

## SCHOOL FUNDS FISCAL ACCOUNTING AND REPORTING

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### PREFACE

This section is intended as a reference for identifying the required data to be kept for financial transactions. It is not intended to be an instruction manual for actual bookkeeping.

Keeping a current and accurate record of all money that flows through a school is important, not only to provide information on the amount of money available in the bank and the various fund accounts, but also to safeguard the administration by providing a record of the sources and uses of these public funds.

### SCHOOL FUNDS

According to the Public Schools Act, Subsection 56(4), school funds are moneys that the principal of each school, subject to the rules of the school board, may raise, hold, administer and expend for the purposes of the school.

School funds are cash assets raised, held and administered by a school principal for the purposes of the school. School funds include amounts provided by the division to schools to be used for prescribed purposes and school funds also include moneys raised by the school, independent of the division, through fund-raising activities and other means.

School funds are comprised of two types of funds as described by the Manitoba Department of Education Schools' Finance Branch policy on school funds:

**Type A** school funds include moneys from all fund raising activities of the school, such as walk-a-thons, selling candies, etc. door to door, dances, hot dog days, school pictures, bottle drives, car washes, raffles, auctions, etc., etc. As these moneys are raised by the school, or under the auspices of the school, through extra curricular activities for the sole use of that school, they are not included in the school division's financial statements.

Funds from cafeterias and vending machines that are operated by or contracted out by the student council are student council funds. Funds from cafeterias and vending machines that are operated by or contracted out by the school are Type A school funds.

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***Type B*** school funds include allocations from the school division (per capita grants, budget allocations, specific purpose grants, etc.), vocational revenues (auto shop repairs and services, cosmetology, business ed initiatives, etc.), and revenues from cafeterias and vending machines that are operated by or contracted out by the school division. These moneys are often administered by the school division on behalf of the school; but in cases where the school administers them, they are considered to be Type B school funds and would fall under the guidelines for school funds. These funds are included in the school division's financial statements.

### (1) **Auditing**

Auditing is defined as “the process of examining documents, records, reports, systems of internal controls, accounting and financial procedures, and other evidence for the purpose of testing their accuracy, truth, and authenticity”.

The secretary-treasurer, in consultation with the superintendent, shall prescribe the accounting practices and procedures for schools to follow in the administration of school funds. The secretary-treasurer, or delegate, shall conduct periodic internal audits of school funds.

The purpose of the internal audit goes beyond that of an external auditor. The primary objective of the internal audit is to ensure that all schools of the division have an acceptable and efficient system of recording and accounting for all moneys received and disbursed during the school year and to ensure that correct financial reports are submitted.

Resulting from the internal audit, the secretary-treasurer may make such recommendations as may be necessary to improve the effectiveness of recording and reporting of school fund receipts and disbursements.

### (2) **Procedures**

- (a) All cheques issued **must** have two signatures, one of which must be either the principal's or vice-principal's.
- (b) Cheques **must** be issued with proper documentation. All disbursements must be supported by proper receipts or invoices.

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- (c) Receipts **must** be issued and recorded for all intake of cash. Collection of money by teachers will be substantiated by a detailed listing of contributors.
- (d) Wherever possible, related duties attached to receipts and disbursements should be segregated. For example, the individual responsible for the receipt and recording of cash should not be making bank deposits.
- (e) It is strongly recommended that all bank deposits be the responsibility of the principal or vice-principal **only** and be made in a timely manner.
- (f) To enhance the effectiveness of the controls established, fundamental accounting procedures must also exist. Minimum requirements will include the following:

- (i) Cheque Voucher System

The cheque voucher system will indicate who requested the cheque, to whom the cheque is to be issued, the goods or services provided (the reason for the cheque), the amount to be paid and the cheque number. Receipts or invoices **must** be electronically attached. This documentation should be kept in cheque number order for ease of referral.

- (ii) Bank Reconciliation

Bank facilities used by the school will be required to provide monthly bank statements and a copy of all cancelled cheques. A bank reconciliation will be performed in a timely manner on a monthly basis. Digital copy and supporting backup/reports to be retained.

- (iii) Cash Receipts

Receipts will be provided for all moneys received to individual submitting funds. Documentation will be maintained detailing the source of moneys and will provide supporting information for bank deposits. Documentation should be kept in receipt number order for ease of referral.

All money received by the school must be remitted to the designated person handling school funds (school funds treasurer) who will issue a receipt. If a homeroom teacher is collecting from any students, a list of the student names and amounts received should accompany the money; the school funds treasurer will issue one receipt to the teacher.

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Money should be deposited into the bank as soon as is practical after receipt. Significant amounts of money should not be kept in the school; however, if there is no alternative, the money should be locked in a desk or file cabinet in a secured room.

(iv) Chart of Accounts

A standard chart of accounts (see Exhibit DIA-E) has been developed. This chart will provide a consistent and comparable reporting among all schools within the division.

(3) Year End Reports

All schools are required to provide financial statements encompassing school fund activity for the school year (July 1<sup>st</sup> to June 30<sup>th</sup>). These reports are to be submitted to the secretary-treasurer by September 30<sup>th</sup>. To enable consistency, preformatted financial reports will be provided.

Upon receipt of the financial statements, the secretary-treasurer shall prepare a school funds, cash receipts and disbursements summary for presentation to the superintendent and the board of trustees.

Internal audits for Senior Year's Schools will be conducted annually. Early Years and Middle Years will be audited every three years on a rotational basis. Internal audits may occur more frequently if deemed necessary by the secretary-treasurer or designate.

Effective Date:	March 16, 2004	Review Date: February 13, 2018
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Legal/Cross Reference:	The Public Schools Act, RSM 1987, c.P250	