarships from the Student Activity funds. Special care should be taken in selecting which students to be recipients of the scholarships, and should be properly documented and approved by the Student Activity group.

Employee Compensation

In certain instances, school personnel may be utilized for the purposes of carrying out a Student Activity fundraiser or event. This could include faculty advising, ticket sales, etc. All District employees who provide these services should be paid through payroll with regular deductions. Pennsylvania law dictates that these earnings are subject to income tax withholding, social security retirement contributions, as well as other federal, state and local deductions that may be required. In addition, Faculty Advisors should be paid as part of the General Fund, as approved annually by the Board of Directors. Student Activity funds should not be utilized to reimburse the General Fund or to pay active employees.

Vendor Services

If personnel not employed by the School District in any capacity are utilized to aid in carrying out a Student Activity event, payments to these individuals may be out of the Student Activity account. These individuals who carry out these services are eligible to be considered as 1099 vendors and may be issued a 1099 at the end of the calendar year in which they carried out the service. This is a part of the Tax Equity and Fiscal Responsibility Act of 1982. Disbursements to these vendors should follow the same requisition and approval process as described earlier. Detail regarding the expectations and services performed should be submitted when requesting payment.

PA Sales Tax

The District is a sales tax exempt entity, and all purchases made from the Student Activity funds should be exempt from sales tax. When purchasing, a tax exempt form should be requested from the District Office, which can be issued for specific vendors. It is the responsibility of the Faculty Advisor to ensure that sales tax is not charged when purchasing.

The PA Department of Revenues forbids the sharing of the District's tax exemption number with PTO's, parent booster groups or personal funds use. When requesting a refund for expenditures purchased with personal funds, sales tax is non-refundable.

When a Student Activity club purchases taxable property, such as candles, for resale to raise funds, the Club must pay the applicable sales tax at the time of purchase. If the Club does not pay the applicable sales tax at the time of purchase, it will be required to collect and remit the tax directly to the Department of Revenue.

Field Trips

All field trips must be in accordance with Board Policy #121 – Field Trips. These requests should follow building procedures and guidelines.

Facility Usage

Facility Usage must be in accordance with Board Policy #707 – Use of School Facilities. These requests should follow building procedures and guidelines.

Areas of Concern/Unallowable Uses of Student Activity Funds

1. Salaries should not be paid out of the Student Activity accounts. This includes, but is not limited to: Club Advisor Stipends, Officials, Coaches, etc.
2. General Fund budget restrictions should not be bypassed by way of the Student Activity accounts.
3. Attire for coaching, team uniforms or other required equipment, that is District property, should not be purchased by the Student Activity accounts.
4. Purchases of textbooks, equipment or other classroom supplies should not be purchased by the Student Activity accounts.
5. Donations should be paid only when a specific fundraiser was utilized to raise the proposed donated funds. Excess funds in an account should not simply be donated as a way to decrease the account balance.
6. Personal funds, booster funds, PTO funds, etc. should not be co-mingled with Student Activity accounts.
7. Funds should not be utilized for anything outside of activities that benefit all the students within the group.
8. Funds should not be used to purchase Teacher or Principal appreciation gifts.
9. Funds should not be used to purchase drugs, alcohol or any other substances not supported by the District.

10. At no time may any student activity accounts be overdrawn.

Summary

Funds are earned by the students and are designed for student purposes. Funds are restricted to use for those students currently in activity and in school. Funds should be used to finance a program or activity not part of the regular curriculum.

Attachments

The following attachments should be used when carrying out the functions of the Activity Account. These documents will be made readily available for Advisor use.

1. Club Minutes
2. Activity Account Budgets
3. Fundraiser Request Form
4. Student Activity Fundraising Summary
5. Deposit Slip
6. Request to Establish a Student Activity Account
7. Request to Close a Student Activity Account