ECA Training

Indiana Association of School Principals

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ECA TRIP CANCELLATIONS

Follow normal refund policy.

Receipts should support the amounts refunded.

Shall be by check and not cash.

ECA TRIP CANCELLATIONS

Funds raised through fundraisers:

- Not aware of specific statutes that govern fundraiser
- Consult with school attorney
- Follow policies adopted by the school board
- Treat consistently
- May apply general policy guidance memo regarding Coronavirus https://www.in.gov/sboa/files/Policy%20Regarding%20Coronavirus%203.12.2020.pdf



BOOKSTORE

Sales tax does not apply when:

 Sales of tangible personal property intended primarily for the education purpose of the organization and not used in carrying on a private or proprietary function



BOOKSTORE

Sales tax does apply when:



• Sales by a bookstore of non-education-related items such as T-shirts, sweatshirts, hats, memorabilia, class rings, license plates, etc.

https://www.in.gov/dor/files/reference/sib32.pdf

School Libraries

- A Library is a facility provided by the school board.
 - Does not meet the definition of an ECA Fund per IC 20-41-1.
- Fines/fees should be remitted to School Corporation
- Books purchases should be budgeted and spent by the corporation
- Exception: School Reading Program could meet definition of an ECA fund if not a curricular expense and is voluntary participation.

RECORD RETENTION

 Maintain ALL documentation until after documentation has been audited



- After documentation have been audited, follow Retention and Disposition Schedule for IARA
- http://www.in.gov/iara/2359.htm

DORMANT FUNDS

• IC 20-41-1-4(b)



- Approval must be given from majority of group/class
- If the ECA Treasurer is unsuccessful in attempts to get all required approvals, take situation to school board

ELECTRONIC TICKETS

• IC 36-1-8-11



 Internal controls must be established and implemented over the collection of and proper receipting of electronic tickets



USE OF ONLINE PAYMENT SYSTEM FOR PAYMENT TO ATHLETIC OFFICIALS



Following Requirements must be in place:

- 1. The School Board must authorize the use of the online payment system through a resolution, which has been approved in minutes.
- 2. The School Board must implement and ensure that proper internal controls are in place.
- 3. The athletic director shall provide the ECA treasurer with a detailed list of athletic officials that have been scheduled to officiate each contest. A Purchase Order/Accounts Payable Voucher (SA-1) must be completed with a copy of the detailed list attached.

USE OF ONLINE PAYMENT SYSTEM FOR PAYMENT TO ATHLETIC OFFICIALS (CONTINUED)

- 4. The ECA treasurer shall transfer the appropriate rate of payment of each official on the detailed list and the estimated transaction fees for the corresponding payments to the trust account.
- 5. After the officials have officiated a contest, the athletic director must validate that the contest was held and services were provided through the online payment system.
- 6. Once the contest validated by the athletic director, payments to the officials are initiated by the ECA treasurer through the online payment system.
- 7. The ECA treasurer shall print and retain a report of all payments and transaction fees paid from the trust account. This listing should be attached to the SA-1, supporting the disbursements from the trust account. Any payment without proper documentation may be the responsibility of that officer or employee.

USE OF ONLINE PAYMENT SYSTEM FOR PAYMENT TO ATHLETIC OFFICIALS (CONTINUED)

- 8. The trust account must be reconciled by the ECA treasurer on a monthly basis.
- 9. The ECA treasurer is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue
- 10. At the end of the school year, all funds remaining in the trust account must be receipted back into the extra-curricular Athletic Fund and deposited into the ECA bank account.



Proper Accounting – Cashless Transactions

- Since ECAs are on a cash basis
 - Record all receipts / disbursements as they occur.
 - Any fees charged should be recorded separately.
 - Maintain documentation of all receipts to correspond with deposit, including electronic ticket "stubs" or a sales report.

DONATIONS

Majority vote of its members



Warrant/check should be written to an organization and not and individual



Cash Change

•Procedures:

- Draw a check from Student Activity Fund
- Designate a custodian
- Convert to cash and safekeep cash
- Account for receipts and cash change
- Reconcile amounts received and cash change
- Deposit within 1 week



Gateway Reporting – ECA Closure

 If an ECA is combined or closed, you must notify SBOA.



 In the final year of operation, the ECA should report \$0 cash balances in every fund in Gateway.

