

POLICIES, GUIDELINES AND PROCEDURES

SUBJECT	N.E.P.N. CODE
SCHOOL FUNDS: AUDIT & FINANCIAL MONITORING PROCEDURES	DIE-1

I. POLICY

The Louis Riel School Division has a responsibility to ensure that its audit and financial monitoring practices for School Based Funds (SBF) adhere to and support the Board's policies, the [Manitoba Public Schools Act](#), Canada Revenue Agency and other relevant legislation. Practices must also meet the standards of the Division's external auditors, Manitoba's Department of the Auditor General, FRAME ([Financial Reporting and Accounting in Manitoba Education](#)), and requirements of the CICA Handbook, including requirements under PSAB (Public Sector Accounting Board).

Accordingly, the Board charges the Secretary-Treasurer, and consequently school Principals, with the responsibilities for:

- ensuring that school funds are managed through prudent business practices, and;
- maintaining accounting systems in accordance with generally accepted accounting principles and policies that have been approved by the Board;

as prescribed in the **GUIDELINES** and **PROCEDURES** below.

II. GUIDELINES

A. For the purposes of this policy, School Based Funds (SBFs) are those funds raised or collected locally through school or parent administered fundraising groups, from sources other than the operating or capital budgets managed at the divisional level. SBFs are held in two categories:

- Controlled Funds - under the direction and control of the school principal, and
- Uncontrolled Funds - where the school is administering the funds on behalf of another group such as parent council funds, other parent group funds, student council funds, and travel club funds.

B. The Secretary-Treasurer (or designate) provides administrative guidance to the school principal in order to ensure compliance with the aforementioned requirements and will review this policy, its **GUIDELINES** and **PROCEDURES** in collaboration with the Superintendent of Schools every two years.

C. A school principal may delegate duties for financial records management and transactions but maintains responsibility for all funds included in the School Based Funds bank account.

Adopted:	March 7, 2006	Legal References: Public Schools Act (Manitoba) , Section 56(4)
Revised:	February 5, 2019	
Reaffirmed:	April 6, 2021	

III. PROCEDURES

I. Bank Accounts

- 1.1. Divisional Board Office Accounting Department (Accounting) assigns each divisional school one SBFs bank account.
- 1.2. The Principal of a school is the signing authority/approver for deposits and transactions processed through the School Based Funds bank account.
- 1.3. All expenditures from the SBF bank account occur by cheque or electronic funds transfer (EFT), at the request of the school, and are processed centrally by Accounting.

2. Receipts of Cash and/or Cheques

- 2.1. Ensure two designated individuals count money collected from events/activities such as silver collections, milk sales or field trips, as soon as possible after collection is complete; sign to affirm that that they have counted and agree upon the amount collected for deposit.
- 2.2. Deliver monies from the event to the designated school secretary, or an administrative designate with detailed supporting documentation, including, at a minimum, where applicable:
 - 2.2.1. Date
 - 2.2.2. Name of fundraising event
 - 2.2.3. Contributor(s) by name, if applicable
 - 2.2.4. Value of funds collected per contributor
 - 2.2.5. Signature of individual(s) collecting funds
- 2.3. The school secretary confirms deposit amount and prepares deposit for entry into accounting system and subsequent delivery to bank.
- 2.4. The school secretary issues receipts, when required, on printed, pre-numbered receipts.
- 2.5. Stored money is to be held at the school in a secured locked container.
- 2.6. Provide the Manager of Accounting and Purchasing with a copy of the combination of any locking device in a sealed envelope.
- 2.7. Process all monies collected for and by the school through the divisional accounting system.
- 2.8. Deposit funds at the school's designated banking branch location.
- 2.9. Do not retain or deposit any monies collected or designated for school purchases/expenses into personal bank accounts.

3. Deposits

- 3.1. Make deposits to the school bank account in a timely manner, either weekly or when receipts of cash exceed \$1,000.

