

A POLICY STATEMENT OF
THE HANCOCK COUNTY BOARD OF EDUCATION
New Cumberland, West Virginia 26047

ACCOUNTING SYSTEM

The Hancock County Board of Education adopts West Virginia State Board Policy 1224, *Accounting Procedures Manual for Public Schools*, SBP 8100, *Public School Finance* and SBP 8200, *Purchasing Policies and Procedures*, as the accounting procedures for individual schools and support organizations in Hancock County.

An accounting system is comprised of the forms, records, procedures and controls used to process financial data and produce reliable reports. An accounting system includes three basic functions:

1. The recording of transactions.
2. The summarizing of transactions.
3. The reporting and interpreting of summary information.

An integral part of any effective accounting system is a well-designed internal control structure. A school's control structure consists of the overall attitude, awareness and actions of administration and other management personnel.

A good internal control structure is a key factor in the effective management of a school system and its individual schools. Internal controls encompass both accounting and administrative control procedures. Characteristics of a good internal control system include:

- Proper authorization of transactions and activities
- Adequate segregation of duties
- Adequate documentation and records
- Adequate safeguards over use and access, and
- Independent checks over performance

Individual School Funds Management

It must be noted that the state of West Virginia does not recognize individual schools as legal entities; therefore, principals do not have the legal authority to enter into contracts involving county personnel and or funding. Principals do have the authority to expend *quasi-public* funds and may enter into short-term contracts (e.g., athletic contests, class pictures, graduation gowns, programs, rings, yearbooks.) All other contracts must be entered into with the Board of Education serving as the legal entity.

The following is a brief overview of the main but not minimum features of accounting requirements placed on schools.

All financial transactions must be completed through the principal's office. Schools are permitted to maintain a maximum of three school accounts:

1. **General Fund** – an account for the general operations of the school and all other financial resources of the school except those contained in another fund. Each student organization shall receive a monthly statement of the balance of its account. A school may have as many subaccounts as needed in the General Fund.
2. **Faculty Senate Fund** – a fund used to account for the revenues and expenditures of the school's faculty senate.

3. **Athletic Fund** – a fund used to account for the revenues and expenditures of the school’s athletic programs.

Schools are required to maintain the following **account records** for each fund:

1. Pre-numbered receipt forms which must be issued for all monies received;
2. Transaction (receipts and disbursements) Journal;
3. Requisition and purchase orders for all transactions;
4. Bank Checkbook;
5. Bank deposit slips;
6. Monthly financial statements; and
7. Annual financial statements

Accounts Receivable

The principal or designee is responsible for ensuring that all unpaid charges are collected. This includes not only recovering the actual amount due, but all court costs or other charges incurred by the school as a result of the collection effort. When the funds are recovered, a receipt is to be issued for the total amount recovered and the total is to be deposited.

If accounts receivable are determined to be uncollectible, the school is to file an annual report with the Director of Finance showing the names of the individuals from whom the bills are due and the total amount that has not been collected or provide a computer report with similar information. A file should be maintained for each individual to show the actions taken to collect the funds due.

Authorized Expenditures

All monies received by a school are considered *quasi-public* funds and are to be expended for the benefit of the students in the school.

Banking and Bank Accounts

All school funds must be deposited in an insured bank or one that provides adequate bonding to cover the deposits. The account must contain the name of the county board of education, the school name, the fund name, and the County Board’s

Federal Employer Identification Number (FEIN). Any funds deposited in an account with the Board’s FEIN number must be accounted for in the schools’ general ledger and must follow the procedures in the *Accounting Procedures Manual*.

Only one checking account per fund may be maintained. An exception to this is that the Career Technical and Adult Education Center is permitted to have a separate checking account for Pell Grants.