Extracurricular * Accounts Manual

ECA Manual

•Chapter 1:

- Recording transactions
- Custody/control of funds
- Bonds
- Reconciling
- Deposits

•Continued:

- Outside Organizations
- Overdrawn funds
- Equipment Purchases
- Gifts/Donations
- Approval of Expenditures



Bonds

- Bond amount: Should cover the approximate amount of funds that will come into the possession of the Treasurer at any one time.
- Superintendent and principal set the bond amount (or the school board if School Lunch or Curricular Materials are accounted for in the ECA).
- May have an individual or position bond. See School Bulletin 212-4.
- Anyone else who receives over \$5,000 and has access to public funds they must be bonded as well.

Equipment Purchases

•Extracurricular equipment purchases should be approved prior to purchase by the Board of School Trustees.

•IC 20-26-5-4 School Board duty to acquire property.

Accounting for Gifts & Donations

- Cash donations that are extra-curricular in nature may be accounted for in the Extra-Curricular Account.
- Any School Corporation donations shall be accounted for in the school corporation records.
- The acceptance of these donations shall have prior approval by the Board of School Trustees.
- Either the School Corporation Treasurer or Extra-Curricular Treasurer will be responsible for the accounting of these funds as applicable.

ECA Manual: Continued

Chapter 2 Forms:

- PO / APV (SA-1)
- Checks / Register (SA-2)
- Receipts / Register (SA-3)
- Ticket Sales (SA-4)
- Tickets

Continued:

- Financial Report (SA-5)
- ECA Ledger (SA-6)
- Claim for Payment (SA-7)
- Collection Form (SA-8)
- Accountable Items (SA-9)

PO vs. Claim for Payment

•Claim for Payment – To be used for in all other instances (salesmen, athletic officials etc...).

ECA Manual: Continued

• Chapter 3 School Lunch:

- The <u>preferred method</u> of accounting for a school food and nutrition program is through a School Lunch Fund (School Food Service Fund) in the <u>school</u> corporation account.
- Authority is provided to account for the program in an extra-curricular account or accounts. (IC 20-41-2-4)
- If the school lunch funds are accounted for in the ECA accounts, the school board shall approve the amount of the official bond of the treasurer of the extra-curricular account in an amount deemed sufficient to protect the account for all funds coming into the custody of ECA treasurer. (IC 20-41-2-6)

Recording Prepaid School Lunch Transactions

- 1. When student makes payment a receipt should be recorded to the Prepaid Food fund (8400).
- When a student receives a school meal a transfer should be made from the Prepaid Food (disbursement) fund to the School Lunch fund (receipt).
- 3. The Prepaid Food fund balance should be reconciled to the detail of individual student account balances routinely.
- Columns to account for Prepaid Transactions have been provided on the form SF-2, SF-3, and SF-4. (see ECA Manual Ch. 3, pg. 3)

ECA Manual: Continued

- Chapter 4 Curricular Materials (Textbooks):
 - The <u>preferred method</u> of accounting for a textbook rental program is through a Textbook Rental Fund in the <u>school corporation account</u>.
 - Where no textbooks have been purchased and no financial commitments or guarantees for such purchases have been made by the school corporation, authority is provided to account for the textbook rental program in the extra-curricular account or accounts. (IC 20-41-2-5)
 - If textbook rental is accounted for in the ECA accounts, the school board shall approve the amount of the official bond of the treasurer of the extra-curricular account in an amount deemed by the school board sufficient to protect the account for all funds coming into the custody of said treasurer. (IC 20-41-2-6).



ECA Manual: Continued



- The money in the school extracurricular account may be invested under the conditions specified in IC 5-13-10 and IC 5-13-10.5 for investment of state money.
- Investments are at the discretion of the principal.
- The interest earned from any investment may be credited to the school extracurricular account and need not be credited proportionately to each separate extracurricular fund.



Investments: Continued

- The interest earned from the investment may be used for any of the following:
 - (1) A school purpose approved by the principal.
 - (2) An extracurricular purpose approved by the principal.
- Receipts shall be deposited in the same form in which they are received.
- All disbursements from ECA funds must be made by check or credit card, if you have a board approved policy.

Chapter 6 Fees, General Fund, Vending:

General (Student Activity) Funds:

- The State Board of Accounts consistently has been of the audit position to not take an audit exception to a school extra curricular account having a general fund if the fund consists of revenues received from functions (vending machines or sales of a similar nature, etc.) not generated by students for a specific class or organization (for which a fund should be established).
- Our audit position has been with the provision that the functions for which the
 expenditures are made benefit the student body as a whole (as opposed to a select group
 of students, school employees or administrators).
- Examples of appropriate expenditures would be convocations, field trips which the entire student body has the opportunity to take during the course of the school year, etc.

