

Administrative Procedure 513

CASH TRANSACTIONS

Background

The District has a responsibility to keep all funds safe and to produce accounting records which are easily auditable. By its nature, cash is difficult to control and to audit, thus requiring prudent control. Therefore:

- The use of petty cash within the District shall be minimized.
- The use of cash to conduct financial affairs shall be avoided where possible.
- Cash disbursements shall be fully documented and allow for ease of accounting and authority to conduct cash transactions shall be controlled and limited.

Procedures

1. Petty cash disbursements shall only be used for:
 - 1.1 Small purchases, not exceeding the size of the petty cash float, purchases which cannot be paid through other payment methods and/or where it is impractical or untimely to generate a cheque.
 - 1.1.1 Purchases that are made on a continuing basis at the same source shall be governed by Administrative Procedure 515 – Purchasing Goods and Services.
 - 1.2 Emergent situations which a Principal or manager deems essential to conduct classes or business.
2. All disbursements must be supported by receipts, invoices or documents indicating nature of expense.
3. All reimbursement claims must be submitted on Petty Cash Form (Form 513-1) and signed by the Principal, Vice-Principal or Department Manager.
4. In compliance with the Financial Information Act the following payment requests against budgeted funds shall not be paid from petty cash:
 - 4.1 Individual travel and expenses claims (Form 514-1), including all field trip related travel.
 - 4.2 Registration and membership fees, paid up front by employees. These are to be claimed on an expense claim (Form 514-1).
5. The maximum Petty Cash Fund shall be established at:
 - 5.1 Elementary School – two hundred dollars (\$200)
 - 5.2 Secondary – seven hundred fifty dollars (\$750)

- 5.3 Other faculties – five hundred dollars (\$500)
 - 5.4 Special circumstances calling for a cash float shall be approved by the Secretary-Treasurer or designate.
6. The established Petty Cash Fund levels are deemed a 'float' with replenishment on an "as required" documented basis.

Reference: Sections 22, 23, 65, 85 School Act
Financial Information Act

Administrative Procedure 513 – Appendix A

SCHOOL ACCOUNTING OF NON-BUDGET FUNDS

THE SYSTEM

Each school is required to use a double entry bookkeeping system to record all cash receipts and disbursements. As the name implies, the entry made for each transaction is composed of two parts, a debit and a credit.

RECORDING TRANSACTIONS

"Back to Basics" is used to record financial activity at the schools. A detailed manual on using this accounting package is available.

BANKING

Where possible, all banking should be conducted through a branch of the Canadian Imperial Bank of Commerce. Interest is paid on current accounts and service charges are waived. Use of financial institutions other than CIBC must be approved by the Secretary-Treasurer or designate.

CHEQUES

Pre-numbered cheques must be used in all cases. If the school cannot obtain same, a numbering machine (number stubs and cheques) are to be used. Cheques are not to be numbered by hand.

Two (2) signatures are required for all cheques issued; any combination of Principal, Vice-Principal and secretary. All cheques issued must be supported by a back-up document duly signed by the Principal or designate. The back-up document must show on it the cheque number and date paid. This will avoid duplicate payments and provide audit controls. A filing system for the vouchers (back-up invoices) must be established and cheques must be retained in number sequence.

Cheques are to be completed fully prior to signing, including date, payee and amount. A copy of the invoice is to be present when signing for verification.

Unused cheques are to be retained in a binder for sequential control. All voided cheques are to be retained for numerical and audit controls.

RECEIPTS

Pre-numbered receipts must be used in all cases. They may be requisitioned from the District Office where a supply is maintained. Receipts must be issued whenever cash or cheques are received.

This may not be feasible in all cases, but it is to be remembered that it is for the school's protection to issue receipts at all times. Where is it impractical to do so (such as collection from students for "hot dog day"), issue a receipt at a later time for the total received, fill out date, amount, and the name could be "hot dog sales". An alternate to issuing receipts at a later time is the daily cash sheet (sample #1). On all receipts indicate name of fund or funds to be credited, or which fund receives the cash, books, etc.

