

Associated Student Body Workshop

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CSIS California School Information Services

The ASB Accounting Manual and Desk Reference

- A revised manual was released December 2012
- Can be accessed and downloaded for free from FCMAT's website at www.fcmat.org
- This revision includes updated useful information as well as increases the number of forms and templates available in Microsoft Word and Excel on the FCMAT website.

ASB Types

- **Unorganized**
 - Elementary and K-8 school sites
 - Also: Adult Ed, Special Education, ROP, Continuation
 - Usually no student council or student clubs
 - Limited student decision making: School Principal/Trustee oversees raising and spending of funds and CAN make all decisions.
 - Note: Although the Principal/Trustee can make the decisions, this does not change the rules on how and why we raise and spend these ASB funds.
 - Requirements are not as strict.

ASB Types, cont.

- **Organized**
 - Middle and high schools; community colleges
 - Activities are organized around student clubs and a student council
 - Students are the primary authority when making decisions:
 - Formal meetings
 - Develop budgets
 - Plan fund-raisers
 - Decide how funds will be spent
 - Approve payments
 - Advisors and school principal
 - Provide assistance, advice, and co-approve

Starting up ASB and/or New Clubs

- Submit a formal application that includes:
 - Title, powers and duties of the officers and the manner of their election
 - Scope of proposed activities
 - Name of organization
 - Endorsed by a certificated club advisor
- New clubs must be approved by:
 - Student council
 - Principal
- All new clubs should be formed according to the ASB constitution and board requirements in your specific district.

Starting up ASB and/or New Clubs, cont.

- All clubs need to be approved, even activity clubs for liability reasons.
 - Need a certificated club advisor.
 - If no financial activity, then there is no need for monthly meetings with minutes or budgets.

**Do we really understand what
it means to be part of ASB?**

Organized Student Body

- Middle schools, high schools, and community colleges
 - Activities are organized around
 - Student Clubs
 - Student Council

Student Club and Trust Accounts

- So, what is a CLUB?
 - Composed of currently enrolled students at that specific school site
 - Certificated employee as an advisor
 - Students **MUST** play a major role
 - Students are the primary authority when making decisions
 - Have approved constitution
 - Elected officers
 - Must have a budget
 - Formal meetings
 - Minutes of meetings
 - Clubs report to the student council



Student Club and Trust Accounts, cont.

- Funds held in trust by student council
 - ASB constitution or bylaws should state what happens to funds of inactive clubs
 - If constitution or bylaws silent, would revert to general ASB account
 - i.e., Student council or leadership class
 - Try to spend money for same reason it was raised
 - Define what an inactive club is
 - i.e., 18 months (district can determine)

How Do Parent Groups Fit In?

- Parent group funds **cannot** be commingled with district/ASB funds.
 - Non-student groups cannot deposit funds into the ASB accounts unless they are truly being donated to the ASB.
 - Once the funds are donated to ASB, only the student organizations control how the funds will be used.

The Manual gives detailed information about non-student groups in Chapter 21.

District Board Policy and Regulations

Govern:

- Establishment of the student body organization
- Supervision of the organization's activities
- Operation and management of the organization's finances
- It is important ASBs are aware of district policy because district policy applies to the ASB.
- District board policy is another law that ASB must follow.

District Board Policy and Regulations, cont.

Anyone involved with ASB has a responsibility to report suspected fraud or abuse to principal and/or the business office.

The governing board of the school district, charter school or community college is ultimately responsible for everything that happens in the district, including the activities of student organizations.

Budgets

- Budget is an ESTIMATE
 - Each year you will get better at it.
 - If the budget is going off-track during the year, REVISE it.
- Budget = Usually One Year
 - Often Forgotten; AT END OF SCHOOL YEAR, prepare **NEXT YEAR'S Budget**. (Needed to conduct business)
 - This Next Year Budget can be as simple as using current year actual revenue and expenditures.
- Have a requirement that a budget needs to be in place and approved BEFORE the club enters into any commitments or requests that contracts be entered into --- or DO NOT let them spend.
- Not required for unorganized ASB.

Budgets, cont.

Budget CARRYOVER

- Possible; HOWEVER – Students should spend what they raise
- Seed money for next year = OK
- Reasonable carryover balances = OK
- Multi-year projects with carryover balances = OK
- Get permission to do carryover and/or set percentage limits
- Yes, there is a form to get approval to carry over funds from the prior year.

What Happens When a Class Graduates?

- Funds held in ASB can only be spent on CURRENT students.
- If graduating:
 - Spend remaining funds prior to graduation.
 - Gift funds to another ASB club at the same school site.
 - Gift the funds to the general ASB at the same school site.
- Balances cannot “follow” students if graduating from 8th grade and going to high school.
 - Stay at same school where funds are raised.
- If class has already graduated, need to clear funds.
 - General ASB unless board policy or constitution says otherwise.

What Should We Know About Raising Money?

- Obtain proper district governing board approval PRIOR to the fund-raiser occurring.
 - ASB fund-raising events should be approved at the beginning of year, by the board or whoever the board delegates to do so, or the governing board should approve policies and administrative regulations that delineate allowable and unallowable fund-raising events.
- Ensure parent organizations coordinate the timing of their fund-raisers with ASB fund-raisers so they aren't in competition with each other.

What Should We Know About Raising Money?, cont.

- Always use pre-numbered receipt books or tickets and reconcile, reconcile, reconcile.
- Always count funds with a witness and counter sign the proper deposit forms.
- Make the bank deposit **THAT DAY**, if possible!
- **DON'T TAKE FUNDS HOME.**
- If you cannot deposit the money that day - **PUT THE MONEY IN THE SAFE WITH A WITNESS PRESENT!!**

Revenue Potential

- The Revenue Potential form is an internal control requirement and a finding occurring in independent audits when they are not in existence.
- Can also be called a “Fund-raising Event Profit Form”, “Revenue Potential” or “Revenue Projection”, but they all mean the same thing and are required regardless of what it’s called!

Revenue Potential, cont.

Fund-raising Event Profit Form
Fund-raising Event Profit Form

Name of Event: _____

Date of Event: _____

Part I: Revenue

	Estimated Sales			Actual Sales			Difference	
	Number	Unit Price	Total (# x price)	Number	Unit Price	Total (# x price)	Units	Dollars
Revenues								
Number of tickets sold								
Number of items sold								
Other Revenues								
Advertising								
(describe)								
(describe)								
Total All Revenue								
Losses Items								
Given away								
Lost								
Stolen								
Damaged/Returned								
Remaining Unsold								
Total all losses								
Total Revenue (Revenue - Losses)								



Revenue Potential, cont.

Part II: Expenses

Expenses	Estimated Cost of Sales			Actual Cost of Sales			Difference	
	Number	Unit Price	Total (# x price)	Number	Unit Price	Total (# x price)	Units	Dollars
Cost of Items Sold								
Other Expenses								
Supplies								
Advertising								
Custodial Overtime								
Fees								
(describe)								
(describe)								
Total Expenses								

Part III: Net Profit for this Activity _____

Net profit is the difference between total revenues and total expenses.

Report prepared by: _____
Signature, Title and Date

Club Advisor: _____
Signature, Title and Date

Principal or Designee _____
Signature, Title and Date

Presented to ASB on: _____
Signature, Title and Date



Revenue Potential, cont.

It is an ESTIMATE with your ACTUAL results and the difference all shown in the same form.

- The students will learn:
 - Projecting for an expectation
 - Why actual results are different or why actual results agree
- Yes, there may be some guessing for the estimate section.
- ESTIMATE SECTION MUST BE FILLED OUT **PRIOR** TO EVENT.
- Revenue potential form can serve as the document to:
 - Complete and submit to the board or designee for event approval.
 - Ensure that the site administrator is informed and approves of all fund-raising activity at the site.
 - Notify the bookkeeper of an upcoming deposit.

Unallowable Fund-raisers

- By law:
 - Raffles, Bingo, and other games of chance
 - *Who can do a raffle:*
 - Private non-profit groups (Not ASB)
 - Non-profit must have a California Business License for at least one year
 - Own tax ID number
 - Must register annually with Attorney General's Registry of Charitable Trusts prior to raffle and receive confirmation of the annual registration prior to holding the raffle
 - Must distribute at least 90% of proceeds to beneficial or charitable purposes
 - Department of Justice www.caag.state.ca.us



Unallowable Fund-raisers, cont.

- Due to lack of insurance coverage (pose liability, safety or risk concerns):
 - Mechanical or animal rides
 - Use of darts, arrows, or other weapons
 - Objects thrown at people (i.e., pie toss)
 - Dunk tanks
 - Destruction of objects (i.e., using a hammer)
 - Trampolines
- Ownership Issues:
 - Rental of district property (equipment or facilities to outside groups)
- Fees not authorized by the Education Code:
 - See the FCMAT ASB Manual for more information on what fees are not allowable.
 - There are new complaint laws in place per AB 1575
 - All public schools are required to publish local policies and procedures to implement provisions of AB 1575
 - Information is to be included in the annual parental notification

Unallowable Fund-raisers, cont.

- An ASB fund-raiser must be preapproved and consist of students raising money in order to purchase “extras” for their educational experience.
- It is not legal for teachers to raise funds to increase their site budgets by fund-raising using the district’s tax ID number. If they do, the funds are considered taxable income to the teacher.

There’s a big difference when students fund-raise using the district’s tax ID number compared to teachers fund-raising using the district's tax ID number. One is legal; the other is not!

Donations

- Yes, ASB can gladly accept donations of money or property if the donation is for appropriate ASB expenditures.
- But they can't be:
 - Required
 - Mandatory
 - A prerequisite to participate in a program or activity
- All ASB rules and guidelines apply to any received donations.
- Make sure you know if the district's board policy on donations has special provisions/instructions for how ASB donations are to be acknowledged or accepted.

ASB Accounts are Not Pass-Through Accounts

- ASB accounts should not be used as pass-through or clearing accounts.
- Only money that should be deposited into ASB:
 - Actual ASB funds
 - Will be used for appropriate ASB purposes

Cash Control Procedures

- Most fraud that occurs in ASB is directly related to procedures for handling of cash and checks.
- Internal controls CRITICAL.
 - Protect ASB's assets (cash).
 - Protect students, employees and staff who handle cash from accusations or errors.
- Principal must ensure:
 - Proper cash control procedures established and followed:
 - During fund-raising event.
 - When cash and checks given to ASB bookkeeper for deposit into ASB account.
 - Ensure that unless cash control procedures in place for the fund-raiser, the event cannot be held.

Cash Control Procedures, cont.

- Must be able to tie all proceeds to the specific fund-raiser from which they were generated.
- Ensure all proceeds from an event are properly turned in and accounted for.
- Proper internal controls include:
 - Proper inventory of concession items
 - Proper cash handling and physical chain of custody for all cash receipts
 - No commingling of receipts from separate events
 - Immediate delivery of all event proceeds to the ASB bookkeeper
 - Use of three-part receipts when turning in all event proceeds

Cash Control Procedures, cont.

- Dual cash counts
- Endorse all checks – “For Deposit Only ...”
- Safe storage
- Timely deposits (2-3 days)
 - Never leave un-deposited money at a school over weekends or holidays
- Control over tickets and receipt forms
- Reporting overages and shortages
 - Loss of tickets the same as loss of cash

Cash Control Procedures, cont.

- Cash Control Procedures include:
 - Pre-numbered tickets for all sales events
 - Cash register for store-type sales
 - Pre-numbered receipt books for receipt transactions
 - Tally sheets for designated activities
 - Inventory control for vending machines, stores, and concession stands
 - Cash boxes to keep the received money safe

Cash Control Procedures for ASB Bookkeepers

- Provide materials to ASB advisors for fund-raisers, and keep stock on hand.
 - Ticket rolls
 - Receipt books
 - Forms
- Responsible for receipts once received from ASB advisor until deposited.
 - Count cash in presence of another person.
- Principal must work with each student organization to develop methods for securing cash collected after hours and on non-school days.

Cash Control Procedures for ASB Bookkeepers, cont.

- No one should leave funds unattended on the ASB bookkeeper's desk.
 - If the bookkeeper is not available, assign another individual to receive the deposit and sign for the received funds in their absence.
- Many times an ASB bookkeeper has been falsely accused of theft when students, teachers, parents or other staff have been the criminal.

Cash Control Procedures for ASB Bookkeepers, cont.

- If the proper documentation is not received and/or if that documentation does not contain the initials or signatures of one or two individuals who have counted the funds prior to being received by the bookkeeper, there is a risk that someone may allege that more funds were raised than the bookkeeper indicates.
 - All funds should be counted by those performing the fund-raising.

Deposits

- VERY HIGH FRAUD INDICATER when deposits are not timely
 - When deposits are late:
 - Checks can become stale and difficult to cash.
 - Donor must re-issue check; perception of “lack of caring or negligence” by the ASB.
 - Heavy Audit Findings – District governing board takes notice.
 - Deposit at least WEEKLY for ANY amount (every 2-3 days best).
 - Deposit DAILY if SIGNIFICANT amount.
 - DO NOT LEAVE MONEY IN YOUR DESK, CABINET, OR ANYWHERE OTHER THAN THE SITE SAFE AND/OR DISTRICT OFFICE.
 - Count all cash with a WITNESS and sign off on the deposit count as cash goes through the chain of custody process.