Bank signature cards for individual that have signature authority on local bank accounts must be maintained current at all times. The school principal must have signature authority for every account in which school funds are deposited. In addition, the Director of Finance must also have signature authority on all accounts, including C.D. and investment accounts. This is to ensure that the school has access to school funds during circumstances in which the principal and his/her designee, if applicable, are absent unexpectedly or for an extended period of time. **Signature stamps are not acceptable.**

All schools must use preprinted checks, which have the school name and address, name of the fund, check number and two blank spaces for signatures.

All monies collected from school activities must be remitted to the principal or a designee daily. Checks collected by the school must be made out to the school. Checks may not be made payable to an employee or a school group representative.

Checks may be made payable to an approved third party vendor providing a commission to the school in the form of cash or merchandise (e.g., school pictures.) Monies collected after school hours or on weekends shall be remitted the next school day.

If bank deposits are not made on a daily basis, a bank deposit slip must be prepared on a daily basis with the total collections made for the day sealed in a deposit envelope and placed in a safe or safeguarded until the deposit is actually delivered to the bank. Bank deposits must be made whenever total collections on hand exceed \$500 or before an extended holiday. Deposits must be made at least weekly regardless of the amount of collections. Personal checks may not be cashed from these collections.

Each bank deposit slip must contain the following information:

- The name of the school
- The bank account number
- The date the deposit slip was completed
- The series of receipt numbers comprising the deposit
- The total amount of cash included in the deposit
- A list of the individual checks included in the deposit, and
- The total amount of the deposit

The principal or designee is responsible for collecting all worthless checks including the face value of the check, all bank fees, court costs or other charges incurred by the school as a result of the check.

Child Nutrition Funds

These funds will be collected at the school level under the supervision of the principal in compliance with the most recent confidentiality guidelines for free and reduced meals. The collection method must be approved annually by the Food Service Coordinator.

Clearing of Class Accounts

All class accounts are to be cleared at the time of the class graduation. As soon as all bills from the senior class have been received, the class officers and advisors shall meet with the principal to arrange the closing of the account. The administration will not approve the establishment of class reunion accounts with school class funds. Any money left in a class account after that class graduates will be transferred to the general school account at the beginning of the next school year, or to a school project improvement account. (WVC §18-5-13; SBP 1224.1)

Concession Sales

All proceeds from concession sales by a school or school organization are to be receipted and deposited intact into the school's General Fund. Merchandise purchased for resale is to be purchased by check issued for that purpose. The purchase invoices are to be retained as supporting documentation for the disbursements. Periodically, a profit and loss statement is to be prepared to compare actual sales proceeds to the expected sales proceeds.

Funding of Recognition and Awards Programs

Schools are empowered to spend funds for student, parent, teacher and community recognition programs. However, the

funds must be generated through fund-raising or donation-soliciting activity and once generated must be designated for recognition programs. Before beginning the fund-raising or donation-soliciting, the school must publicize that the funds are being raised or solicited for that purpose. These funds MAY NOT be diverted for other expenses. Likewise, other public funds MAY NOT be used for recognition programs. Federal funds (i.e. Title I) may be used for recognition and awards program if the federal grant SPECIFICALLY and EXPRESSLY permits expenditures for that purpose, but only in accordance with all the terms and conditions of the grant. WVC §185-13(a)(2)]

Investments

Fiscal management dictates that all excess funds be invested to maximize the amount of funds available to a school. Each principal or designee should closely monitor the available cash balance of each fund for investment possibilities.

The types of investments that schools are permitted to make are:

- Interest bearing checking accounts
- Savings accounts
- Certificates of deposit
- Money market certificates
- State Consolidated Investment Fund

Every account in which school funds are deposited must be insured or the bank must provide bond to cover the maximum amount that may be invested at any one time.

Petty Cash

Schools are not permitted to establish petty cash accounts.

Purchase Orders

A purchase order system is to be maintained at each school whereby all purchases of materials, equipment, supplies and services are made through a pre-numbered purchase order approved in writing by the principal or designee before the purchase is made.

