

School Trust Account Handbook

Prepared by: Board Office Finance Department

For distribution to: School Secretaries in charge of Bookkeeping
School Principals and Vice-Principals
District External Auditors

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Section 1: Purpose of the School Trust Account

The purpose of the school trust account is to allow individual schools to fundraise, collect student fees to supplement programs and activities and provide a mechanism to process receipts and payments outside the school's district budget accounts held at the Board Office. The school trust account allows autonomy to school administrators, PAC's and teachers to provide extra-curricular learning experiences, support clubs and teams, and purchase additional supplies and equipment. For secondary schools the trust account is often a vehicle for scholarship donation administration and sports team/club management.

Purpose of the School Trust Account Handbook

The purpose of the School Trust Account Handbook is to make administrators of the school trust accounts, including all signing officers, Principals and Secretaries in charge of bookkeeping (the "Bookkeeper"), aware of their roles and responsibilities and to standardize the handling of school trust accounts across School District No. 8. It is the intention of the Handbook to clarify expectations of the day to day accounting for the trust account, the reporting requirements and the audit of the trust account by District Finance Staff.

Cycle of a School Trust Account

1. Bank Account
2. Sources of Funds
3. Disbursements of Funds
4. Reporting of Funds
5. Reconciliation of School Trust Account
6. Audit of School Trust Account

All funds at each school must be accounted for using eFunds software. Any other accounting software is prohibited.

Section 2: Bank Account

A school may choose the bank of their choice for its trust account. The requirements for the opening of a bank account are:

- Each cheque requires two signatures, one of which must be a principal or vice-principal;
- Copies of resolutions and signing officer documents are kept on file at the School;
- Cheques must be pre-numbered.

If a signing officer leaves the school due to transfer, bumping rights, resignation or other reason, the Secretary-Treasurer must be advised so that the employee is removed as a signing officer. Documents evidencing the change in signing officers must be kept on file at the school.

Cheque stock is to be kept in a vault or locked cupboard or drawer. Access to the locked cupboard or drawer should be restricted to key staff (i.e. signing officers).

Cheques that are pre-signed by one or both signing officers are prohibited. To avoid signing conflicts due to absences of signing officers, it is suggested that three or four people should be authorized to sign cheques (for example: all principals, senior secretary, bookkeeper and a teacher). It is at the school's discretion to determine who will be the additional signing officers other than the principal.

Copies of all cheques must remain filed in numeric order. Alternatively, cheque registers for electronic production of cheque runs must be adequately logged and documented. Void or spoiled cheques are to be filed in a separate folder or with the cheque register as evidence that they were not issued. **Signature portions of the void cheque are to be removed and destroyed before filing the void cheque.** Stop payment instructions to the bank for issued but lost cheques must be on file for audit.

In special cases more than one bank account may be required by each school (i.e. Scholarship accounts at the secondary level). **The rules above apply to each bank account** that is opened under a school's name.

In the event of a school closure the bank account must be closed after the final accounting (see Section 6: Reporting of Funds) for the school trust account. Residual funds in the school trust account are customarily forwarded to the receiving school to be spent on the children from the closed school. The Secretary-Treasurer, in consultation with the closing school principal will direct the receiving school in the use and destination of the residual funds.

Section 3: Sources of Funds

There are three main sources of funds at the school level:

- A. Fundraising (including vending machines, sports clothing sales, yearbooks)
- B. Student Fees
- C. Petty Cash

All sources of funds will be traceable to the bank deposits, receipts file and the general ledger.

A. Fundraising

Fundraising may be done for extra-curricular teams or trips, supplements to curriculum or PAC special events.

When a student or parent pays or donates to the administration office directly, a receipt must be issued to the student/parent.

Donation Tax Receipts Note: When a donation is made and the donor wants a CRA tax deductible receipt, the donor must make the donation payable to School District No. 8 in order to receive a charitable tax receipt. In these cases, schools must send the cheque/cash to the Board Office for processing. Donation receipts issued from eFunds are not official receipts for tax purposes. In accordance with Board Policy 641: Gifts, tax receipts will not be issued for donations of less than twenty-five dollars (\$25).

Teachers collecting money in their classrooms must track receipt from students on the Fundraising Receipt Form (**Appendix A: Fundraising Receipt Form**) or class list which includes the fundraising event and date, teacher's name, a list of student names and the amount collected from each student. When a teacher is ready to submit funds to the administration office the form is to be totaled. The total on the form must match the amount of money submitted to the office. Each time a teacher submits a fundraising form and envelope of money to the administration office, a receipt must be issued to the teacher. Similar procedures apply to coaches of teams and PAC representatives if the PAC fundraising money is to be administered by the school trust account.