DEPOSITS

Deposits are to be made on a regular basis - same day if possible. Money in excess of petty cash plus \$100.00 is not to be left in the school. If an occasion arises whereby the school is unable to deposit a large sum of money (\$100 +) during regular banking hours, the CIBC offers a wallet safekeeping service. The service is free and schools are to make use of the service when necessary.

PETTY CASH FLOAT

To avoid writing out cheques to individuals for small amounts, a Petty Cash Float is to be set up.

The float is to be kept in a locked box over which the secretary retains control. In all cases where an amount is paid out, a properly authorized bill or voucher is exchanged. The purpose of the payment is to be marked on the bill or voucher. At all times the total vouchers and cash must equal the authorized fund. The amount of floats are set by Board policy and are:

- Elementary \$200.
- Senior \$750.
- Other faculties \$500.

OTHER

School funds are not to be used to cash personal cheques for staff. In the same light, IOU's are not to be accepted. All cash and cheques are to be kept in a locked box similar to petty cash. All funds are to be handled by one (1) person where feasible.

Bank Reconciliation (sample #2)

During the early part of each month, the school will receive a bank statement pertaining to the previous month's transactions. Procedure is as follows:

1. Cheques must be verified to amounts on statement. Any figures which are not cheque amounts must be accounted for. In most cases these would be:
 - 1.1 Overdraft charge
 - 1.2 Service charge
 - 1.3 NSF charge

2. In case of NSF cheques, the school will receive notification a few days after the deposit date. At that time, the NSF cheque is to be entered in the "Back to Basics".
3. Deposits - deposits must be verified in "Back to Basics" to bank statement. It is quite possible that a deposit in the general ledger will not appear on the bank statement - usually month end deposits. A credit in the bank statement usually indicates interest earned - record this in the general ledger by journal entry.
4. In most cases money which has been raised through efforts and contributions of teachers, students and parents is to be used for the purposes stated and such monies are to be used while those persons who helped raise the funds are still members of the school community.

Moreover, it should be noted that the purchasing power of money which is held from one (1) year to the next depreciates, therefore desired purchases should be made as early as possible.

Schools are to also recognize the positive public relations to be achieved by keeping parents informed of the amounts of monies which have been raised and the purpose(s) for which such moneys have been disbursed.

MONTH END/YEAR END

Upon receipt of the bank statement, several steps must be followed to report to the District Office the school's monthly activities. If difficulties are encountered the Office Automation Coordinator is to be contacted.

- a disk is formatted to be used as an archive disk
- all deposits are entered
- all cheques are entered
- all journal entries are made. These include any interest earned for the month, bank
- charges for cheques, cheques returned NSF, etc.
- a trial balance is run
- a GST monthly report from the GST area is run
- using a bank reconciliation form, and referring to the previous month's reconciliation
- for outstanding cheques, the month is balanced
- if the month end is balanced, the month is closed out and the reports offered are printed
- instructions followed to prepare archive disk and store in a safe place

- the following reports are sent to the Accounting Department:
 - o copy of your bank statement
 - o trial balance report
 - o cash disbursement report
 - o cash receipt report
 - o reconciliation form
 - o GST monthly activity report and monthly GST report

Year End - June 30

- A year end close is done annually, usually at the end of July, on the "Back to Basics" accounts for year ending June 30.
- All year-end entries are completed but instead of choosing month end, opt for the year end function.
- The year end function clears all accounts except the GST paid and the GST rebate accounts and places all cash into the retained earning account.
- Journal entries are used to clear GST accounts.
- Journal entries are used to move any amounts back into accounts in which profits are retained.
- Reports submitted to school board office as stated above, including year end report.

REVIEW BY ADMINISTRATIVE OFFICER

While the day-to-day accounting can be delegated to staff, the Administrative Officer is responsible for the information prepared and for reviewing information.

Monthly

1. Reviewing the financial information prepared
2. Reviewing the bank reconciliation

Annually - Year End Closing/New Year Opening

1. Verifying that the unexpended balances from the previous year equal the amount available for distribution at the beginning of the new year.

REVIEW BY FINANCE AND MANAGEMENT SERVICE BRANCH

Finance staff conduct periodic reviews of school records. The purpose of the review is not to detect fraud, but to ensure that schools are complying with District standards for management of money. The types of information reviewed are described in Appendix B.

