

Administrators Operating Guide is written to supplement and define Board policies, Administrative regulations and official directives.

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### **3.1 INTRODUCTION**

This section is intended to serve as a tool to aid in properly handling those monies held for the various student or other campus participant groups. A participant group is one governed by a representative body. The group plans, controls and conducts activities which result in cash inflows and outflows. These groups exist only as a result of the existence of the District itself. The District, therefore, has an obligation to aid these organizations in certain aspects of their existence. This section sets forth the procedures necessary to insure that the District, as agent and custodian for the funds of these groups, the principal as counsel and advisor, the group themselves and designated group officers conduct their financial affairs in a uniform and prudent manner.

The District maintains its financial records in accordance with generally accepted accounting principles (GAAP) for governmental units, as required by the Texas Education Agency Financial Accountability Resource Guide.

The Student Activity Fund is an Agency Fund within the Fiduciary Fund concept as defined by GAAP. Under GAAP, Agency funds are custodial in nature (assets equal liabilities), and do not involve the measurement of results and operations. Briefly stated, this means that the District's financial records contain the asset account "Cash" and the liability account "Due to Participants Groups" only. There are no revenue accounts nor expenditure accounts, and no fund balance.

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### **3.2 PRINCIPLES AND PHILOSOPHY**

#### **Basic Assumption**

The raising and expending of Student Activity Fund monies by participant groups should have but one purpose: to promote the general welfare, education and morale of all the students, and to finance the normal legitimate extracurricular activities of the student body organization.

#### **Principles and Philosophy**

1. Student Activity Fund monies are to be used to finance a program of extra-curricular activities augmenting, but not replacing, the activities provided by the District.
2. Projects for the raising of Student Activity Fund monies shall, in general, contribute to the educational experience of pupils, and shall not conflict, but shall add to the instructional program.
3. Money derived from the combined participation and involvement of the student body as a whole shall be so expended as to benefit that student body as a whole, and not for the benefit of a special group.
4. Student organizations, classes, and other groups in accordance with prescribed District policies shall use school facilities and equipment.
5. Student Activity Fund money shall be, so far as possible, expended in such a way as to benefit those pupils currently in school, who have contributed to the accumulation of such money.
6. Student participation is an important factor in the democratic management of money raised by the student group and expended for its benefit. Each expenditure will be approved by a student organization official, sponsor, and principal or designee.
7. The management of the Student Activity Fund shall be in accordance with sound business practices, including sound accounting procedures and thorough audits. Unless approved by the Assistant Superintendent of Finance & Operations, no student group's individual account may be in a deficit.
8. Student body business shall be conducted in such a manner that it does not violate any District contracts with vendors.
9. The District Board of Trustees shall promulgate needful rules and regulations for the supervision and administration of student body financial activities through the Superintendent.
10. Principals shall participate in the preparation, modification and interpretation of policies, regulations and procedures affecting student funds.
11. The principal shall act as trustee over student funds.
12. No student body organization shall be obligated for purchases made by students, faculty, or others unless supported by a completed and signed Activity Fund Check Request or supported by minutes of the student organization.

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### **3.2 PRINCIPLES AND PHILOSOPHY, continued**

The Student Activity Fund should be used to account for money raised by, and on behalf of bona fide student organizations, and expended under provisions of their constitution and/or bylaws. A bona fide student organization is one that consists of a student body, student officers, and faculty sponsor/advisor. Its creation should have been approved by the principal, under the rules and regulations established by the Board of Trustees.

The money of the organization should be raised by student effort through approved activities; accounting records should be maintained by both the organization's student treasurer, sponsor, and by the central Accounting office; and money should be disbursed according to the organization's constitution following action of the student group and/or the student officers, with the approval of the faculty advisor.

The Student Activity Fund provides a vehicle for efficient handling of student organization money. Furthermore, an even greater benefit is derived by the students, since they receive practical training and experience in the business field.