Large fundraisers that require on-going revenue gathering such as extended field trips or large equipment purchases should be accounted for in the general ledger such that the amount of funds incoming can be compared to the cost of fundraising (i.e. Cost of goods sold, rent paid for space, commissions etc.) to analyse the profit or loss for specific fundraising events.

Funds that are raised for a trip or purchase that is cancelled due to lack of participation or shortage of funds will be returned on a pro-rata basis to those individuals, parents or corporations that contributed initially.

B. Student Fees and Cafeteria Sales

Lump sum sources of funds such as student fees and cafeteria will be tallied against cash

register tapes or student fee receipts and should be deposited to the bank at least once per week, depending on dollar value (the more money collected the more often bank deposits should occur).

Upon payment of student fees, students will be issued receipts indicating amount paid, date, specific course fee category and whether payment was by cash or cheque.

Cafeteria staff or contractors submitting cafeteria cash register tapes and sales will be issued a receipt indicating amount received, date, time frame of sales and the amount of cash and the amount of cheques.

Each bank deposit will match to a specific range of receipts for all fundraising and student/cafeteria fees. The bank deposit should not be completed until the total on the deposit book page matches the range of receipts the deposit represents.

C. Petty Cash

Petty cash is recorded as a separate line item in the general ledger as the amount of the initial payment from the Board Office (usually between \$100 and \$500). Some schools may have more than one petty cash fund and each fund will have its own line item in the general ledger. At all times the amount of cash and the total of receipts for the petty cash fund should total the initial payment from the Board Office.

Petty cash and receipts are to be kept in a vault or locked drawer or cupboard at all times with limited personnel access (administration staff only).

Section 4: Disbursement of Funds

Timing of disbursement of funds throughout the school year is at the school's discretion. At June 30th of each year, as many of the outstanding invoices as possible will be paid before the bookkeeper leaves for the summer break.

Each cheque issued must have appropriate backup such as cheque requisition and receipts, invoice, letter etc. Cheque backup must be filed in the administration offices in alphabetical order, by payee or by cheque number. Backup will indicate the date paid, the cheque number, the payee and the amount paid.

If a staff member requires an advance on a trip or purchase, the school may issue payment to the staff member at its discretion. However, receipts and a final accounting of the advance must be received by the staff member and completed by the bookkeeper within one week of the staff member's return.

All cancelled cheques will be traceable back to the cheque register and the general ledger.

Where a school develops departmental or teacher budgets within its school trust account, payments must be approved by the person responsible for the departmental budget, **even if they are not a signing officer**, before the cheque is issued as long as the budget has a positive balance. If the departmental budget is in a deficit position and a payment must be issued, principal authorization is required. For all other budgets or if the school does not departmentalize its school trust account budget, the principal must approve all disbursements before a cheque is issued. Department or principal approval needs to be displayed somewhere on the cheque backup.

Section 5: Journal Entries

Each journal entry made must have appropriate backup such. Journal entry backup must be filed in the administration offices in numerical order. Backup will indicate the reason for the journal entry, and attach entry back-up.

Section 6: Reporting of Funds

There are three types of reporting required for the School Trust Account:

- A. Bank Reconciliation Reporting (monthly)
- B. Revenue and Expense and Department Summary Reporting (monthly)
- C. District Allocation and Trust Account Transparency Framework (October and May annually)

1. Bank Reconciliation Reporting

- Bank Statement for signature by principal
- Bank Reconciliation for signature by principal
- eFunds Report: GL Summary by Account Type, Account, Department, for signature by principal

The bank reconciliation package, signed by the principal, must be scanned and emailed to the Board Office on a monthly basis.

2. Revenue and Expense and Department Summary Reporting

- eFunds Report: Financial Statement for signature by principal
- eFunds Report: Summary by Department for signature by principal

The revenue and expense and department summary reports must be reviewed by the Principal and the bookkeeping Secretary and filed by the Secretary on a monthly basis. There is no requirement to submit reports to the Board Office.

3. District Allocation and Trust Account Transparency Framework Reporting (Appendix B)

- In October of each year, the Principal must present a “year in review” financial statement for the year ended June 30th of the same year, to staff and PAC. Principals are encouraged to expand this reporting to public at large through newsletters or other media and public meetings if they occur.
- In May of each year, the Principal must present a plan or budget for collection and use of funds for the upcoming school year, to staff and PAC. Principals are encouraged to expand this reporting to public at large through newsletters or other media and public meetings if they occur. It is suggested that May planning day each year may be a good opportunity to complete this reporting.