The Finance and Management Service Branch will prepare a report providing information on the results of the review. The report will make observations and recommendations, and provide an opportunity for schools to comment. The Administrative Officer will comment on all observations and recommendations. Schools will be required to take action if documentation of accounting records is incomplete or to change procedures if the risk of losing funds is significant.

SUMMARY

The accounting description covers the basic requirements when handling cash. While it may appear detailed and time-consuming, adequate safeguards and procedures must be instituted for a standardization of accounting for all schools, to protect the school staff from accusations of misuse of public funds.

Reference: Sections 22, 23, 65, 85 School Act
Financial Information Act

Administrative Procedure 513 – Appendix B

FINANCIAL REVIEW PROCESS GUIDELINES

This document provides an overview of the items the Finance and Management Service Branch will be examining when conducting a review.

1. Review Cash/Receipts

- 1.1 To ensure that cash-on-hand, including imprest accounts, can be properly accounted for an adequately safeguarded.
- 1.2 To ensure that cash received is properly receipted, recorded, safeguarded and reported.
- 1.3 To identify deficiencies in prescribed procedures as they apply or are implemented at the school and recommend corrective action, e.g.:
 - 1.3.1 Receipt books pre-numbered.
 - 1.3.2 Receipts signed.
 - 1.3.3 Issuance and return of receipt book(s) controlled.
 - 1.3.4 Spoiled or cancelled receipts left in book.
 - 1.3.5 Receipts pre-signed.
 - 1.3.6 Receipts issued for all funds received.
 - 1.3.7 Receipts balanced and cross-referenced to bank deposits.
 - 1.3.8 Cash-on-hand confirmed.
 - 1.3.9 IOU's or post-dated cheques present.
 - 1.3.10 Bank deposits made when warranted by amount of cash-on-hand.

2. Disbursements

- 2.1 To ensure that all disbursements can be properly accounted for and that supporting documentation exists.
- 2.2 To identify deficiencies in prescribed procedures as they apply, or are implemented at the school, and recommend corrective action, e.g.:
 - 2.2.1 Any cheques payable to "cash"?
 - 2.2.2 Are cheques consecutively numbered?
 - 2.2.3 Are two (2) signatures present on all cheques?
 - 2.2.4 Are cheques pre-signed?
 - 2.2.5 Are voided cheques properly handled?

2.2.6 Are invoices checked before payment for:

2.2.6.1 Receipt of goods.

2.2.6.2 Extensions and additions.

3. General Ledger

3.1 Most recent month-end closed off.

3.2 Balanced and principal has reviewed and initialled monthly.

3.3 Continuity of cheque numbers.

4. Bank Reconciliation

4.1 Number of accounts controlled by school and the signing officers.

4.2 Bank reconciliation done monthly.

4.3 Outstanding cheques are properly controlled.

4.4 Principal reviews and initials monthly.

4.5 Determination of whether bank account earns interest and whether school utilizes other means of making use of excess funds.

5. Teaching Cafeteria

5.1 All monies are deposited with school accounting clerk daily.

5.2 Bank deposits are made within a reasonable time.

5.3 Amount of cash floats for each register.

5.4 Cash registers are "Z-Totalled" daily and the daily cash reconciliation form is filled out completely.

5.5 Register total tape is attached to the cash reconciliation form.

5.6 Adequate security over cash during and after school hours.

5.7 Deposits are made intact and reconcile to bank deposits.

6. Parent Advisory Committee (PAC)

6.1 The above conditions apply to PAC funds when PAC funds are part of the non-budget funds.

6.2 Where funds are raised for the school, the recommendation is that the Principal be a signing officer for authorized transactions of funds.

7. Financial Review Completion

7.1 Financial review report is completed including observations and recommendations.

7.2 Report is forwarded to Principal for comments.

7.3 Financial Review Report is finalized with school's comments recorded and distributed to:

7.3.1 Director of Finance and Management Service.

7.3.2 Assistant Superintendent.

7.3.3 Secretary-Treasurer.

7.3.4 Principal.

Reference: Sections 22, 23, 65, 85 School Act
Financial Information Act