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### **3.3 ADMINISTRATION**

1. The Board of Trustees shall provide implementation of state laws governing Student Activity Fund transactions.
2. The Superintendent shall have responsibility and authority to implement all policies and rules pertaining to the supervision and administration of Student Activity Fund monies in accordance with established policies and rules of the Board of Trustees.
3. The principal of the school shall be directly responsible for the conduct of student financial activities in accordance with the policies, rules and procedures set forth by the Superintendent and the Board of Trustees, and shall maintain records and follow procedures as prescribed by the Financial Services Department.
4. The Financial Services Department is responsible for prescribing appropriate accounting procedures to be used in the administration of the Student Activity Fund.
5. The Internal Audit office is responsible for the auditing of the Student Activity Fund accounts and for prescribing appropriate documentation and internal control procedures to be used in the administration of the Student Activity Fund.
6. The Executive Director of Financial Services, or designee, shall review the propriety of the Student Activity Fund expenditures in accordance with the established guidelines of the Board of Trustees and the Administrators Operating Guide.
7. The student organization shall include student representatives and the faculty sponsor. The organization will be responsible for the management of student group funds and shall keep records of its transactions and established policies, which shall be available for reference and audit. The principal of the school shall have the power to veto any action of the student organization which, in his judgment, is contrary to the best interests of the school, or to the provisions governing Student Activity Fund financing as set forth herein.
8. The Internal Auditor will audit Student Activity Funds as needed or requested.

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### **3.4 MANAGEMENT**

All fund raising efforts involving the collection of money from pupils on school premises, must be approved by the principal's office. The Fund Raising Form is available at: [Fundraising/Charitable Donations to Others/Sales Activity Form](#).

It shall be a matter of individual club policy that each group have an individual treasurer charged with the responsibility of maintaining at least a very rudimentary record of the group's financial situation under the following conditions:

1. The sponsor must be present whenever the club officer(s) view the group's control ledger.
2. Adequate precautions should be taken to insure the confidentiality of all other clubs' or groups' control ledgers.

Financial Services will issue checks only when the signature of the club officer, sponsor and the principal, or designee, are present on the check request form. The principal's signature (or electronic approval) may be on the Purchase Order Request or other electronic payment requests. Each principal will ensure that no monies raised for the direct benefit of student organizations be expended without student involvement.

A club or group will be provided a copy of the payment-generating document (i.e. Purchase Order, Check Request or Employee Reimbursement) to become a part of their records.

A club or sponsor should coordinate fund raising activities and expenditures to ensure that an excessive balance is not created or maintained. The club should operate on a budget reflecting past experience and future plans. This should be a guide to the current year's financing activities.

Student organization books shall be subject to periodic audits by the internal auditor and by outside independent auditors. Audit reports will be referred to the principal and the Superintendent for informative purposes and possible improvement of procedures.

In the event of the termination of a student club or graduation class, the officers or the membership should move to properly expend any available money. Proper written disposition of such remaining monies include any of the following four choices as documented and authorized by all the outgoing officers of the club and/or the club bylaws/constitution:

1. The purchase of a memorial, which is acceptable to the principal, to commemorate the historical accomplishments or services rendered by that group.
2. The purchase of equipment or tangible items which would benefit future students, when such purchase is coordinated through the Purchasing and Fixed Asset Departments.
3. A donation to an acceptable established local non-profit entity that significantly perpetuates the welfare of the TISD school-community in the name of the group and the school.
4. Donations to an incoming class.
5. Senior class funds remaining after all activities have been paid for can be paid to an entity styled "REL Class of 20XX" or "John Tyler Class of 20XX" to provide for future class reunions.

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### **3.4 MANAGEMENT, continued**

Should they fail to take the above action within a year of graduation (or cessation of activity), any monies remaining will be transferred to the school's Campus Activity Fund at the beginning of the next school year immediately following the group or class ceasing to exist on their campus.

The principal should direct the sponsor to confirm, by signature, the balance in the control ledger annually.

The officers of a club or group should surrender the club's records to the principal's office at the end of each school year to be available the next year after sponsor assignments have been made.

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### **3.5 ACCOUNTING**

The accounting for all monies flowing through the Student Activity Fund will be as prescribed by the Financial Services Department.

