

<b>EASTERN TOWNSHIPS SCHOOL BOARD</b>	<i>Title:</i> <b>PROCEDURE FOR CASH MANAGEMENT AND SECURITY IN SCHOOLS/CENTRES</b>	
<i>Source:</i> <b>Financial Services Audit Advisory Committee</b>	<b>Effective: July 1, 2006</b>	<i>Reference Number:</i> <b>P033</b>

## PREAMBLE

The safeguarding of assets is a fundamental element in internal financial controls. The School Board is responsible to establish that adequate internal controls exist and are respected in order to ensure that cash/cheques received by administrative units are promptly deposited, recorded and safeguarded. The School Board and its administrative units are responsible to establish clear and transparent cash management procedures. The adherence to sound internal controls not only reduces the School Board's risk of financial loss, it also protects employees/volunteers against unnecessary risk to reputation.

## AREA OF APPLICATION

This procedure applies to all schools (excluding daycare activities), adult education centres, vocational education centres and departments of the Eastern Townships School Board.

## DEFINITIONS

Administrative unit: - school, centre or department  
Cash receipts: - cash money, cheques, money order and bank draft.

## PRINCIPLES AND ORIENTATIONS

- Cash receipts **must** be supported with adequate documentation.
- Cash receipt supporting documentation must be kept by the school/centre/department for seven years as per government regulations.
- The principal/centre director shall establish a remittance procedure (e.g. payment format by parents) best suited to the school/centre local needs and in compliance with this procedure.
- Cash receipts shall be deposited in a timely manner.
- Cash receipts shall not be removed from the school/centre except for the sole purpose of immediate deposit in the school's/centre's bank account.
- Deposits shall be made exclusively to the school's/centre's only bank account authorized by the School Board.
- Employees/volunteers should not put themselves at risk.
- Cash advances shall not be made to individuals except on extraordinary circumstances as determined by the principal.
- Bank reconciliations must be performed on a monthly basis. Bank reconciliations must be verified and approved by the principal/centre director.
- The principal/centre director must promptly report any cash shortage or discrepancy to the Director of Financial Resources.

## **GUIDELINES**

### **1) Collection of Cash Receipts**

All revenues must be justified with adequate supporting documentation such as a class list or pre-numbered receipt.

Cash receipts may be collected and remitted to different individuals in a school/centre.

*Written directives shall be established at each school/centre regarding payment for goods and services, and forwarded to the Director of Financial Resources.*

#### **Amounts Remitted to the School/Centre Administration Staff**

When students or parents make payment directly to the administration office, one of the following systems shall be followed:

- i) a master or class list indicating the students name, amount of payment, reason for payment and payment date.
- or
- ii) a pre-numbered/controlled receipt in two copies (parent/student copy and school copy).

#### **Amounts Remitted to Teachers**

When students or parents make payment directly to teachers (e.g. class trip) the following systems shall be followed:

A class/student list must be used to record the cash receipt. The class/student list must identify the reason for payment. The amount of payment must be placed next to each student's name under the appropriate date of payment column. Once completed, the class/student list must be initialed by the teacher. The class/student list and cash receipts must be placed in a large envelope and promptly forwarded to the administration office and given to the school secretary, principal or other staff member designated by the principal.

or

a pre-numbered/controlled receipt in two copies (parent/student copy and school copy).

Under normal circumstances, cash receipts should not be kept in the classroom except up to the following limit:

School/centre	\$100. per classroom
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#### **Amounts Remitted to Other Employees**

When students or parents make payment directly to other school/centre employees (e.g. cafeteria cooks), the following system shall be followed:

A student list must be used to record the cash receipt. The student list must identify the reason for payment. The amount of payment must be placed next to each student's name under the appropriate date of payment column. Once completed, the student list must be initialed by the employee. The student list and cash receipts must be placed in a large envelope and promptly forwarded to the administration office and given to the school secretary, principal or other staff member designated by the principal. The employee collecting the funds may be requested to prepare the bank deposit slip.

## **Amounts Remitted from Fundraising Activities**

All fundraising activities referred in this procedure must respect the requirements established in the *Procedure for Fundraising Activities in Schools and Centres* (P027-1).

- All fundraising activities must be presented to the governing board for approval before any activity can take place.
- The principal/centre director shall be responsible for ensuring that all fundraising activities conform to School Board policies and procedures and the Ministry of Education guidelines.
- The principal/centre director may designate someone to organize the activity, but the principal/centre director remains accountable for all school/centre fundraising activity.
- The principal/centre director must ensure that a reconciliation is completed for each fundraising activity. The reconciliation must be a true representation of revenues and expenditures for the fundraising activity, and must be presented to the governing board.

### **Fundraising Activity on School/Centre Premises**

If the fundraising activity occurs in a school/centre, money collected cannot be taken off the school's/centre's premises for whatever reason. The individual designated by the principal, as being responsible for the fundraising activity must place the fundraising money collected at the event in a sealed envelope and deliver the envelope to the administration office daily or immediately following the fundraising activity. The sealed envelope must include information on the fundraising activity, the name of person responsible for the fundraising activity, a reconciliation of the amount collected, and the total amount being deposited.