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- 3.2. Enter deposit into accounting system within 24 hours of when the deposit is taken to the bank.
- 3.3. Maintain for audit purposes all detailed supporting documentation for each deposit, as described under Receipts of Cash (above).
- 3.4. The school principal is responsible for reviewing and approving/signing each deposit and accounting entry.

4. Cheques returned for reason of “Insufficient Funds” (NSF)

- 4.1. Accounting receives NSF notifications and returned cheques from bank and advises schools.
- 4.2. The school secretary advises Accounting of the account code to be adjusted, and Accounting will prepare a journal entry in the school’s accounting records.
- 4.3. The school is responsible for contacting the individual/business who issued the NSF cheque, and the school’s administration will guide reasonable efforts to collect the outstanding balance.

5. Purchasing of Supplies and Services (Purchase Requests)

- 5.1 Purchasing of supplies and services should strive to reflect the statements of [Policy DJB – Purchasing Procedures](#).
- 5.2 The Division recommends that whenever possible, a purchase order (Purchase Request) be issued through the divisional accounting system.
- 5.3 Use divisional tenders whenever possible as these prices have been negotiated based on bulk quantities by the division and with other metro school divisions.
- 5.4 When purchasing non-tendered items with a value of \$300 or more, obtain a minimum of two (2) quotes.
- 5.5 In-person shopping for school/division business is discouraged. When it must occur, it must be pre-authorized by the school principal or supervisor.
- 5.6 Prior written approval is required from the school principal giving a staff member authorization to engage in in-person shopping on behalf of the school where a reimbursement request will result.
- 5.7 Completion of a Payment Request is required for reimbursement.
- 5.8 The school secretary enters the approved payment request into the accounting system, and it is then processed by the Accounting Department (generally within 7 days).
- 5.9 Personal reimbursements are not eligible for rush payments.

6. Disbursements (Payment Requests)

- 6.1 All requests for disbursements (Payment Requests) are processed through the divisional accounting system.

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- 6.2 All purchases should adhere to Divisional Policy, notably [Policy DJB](#) – Purchasing Procedures.
- 6.3 Disbursements occur by cheque or electronic funds transfer (EFT), by the Board Office on a secured printer and cheque stock.
- 6.4 Payment Requests are authorized by the Principal and supported by one of the following:
 - 6.4.1 Original Invoice or
 - 6.4.2 Payment Authorization Voucher (see [Accounting Forms](#) on LRSD internal portal) used when an invoice or purchase receipt is not available (i.e., Honorariums), and must include:
 - 6.4.2.1 Date of event
 - 6.4.2.2 Name of the person receiving the payment
 - 6.4.2.3 Activity or service provided
 - 6.4.2.4 Principal’s signature authorizing payment, or
 - 6.4.2.5 Reimbursement Claim Form is attached to the original invoice or purchase receipt.
 - 6.4.3 The electronic Payment Request number must be recorded on the supporting documentation and should be filed in a manner that allows for easy retrieval and audit.
 - 6.4.4 Credit/Debit card slips will not be accepted as they do not itemize the purchase, or the taxes paid.
 - 6.4.5 Accounting is not responsible for payment delays initiated in the school office.
 - 6.4.6 Although a process for processing rush payments is established, rush payments are discouraged. School principals will be advised when requests from their schools are considered excessive.
 - 6.4.7 Due to CRA guidelines related to taxable income/benefits, and the definition of cash and near cash items, **gift cards and gift certificates will not be reimbursed**. It is recommended that tangible items be purchased as gifts within the criteria of CRA guidelines, and cannot include alcohol or tobacco, unless tobacco is to be used for Indigenous ceremonial purposes.
 - 6.4.8 Items that constitute gambling will not be reimbursed, i.e., lottery tickets.
 - 6.4.9 Advances will not be provided to staff for discretionary travel or other expenses unless prior approval has been obtained from the Secretary-Treasurer.

