A. **General**

The guidelines below apply to all funds belonging to the school or handled by employees of the Lincoln Public School Department for various student ACTIVITY, SPECIAL GRANT & OTHER operating within the school. These guidelines are to be followed by all schools as well as other offices and departments of the Lincoln Public School Department. Since some of the guidelines apply to more complicated financial ACTIVITY, SPECIAL GRANT & OTHER in the middle school and high school; not all of the procedures and comments will apply to the elementary schools. Therefore, elementary schools should follow all applicable procedures outlined in the policy.

All schools must maintain records of all receipts/expenditures and keep all documents on file.

Adequate accounting records shall be maintained at all grade levels in order to provide proper controls over transactions, accountability, and reporting of the student activity funds. It is the intent of these guidelines to recommend a system of bookkeeping procedures for handling money and policies governing the school activity accounting.

All student ACTIVITY, SPECIAL GRANT & OTHER funds are to be used only for the direct benefit of students. Expenditures from student activity funds for refreshments for meetings, professional books and magazines, and personal memberships in professional organizations are prohibited.

B. **Management of Student Activity Funds**

The purpose of the student activity fund is to provide depository accounts for all monies raised by and for ACTIVITY, SPECIAL GRANT & OTHER of Lincoln students and to assure the proper fiscal accounting of receipts and disbursements of funds raised by, and expended for, various school classes and groups. Student activity records and financial procedures shall be subject to periodic review by the Business Office and annual audits by outside, independent auditors. Audit reports shall be referred to the Superintendent's Office for informative purposes and the possible improvement of procedures.

Student activity funds shall not be used for any purpose which represents an accommodation loan or credit to any person. Personal checks are not to be cashed from student activity funds. No "sunshine funds" should be run through the student activity fund.

The Principal, LHS Treasurer and Administrative Assistant shall be authorized to receive, deposit and account for funds. These rules shall apply to savings as well as to checking accounts. Supporting evidence shall be required prior to signing the check. Blank checks should never be signed.

Each account must be accounted for so that its resources, obligations, revenues, and expenditures are identified and continually maintained.

C. **General Procedures for Receiving and Disbursing Money**

1. Collection and Deposit of Cash
   All monies from any source must be substantiated by a completed form which details the source of the funds. The completed Cash Receipts Form should be signed by the person/teacher from whom the money is received. It should also be signed by the Principal, LHS Treasurer, or Administrative Assistant who is accepting the cash. The cash should be counted and verified prior to signing. A copy of the signed form should be given to the person/teacher from whom the money is received. The original is to be retained by the Principal, LHS Treasurer or Administrative Assistant as a record of money received.

   Collections should be deposited daily, if reasonable. Money should never be left in the school over weekends or holidays. All monies collected shall be placed in the school safe for safekeeping. Said monies shall remain in the school safe only until such time as a deposit can be reasonably completed. Monies collected shall not be used to cash checks from any source. All checks to be deposited in the student activity bank account shall be endorsed immediately upon receipt, showing a restrictive endorsement.

   Cash receipts for lost books, locks, or other school equipment or supplies paid by the students, and any class action settlement checks, should not be deposited in the school activity fund, but forwarded to the Business Office for deposit to the School Department's General Fund as an offset to the appropriate school's budget account.

2. Documentation of Receipts
   A completed Cash Receipts Form must accompany all monies received. Cash Receipts Forms must include supporting documentation. For example, if Ms. Doe is organizing a field trip and collecting money from students, the form must include a class list of those students who have paid and the amount.

   Other examples would include the number of candy bars, tickets, gifts, etc. sold along with the price charged. If this information is not pertinent, a brief summary of the reason for the deposit must be listed on the form.

3. Disbursements
   All disbursements shall be made on pre-numbered checks which serve as the basis for making an entry and recording a disbursement. Disbursements shall be supported by invoices (not statements) and documentation which bear signatures certifying receipt of merchandise and the signature of the Principal authorizing the payment. Accuracy of prices, extensions and totals must be checked prior to payment. When a check has been written, the invoice and supporting documents shall be marked "PAID BY CHECK NUMBER XXX" and "DATE OF PAYMENT" and shall be filed for auditing purposes. NO MONIES ARE TO BE DISBURSED FROM UNDEPOSITED RECEIPTS.