Transfer of Funds



- IC 20-41-1-4 provides in part, concerning extra-curricular funds: "Funds may not be transferred from the accounts of any organization, class or activity except by a majority vote of its members. . ."
- IC 20-41-1-4 also provides, concerning extra-curricular expenditures: "All expenditures shall be subject to review by the local school board."

General (Student Activity) Funds (Continued)

- Inquiries have questioned the use of a general fund or student activity fund for educational expenditures (copy machines, computers, educational materials, supplies, etc.) which would normally be from school corporation funds.
- The State Board of Accounts' audit position is stated in Chapter 6 of the ECA manual. However, we will not take audit exception to a school having disbursements from an extra-curricular "general fund" or "student activity fund" for authorized school corporation type expenditures, such as equipment, supplies, etc., with the following conditions:
 - 1. A policy has been adopted by a school board in a public meeting authorizing these types of expenditures.
 - 2. Providing there are no objections from a majority of an applicable student body to these types of expenditures.
 - 3. Equipment purchases would still require separate approval from the local school board.

General (Student Activity) Funds

Since alternatives exist for funding educational expenditures (i.e., taxes, authorized investment income expenditures, etc.) and other alternatives for the use of a general fund are available (i.e.,

reducing the cost of items to students and/or parents), we must emphasize the adoption of the aforementioned would be a public policy decision for which the local board of school trustees must accept any and all responsibility.

Vending, Concessions or Other Sales Controls

- Internal controls over vending operations, concessions or other sales should include, at a minimum, a regular reconcilement of the beginning inventory, purchases, distributions, items sold and ending inventory to the amount received.
- Any discrepancies noted should be immediately documented in writing to proper officials.
- The reconcilement should provide an accurate accounting (use the SA-9!).
- Persons with access to vending should be properly designated and access should be limited to those designated.



Vending Machine Commissions and/or Profits

- There should be a clearly defined procedure adopted by the governmental unit concerning placement, use, maintenance, and commissions and/or profits of vending machines on their property.
- All revenues generated and costs incurred in operating vending machines located on the government premises should be accounted for through the governmental unit's records.
- If vending machines are located in restricted areas (areas other than those available to the public) and if the governmental body and chief executive officer wish for those revenues to be restricted for the use and benefit of those employees who use the machines and generate the revenues, the State Board of Accounts takes no exception to such action in an audit.

Vending Machine Commissions and/or Profits



- If vending machines are located in areas where the public makes use of the machines and generates the resulting revenues, we advise officials to place the revenues in the general fund for the benefit of the general public, the machine users.
- Any alternative procedure should be authorized by resolution or ordinance of the governing body.

Vending Machine Commissions and/or Profits

• In the event personnel other than the governmental unit's personnel maintain, stock, and clean up around vending machines, we take no audit exception when such persons are paid for these services.

■ A written agreement should be entered into listing the services to be rendered, the amount to be paid for such services, timing of payments, and any other areas deemed necessary by the governmental unit.

Fees – SBOA Audit Position





• PPE does not meet the definition of curricular materials under IC 20-18-2-2.7

- 1. The school would be able to establish a rental charge based on the requirements of IC 20-26-12-2 for items that meet the definition of a "curricular material".
- IC 20-18-2-2.7 states, "<u>Curricular materials</u> means systematically organized material designed to provide a specific level of instruction in a subject matter category, including:
 - (1) books;
 - (2) hardware that will be consumed, accessed, or used by a single student during a semester or school year;
 - (3) computer software; and
 - (4) digital content."

- IC 20-26-12-2 states in part: "...The annual rate may not exceed twenty-five (25%) of the retail price of the curricular materials. (b) Notwithstanding subsection (a), the governing body may not assess a rental fee of more than twenty-five percent (25%) of the retail price of curricular materials that have been:
 - (1) extended for usage by students under section 24(e) of the chapter; and
 - (2) paid for through rental fees previously collected."

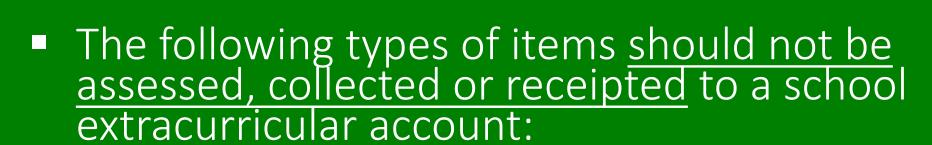
- 2. The school would be able to establish an educational fee for items that meet IDOE's definition of "consumable curricular material".
- IDOE has defined "consumable curricular materials" as a consumable core instructional curricular material used by students for no more than one (1) school year. In addition, consumable kit materials that are part of an adopted curricular material are considered part of this category.
- Allowable costs include, but are not limited to:
 - Standard workbooks; activity logs; practice sets; manipulatives; authentic literature; materials used for laboratory courses; instructional materials used for high ability or special education; and high ability or special education books selected locally.

