

DIOCESE OF SIOUX CITY
STUDENT AND EXTRA CURRICULAR ACTIVITY GROUPS

*Student and Extra Curricular Activity groups have the greatest exposure to loss.
It is very important to have good controls in place for handling these accounts.*

Student Activity and Extra Curricular Activity Groups must follow the Diocesan Financial and Internal Control norms in handling cash disbursements as well as other group operations.

All mail of Student and Extra Curricular Activity Groups (e.g., bank/investment statements) must be directed to the school business office. This should not be directed to a personal address.

Student Activity Groups – These are typically represented by officers responsible for revenue collection and significant authority in determining activity expenses. These groups are often assigned a sponsor, or activity director, that is a school employee or volunteer. The administration and school board should have oversight authority on the group's activities and use of the funds. These groups include the following:

- Class funds
- Fundraising by students who determine the use of the proceeds, i.e., service clubs.
- Student clubs and organizations, i.e., honor society, student council, etc.
- Clearing Accounts - The school collects from students, teachers, and fans and remits payment in full to the vendor. Items are typically resold at or near cost. Examples:
 - Book orders
 - T shirt sales
 - Graduation announcements

The following revenue sources must NOT be recorded in student accounts since the administration and school board have control of the expenditure of the funds:

- Development Fundraising
- Fees and fines
- Grants
- Tuition
- Special Events such as benefit dinners, auctions, etc.

Extra Curricular Activity Groups - Typically managed by volunteers and parent groups. These groups typically raise funds to conduct their activities and have initiation dues and fees. They often elect a treasurer and advisor who are both normally a parent volunteer. These groups include Booster Clubs for sports, music, drama, math, etc.

Extra Curricular Activity Groups often run concession stands, bookstands, ticket sales and gate receipts, fundraisers, etc. Procedures must be developed to implement accounting controls for the handling and counting of related receipts and tickets. This should include the use of the night depository, pre-numbered tickets, using more than one person at the gate or concession stand, and reconciling collections to ticket sales.

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Accounting Procedures

Since Student and Extra Curricular Activity groups typically use the school's tax identification number, to achieve the highest level of control, the school business manager should maintain the accounting records for these accounts with the same level of responsibility as he/she has for all other school funds, including maintaining proper segregation controls, issuing 1099s, posting donations, etc.:

- Use a separate checking account.
- Establish subaccounts of checking to segregate the cash balance for each fund.
- Set up a revenue and expense account for each student account.
- The group's treasurer should forward all receipts and invoices to the business office for deposits, check processing, and posting.
- The group's treasurer should complete a cash receipt form and deposit slip each time receipts are brought to the business manager to deposit.
- Use a purchase order or voucher (check request form) for each disbursement. This should be signed by the group's treasurer or advisor to document the initial authorization for the disbursement (the pastor and/or principal will ultimately authorize the disbursement).
- Complete the monthly bank reconciliation
- Submit monthly financial reports to the school board/finance committee, advisors, group treasurers' and class officers for these activities. Also submit detailed transaction activity reports to the officers. Since a significant volume of transactions are recorded in these accounts, board members and administrators must be informed of the groups' fiscal affairs.
- Periodically review funds for inactivity. Present inactive accounts and unspent senior class funds to the Board for authorization to transfer the account balance to the General Fund. The board should have a policy for determining inactive student accounts, requiring board authorization to transfer stale accounts and unspent senior class funds to the General Fund.

Alternative Controls

If your school is unable to implement the above procedures for the upcoming school year, we recommend establishing the following alternative controls for accounts that are maintained by the group rather than the school business manager:

- Annual budget - The group officers must submit a budget to the school board for approval. This should include the expected revenues (e.g., dues, memberships, ticket sales, registration fees, etc.) and expenses (e.g., equipment and uniform purchases, and routine expenses).
- Purchase orders - The treasurer should prepare a purchase order signed by the principal in advance of the acquisition for purchases over \$500. Capital assets (e.g., equipment, uniforms, vehicles, etc.) that are purchased by the group are considered school property and, therefore, ultimately owned by the school.
- Recordkeeping - The treasurer should maintain detailed accounting records, preferably on a double entry accounting system such as QuickBooks. If the school uses this software, notify the groups they can use the software purchased by the school. Disbursements should not be made without proper supporting documentation such as invoices and store receipts. All supporting documentation should be retained and filed alphabetically or chronologically by school year. All cash receipts should be supported by a detailed listing of individual receipts (either on the duplicate deposit slip or on a subsidiary schedule).

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It is also recommended that these groups be allowed to use office space, computers, and other office equipment to assist them in fulfilling their recordkeeping responsibilities.

- Cash Receipts - Accounting controls must be implemented for all receipts (follow the “Cash Receipt Procedures”). In particular, strict controls should be enforced for gate receipts and concession stand receipts. Refer to page 1.
- Bank Accounts - The groups should limit the number of bank accounts used. As a reminder, only school administrators and the pastor are allowed to open new bank accounts.
- Excess Funds - Investment of excess funds should be managed by the business manager. He/she should provide monthly reports of investment activity to the groups’ treasurer.
- Monthly reports - The officers must submit monthly detailed financial reports to the business manager, principal, and school board. At a minimum, these should include a profit and loss statement, balance sheet, detailed transaction reports (check registers for each bank account), and budget/actual comparative reports. At a minimum, the business manager must record an annual entry in the school’s general ledger to separately post the gross receipts and gross disbursements of these groups in the school financial statements.
- 1099s - The business manager should review the transaction activity for potential 1099s.
- Salaries - All wages and salaries should be processed by the business manager of the school. The organization can reimburse the general fund if that is the practice within your school system. All coaches, activity sponsors, and other volunteers must be aware that they are accountable to the principal and/or activity director.
- Contribution records - The business manager should be responsible for maintaining the contribution records. The treasurer of the organization will need to provide the necessary reports so the business manager can prepare accurate contribution reports/statements.

It is imperative that controls be implemented to assure the school board is informed of all school operations, including student accounts and extra-curricular activities. The school is ultimately responsible for the actions of all employees and volunteers of the affiliated groups. An awareness also is needed of unrelated business income tax consequences of the activities as well as an obligation to assist donors in determining the proper tax treatment of their contributions.