All payees, with the exception of corporations, must complete and return a W-9 form prior to payment. The payee on the issued check must be the same name that appears on the W-9 form. It is the responsibility of the Principal, or his/her designee, to ensure these forms are returned. Each school will be required to submit all W-9 forms to the Business Office.

It is possible that proper documentation may not be available at the time a check is requested. For example, a situation may arise when the amount to be paid and the supporting documentation are not available until the day of the function because charges are based upon such variables as actual attendance by the students.

In such a situation, when proper documentation is unavailable, the following procedure should be adhered to:

Although the practice of requesting a check without all of the necessary information and documentation may occasionally be necessary, it is not a practice that is keeping with good business practices and is a practice that is not encouraged. Such requests should only be made when there is no way of providing the necessary information and documentation beforehand and must be accompanied by a “Request for Check Advance from Student Activity Fund Form”. This form must be signed by the person/teacher requesting the check. It must include an approximate amount that will be paid, the reason why the actual amount and proper documentation are unavailable and signed statement that the required documentation will be provided within three days. In all cases, the line on the check indicating the payee should be completed before the check is issued and signed. Only the dollar amount should be entered at a later date.

All purchases shall adhere to the procurement policy of the Lincoln School Department.

All voided checks must have the word “VOID” written across them and must be kept on file.

4. <u>Financial Records</u>
   The Principal, LHS Treasurer or Administrative Assistant shall maintain a complete set of books recording all monies deposited and disbursed. The cash receipts journal and cash disbursements journal shall serve as a control whereby the total amount of money deposited and expended for all funds is maintained continuously. All transactions shall be entered and categorized to permit appropriate analysis.

(1) All financial transactions must be recorded in eFinance Plus.
(2) One account shall be established for funds other than student activities. This account is to be a general "administrative" account to be used by the Principal for expenditures that are for the direct benefit of students in the school. This account will be the account for recording bank interest, receipts such as those from soda machines, etc. This account is to be operated in accordance with all of the rules outlined for the student activity funds.
(3) The total of the detailed records by student group must be reconciled to the bank balance and system general ledger on a monthly basis.
(4) Expenditures from individual activity funds will be made only if that specific fund has a sufficient balance to cover the expenditure being requested. Individual activity funds are not to be allowed to "deficit spend" by borrowing funds from other activity funds.
(5) Stipends, substitutes and other compensation must be paid through the Lincoln School Department's payroll system. (See Section H entitled "Payments to Employees, Independent Contractors and Non-Incorporated Businesses").
(6) Invoices must be obtained for every disbursement made.
(7) The year-end balances (June 30), once reconciled, will be the starting balance for the new fiscal year beginning July 1.
(8) All financial records (invoices, canceled checks, documentation for expenditures, backup for deposits, bank statements) must be kept for 7 years.

5. <u>Reconciliation of Bank Statements</u>
The balance shown by the bank statement will rarely agree with the balance reflected by the books of the fund because of outstanding checks, deposits in transit, bank charges, and possible errors. Thus, the bank statement shall be reconciled with the activity fund books by the Principal, LHS Treasurer or Administrative Assistant immediately upon receipt of monthly bank statements using the form provided by the bank. The end of each month shall serve as the cut-off date for reconciliation of the bank statement.

6. <u>Quarterly Reporting</u>
At the end of each quarter, the following information shall be sent to the Business Office for the Purpose of reporting the overall financial status of the fund, as well as to provide an internal review:
Hard Copies to be Provided

- Original copy of the reconciled bank statement, initialed by the Principal
- Checkbook stubs for the quarter
- Cash disbursement forms with invoices attached
- Cash receipts forms with bank deposit slips and any additional backup documentation
- Request for check advance forms with any additional backup documentation
- Elementary schools must also submit the checkbook itself at year end

Period Due Dates:

- July 1 to September 30 – Due October 15
- October 1 to December 31 – Due January 15
- January 1 to March 31 - Due April 15
- April 1 to June 30 - Due July 15 (secondary schools)
- Due last day of school (elementary schools)

7. School Store
Merchandise that is needed by pupils to facilitate classroom instruction and to accommodate pupils may be sold in school stores operated as enterprise funds where permission to operate such stores has been granted by the School Committee. School stores should offer a minimum of competition to local merchants. The Principal or Superintendent should establish an approved list or approved types of merchandise.

