

## Administrative Procedure 512

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Revised: January 2013

# SCHOOL GENERATED FUNDS

## Background

School generated funds (SGF) are funds raised for school/student activities and resources. These funds are under the control and responsibility of the school Principal. The funds are collected and retained at the school for extra-curricular expenditures paid at the school level. SGF may include, but are not limited to the following: student council and club activity fees, extra-curricular sports fees, clothing sales, yearbook sales, calculator rentals, extra-curricular field trips, as well as fees charged for graduation ceremonies.

## Value and Core Commitment Link

### “Stewardship”

- “We ensure that our resources and efforts best serve the educational needs of all our students.”
- “We are accountable to our supporters and will operate in a fiscally responsible manner.”
- “We ensure that decisions are both fact and Policy-based.”

## Reporting Requirements

School divisions are required to report school generated funds (SGF) under new reporting requirements beginning the year ending August 31, 2012.

Under the new reporting methodology, SGF revenue will be broken down into fees, fundraising, gifts and donations, and other sales and services. These revenue categories are reported on a gross basis. Any restricted unexpended funds are to be reported as deferred revenue on the Statement of Financial Position.

In compliance with the guidelines of Alberta Education as well as Public Sector Accounting Standards, SGF activity is consolidated into the audited financial statements of the school district. Unexpended SGF will appear as deferred revenue on the Statement of Financial Position of the school division, insofar as the amounts are externally restricted.

## Procedures

1. Public Sector Accounting Standards are to be applied to the management of all funds accounted for by the schools.

2. All funds raised by the school will be for a designated purpose and will only be used for that purpose.
3. Disbursements from SGF related to district level operations are prohibited.
4. SGF may not be used for the purchase of supplies or materials considered to be for basic education.
5. The payment of wages out of SGF is prohibited.
6. The Principal is responsible for the administration and safeguarding of all SGF.
7. Assistance in establishing budgets, proper accounting records and the maintenance thereof, will be provided by the Business Services Department, as required.
8. The bookkeeping for SGF will operate on the same fiscal year as the school division (September 1 – August 31).
9. Quarterly financial reports will be submitted to the Secretary-Treasurer.
  - 9.1 These reports will include:
    - 9.1.1 Balance Sheet
    - 9.1.2 Statement of Income and Expenses
    - 9.1.3 Copies of bank reconciliations and bank statements, approved by the school Principal
  - 9.2 The deadlines for submitting quarterly financial reports are as follows:
    - 9.2.1 Quarter 1: September to November – due December 15.
    - 9.2.2 Quarter 2: December to February – due March 15.
    - 9.2.3 Quarter 3: March to May – due June 15.
10. An annual financial report for the fiscal year will be submitted to the Secretary-Treasurer by September 17 each year. There should be an adequate accounting of all funds with respect to receipt and expenditure of these funds. The following sets of books will be maintained at the school level:
  - 10.1 Cash receipt records
  - 10.2 Deposit records
  - 10.3 General ledger
  - 10.4 Cheque register
  - 10.5 Files of invoices paid, with adequate documentation to trace back to the cheques
11. All accounting records and source documents must be kept for a period of, not less than, seven years after the end of the fiscal year.

12. All accounts must have a written narration outlining the source and application of funds flowing through the account.
13. A carry forward listing of all unexpended funds for individual categories should be maintained from year to year to ensure that funds are properly allotted to the appropriate areas.
14. Cheque vouchers should also be used and approved by the Principal to provide further controls on the disbursements of SGF.
15. Cheques must be signed by any two of the following: Principal, Associate Principal, teacher, or an administrative assistant who is not responsible for the bookkeeping of SGF.
16. To facilitate the purchase of capital asset in excess of \$5,000 with SGF, the asset should be purchased by the school division and recorded as an asset on the financial statements of the school division. The school that will be using the asset should reimburse the school division from their SGF account, and treat the expenditure as a discretionary expenditure of net SGF.
17. Bank deposits should be made on a timely basis, preferably daily when there is a large amount of cash being collected, to ensure that there is proper control over cash. If cash is not deposited regularly it should be kept in a secure location.
18. If excess funds are being generated, those funds could be placed into GICs or other guaranteed investments to generate additional income for schools. If any interest is earned, it would either have to be allocated to those categories to which it belongs or set up in as sundry income where it can be netted against service charges or NSF cheques.
19. Annual accumulated operating surpluses of school generated funds must be reported to the Secretary-Treasurer with specific details pertaining to timing and use of such funds. Operating surpluses that are not externally restricted will be consolidated into the operating surplus of the school district, and subsequently internally restricted for the use at the school. This is in compliance with Public Sector Accounting Standards.
20. Access to computer records should be limited to the administrative assistant and the Principal by the use of passwords. This would prevent unauthorized changes to the accounting system.
21. Accounting information should be entered into the system on a regular basis so that current data is generated upon which to base decisions. Revenues are entered as a credit and disbursements are entered as a debit. There will be no netting of income against expenses.
22. Money collected on behalf of the school division, such as student basic resource fees, junior and senior high school options and instructional fees, transportation fees, and Early Learning Program fees will be recorded as a liability and forwarded to the school division at the end of each month.

23. Monthly reports should be reviewed and approved by the Principal so that the financial position is known and that the most beneficial decisions can be made.
24. The Secretary-Treasurer shall be responsible to monitor and to oversee the implementation of these procedures and to ensure compliance across the division.
25. Funds raised by other groups external to the school fiscal management, such as non-profit societies, must be maintained separately from school generated accounts.
26. The schools will comply with a standard reporting format in which to present the financial information as established by the school division.
27. The Secretary-Treasurer may use the services of an external auditor if circumstances warrant such action.
28. Any accounting anomalies or financial irregularities identified, as part of an internal/external audit shall be reported by the Secretary-Treasurer forthwith to the Superintendent.
29. Any questions and/or concerns with respect to the implementation of these procedures should be referred directly to the Secretary-Treasurer.

**References:**     **Public Sector Accounting Standards**  
                      **Alberta Education, *AFS Guidelines*, 2012**