7. Petty Cash

- 7.1 Petty cash is established to handle those emergent situations when issuing a cheque is not feasible.
- 7.2 Petty cash is the responsibility of the Principal, and is managed by the school principal and a designated member of the school’s clerical staff.
- 7.3 Ensure that the petty cash fund is stored in a locked area, accessible only to the school principal and a designated member of the school’s clerical staff.
- 7.4 Floats may be established to a maximum of \$400, depending on the frequency of use, as approved by the Secretary-Treasurer.

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- 7.5 The Secretary-Treasurer requires a written request from the school principal to establish a petty cash fund.
- 7.6 Disbursements are limited to:
 - 7.6.1 transactions not payable through the regular cheque issuing process, or
 - 7.6.2 reimbursements of \$25 or less.
- 7.7 Issue a petty cash voucher for each transaction and have the individual in receipt of the cash sign the voucher to confirm receipt of funds, and attach an original receipt or invoice as supporting documentation of the expenditure.
- 7.8 The Principal will authorize payment by signing each transaction voucher.
- 7.9 In situations where an invoice or purchase receipt for services is not possible (*i.e.*, referee fees), the petty cash voucher must include:
 - 7.9.1 Date of event
 - 7.9.2 The activity or service provided
 - 7.9.3 Printed name or person receiving petty cash funds
 - 7.9.4 Signature of person receiving petty cash funds
 - 7.9.5 Amount received
 - 7.9.6 Principal's signature authorizing payment
- 7.10 To replenish the fund, a Petty Cash Replenishment Statement must be completed which reconciles the Cash on Hand plus Receipts for Reimbursement to the total fund (form is located in [Accounting Forms](#) on the internal portal). The statement must be reviewed and signed by the Principal.
- 7.11 Petty Cash is subject to audit at any time.

8. Bank Reconciliations and Interest

- 8.1 Bank reconciliations will be prepared monthly by the Accounting Department and bank interest will be allocated to schools on an annual basis.

9. Stop Payment of Cheques

- 9.1 The school secretary will notify the Accounting Department if a stop payment is required.

10. Records Retention

- 10.1 Retain accounting records in an orderly fashion by fiscal year, for a period of seven years including the following:
 - 10.1.1 Record of all receipts of cash and disbursements
 - 10.1.2 Invoices/disbursements paid, referenced to Payment Request or Purchase Request number
 - 10.1.3 Receipts issued and the duplicate deposit slips
 - 10.1.4 Annual financial statements (maintained electronically on NAV Reports Portal)

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11. Reporting

11.1 Each school principal shall submit an annual financial statement of the School Based Funds accounts to the Secretary-Treasurer within ninety days of the end of the school year indicating the following:

- 11.1.1 That all accounts have been reviewed and balances in accounts no longer in use have been transferred to active accounts.
- 11.1.2 Names of accounts have been reviewed to reflect actual/current purposes.

12. Audits

12.1 SBF accounting records will be audited:

- 12.1.1 When a principal is transferred to a different school.
- 12.1.2 Every three years on a rotational schedule.
- 12.1.3 When concerns exist about the integrity of the SBF records.

13. Staff Funds

- 13.1 Schools must maintain a separate ledger and accounting system for staff funds (funds collected from staff members for any purpose confined solely for the benefit of staff members). This will require all staff functions' accounting to be independent of the school fund accounting system.
- 13.2 The Division recommends that the controls established for School Based Funds also apply to the administration of staff funds.

14. Training and Resources

- 14.1 Training for school secretaries is organized on an annual basis by the Accounting/Purchasing Department; refresher and special training session are conducted as deemed necessary.
- 14.2 Documented resources and forms are available on the Division's internal portal in the Accounting and Purchasing Department sections for reference.

15. Other

- 15.1 Processing of GST returns, PST returns, voiding of cheques, and cancelling stale-dated cheques for School Based Funds is managed by Accounting.

References:

- Canadian Institute of Chartered Accounts. 1983. *CICA handbook*. Toronto, ON: The Institute.
- Canada Revenue Agency – Gifts, awards, and long-service awards
<https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/payroll/benefits-allowances/gifts-awards-social-events/gifts-awards-long-service-awards.html>

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