- 3. The school would be able to establish an educational fee for items in which \star they receive a written legal opinion that the fee would not violate the Indiana Constitution.
- IC 20-26-4-1 concerning duties of the School Corporation Treasurer, states in part: "The treasurer is the official custodian of all funds of the school corporation and is responsible for the proper safeguarding and accounting for the funds . . ." Therefore, all grant monies and properly authorized fees at an individual building should be transferred to the School Corporation Central Office on a timely and regular basis for receipting into the appropriate school corporation fund. The School Corporation Attorney should provide written guidance concerning whether fees are appropriate in regards to Constitutional provisions.
- The school can only charge rental and educational fees to students that receive the good/service in which the fee was based.

Receipting of Educational Fees

- All authorized <u>educational fees</u> (the School Board should be able to justify any educational fees and ensure Constitutional problems do not exist) must be receipted to the Operations/Education Fund of the school corporation.
- Textbook rental funds maintained at a school building may be used to temporarily record proper fees collected (as a convenience during the collection process of textbook rental).
- Proper educational fees should be transferred timely.

Receipting of Educational Fees



- -Air Conditioning Fees
- -Parking Fees
- -Instructional Fees
- -Bus Rider Fees
- -Fees for Payroll Positions (Nurses, Principals, Counselors, etc.)



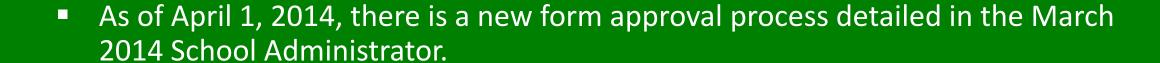
Chapter 7 Prescribed Forms, Taxes and General Information:

• Taxes:

- All political subdivisions EXEMPT from federal income taxes.
- State Sales Tax Obtain Exemption Certificate from Indiana Department of Revenue (IDOR)
 - Expenses NOT exempt from Sales tax: Lodging (hotels/motels), Restaurants (prepared food), Bookstore sales for curriculum*.
 - Any payments of exempt sales tax request refund from IDOR.

Forms





 The cost of prescribed or approved ECA records and the bond of the ECA treasurer shall be paid for from the Operations Fund of the School Corporation.



General Information

- Advance Payments
- Alcohol Purchases
- Asset Ownership
- Audit Costs
- Bad Debts
- Inventory of Assets
- Cash Disbursements
- Collection of Amounts Due
- Compensation

- Condition of Records
- Contracts
- Correction of Errors
- Credit Cards
- Deposit of Accountable Items
- Donations
- Electronic Signatures
- Unreasonable Costs
- Reimbursements



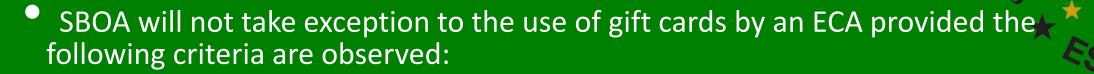
General Information

- Fund Sources and Uses
- Indebtedness
- Mis/mal/nonfeasance
- Overpayments
- Personal Expenses
- Personal Property Use
- Public Records
- Proceeds
- Purchasing Bonuses

- Receipt Issuance
- Risk of Loss
- Signature Stamps
- Supporting Documentation
- Timely Record keeping
- Recording Transactions
- Travel Policies
- Trusts/Endowments
- Gift Cards



GIFT CARDS





- 2. The <u>purposes</u> for which gift cards may be issued must be <u>specifically stated in the resolution</u>.
- 3. Purchase and issuance of gift cards shall be handled by an official or employee designated by the school principal.
- 4. The designated responsible official or employee shall maintain an accounting system or log which includes the name of the business from which the gift cards were purchased, their amounts, fund and account numbers to be charged, date the card was issued, person gift card was issued to, proof that the gift card was received by the person it was issued to, etc.

GIFT CARDS (CONTINUED)



5. Gift cards shall not be used to bypass the accounting system.

One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.

6. Procedures for payments shall be no different than for any other claim. The school principal must approve the expenditure and supporting documents such as paid bills and receipts must be available. Additionally, any purchase or issuance of gift cards without proper documentation may be the responsibility of that officer or employee.



Questions?

Schools.Townships@sboa.in.gov

SBOA Website



https://www.in.gov/sboa/4449.htm