Receipts

A pre-numbered receipt must be issued for all collections at the time the funds are collected, regardless of whether the collections are in cash or by check. This includes, but is not limited to, all revenues collected from students and parents; vending machine sales, concession stand and cafeteria sales; gate receipts from competitive events; proceeds from carnivals, book fairs and other student activities; fund drive collections; donations; refunds from vendors; tuition payments; and, reimbursement from the Central Office. The total amount of receipts issued must equal the total amount of funds received.

Records Retention

All financial records, minute books and other documents maintained by or in the name of a school organization belong to the organization and must be delivered or handed over to the duly elected president of the organization, or to the county superintendent of schools, upon request. Copies of the organization's annual financial statements and minute books are to be retained permanently. The transaction journal, bank statements, and canceled checks are to be retained for at least five (5) years. All other financial records are to be retained for at least three (3) years. (SBP 1224.1)

Review of Financial Records

Boards of Education have the authority, pursuant to the provisions of W. Va. Code 18-513(1), to examine the financial records of any parent teacher association, booster group or other school support organization collecting money in the name of a school, or to require the organization to provide the county board with financial statements that have been examined by an independent accountant. Such authority can be delegated to the Superintendent or Director of Finance.

School-Based Fund Raising Accounting

All school support organizations must obtain prior approval of the school principal before conducting any fund raising activity in the name of a school. All proceeds from fundraisers conducted by and in the name of the school must be receipted and deposited into one of the depository accounts. Merchandise purchased for resale must be purchased by checks issued for that purpose. A profit and loss statement that shows gross proceeds, cost of goods sold, and net proceeds must be prepared and made available for public inspection for each fund raising activity.

School Support Organization Guidelines

It is recognized that parent-teacher associations, booster groups and many other school support organizations provide an essential function in the support and funding of various curricular and extracurricular programs offered by Hancock County Schools. Without this support, many schools would not have the financial resources to provide many of the programs that students enjoy.

In order for these outside organizations to be effective in their efforts to provide financial support, however, they must maintain the trust and support of the school community. To do this, it is essential that each school and all of the organizations that support the school, maintain an accurate accounting of all funds collected and expended. The Hancock County Board of Education accepts its role in assisting the school support organizations to develop and maintain the trust of the school communities throughout the county by establishing local policies by which such organizations are to operate.

A list of all groups that will be collecting funds in the name of any school must be approved by the Board in advance. Also, each school support organization must be approved annually by the school's principal. It is strongly encouraged that student support organizations operate as a sub-account of the school's general fund and follow all school accounting procedures. It is the responsibility of the school principal to assure that all persons handling money within each school support group receive training on the contents of the Accounting Procedures Manual. It shall be the responsibility of each organization's president and board of directors to cooperate with the school principal in attaining this training.

Annual financial statements are to be prepared by each school support organization and a copy is to be provided to the school principal. They should be prepared on either a fiscal year basis of July 1 through June 30 or in accordance with the organization's fiscal year, and are to include all financial activities of the organization for the year for which prepared.

Effective July 1, 2001, support organizations that have \$5,000.00 or more revenue or expenses within the fiscal year shall provide the Board of Education with an audit of the fiscal year finances. Support groups with less than \$5,000.00 in annual revenue or expenses shall be required to provide to the Board of Education an audit every three years. This procedure will be established for the protection of all outgoing and incoming officers of the support organization and for the protection of the Board of Education. The audit, along with the annual financial statement and any other requirements shall be provided to the Director of Finance for review before recommending approval by the Board of Education for support group status for the next fiscal year.

Start up Cash Drawer

Schools may establish a starting cash drawer (\$500 maximum per gate) for athletic events, concession stands or other school activities. Any amount greater than \$500 must be approved in writing by the Director of Finance.

Transaction Journal

Transactions shall be maintained to record all receipts and disbursements. Each posting should include the following: the date of the transaction; receipt or check number listed in numeric order, name of payer or payee; and individual account(s) for which the collection or disbursement was made.

Date Adopted: 3/10/97
Date Amended: 7/16/01; 4/08/01; 3/28/16
Date Reviewed: