



Indiana State Board of Accounts  
Extra-Curricular Workshop  
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Indianapolis

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# Website Resources



- **Filed audit and examination reports**
- **Accounting Uniform Compliance Guidelines Manual for Extra-Curricular Accounts**
- **Accounting Uniform Compliance Guidelines Manual for Indiana Public School Corporations**
- **The School Administrator and Uniform Compliance Guidelines**

# Important Websites



**Indiana Public Access Counselor**

[www.in.gov/pac](http://www.in.gov/pac)

**Indiana Commission on Public Records**

[www.in.gov/icpr](http://www.in.gov/icpr)

**Indiana Department of Revenue**

[www.in.gov/dor](http://www.in.gov/dor)

**Indiana Department of Education**

[www.in.gov/doe](http://www.in.gov/doe)

**Internal Revenue Service**

[www.irs.gov](http://www.irs.gov)

# State Board of Accounts



## Organizational Flowchart

- SBOA Board (State Examiner, 2 Deputies)
- Office Supervisors (2 per area)
  - Schools and Townships
  - Cities/Towns and Special Districts
  - Counties
- Field Supervisors
  - 17 Districts
- Field Examiners
  - 10 or 11 per district

# State Board of Accounts



- **Created in 1909 in response to widespread political corruption**
  
- **Mission Statement**
  
- **Responsibilities**
  - Perform audit/exams of governmental units
  - Prescribe forms and procedures used by governmental units
  - Various other duties including recounts, providing training for local officials, consulting services, etc.

# Custodian Responsibilities



## **IC 20-41-1-3 states:**

**(a) A person who has charge of the collection, custody, and disbursement of funds collected and expended to pay expenses incurred in conducting any athletic, social, or other school function, the cost of which is not paid from public funds, shall:**

**(1) keep an accurate account of all money received and expended, showing the:**

**(A) sources of all receipts;**

**(B) purposes for which the money was expended; and**

**(C) balance on hand; and**

**(2) file a copy of the account with the township trustee, board of school trustees, or board of school commissioners within two (2) weeks after the close of each school year.**

**(b) An account filed under subsection (a)(2) is a public record open to inspection by any interested person at any reasonable time during office hours.**

# Custodian Responsibilities



- ECA accounts may be used for athletic, social, class, or other school functions.
- ECA accounts may not be used for functions which are educational in nature.
- Accounts for educational functions must be maintained in the school corporation records.

# Custodian Responsibilities



- ECA accounts may not be established for functions conducted solely by any organization of parents and teachers.
- A report of the ECA account (SA-5) must be submitted within two weeks after the close of the school year to the school board.
- This report is a public record open to inspection by any interested person at any reasonable time during office hours.

# Forms



## IC 20-41-1-4 states:

(a) All forms and records for keeping the accounts of the extracurricular activities in school corporations shall be prescribed or approved by the state board of accounts. The records and affairs of the extracurricular activities may be examined by the state board of accounts when the state examiner determines an examination is necessary. The forms prescribed or approved for keeping these accounts must achieve a simplified system of bookkeeping and shall be paid for, along with the bond required in this chapter, from the general fund.

(b) The funds of all accounts of any organization, class, or activity shall be accounted separately from all others. Funds may not be transferred from the accounts of any organization, class, or activity except by a majority vote of its members, if any, and by the approval of the principal, sponsor, and treasurer of the organization, class, or activity. However, in the case of athletic funds:

(1) approval of the transfer must be made by the athletic director, who is regarded as the sponsor; and

(2) participating students are not considered members.

All expenditures of the funds are subject to review by the governing body of the school corporation.

# Forms



- All ECA forms and records shall be prescribed or approved by the SBOA.
- ECA records shall be examined by SBOA as determined by the State Examiner.
- The cost of prescribed or approved ECA records and the bond of the ECA treasurer shall be paid for from the General Fund of the School Corporation.
- Separate funds are required for each class or activity.

# Transfers



- Funds may not be transferred from the accounts of any organization, class, or activity except by a majority vote of its members, if any, and by the approval of the principal, sponsor, and treasurer of the organization, class, or activity.
- Approval of the transfer of athletic funds must be made by the principal, treasurer, and the athletic director, who is regarded as the sponsor; participating students are not considered members.
- All expenditures of the funds are subject to review by the governing body of the school corporation.

# Requirement of Treasurer



## IC 20-41-1-5 states:

(a) A public school must have a treasurer for the purposes of this chapter.

The treasurer must be:

- (1) the superintendent or principal of the particular school;
- (2) a clerk of the school corporation; or
- (3) a member of the faculty appointed by the superintendent or principal.

This designation must be made immediately upon the opening of the school term or the vacating of the office of treasurer. Claims shall be filed and paid under sections 7 and 8 of this chapter. The employing or appointing officials of a school may appoint and engage a school treasurer or clerk.

(b) A school corporation may appoint one (1) or more assistant or deputy treasurers.

(c) A treasurer is not personally liable for an act or omission occurring in connection with the performance of the duties set forth in this chapter, unless the act or omission constitute gross negligence or an intentional disregard of the treasurer's duties.

# Requirement of Treasurer



- A public school (IC 20-18-2-15 defines public school as a school maintained by a school corporation) must have a treasurer.
- A treasurer must be named immediately upon the opening of the school term or when the office of treasurer is vacated.
- Claims shall be filed and paid under 20-41-1-7 and 20-41-1-8.