8. Gifts
Gifts of money or materials may be accepted by the Student Activity Fund handled as either an expendable or non-expendable trust fund or as an agency fund. Use of such gifts should comply with district policies and should not be used for personal use of any individual.

9. Fund-Raising by Groups Within the Student Body
Income for special groups must be raised from either dues, sales of tickets, or other approved activities limited to active members of the group enrolled at the school. No group may sell any items to the general student body such as ice cream or candy at athletic events and retain the profits unless such is the established policy of the school and is available to all groups on the equitable basis. Fund-raising drives by the student body must be conducted in accordance with district policies.

10. Fund Raising Drives by the Student Body
Fund-raising drives by the student body must be conducted in accordance with district policies. They should be scheduled carefully to avoid conflict with other departments or organizations, and should provide minimum interference with the school educational program. All foods and beverages sold outside of the reimbursable school meal program on school premises, before, during, and up to one hour after school, must comply with the USDA Smart Snacks in Schools regulations and RI General Law (16.21.7) for the sale of only healthier snacks and beverages. This includes cafeteria ala carte, any vending machines, school stores, or food fundraising efforts.

11. Interest Earned
Interest can be earned on savings accounts, certificates of deposit, government bonds and other investments that meet legal requirements for investments of student activity cash. Checking accounts should be reviewed frequently to see that balances are not too large. These could be earning interest. Interest earned should be prorated to the various student activity accounts.

12. Inactive Accounts
    Balances of inactive accounts or accounts with graduated classes should be transferred to Student Fund-General Fund upon proper authorization unless a specific provision is made reflecting future plans approved by school's administration.

D. **Bank Accounts**

The following general rules pertain to the various phases of bank account activity (checking, savings, etc.)

1. A checking account is to be used for daily or periodic disbursements and a savings account or an approved short-term investment vehicle is to be used for any funds held in reserve for the student activity accounts. It is highly recommended that the Principal, LHS Treasurer and Administrative Assistant sign all checks and savings withdrawals. Under no circumstances is staff to open student accounts using their own signatures or names of parents.

2. A request for approval to open a new bank account must be made in writing to the School Business Administrator. The request for a new bank account must include the following information:

   (1) Name of Account
   (2) Purpose of Account
   (3) Type of Account (Checking, Savings, etc.)
   (4) List of Authorized Signers

3. Each year at the close of school, all bank accounts must be reconciled for our auditors through June 30th. Elementary schools must reconcile through the May statement, since they will not have the June statement prior to the end of the school year.

4. Authorized signatures for all bank accounts must be kept up to date. When people retire, transfer, etc., their name must be removed from the list of authorized signers and replaced with the signature of their replacement or other designated individual within 10 business days. The Business Office must be notified, in writing, of all such changes.

E. **Purchasing / Bid Requirements**

All disbursements from the student activity funds must directly benefits students. The student activity funds should not upfront the cash to pay general school expense and then request reimbursement from the School General Fund. This process circumvents the School Department purchasing system.

The School Department's purchasing procedures require that any single purchase of $5,000 or more must be procured through competitive bidding. Please note that purchase requirements shall not be artificially divided so as to constitute a smaller purchase than described above. As a result, if you are contemplating a purchase in excess of $5,000, please contact the Business Office to determine if your purchase must go to bid.

If bidding is required, you will be asked to prepare and submit specifications suitable for the bidding process. All such requests must be submitted to the Business Office at least eight (8) weeks prior to the School Committee meetings at which the request to bid will be made. Once approved, the bid will be advertised, usually for a period of three to four weeks. The bids will then be opened, reviewed, and a recommendation will be submitted to the School Committee to award the bid. The entire process can take up to three months.

Requests for "Sole Source" purchases (purchases not requiring a bid because they are available from only one vendor) must be submitted four (4) weeks before the meeting at which purchase approval is being requested. The additional weeks will allows the Business Office to determine if the item or service qualifies as a "Sole Source" purchase. If it does not qualify as a "Sole Source" purchase, you will be asked to submit bid specifications to the Business Office.