#### **Fund Codes**

One Student Activity Fund (865) general ledger will be initiated and maintained in Financial Services. Each student activity will be assigned a funding code upon principal request.

#### **Campus Records**

All the activity of the campus's participant groups will be required to maintain a complete set of financial records. This sound business practice should also be viewed as a learning experience and an opportunity to teach stewardship and good citizenship.



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### **3.5 ACCOUNTING, continued**

#### **Periodic Reports**

The Internal Auditor and/or the Independent Auditor will visit all schools from time to time to examine and review the records and procedures of the school.

#### **Receipts**

All receipts by any authorized participant group must be deposited to the District's depository bank. Receipts may be generated from a variety of sources, and regardless of source, must be accounted for on district forms.

A participant group may undertake a fund-raising activity which will involve their receiving merchandise for which they will receive monies, a part of which will later be forwarded to a vendor in payment for merchandise. This type of receipt should be treated like any other receipt. A deposit will increase the group's balance, and a check will decrease the available balance.

#### **Deposits**

Deposit slips are ordered from the District's depository bank. Deposits will be made to the depository bank and transported by TISD Police. Campuses can bring deposits to Financial Services or directly to the bank during the summer.

#### **Expenditures**

It is the policy of the Board to require written approval for all disbursements to insure adequate control and protection of the Student Activity Fund monies and other assets, and to serve as the channeling agency for obtaining necessary clearance from other departments involved in the maintenance and protection of the school plant, personnel, and the educational program.

In general, any prudent expenditure requested by a participant group will be honored. However, the District retains the right to review each request for propriety.

Additionally, the following restrictions are imposed upon disbursement requests:

1. Expenditures that require the written approval of the Superintendent, or designee
  - Any capital outlay item(s) as defined by fixed asset policy
  - All equipment which is to be attached to the building
2. Expenditures which are prohibited:
  - Loans, credit or accommodation purchases for District employees
  - Salary or salary supplements to any District employee
  - Articles for personal use of District employees
  - Purchases of alcoholic beverages, controlled substances or firearms

#### **One-Time Events and Travel**

Travel and one-time events, which are to be funded through Student Activity Funds, are not subject to the same requirements as are TISD expenditures from the Operating or Campus Activity Funds.

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### **3.6 RESPONSIBILITY OF THE SPONSOR/CLUB OFFICERS –**

Here is Tyler ISD's [Activity Fund Sponsor's Handbook](#). It is available on this link, or on the Financial Services website, under Resources.

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### **3.7 AUDITING OF STUDENT ACTIVITY RECORDS**

#### **Annual Audit**

TISD's Internal Auditor conducts regular audits of campus and student activity records. Audits provide a financial control through which management may assess the District's compliance with applicable policies, procedures, and guidelines. The purpose of campus audits is to evaluate the campus's compliance with District policies, procedures, and guidelines related to financial matters such as cash handling, collection of funds, and record keeping, and to identify any actual or potential weaknesses in the campus's financial practices. All schools are audited on a rotating schedule. Schools also may request audits at other times such as when large sums of money are being handled, or at other times when such review would be beneficial to ensure that good financial practices are being followed. The student activity funds also may be audited by the District's independent audit firm on an annual basis.

At the conclusion of the campus audit, the Internal Auditor will discuss the results with the school principal. A written report of the audit also will be submitted to the Principal, Executive Director of Elementary or Secondary Education, Superintendent, and Assistant Superintendent of Finance & Operations.

The building principal should carefully review the audit report and prepare a written plan to address each audit exception or deficiency identified in the report. The audit report will specify the response date. The response must include a description of the specific actions that will be taken to ensure compliance with District policies and procedures. The Principal's response should be timely submitted to the Internal Auditor.

#### **Change of Principal**

It is best practice for all Student Activity Fund records to be audited when a change in school principal is about to occur. A three-week notice should be submitted to the District Internal Auditor by the Executive Director of Elementary or Secondary Education, in order that a proper audit may be held. The incoming principal should review the results of the audit before assuming financial responsibility.