# Requirement of Treasurer



- The employing or appointing officials of a school may appoint and engage a school treasurer or clerk.
- A school corporation may appoint one (1) or more assistant or deputy treasurers.
- A treasurer is not personally liable for an act or omission occurring in connection with the performance of the duties set forth in 20-41, unless the act or omission constitute gross negligence or an intentional disregard of the treasurer's duties.

# Treasurer Bonding Requirements



## IC 20-41-1-6 states:

(a) The treasurer shall give a bond in an amount fixed by the superintendent and principal of the school approximating the total amount of the anticipated funds that will come into the possession of the treasurer at any one (1) time during the regular school year. Bonds shall be filed with the trustee or board of school trustees. The surety on the bonds must be a surety company authorized to do business in Indiana. However, the requirement for giving the bond and the requirement to deposit the receipts in a separate bank account, as required in section 9 of this chapter, do not apply to any school for which the funds, as estimated by the principal, will not exceed three hundred dollars (\$300) during a school year.

(b) The requirements of this chapter may be fulfilled by providing a comprehensive bonding instrument, including a single blanket position bond, for all extracurricular treasurers. A comprehensive bonding instrument is acceptable instead of individual separate personal position bonds.

# Treasurer Bonding Requirements



- **The treasurer shall give a bond in an amount fixed by the superintendent and principal of the school.**
- **The amount of the bond should approximate the total amount of the anticipated funds that will come into the possession of the treasurer at any one time during the regular school year.**
- **Bonds shall be filed with the trustee or board of school trustees.**
- **The surety on the bonds must be a surety company authorized to do business in Indiana.**

# Treasurer Bonding Requirements



- The requirement for giving the bond and the requirement to deposit the receipts in a separate bank account, as required in IC 20-41-1-9, do not apply to any school for which the funds, as estimated by the principal, will not exceed three hundred dollars (\$300) during a school year.
- The bonding requirements may be fulfilled by providing a comprehensive bonding instrument, including a single blanket position bond, for all extracurricular treasurers. A comprehensive bonding instrument is acceptable instead of individual separate personal position bonds.
- If either school lunch funds or textbook rental funds are handled through an extra-curricular account, the governing body of the school corporation shall approve the amount of the bond of the treasurer (IC 20-41-2-6)

# Treasurer Bonding Requirements



- If either school lunch funds or textbook rental funds are handled through an extra-curricular account, the governing body of the school corporation shall approve the amount of the bond of the treasurer (IC 20-41-2-6).
- Whenever deemed necessary to bond any other employee of a school corporation, the governing body may bond or cause to be bonded such employee or employees by either individual or blanket bonds conditioned upon faithful performance of duties, and in amounts and with surety approved by the school board.
- We recommend bond coverage for any employee handling funds.
- A blanket bond should not include any officer, deputy or employee for whom an individual bond is required by statute.

# Responsibilities of Treasurer



## IC 20-41-1-7 states:

(a) The treasurer has charge of the custody and disbursement of any funds collected by a collecting authority and expended to pay expenses:

- (1) approved by the principal or teacher in charge of the school;
- (2) incurred in conducting any athletic, social, or other school function (other than functions conducted solely by any organization of parents and teachers);
- (3) that cost more than twenty-five dollars (\$25) during the school year; and
- (4) that are not paid from public funds.

(b) The principal or teacher in charge of the school shall designate a collecting authority to be in charge of the collection of any funds described in this section. Upon collection of any funds, the collecting authority shall deliver the funds, together with an accounting of the funds, to the custody of the school treasurer. The principal may designate different collecting authorities for each separate account of funds described in this section.

# Responsibilities of Treasurer



- The treasurer has charge of the custody and disbursement of any funds collected by a collecting authority and expended to pay expenses:
  - (1) approved by the principal;
  - (2) incurred in conducting any athletic, social, or other school function
  - (3) that cost more than (\$25) during the school year; and
  - (4) that are not paid from public funds.
- The principal shall designate a collecting authority to be in charge of the collection of any funds.

# Responsibilities of Treasurer



- Upon collection of any funds, the collecting authority shall deliver the funds, together with an accounting of the funds, to the custody of the school treasurer. The principal may designate different collecting authorities for each separate account of funds.
- Functions conducted solely by any organization of parents and teachers shall not be accounted for in the ECA records. Therefore, activities and organizations which are not extra-curricular in nature should be responsible for their own accounting and cash handling systems.
- The extra-curricular account should not collect, receipt, remit, or disburse outside organization's monies.

# Treasurer – Duties



## IC 20-41-1-8 states:

(a) The treasurer shall keep an accurate account of all money received by the collecting authority and expended, showing:

- (1) the sources of all receipts;
- (2) the purposes for which the money was expended; and
- (3) the balance on hand.

A copy of the report, together with all records and files of extracurricular activities, shall be filed as required under section 3 of this chapter.

- (b) However, in a school that has two (2) or more semesters in any one (1) school year, the treasurer of the school shall file a copy of the treasurer's financial report of receipts and disbursements with the township trustee, board of school trustees, or board of school commissioners not more than two (2) weeks after the close of each semester. Records and files of extracurricular activities for the entire school year shall be filed with the last financial semester report of any one (1) school year.
- (c) A copy of the report shall be filed with and kept by the city superintendent having jurisdiction and the county superintendent where the superintendent has jurisdiction.
- (d) The records under this section shall be kept for five (5) years, after which they may be destroyed.

# Treasurer – Duties



- **The treasurer shall keep an accurate account of all money received by the collecting authority and expended, showing:**
  - (1) the sources of all receipts;**
  - (2) the purposes for which the money was expended; and**
  - (3) the balance on hand.**
  
- **A copy of the report, together with all records and files of extracurricular activities, shall be filed as required in IC 20-41-1-3.**

# Treasurer – Duties



- In a school that has two or more semesters in any one school year, the treasurer of the school shall file a copy of the treasurer's financial report of receipts and disbursements (SA5-1) with the board of school trustees not more than two weeks after the close of each semester. Records and files of extracurricular activities for the entire school year shall be filed with the last financial semester report of any one school year.
- A copy of the report shall be filed with and kept by the superintendent of schools.
- The records under this section shall be kept for five years, after which they may be destroyed.

# Deposits and Accounts



## IC 20-41-1-9 states:

- (a) The treasurer shall deposit all receipts in one (1) bank account. The receipts shall be deposited without unreasonable delay. The account is known as the school extracurricular account. The records of each organization, class, or activity shall be kept separate so that the balance in each fund may be known at all times.
- (b) 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. However, investments under this section 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. 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.
- (c) Amounts expended under this section for the purposes described in this section are in addition to the appropriation under IC 20-26-5-4(3).

# Deposits and Accounts



- **The treasurer shall deposit all receipts in one bank account.**
- **The receipts shall be deposited without unreasonable delay.**
- **The account is known as the school extracurricular account.**
- **The records of each organization, class, or activity shall be kept separate so that the balance in each fund may be known at all times.**

# Deposits and Accounts



- **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.**

# Deposits and Accounts



- **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.**

# Funds, Records, Accounts, Reports



- **The ledger forms prescribed for use by school extra-curricular account treasurers include a control account.**
- **All receipts, disbursements and the balance of all activity funds combined should be recorded in the control account.**
- **Posting to the control should be made each day from the receipt and check registers in individual amounts or accumulated by receipt and check number.**

# Funds, Records, Accounts, Reports



- **Subsidiary ledgers shall also be kept of the transactions of each activity, showing each receipt, each disbursement and the balance of each particular fund.**
- **Posting to the fund of each individual activity should be made from the receipt and check registers by recording each transaction separately or by grouping receipts with consecutive serial numbers and checks with consecutive serial numbers if such are issued for the same source or purpose respectively.**

# Overdrawn Funds



- **No fund shall be overdrawn.**
- **The ECA treasurer should advise the activity sponsor periodically, preferably monthly, of the current balance in the fund of their activity.**
- **If done monthly, comparisons can be made and differences reconciled before transactions become past due or particulars are difficult to recall.**

# Extra-Curricular Mileage Claims



- Individuals requesting reimbursement for driving personal vehicles for extra-curricular purposes should properly complete a Mileage Claim, General Form 101, prior to receiving reimbursement.
- Reimbursed mileage shall not include travel to and from the officer's or employee's home and the governmental office in which he works, unless otherwise authorized by statute.

# Equipment Purchases



- IC 20-26-5-4 states in part: "In carrying out the school purposes of a school corporation, the governing body acting on the school corporation's behalf has the . . . specific powers . . . to acquire personal property or an interest in personal property as the governing body considers necessary for school purposes . . ."
- Therefore, extra-curricular equipment purchases should be approved prior to purchase by the Board of School Trustees.

# 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.

# Approval of Expenditures



- Expenditures by the treasurer of the extra-curricular account are limited to those approved by the principal of the school and they should be in accordance with the general administration policies of the school corporation since the law provides that all expenditures shall be subject to review by the local school board. [IC 20-41-1-4]
- Distribution of extra-curricular funds to students, teachers or others should not occur unless authorized by statute.

# Pay of Teachers & Other Personnel



- Pay of teachers and other personnel for service at interscholastic athletic events such as ticket takers, scoreboard personnel, etc., are expenses of the Athletic Fund of the Extra-Curricular Account.
- Pay of concession stand supervisors and of ticket takers, etc., for fine arts events should be paid from the proceeds of the activity sponsoring these events.
- Payment to all such personnel must be by way of a payroll. If an extra-curricular payroll is not maintained, the payments may be made a part of the school corporation payroll and charged to a school corporation General Fund appropriation; however, the General Fund must be reimbursed for such payment by the activity which the employees served.

# School Lunch Program



- The preferred method of accounting for a school food and nutrition program is through a School Lunch Fund (School Food Service Fund) in the school 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)

# Textbook Rental



- **The preferred method of accounting for a textbook rental program is through a Textbook Rental Fund in the school corporation account.**
- **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).**

# Extra-Curricular Investments



- Since the School Board is the employing authority in a school corporation and IC 20-41-1-4 does provide in part concerning extra-curricular expenditures, ". . . shall be subject to review by the local school board", the school board should have a policy for all buildings concerning whether investments should be by fund or with an investment income fund.

# Extra-Curricular Investments



- **Losses related to investments and investment procedures which are not authorized in IC 5-13 may be the personal responsibility of the investing officer.**
- **Interest on investments should not be automatically added into the investment.**
- **Interest on investments should be paid to the governmental unit at each maturity date and posted to the appropriate fund.**

# Grant Funds and Educational Fees



- 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 . . ."
- 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.

# Receipting of Educational Fees



- **The following types of items should not be assessed, collected or receipted to a school extracurricular account:**

**Air Conditioning Fees**

**Parking Fees**

**Instructional Fees**

**Bus Rider Fees**

**Fees for Payroll Positions**

**(Nurses, Principals, Counselors, etc.)**

# Receipting of Educational Fees



- **The following items erroneously appear in funds of the extra curricular account. Accounting for them should be in the general fund of the school corporation.**

**Adult Education Fees**

**Apples in Education**

**Art Fees**

**Distributive Education**

**Equipment Sale or Rental**

**Facilities Rental**

**Grants (State, Federal and Other)**

**Kindergarten Fees**

**Typing Fees**

**Locker Fees**

**Vocational Education Fees**

**Rent of School Facilities**

**Science Fees**

**Special Education**

**Driver Education Fees**

**Summer School Fees**

**Supplies**

**Towel Fees**

**Library Fines and Fees**

**Visual Education**

**Night School Fees**

# Receipting of Educational Fees



- All authorized educational fees (the School Board should be able to justify any educational fees (and ensure Constitutional problems do not exist) must be receipted to the General 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 belong in the school corporation general fund and should be transferred timely.

# Membership Dues



- IC 20-26-5-8 states in part: "The governing body of a school corporation may appropriate necessary funds to provide membership of the school corporation in state and national associations of an educational nature that have as the associations' purpose the improvement of school governmental operations."
- Accordingly, the State Board of Accounts is of the audit position that dues, memberships and subscriptions should be institutional memberships; i.e., in the name of the school corporation or school building, not an individual's name.

# 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.

# General (Student Activity) Funds



- Our audit position has been based in part upon the substance of the transaction (the revenues are primarily from students or parents paying into vending machines, picture money, etc.).
- We would not take audit exception to a public policy of a school corporation which would provide that a general fund does not exist and that money from these type of functions be used to offset the cost of the function (reduced prices of vending machine items, reduce the costs of pictures, etc.).

# General (Student Activity) Funds



- **IC 20-41-1-9 concerning investment income funds (interest income funds) specifically provides authorization for either corporation or extra-curricular type of expenditures.**
- **The General School Powers Act (IC 20-26-5-4) provides general, as well as specific, powers and duties of the governing board in carrying out the school purposes of the school corporation which they govern.**

# General (Student Activity) Funds



- Included in the specific powers with which the board is charged is the responsibility to ". . . take charge of, manage, and conduct the educational affairs of the school corporation and to establish, locate, and provide the necessary schools, school libraries, and other libraries where permitted by law, other buildings, facilities, property, and equipment."
- 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



- 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 as stated above. 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.

# Cafeteria Vending Machines



- The Division of School and Community Nutrition of the Department of Education policy regarding vending machines states that vending machines containing foods of minimal nutritional value cannot be sold in the food service area during the breakfast and/or lunch periods.
- These foods (carbonated beverages, candy, etc.) may, however, be sold outside the food service area during meal periods.
- The policy goes on to state that the sale of competitive foods (which meet certain nutritional requirements) may, at the discretion of the state agency and school food authority, be allowed in the food service area during the breakfast or lunch periods only if the income from the sale of such foods accrues to the benefit of the nonprofit food service or the school or student organizations approved by the school.

# Cafeteria Vending Machines



- **The Division of School and Community Nutrition allows the school food authority to determine where the income from the sale of competitive foods shall go as long as it conforms to the above policy.**
  
- **The State Board of Accounts is of the audit position that as long as the Division of School and Community Nutrition policy allows for a choice, the decision of which fund will account for the vending revenue is as follows:**
  1. **If a particular student group or organization manages the vending function, the proceeds should accrue to that group's extra-curricular fund.**
  2. **If the vending in question is located at athletic events and managed by athletes or athletic department individuals, the proceeds may go to the athletic fund.**
  3. **If no particular student group manages the vending function, the proceeds should go to the School Lunch Fund or the Extra-Curricular General Fund, Student Activity Fund or Concession Fund for the benefit of all students.**
  
- **The Board of School Trustees should document their preference in the board minutes.**
  
- **The possibility exists that an Audit Result and Comment may appear in the audit report if the School Lunch Fund fiscal status is adversely affected by the policy.**

# Cash Change Fund



- A Cash Change Fund may be established in any school corporation with the approval of the governing body (board of school trustees), where any officer or employee of the corporation is charged with the duty of collecting fees or other cash revenues.
- When authorized by the governing body, such Cash Change Fund shall be established by a check drawn on the General Fund (or other appropriate fund) of the school corporation in an amount to be determined by the governing body.
- The check is drawn in favor of the officer or employee who has been designated as custodian of the Cash Change Fund.

# Cash Change Fund



- The custodian shall convert same to cash and be held responsible for the safekeeping of such cash and the proper accounting thereof in the same manner as required for other funds of the school corporation.
- The governing board shall have authority to increase or decrease such fund and shall require the entire Cash Change Fund to be returned to the General Fund if and when it is no longer needed for the purpose established or when a change is made in the custodian of the fund (IC 36-1-8-2).
- IC 36-1-8-2 is particularly applicable in school corporations where either a Textbook Rental Fund or School Lunch Fund, or both, are maintained as extra-curricular funds. If a Cash Change Fund is authorized and a check is drawn on the appropriate fund, the check will be recorded as a disbursement in the fund.

# Federal Taxes



## Federal Income Taxes

All political subdivisions are exempt from federal income taxes under the Internal Revenue Code.

## Federal Excise Taxes

As a general rule, governmental units are exempt from and should not pay any federal excise tax.

## Tax Refunds

In some instances, governmental units may have erroneously paid the excise taxes from which they are exempt. In such instances, the unit has three years from the date tax was paid to the federal government in which to file for a refund.