The format used to report the above is at the discretion of the principal, but in both cases, should fairly represent the bank balances, investments, revenues, expenses and department balances in the school’s trust account. Where possible fiscal year comparisons should be presented to identify old department balances that could be rolled up and re-purposed.

Section 7: Reconciliation of School Trust Account

Bank reconciliations must be completed monthly using eFunds. Month end bank statement balances must match the bank balance in the school trust account. If the two do not match, the differences in timing, outstanding items etc. must be identified to reconcile the two balances.

If there is any difficulty in balancing the bank statement balance and the school trust account balance, the school bookkeeper or principal is to contact the Board Office Finance Department for assistance immediately.

Once the bank reconciliation has been completed the principal or vice-principal in charge of finances for the school must sign the bank statement and the bank reconciliation.

Cancelled cheques, signed bank statements and signed bank reconciliations will be filed together in a safe place in the School administration office.

Section 8: Audit of School Trust Accounts

Secondary School trust accounts are subject to yearly audits while Elementary School audits will take place once every two years. However, if reporting requirements from School to District Office Finance Staff consistently show discrepancies or there is a concern regarding the accounting of the school trust account by either the school or District Finance Staff, audits may take place more frequently. The internal audit process and its timing does not preclude a school from being one of the schools chosen by the District's external auditor for audit.

If a school requires an audit before its scheduled audit (i.e. Principal or administrative assistant transfer or retirement) a written request may be made to the Secretary-Treasurer stating the timeframe of the proposed audit and reasons requiring an early audit.

Prior to the school audit, the principal and bookkeeper will be notified by the Board Office, advising them of the date and time of the physical audit as well as the period of time the audit will cover (i.e. July 2018 to June 2019). Audits are subject to change based on convenience for school staff and district staff. It is understood that the reporting requirements in Section 6: Reporting of Funds, will be up to date and complete at the date of audit.

The audit working papers are attached (**Appendix C: Internal Audit Program for School Trust Accounts**). Audit working papers should be reviewed by 'bookkeepers' and principals on a regular basis to ensure the accounting of the school trust account is being done correctly. Audit working papers will comprise the basis and documentation District Finance Staff will complete during the school audit.

Subsequent to the audit, school principals and 'bookkeeping' staff will receive a report on the results of the school's audit, including completed audit working papers. Recommendations for procedure change or review may be made at this time.

Appendix A: Fundraising Receipt Form

School Name:		Teacher Name:	
Fundraising Event:			
Event Date:		Price per Student:	

Student Name	Amount Received	Cash / Cheque	
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			
11.			
12.			
13.			
14.			
15.			
16.			
17.			
18.			
19.			
20.			
21.			
22.			
23.			
24.			
25.			
TOTAL:	\$	\$	\$

Appendix B: District Allocation & Trust Account Transparency Framework

October 2, 2014 (Received by Board: September 23, 2014)

Responsibility of: Principals
Reporting to: Superintendent
Resource: Secretary-Treasurer

Purpose:

1. Ensure clear communication of information to community stakeholders: PAC, staff, Board, District
2. Build self-awareness: PVP and Clerical Bookkeeping Staff
3. Align District School Allocations and School Trust Accounts with School Growth Plans, Achievement Contract, Board Goals and Student Expectations
4. Accountability for third party contributions: parents, PAC and other donors
5. Align timing of expenditures with timing of revenues: are we spending the fees we collected from parents for this year's students, ON CURRENT YEAR'S STUDENTS or long term plan
6. Combine district school allocations and trust fund funds to meet student need

Process:

Budget: Annually in MAY

1. Review trust account and district allocation current surplus, upcoming year's initiatives and directions, and determine upcoming revenues and expenses as a leadership team
2. Review budget with staff to inform and to align with achievement goals and school growth plan
3. Determine draft budget
4. Hold community consultation meeting (town hall or part of PAC meeting)
5. Revise as determined from public feedback, if necessary
6. Finalize and report to Superintendent & Secretary-Treasurer
7. Optional: Ask community to develop priorities & goals

Financial Statements: Annually in OCTOBER

1. Review actual surplus for the year, revenues and expenses as a leadership team with the Secretary-Treasurer
2. Summarize data and develop highlights
3. Report outlining amount spent on learning goals & revenue collected vs expenditures made
4. Present to staff
5. Present to community (town hall or part of PAC meeting)
6. Revise as determined from public feedback (use of surplus)
7. Finalize and report to Superintendent & Secretary-Treasurer