### **Fundraising Activity not on School/Centre Premises**

If the fundraising activity occurs off the school's/centre's premises, money collected must be kept by the individual designated by the principal/centre director as being responsible for the fundraising activity. The individual designated by the principal/centre director as being responsible for the fundraising activity must place the fundraising money collected at the event in a sealed envelope and deliver the envelope to the administration office the next working day following the fundraising event. The sealed envelope must indicate the fundraising event, the name of person responsible, a reconciliation of the amount collected, and the total amount being deposited.

## **2) Counting and Safeguarding of Cash Receipts**

Every school/centre must be equipped with a safe secured to the floor or wall.

- Cash receipts shall be kept in the safe at all times until transported to the bank.
- Under normal circumstances, cash receipts shall be counted in the presence of two individuals (including the person designated as being responsible for the fundraising activity), prior to preparing the bank deposit.
- Cash receipts shall be counted in an inconspicuous area.
- Whenever possible, during peak collection periods, cash must be counted, verified and deposited daily.
- Schools/centres cannot remove cash from monies collected, to be used to purchase goods or services. All monies collected must be deposited into the school's/centre's bank account.
- Cash receipts should not be left unattended.

- Under most circumstances, monies exceeding \$1,000 shall be deposited into the bank and not left overnight in the school/centre except for the following periods during which the deposit must be processed the following working day;

Schools	Beginning of school year/school-wide fundraisers
Centres	During registration periods and collection periods

### **3) Preparing the Deposit Slip/Transporting of Bank Deposit**

The school secretary (or person designated by the principal/centre director) prepares the deposit slip. The total on the deposit slip must equal not only the total sum of cash/cheques being deposited, but also to the sum of the supporting documents justifying the deposit.

In order to maintain an adequate segregation of duties, the individual counting, recording, and preparing the deposit slip, whenever possible, should not be the same individual transporting the deposit to the bank – this may not be possible in many elementary schools. Transporting the deposit to the bank should be done in a discrete manner. When depositing large amounts of cash, it is recommended that a second employee accompany the individual transporting the deposit to the bank.

### **4) Posting the Cash Receipt in the School's/Centre's General Ledger**

The school secretary (or person designated by the principal/centre director) shall enter the cash receipts in the school's/centre's ledger (Dofin/Quicken) in a timely manner following a bank deposit. The cash receipt posting must correspond to the amount deposited in the bank and credit the appropriate activity's account code.

### **5) Preparing the Bank Reconciliation**

All transactions (deposits and disbursements) recorded in the school/centre general ledger (Dofin/ Quicken) must appear on the bank statement. Similarly, all the transactions appearing on the bank statement must be recorded in the ledger. The reconciliation between these two items must be done monthly.

The school's/centre's banking institution must be instructed to issue monthly bank statements and to return all cancelled cheques (processed by the banking institution). Most banking institutions will permit schools/centres to report any anomalies within 45 days of the date that the statement has been printed.

The principal must ensure that the transactions appearing on the bank statement are accurate and true representations of the operations they have authorized.

During the reconciliation, the school must establish the corrected bank balance that corresponds to the bank statement balance minus the cheques in circulation plus the deposits in circulation. This corrected balance must be equal to the General Ledger balance plus or minus the transactions recorded on the statement but which do not appear on the ledger (such as interest, bank charges and NSF cheques).

Stale-dated cheques must be reviewed and cancelled or reissued after the school/centre has received clarification as to why the cheques have not been cashed.

The principal/centre director must verify and authorize the bank reconciliation on a monthly basis.

## 6) Petty Cash Transactions

- Schools/centres may select to have a fixed petty cash within the limits defined in the *Financial Services Procedure Guide*.
- The petty cash must be kept in a secured, locked place under the direct control of the person responsible for petty cash as authorized by the principal.
- Reimbursements made from the petty cash must be supported by a petty cash voucher and original receipts.
- The petty cash voucher (sample attached) must be signed, in ink, by the person being reimbursed at the time reimbursement is given.
- The petty cash box must always contain the authorized amount, either in cash or paid vouchers.
- To replenish the petty cash, the appropriate reimbursement form must be completed, authorized by the principal/centre director, and forwarded, with original receipts, to the Financial Resources department for processing. Details on how to properly complete the form can be found in the *Financial Services Procedure Guide*.
- Funds collected from other sources must not be added to petty cash but shall be deposited in the school's/centre's bank account.

A school/centre must never:

- borrow money from a deposit to use as petty cash. All monies collected must be deposited in the bank promptly and not used for petty cash;
- make personal advances using the petty cash funds.

## 7) Security of Cash

- School/Centre safe must be located in an inconspicuous area in/near the administration office.
- Cash is not to be kept in filing cabinets or in classrooms, except for amounts identified in Section 1 of this procedure.
- Access to the safe, cash registers, and petty cash shall be restricted to authorized School Board employees as determined by the principal/centre director.
- School/centre using a cash register(s) must balance to the register tape on a daily basis.

## RESPONSIBILITY

The principal/centre director/department head is responsible to ensure that this procedure is implemented and followed in their school/centre/department.

The Director of Financial Resources is responsible to ensure that this procedure is adhered to, identify and examine any situations of non-compliance, and establish appropriate corrective actions to be taken at the school/centre/department level.