# State Taxes



## State Sales Tax

**Governmental units are eligible for an exemption from the state sales tax on purchases.**

**To obtain the exemption for a Sales Tax Exemption Certificate, application should be made to the Sales Tax Division of the Department of Revenue.**

**This certificate must be presented at the time a purchase is made to avoid paying sales tax. If sales tax is paid erroneously, a refund application may be obtained from the Sales Tax Division.**

# State Taxes



## State Sales Tax

**Respective tax agencies should always be contacted concerning tax exemptions and payments.**

# State Taxes



## State Sales Tax

Indiana Dept. of Revenue Bulletin #32 states:

“School organizations that are under the parental control of the school corporation and whose funds are accounted for through the extra curricular activities account may use the exemption number of the school corporation to make qualified purchases exempt from sales tax. Such purchases may be made only where payment is made by an extra curricular activities check, and the property purchased is to be used by the organization for purposes other than in connection with social activities.”

# State Taxes



## State Sales Tax

Indiana Dept. of Revenue Bulletin #32 states:  
“School organizations may not make purchases exempt from sales tax when such purchases are for the personal ownership or use of individual members of the organization, or if such purchases will be used in connection with social activities of the organization such as parties, dances, picnics, etc. conducted by such organizations.”

# State Taxes



## State Sales Tax

Indiana Dept. of Revenue Bulletin #32 states:  
“Tangible personal property purchased by teachers for use in their classrooms are subject to sales/use tax. This is true even though the teacher may use the funds allotted to teachers to purchase classroom supplies. In order to be exempt from sales tax the purchase must be invoiced directly to the school corporation and paid with a school check.”

# Sales Tax on Travel Expenses



- IC 20-26-5-4(9) states: “ (9) Notwithstanding the appropriation limitation in subdivision (3), when the governing body by resolution considers a trip by an employee of the school corporation or by a member of the governing body to be in the interest of the school corporation, including attending meetings, conferences, or examining equipment, buildings, and installation in other areas, to permit the employee to be absent in connection with the trip without any loss in pay and to reimburse the employee or the member the employee's or member's reasonable lodging and meal expenses and necessary transportation expenses. To pay teaching personnel for time spent in sponsoring and working with school related trips or activities.

# Sales Tax on Travel Expenses



- **Lodging for individuals in hotels and motels is not exempt from state sales tax.**
- **Therefore, reimbursements for lodging in approved travel status may include state sales tax.**
- **Since the IC code permits the School Corporation to reimburse for lodging, meals, and necessary transportation expenses and the IDOR Tax Bulletins state that those types of expenses are not tax exempt, then the School Corporation may reimburse the full amount of the expenses including any sales tax that was paid.**

# Penalties and Interest



- Officials and employees have the duty to pay claims and remit taxes in a timely fashion.
- Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.
- Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee.

# Advance Payments



- **Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee.**

# Audit Costs



- **Audit costs incurred because of theft and shortage may be the personal obligation of the responsible official or employee.**
- **Audit costs or other costs incurred because of poor records, nonexistent records or other inadequate bookkeeping practices may be the personal obligation of the responsible official or employee of the governmental unit.**
- **Any outside audit costs paid, not authorized by statute, may be considered a duplication of service and an unnecessary expense. These payments may be the personal obligation of the responsible official or employee.**

# Bad Debts and Uncollectible Accounts



- The governing body of a governmental unit should have a written policy concerning a procedure for the writing off of bad debts, uncollectible accounts receivable, or any adjustments to record balances.
- Documentation should exist for all efforts made by the governmental unit to collect amounts owed prior to any write-offs.
- Officials or employees authorizing, directing or executing write-offs or adjustments to records which are not documented or warranted may be held personally responsible.

# Break-Ins, Burglaries or Other Crimes



- Break-Ins, burglaries or other crimes committed against the governmental unit should be documented by the filing of an official police report.
- Insurance companies should be contacted to request payment for any allowable coverage.
- Additionally, ECA Treasurers are required to report theft immediately to the State Board of Accounts.

# Collection of Amounts Due



- **Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute.**

# Condition of Records



- At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree.
- If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund.
- IC 5-13-6-1(e) states "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

# Correction of Errors



- Receipt and disbursement corrections or other errors should be corrected by memorandum entry with the issuance of a check and receipt to document the flow of the transactions.

# Credit Cards



- **The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:**
  1. **The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.**
  2. **Issuance and use should be handled by an official or employee designated by the board.**
  3. **The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.**
  4. **When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.**

# Credit Cards



5. The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
6. Credit cards should 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.
7. Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.
8. If properly authorized, an annual fee may be paid.

# Expense Reimbursement Itemization



- All claims, invoices, receipts, and accounts payable vouchers, including those presented to the governing body for approval in accordance with IC 5-11-10, should contain adequate detailed documentation.
- All claims, invoices, receipts, and accounts payable vouchers regarding reimbursement for meals and expenses for individuals must have specific detailed information of the names of all individuals for which amounts are claimed, including the nature, name, and purpose of the business meeting, to enable the governing body to authorize payment.
- Payments which do not have proper itemization showing the business nature of the claim may be the personal obligation of the responsible official, employee or other person for whom the claim is made.

# Fundraisers



- **Governmental units which conduct fund raising events should have the express permission of the governing body for conducting the fund raiser as well as procedures in place concerning the internal controls and the responsibility of employees or officials.**
- **School Board would also need to approve/accept donations to be received.**

# Internal Controls



- **Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations.**
- **Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.**

# Internal Controls



- **Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making.**

# Malfeasance, Misfeasance or Nonfeasance



- Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or nonfeasance in office of any officer or employee may be the personal obligation of the responsible officer or employee.
- Malfeasance is the performance by a public official of an act that is legally unjustified, harmful, or contrary to law.
- Misfeasance is the wrongful performance of a normally lawful act.
- Nonfeasance is the omission of some act that ought to have been performed.