Appendix C: Internal Audit Program for School Trust Accounts

Audit Summary

Audit Details	
School:	
Principal:	
Secretary/Bookkeeper:	
Audit Date:	
Audit Period:	
Audit Performed By:	

Summary of Audit Review
General Comments:
Recommendations:

Secretary-Treasurer Approval			
Secretary-Treasurer Signature:		Date:	

Reviewed with Principal			
Principal Signature:		Date:	

Audit Program

School:	
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Audit Objectives

1. To ensure that cash-on-hand, including petty cash accounts, can be properly accounted for and adequately safeguarded.
2. To ensure that cash received is properly receipted, recorded, safeguarded and reported.
3. To ensure that cash disbursements can be properly accounted for and that supporting documentation exists.
4. To identify any deficiencies in generally accepted accounting procedures and recommend corrective action as necessary.

Audit Program

Audit Procedure	Complete (Auditor Initials):
1. Complete Internal Audit Checklist with Secretary/Bookkeeper	
2. Perform Compliance Tests:	
Compliance Test 1: Cash on Hand	
Compliance Test 2: Cash Receipts	
Compliance Test 3: Cash Disbursements	
Compliance Test 4: Journal Entries	
Compliance Test 5: Department Transfers	
Compliance Test 6: Books and Records	
3. Obtain bank statement for reporting date being audited including:	
a) Details of all accounts and investments	
b) Names of all signing authorities on file at bank	
c) Reconcile bank for sample month. Trace (locate accounting record) all cheques and deposits outstanding to subsequent bank statement and vouch (locate source document) for all items not cleared	
4. Complete Audit Summary page, including recommendations and review with Principal	

Internal Audit Checklist

School:	
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Audit Checklist	Yes	No	Comments ("No" requires an explanation)
1. Are school trust funds and petty cash under the overall supervision of the Principal of the school?			
2. Are bank accounts set up in accordance with the School Trust Account Handbook?			
a) Bank:			
b) Account No:			
3. Who are the signing authorities?			
4. Are bank reconciliations prepared on the monthly basis?			
5. Does the principal review and sign off on the bank reconciliation monthly?			
6. Does the school maintain a scholarship account? If so, what is the balance?			
7. Does the school have investments? If so, what are the particulars of the investment?			
8. Are accounting records maintained in accordance with the School Trust Account Handbook?			
9. Are pre-numbered receipts/eFunds deposit slips used which record name, date, amount & account allocation?			
10. Is the issuance & return of the receipt book/eFunds deposit slips controlled?			
11. Are bank deposits made on a timely basis?			
12. Are two signatures present on each cheque?			
13. Are printed cheques that are spoiled or voided filed?			
14. Are receipts issued on a timely basis?			
15. Is access to funds restricted to the Principal / Bookkeeper?			



Audit Checklist	Yes	No	Comments ("No" requires an explanation)
16. Are funds safeguarded when not in use and locked when unattended?			
17. Are duplicate deposit slips printed and reconciled to receipts and bank statements? (1 copy bank, 1 copy on file)			
18. Are pre-numbered cheques used for all disbursements?			
19. Are back-up documents (i.e. invoices) kept for all disbursements and filed in a systematic manner? (i.e. alphabetical or numerical)			
20. Are receipts and disbursements posted to eFunds on a timely basis?			
21. Are the books and records of the funds checked by the principal on a monthly basis, to ensure compliance with the School Trust Account Handbook?			
22. Does the principal review the school copy of cheques on a periodic basis?			
23. How are post-dated cheques handled?			
24. Are adequate descriptions entered on the books for receipts, disbursements, and journal entries?			
25. Are journal entries supported by documentation?			
26. Are journal entries filed separately and systematically?			
27. How are lump sum receipts (i.e. school fees and cafeteria receipts) recorded and disbursed?			
28. Are student fees recorded when due or received?			
29. How are outstanding student fees collected?			
30. Is interest revenue recorded in a separate GL account?			
31. Are there any "deficit balance" accounts / departments? If so, are they explainable?			
32. Review "Principal's" and "Miscellaneous" accounts.			

Compliance Tests

School:	
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Compliance Test 1: Cash On Hand	Complete (Auditor Initials):
1. In the Presence of the Secretary/Bookkeeper, count, record and verify all cash on the premises to un-deposited receipts.	
2. Reconcile the petty cash fund.	

