

The background features a large, faint watermark of the Seal of the State Board of Accountancy, Indiana. The seal is circular and contains the text "STATE BOARD OF ACCOUNTANTS" around the perimeter and "INDIANA" in the center. It also depicts a central figure holding a scale and a sword, surrounded by stars.

# Spending of Extracurricular Funds

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## About the State Board of Accounts



- Created in 1909 in response to widespread corruption
- Mission Statement
  - We are dedicated to providing the citizens of the State of Indiana with complete confidence in the integrity and financial accountability of state and local government.
- Responsibilities
  - Perform audit/exams of all governmental units
  - Prescribe forms and procedures used by governmental units
  - Various other duties including recounts, providing training for local officials, consulting services, etc.



## Organizational Flowchart

- SBOA Board (State Examiner, 2 Deputies)
- Directors (2 per area)
  - Schools and Townships
  - Cities/Towns and Special Districts
  - Counties
- Audit Coordinators (5)
- Investigation Coordinators (2)
- Field Examiners (230)

## ECA Treasurer Duties



- IC 20-41-1-3
  - 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.
  - ECA accounts may not be established for functions conducted by outside organizations, for example PTOs, Booster Clubs...

## Staff Funds



- Our prior audit position disallowed staff funds to be accounted for in the extracurricular records. We have recently revised our opinion and we will not take exception to an extracurricular account established for staff funds.
- This change in position does not affect our position on outside organizations, such as booster groups, parent teacher organizations etc... There should not be any outside organizations' funds accounted for in the extracurricular records.
- IC 20-41-1-7 states in part: "The treasurer has charge of the custody and disbursement of any funds . . . incurred in conducting any athletic, social, or other school function (other than functions conducted solely by any organization of parents and teachers) . . ."

## Approvals to spend



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.



## Your Responsibility!!!



- 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.

## Bonding Requirements



- IC 5-4-1-18
- “...whose official duties include receiving, processing, depositing, disbursing, or otherwise having access to funds that belong to the federal government, the state, a political subdivision, or another governmental entity” must have a bond of at least \$5,000.
- **The statute does not require the individual to be an employee of the school corporation.** So, for example, parents volunteering in the school lunchroom or at an extracurricular sporting event must be bonded if their official volunteer duties include receiving public funds such as lunch money or admission fees assuming they will collect over the *de minimis* amount.

## Reimbursement Procedures



- Two Options – (Determined by Policy)
  1. Provide ECA Treasurer /w invoices/bills for costs associated with FFA event.
  2. Pay the cost and submit documentation for reimbursement.
    - Documentation should be itemized.

## Approvals to transfer



- IC 20-41-1-4
- Requires approval from:
  - 1. Majority of Members
  - 2. Sponsor (AD sponsor for athletic funds)
  - 3. Principal
  - 4. Treasurer



- Internal Controls Standards
  - Required to be adopted per IC 5-11-1-27
  - ‘Personnel’ required to be trained.
- Should have documented procedures for the next round of audits this year.

## Monthly Uploads



- State Examiner Directive 2018-1

<https://www.in.gov/sboa/files/Directive%202018-1.pdf>

- More efficient and less costly audits.
- Proactively identify problems.

## Student Activity Fund



- *Consists of revenues received from functions not generated by students for a specific class or organization*
- *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 in the past would be convocations, field trips which the entire student body has the opportunity to take during the course of the school year, etc.*

## Donations to Outside Organizations



- We will not take exception to club/organizations donating money to an outside organization based on a majority vote of its members.
- Documentation must be retained to provide approval of a majority of the members.
- The warrant/check should be written to an organization and **not an individual.**

## Credit Cards



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 (Continued)



5. ...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.
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**.

## Non-Session School Activities - Camps



- IC 20-30-15-6: “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
  - (4) Music Activities
  - (5) Athletics...
    - (a) must be free and open to all individuals of school age residing in the attendance unit of the school corporation...”

## Other Miscellaneous Requirements



- Accountable items (Tickets)
  - Retain stubs, prenumbered, SA-4 Ticket Sales Form
- Equipment Purchases – Must be approved by the School Board.
- Petty Cash IC 36-1-8-3

## Website Overview

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