# Personal Expenses



- **Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit.**
- **Any personal expenses paid by the governmental unit may be the personal obligation of the responsible official or employee.**

# Receipt Issuance



- Receipts shall be issued and recorded at the time of the transaction.
- For example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment.

# Signature Stamps



- The decision on whether the number of items to be signed justifies the use of a rubber stamp or other device, including computer image signatures, for affixing a signature must be made by each public official responsible for signing warrants, claims, and other official documents.
- A rubber stamp or other signing device should be used only under the personal direction of the public official and should be properly safeguarded when not in use since each official is responsible for his or her own signature.

# Vending, Concessions or Other Sales Controls



- Internal controls over vending operations, concessions or other sales should include, at a minimum, a regular reconciliation 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 reconciliation should provide an accurate accounting.
- 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



- **The decisions must be authorized by proper resolution or ordinance of the governing body.**
- **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.

# Receipts (SA-3)



Book1 [Compatibility Mode] - Microsoft Excel

Home Insert Page Layout Formulas Data Review View Developer

Normal Page Layout Page Break Preview Custom Views Full Screen

Workbook Views

Ruler Formula Bar Gridlines Headings Message Bar

Show/Hide

Zoom 100% Zoom to Selection

New Window Arrange All Freeze Panes

Hide Unhide

Split Synchronous Scrolling View Side by Side

Reset Window Position Window

Save Workspace Switch Windows

Macros

I35

B C D E F G H I J K L M N O P Q

1 Prescribed by State Board of Accounts Form No. SA-3 (Revised 1997)

2

3

4 **RECEIPT**

5 **SCHOOL EXTRA-CURRICULAR ACCOUNT**

6 \_\_\_\_\_ SCHOOL

7 No. \_\_\_\_\_

8 \_\_\_\_\_, IN \_\_\_\_\_

9

10

11 **Payment Type and Amount**

Cash Amount	Check/Draft Amount	MO Amount	Credit Card/ Bank Card Amount	EFT Amount	Other

12

13

14

15

16

17 RECEIVED FROM \_\_\_\_\_ \$ \_\_\_\_\_

18

19 THE SUM OF \_\_\_\_\_ DOLLARS

20

21 FOR DEPOSIT TO THE CREDIT OF \_\_\_\_\_ FUND

22 \_\_\_\_\_ (Activity)

23 SOURCE \_\_\_\_\_

24

25

26 \_\_\_\_\_ TREASURER

27

28

29 **ORIGINAL**

30

31

32

Sheet1 Sheet2 Sheet3

Ready

120%

# Receipts



- A receipt is to be issued for any and all money received. A separate receipt shall be issued for each amount of money received.
- The cash receipts collected by and for the benefit of any activity fund should be in charge of some designated official or sponsor of the activity, until turned over to the treasurer of the extracurricular account.

# Receipts



- **The receipt, to be properly issued, shall show the date, the name of the person from whom the money was received, the payment type, the activity fund for which it was received, the amount and the source of the receipt.**
- **The receipt form must be signed by the treasurer of the extra-curricular account or collecting authority.**

# Receipts



- IC 20-41-1-9 states in part: “The treasurer shall deposit all receipts in one (1) bank account, and shall be deposited without unreasonable delay.”
- What is “without unreasonable delay”?
  - Unreasonable delay is a matter of auditor judgment. Generally, we would expect receipts to be deposited within 7 days. However, at the beginning of the school year when large amounts of money are collected, we would expect to see more frequent deposits.

# Purchase Order and Accounts Payable Voucher (SA-1)



Book1 [Compatibility Mode] - Microsoft Excel

Home Insert Page Layout Formulas Data Review View Developer

FORM NO. SA-1 (Triplicate) Form SA-1 (Revised 2001)

Prescribed by State Board of Accounts

**PURCHASE ORDER  
ACCOUNTS PAYABLE VOUCHER**  
(File Copy)

No. \_\_\_\_\_

**SCHOOL EXTRA-CURRICULAR ACCOUNT**

PAID BY CHECK: \_\_\_\_\_ DATE \_\_\_\_\_  
No. \_\_\_\_\_ Date \_\_\_\_\_

Purchased From \_\_\_\_\_  
Address \_\_\_\_\_  
Purchased For \_\_\_\_\_  
Deliver To \_\_\_\_\_  
Send Invoice To \_\_\_\_\_

TO THE DISBURSING OFFICER:

The following expense is proposed, payable from the \_\_\_\_\_ Fund.

No payment is to be made for this order until the SA-1 Form is properly filed and the items have been received.

An invoice or bill to be properly itemized must show: kind of service, where performed, dates service rendered, by whom, rates per day, number of hours, rate per hour, number of units, price per unit, etc.

Quantity	Description	Unit	Price	Total
Total This Order				

Signed: \_\_\_\_\_  
Person Authorized to Purchase

I hereby certify that there is an unobligated balance in the applicable fund sufficient to pay the above order.

Date: \_\_\_\_\_  
\_\_\_\_\_  
Treasurer

I hereby certify that the attached invoice(s), or bill(s), is (are) true and correct and that the materials or services itemized thereon for which charge is made were ordered and received except \_\_\_\_\_

Date: \_\_\_\_\_

Signed: \_\_\_\_\_  
Signature

I hereby certify that the attached invoice(s), or bill(s), is (are) true and correct and I have audited same in accordance with IC 5-11-10-1.6.