Compliance Test 2: Cash Receipts	Complete (Auditor Initials):
1. Select a random sample of 20 receipts for testing.	
2. Trace receipts to bank deposit slips.	
3. Agree bank deposit to bank statement.	
4. Trace receipt to general ledger account.	
5. Scan documents for completeness, reasonableness & compliance with School Trust Account Handbook instructions, verifying sufficient back-up for all receipts.	
6. Are IOUs, stale dated cheques, or post-dated cheques present?	

Compliance Test 3: Cash Disbursements	Complete (Auditor Initials):
1. Select a random sample of 15 cheques plus all cheques over \$15,000 for the current fiscal year.	
2. Trace each entry to the cheque copy or void cheque, and to the bank statement.	
3. Trace each entry to original back-up (i.e. invoice) and scan for proper authorization, account distribution, correct pricing & extensions, and appropriateness.	
4. Review any cheques made payable to "cash" or to school employees, and note any irregularities.	
5. Are cheques cross-referenced to invoices paid?	
6. Are printed and voided cheques retained and accounted for?	
7. Are any cheques pre-signed?	

Compliance Test 4: Journal Entries	Complete (Auditor Initials):
1. Select a random sample of 5 journal entries for testing.	



2. Vouch each entry to back-up documentation, and scan for reasonableness & compliance with School Trust Account Handbook instructions, verifying sufficient back-up for all journal entries.	
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Compliance Test 5: Department Transfers	Complete (Auditor Initials):
1. Select a random sample of 5 department transfers.	
2. Vouch each transfer to back-up documentation (i.e. transfer request), and scan for reasonableness, verifying sufficient back-up for all department transfers.	

Compliance Test 6: Books and Records	Complete (Auditor Initials):
1. Scan ledger for irregular items.	
2. Check for numerical filing and retention of receipt and cheque back-up documentation.	
3. Check for filing and retention of monthly reports and statements.	
4. Check for consistency and structure of General Ledger to that recommended in the School Trust Account Handbook.	

Compliance Test 1: Cash on Hand

School:	
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Petty Cash Fund		
Coins		Amount
	X 0.01	
	X 0.05	
	X 0.10	
	X 0.25	
	X 1.00	
	X 2.00	
Subtotal Coins:		\$
Bills		Amount
	X 2.00	
	X 5.00	
	X 10.00	
	X 20.00	
	X 50.00	
	X 100.00	
Subtotal Bills:		\$
Total Cash:		\$
Cash Float:		\$
Variance:		\$

Receipted Deposits on Site		
Coins		Amount
	X 0.01	
	X 0.05	
	X 0.10	
	X 0.25	
	X 1.00	
	X 2.00	
Subtotal Coins:		\$
Bills		Amount
	X 2.00	
	X 5.00	
	X 10.00	
	X 20.00	
	X 50.00	
	X 100.00	
Subtotal Bills:		\$
Total Cash:		\$
Total Cheques (per tape):		\$
Total Deposits:		\$
Total Receipts (per tape):		\$
Variance:		\$

In Your Opinion	Yes	No	Comments
1. Can funds received by the school be adequately account for?			
2. Are reported bank deposit and receipt figures correct?			
3. Is cash-on-hand adequately safeguarded?			
4. Have internal control procedures for cash receipts been implemented effectively?			

Compliance Test 2: Cash Receipts

School:								
Receipt Date	Date per GL	Receipt #	Total Amount Received	Date of Bank Deposit	Agreed to Bank Deposit?	Account Code:	Traced to Account?	Comments:
1.								
2.								
3.								
4.								
5.								
6.								
7.								
8.								
9.								
10.								
11.								
12.								
13.								
14.								
15.								
16.								
17.								
18.								
19.								
20.								

Compliance Test 3: Cash Disbursements

School:	
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Cheque Number	Approved?	Two Signatures?	Invoices Initialed?	Amount Checked?	Cross Ref'd to Invoices?	Date Cleared Bank	Traced to Account?	Comments:
1.								
2.								
3.								
4.								
5.								
6.								
7.								
8.								
9.								
10.								
11.								
12.								
13.								
14.								
15.								

Compliance Test 4: Journal Entries

School:	
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Journal Entry Number	Approved?	Reasonable Description?	Cross Ref'd to Back-up documentation?	Comments:
1.				
2.				
3.				
4.				
5.				

Compliance Test 5: Department Transfers

School:	
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Department Transfer Number	Reasonable Description?	Cross Ref'd to Back-up documentation?	Comments:
1.			
2.			
3.			
4.			
5.			