In addition, for purchases between $1,000 and $4,999.99 the school must obtain at least three written and competitive price quotes and make the award to the vendor with the lowest price meeting the specifications. A record of the quotations should be noted and kept on file with your documentation that backs up your disbursements. No personal purchases may be made through the student activity funds for school board members, staff members or other individuals.

F. **Class Funds (High School)**

In order to avoid any misunderstanding between the school administration and the graduating class, the disposition of any remaining funds of the graduating class must be agreed upon. **Every effort should be made to expend all funds prior to graduation**. It is the responsibility of the class advisor to notify all class officers of the procedure regarding class funds that are not expended prior to graduation. The advisor must inform the class that:

By September 1 following the graduation of the class, any and all funds not expended will be transferred by the Principal from the class account to the administrative account and will be disbursed by the Principal for school purposes which benefit the student body. It is the responsibility of the class advisor to ensure that all four class officers are aware of the policy on funds disbursement. The class advisor is to prepare a document, signed by the officers, indicating this understanding. This document is to be presented to the Principal by March 1 of the senior year. A signed copy of the document will be sent to the Business Office of the Lincoln School Department.

G. **Bank Accounts - Reconciliations**

Monthly - Checkbooks will be reconciled immediately upon receipt of monthly bank statements using the form provided by the bank. Any differences are to be located and adjusted immediately. Checks that are outstanding more than three months should be investigated. Stop payments should be placed on any lost checks and a replacement issued.

Annually - Each year at the close of school, all bank accounts must be reconciled for our auditors.

H. **Payments to Employees, Independent Contractors, and Non-Incorporated Businesses**

Due to the requirements of the Internal Revenue Service (IRS), the School Department must report to the IRS payments made to employees, independent contractors, and non-incorporated businesses that exceed $600 per calendar year (January 1 through December 31).

1. Payments to Employees
   No payments to employees for services rendered are to be paid from the Student Activity Funds.

2. Independent Contractors
   A 1099 form is required to be issued by the Lincoln School Department if an individual has received payments for services that total over $600 per year on a system-wide basis. The independent contractor must complete Form W-9 in order to supply the School Department with a tax reporting identification number, regardless of the payment amount or if paid in installments.

During the first week of January, each Principal is required to submit an electronic list to the Business Office containing the following information on any independent contractors and non-incorporated businesses who were paid in the previous calendar year:

- Payee name
- Payee address
- Date of payment
- Dollar amount of payment
- The list must be signed by the Principal
- Completed W-9 forms for each payee must accompany the list

3. <u>Non-incorporated Businesses</u>
Since many business corporations do not always include “Inc.” on their invoices, it is difficult to identify if the business is a corporation. If it is not incorporated, we are required to file a 1099 with the IRS. If you are unsure as to whether or not the business is incorporated, they are required to complete a W-9 form and they should be included on the list with the independent contractors. Since these are important tax documents, please be sure the information is accurate and complete. All forms will be kept on file for future audits. If a non-incorporated business or independent contractor has been paid $600 or more on a system-wide basis, we are required to file a 1099 with the IRS.

In order to avoid any conflict with tax regulations for reimbursement made payable to teachers and other employees, the following procedure must be used:

Checks may be issued to the teacher or employee for a reimbursement ONLY. Sales tax cannot be reimbursed. The purchase should be made first, followed by a request for reimbursement accompanied by proper supporting documentation for your records (itemized paid invoices, receipts, etc.). Reimbursements will not be made for any receipts dated more than three months prior to the request. If in some cases, an employee is unwilling to purchase materials out of his/her own funds, then the teacher will be required to make the purchases within three school days after the issuing of the check and then submit the required documentation to back up the payments. The documentation must be attached to your records within three school days of issuing the check.

I. **Annual Review of Policy and Procedures**
It is recommended that meetings be held at the beginning of each school year to review policies and procedures with the following people and to delineate areas of responsibility, duties, authority, accounting procedures, controls, etc.

- Principals
- LHS Treasurer
- Administrative Assistant
- Teachers
- Class Advisors
- Student Officers
- Club Representatives
- Any other individual directly involved with the collection or disbursement of funds

PROCEDURES ARE NOT VOTED ON BY THE SCHOOL COMMITTEE