Date: \_\_\_\_\_  
\_\_\_\_\_  
Treasurer

Ready | Sheet1 | Sheet2 | Sheet3 | Sheet4 | Sheet5 | Sheet6 | 100%

# Purchase Order and Accounts Payable Voucher (SA-1)



- **The Purchase Order and Accounts Payable Voucher (SA-1) is to be used when a purchase is made for delivery at a later date.**
- **The form is to be executed in full and signed by the person authorized to purchase for the particular activity concerned.**
- **Before the activity is permitted to use the SA-1, the ECA treasurer must determine if there is sufficient balance in the fund to make payment upon receipt of the merchandise.**

# Purchase Order and Accounts Payable Voucher (SA-1)



- **The receiving copy must be completed when the merchandise is received.**
- **The person that takes responsibility of the shipped merchandise are to review the items and complete the receiving portion of the SA-1.**
- **Then they sign the Receiving Copy taking responsibility that the invoices/bills are correct and all items were ordered and received.**

# Purchase Order and Accounts Payable Voucher (SA-1)



- **The File Copy of the SA-1 is to reviewed by the ECA Treasurer.**
- **They attach the supporting documentation (bills, invoices, etc.)**
- **The ECA Treasurer signs that they have reviewed the invoice/bill is true and correct and they have audited it per IC 5-11-10-1.6.**

# Claim for Payment (SA-7)



Book1 [Compatibility Mode] - Microsoft Excel

Home Insert Page Layout Formulas Data Review View Developer

Prescribed by State Board of Accounts Form SA-7 (Revised 2001)

## CLAIM FOR PAYMENT

No. \_\_\_\_\_

### SCHOOL EXTRA-CURRICULAR ACCOUNT

PAID BY CHECK: \_\_\_\_\_ DATE \_\_\_\_\_  
 No. \_\_\_\_\_ Date \_\_\_\_\_  
 Purchased From \_\_\_\_\_  
 Address \_\_\_\_\_  
 Purchased For \_\_\_\_\_  
 Delivered To \_\_\_\_\_  
 Invoice Handed To \_\_\_\_\_

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TO THE DISBURSING OFFICER:

The following expense is proposed, payable from the \_\_\_\_\_ Fund.

No payment is to be made for this order until the SA-7 Form is properly filed and the items have been received.

An invoice or bill to be properly itemized must show: kind of service, where performed, dates service rendered, by whom, rates per day, number of hours, rate per hour, number of units, price per unit, etc.

Quantity	Description	Unit	Price	Total
				\$
Total This Order				\$

Approved for Payment \_\_\_\_\_  
Signature \_\_\_\_\_

I hereby certify that the attached invoice(s), or bill(s), is (are) true and correct and that the materials or services itemized thereon for which charge is made were ordered and received except \_\_\_\_\_

Date \_\_\_\_\_ Signed: \_\_\_\_\_  
Signature \_\_\_\_\_

I hereby certify that the attached invoice(s), or bill(s), is (are) true and correct and I have audited same in accordance with IC 5-11-10-1.6.

Date \_\_\_\_\_  
Treasurer \_\_\_\_\_

Ready Sheet1 Sheet2 Sheet3 **Sheet4** Sheet5 Sheet6 100%

# Claim for Payment (SA-7)



- **The Claim for Payment (SA-7) shall be used for claiming payment by anyone in situations where purchase orders are not used; for example, purchases from delivery salesmen, services of officials at athletic events, etc.**
- **Signatures are required by the person authorized to purchase and the person acknowledging the receipt of the good or services. Additionally, the extra-curricular treasurer is to sign the required certification on the form SA-7.**

# Forms Approval



- The use of computerized systems provide for an easier process of electronic submission and approval. Accordingly, please submit all future form approval requests electronically by e-mail for consideration. You should include the request on letterhead which shows the name of the school corporation or school, address, treasurer or business official's name submitting, etc., along with the forms requested for approval. The school or school corporation submitting the request will receive a reply by e-mail.
- Please send all electronic form approval requests to **baanderson@sboa.in.gov**. Please ensure the email subject line reads exactly **Form Approval 2010 (make sure you only use one space between form and approval and 2010)**.
- Forms approval requests not submitted electronically, will also receive an e-mail reply.
- Any school or school corporation desiring to receive a stamped hardcopy form approval (whether submitting the form approval request electronically or by mail) may receive a stamped hard copy by return mail by providing a self-addressed stamped envelope with your request.”

Form Prescribed by State Board of Accounts

School Form No. TBR-2 (Rev. 1997)

**OFFICIAL RECEIPTS - INDIVIDUAL TEXTBOOK RENTAL LIST**

\_\_\_\_\_ SCHOOL, \_\_\_\_\_, INDIANA  
 Receipt \_\_\_\_\_ 0001

Date \_\_\_\_\_

Name of Student \_\_\_\_\_

Grade \_\_\_\_\_

Payment Type and Amount					
Cash Amount	Check/Draft Amount	MO Amount	Credit Card/ Bank Card Amount	EFT Amount	Other

Quantity	Description - Name - Series - Code	Unit Price	Total Rental Fee	For Use of Issuing Officer
Total Received		\$	\$	

**NOTE TO STUDENTS AND PARENTS:**

Care should be exercised in the use of rented textbooks in order that all books may be returned at the close of the school term in useable condition. For each textbook lost or returned damaged beyond use, an additional charge may be made as determined by school officials. Items available for classroom use not issued to students shall also be listed. If the volume of transactions for grades with a fixed list of books and materials is great enough to demand it, a copy of the printed list may be attached to the TBR-2 form and the form processed with a reference to such attached list instead of further itemization.

\_\_\_\_\_ Issuing Officer

# TBR-2



- **Form TBR-2, Official Receipt - Individual Textbook Rental List provides for the date the textbooks were issued, the name of the student and the total fee collected.**
- **The completed form shall be signed by the issuing officer who could be the treasurer of the extra-curricular account or someone designated by the treasurer to issue the textbooks and collect the rental fees.**

# TBR-2



- The duplicate, together with rental fees collected, must be transmitted daily to the treasurer of the extra-curricular account.
- All duplicates of Form TBR-2 shall be filed alphabetically, by student last names, in the office of the treasurer for audit purposes. A separate TBR-2 should be issued for each payment.

# TBR-2



- **The original copy of Form TBR-2 shall be given to the student if the student pays the fee, which copy serves as a receipt for the rental fees collected from the student.**
- **When book lists are used in lieu of itemization on the form, a copy of the appropriate list shall be attached to the student's copy and one copy shall be retained for audit.**

# TBR-2



- A TBR-2 should be issued each time a payment is received.
- TBR-2 forms should not be issued prior to payments being made by parents or students.

# TBR-2



- When issuing officers other than the treasurer are designated to issue books and collect rental fees, the treasurer shall issue an official receipt to the issuing officer each time the issuing officer transmits the money or submits a certified deposit slip, to cover such fees, to said treasurer.
- All disbursements for textbook rental purposes shall be made by check drawn by the treasurer of the extra-curricular account.

# Non-Session School Activities- Camps



- Examples: Athletic Camps, Cheerleading Camps, Band Camps, Summer Weightlifting, etc.
- According to IC 20-30-15-6: “(a) When public schools are not in session, a governing body may employ personnel to supervise the following: (1) Agricultural education club work. (2) Industrial education club. (3) Home economics education club work. (4) Music activities. (5) Athletics. (b) Activities described in subsection (a) **must be open and free to all individuals of school age residing in the attendance unit of the school corporation** that is paying all or part of the cost of the activity.

# Non-Session School Activities- Camps



- Any camps that charge a fee would be considered to be hosted by a Booster Club or Outside Organization.
- Therefore, accounting for the receipts and disbursements should not be recorded in the Extra-Curricular Accounts.
- We have seen individual coaches “donate” proceeds from summer camps to their subaccount in the Athletic Fund, but would not be required.

# Electronic Storage of Documents



- Any documents that are stored electronically must be able to be retrieved for audit and retained in accordance with the retention schedule.

# Inactive Accounts



- We have not taken exception with a School Board approved policy regarding inactive accounts. The policy should define when an account balance is considered inactive.
- A policy may allow positive account balances to be receipted back into the Fund (we recommend account balances of \$10 or less.)
- However, keep in mind that if a parent or anyone else comes forward and makes a request (and could document entitlement), then they would be entitled to a refund.
- A school should have a policy in place that does not allow significant negative account balances to incur. The School Board approved policy could allow nominal negative account balances to be offset against the positive balances in the Fund. However, any material negative balances should be pursued for collection.

# Destruction of Records



- The governing board is charged with the duty to preserve, keep, maintain, or file all the official records of the political subdivision pursuant to IC 5-15-1-1. The final decision as to the destruction or disposition of such records rests with the local public records commission. A local public records commission is established in each county pursuant to IC 5-15-6-1.
- The State Commission on Public Records has published a pamphlet entitled "Guide for Preservation and Destruction of Local Public Records" and "[Care Of Indiana Public School Records: A Record Creator's Guide](#)" which includes retention schedules for ECA Accounts.

# Gift Cards



- **The State Board of Accounts has updated our position on gift card purchases.**
- **We will not take exception to the use of gift cards by an extra-curricular unit provided the following criteria are observed:**
  1. **The governing board must authorize gift card purchases through a resolution, which has been approved in the board minutes.**
  2. **The purposes for which gift cards may be issued must be specifically stated in the resolution.**

# Gift Cards



3. Purchase and issuance of gift cards should be handled by an official or employee designated by the school principal.
4. The designated responsible official or employee should maintain an accounting system or log which would include the name of the business from which gift cards were purchased, their amounts, fund and account numbers to be charged, date the card is issued, person gift card was issued to, proof that the gift card was received by the person it was issued to, etc.

# Gift Cards



5. **Gift cards should 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 should 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.**

# Fundraisers



- **Governmental units which conduct fund raising events should have the express permission of the governing body for conducting the fund raiser as well as procedures in place concerning the internal controls and the responsibility of employees or officials.**
- **School Board would also need to approve/accept donations to be received.**

# Fundraisers



- We have received many questions about fundraising activities and where the financial transactions should be accounted for.
- We have not found any statutes that address who has control over fundraising activities.
- Therefore, we would not take exception to the local school board passing required procedures if the fundraising activity used school property or was associated with a school event.

# Fundraisers



- In the absence of a local policy, our opinion would be that each fundraising activity needs to be looked at individually to determine if the School is running the activity or if an Outside Organization is running the activity.
- Things to keep in mind would be that if school employees are participating in the fundraising activity on school time, then the fundraiser activity should be accounted for in the school records or you run the risk of ghost employment issues.