ASB Cash Form

ASB Cash Count Form

Name of School

Name of Club

Fiscal Year

Name of Person Completing Form: _____

Date Completing this Form _____

(A) Denominations	(B) Number of Bills or Coins	(A times B) Total Amount Collected		
Pennies .01				
Nickels .05				
Dimes .10				
Quarters .25				
Half dollars .50				
Dollar coins 1.00				
Dollar bills 1.00				
Five dollar bills 5.00				
Ten dollar bills 10.00				
Twenty dollar bills 20.00				
	Total amount of all cash	\$ -	(D) \$ -	Total Cash Receipts
	Total amount of all checks	\$ -	(E) \$ -	Total Check Receipts
	Total amount of all cash and checks	\$ -		
(Pre-record amount and initial the amount of change funds received)	LESS START UP CHANGE FUND AMOUNT	\$ -	†	Initial upon receiving change funds
	Total net amount of all cash and checks	\$ -		

Totals from
Receipt Adding
Machine Tape

†. The person(s) receiving start-up change fund cash should initial that they agree to the amount received prior to taking custody of the cash box containing the start-up change.

ASB Cash Form, cont.

Note: Confirm that total "cash & coin" receipts equals total amount of all cash.
Confirm that all check receipts agree to attached receipts.
Confirm that all check payee's individually agree to attached receipts.
Confirm that all receipt numbers are sequential with none missing.
Follow up on ANY differences...

ASB Bookkeeper	
(D)	initial
(E)	initial
	initial
	initial

Cash count form prepared by: _____
Signature, Title and Date

Signature of fundraiser staff counting the cash: _____
Signature and Date

Signature of fundraiser staff counting the cash: _____
Signature and Date

Verified by ASB bookkeeper: _____
Signature, Title and Date

Club Advisor: _____
Signature, Title and Date

Principal or Designee _____
Signature, Title and Date

Presented to ASB on: _____
Signature, Title and Date

Signature, Title and Date

Supporting documentation: (MUST be included when this form is turned in)
Prenumbered tickets:

Cash register: Report of ticket sales form
Unused tickets returned

Prenumbered receipt books:
Cash register tape
Copy of each receipt issued

Tally Sheet: Copy of each receipt issued
All receipt books returned
All receipt books accounted for
Completed tally sheet/sheets

Bank Reconciliation Internal Controls should include:

- Timely reconciliations
 - Within two weeks of receiving bank statement
- Principal/ASB Advisor review
 - Make sure outstanding items are cleared within one month.
 - Initial and date the bank reconciliation and bank statement as evidence they equal.
- Present reconciled reports to student groups
 - Monthly
 - Report should be entered into the minutes
- Business office review monthly and signed off as reviewed.

Allowable Expenses

- Must be in compliance with the law and local board policy
- Must promote the students' general welfare, morale, and educational experience
- Must be directly linked to the students' benefit
- Must be pre-approved
- Must be outside of what the school district should provide, or has provided in past, from their own general funding sources
- Must benefit a group of students (with few exceptions)

Allowable Expenses, cont.

- Expenses **CANNOT** be considered a gift of public funds
 - Must have a direct or substantial purpose
 - Misappropriation of public funds is considered a criminal act, with no monetary limit specified
 - Better to be safe than sorry

Allowable Expenses, cont.

Gift of Public Funds

- Article 16, section 6, of the California Constitution
 - Expenditures of school funds must be for a direct and primary public purpose to avoid being a gift of public funds.
 - Private individuals are benefitted only incidentally to the promotion of the public purpose.
 - Approved public purpose must be within the scope of a school district's jurisdiction and purpose.
- Expenditures that most directly and tangibly benefit students' education are more likely justified.
 - Expenditures driven by personal motive are not justified even if they have a long-standing custom or are based on benevolent feelings.

Allowable Expenses, cont.

- To justify the expenditure of public funds, the governing board must determine that the expenditure will benefit the education of students within its schools.
- If the governing board has determined that a particular type of expenditure serves a public purpose, courts will almost always defer to that finding: **Put in board policy.**
- Can be considered a gift of public funds unless in board policy.
 - Scholarships (discussed later in this presentation)
 - Donations to charity (discussed later in this presentation)
 - Flowers

Allowable Expenses, cont.

- Examples:
 - Student magazines and newspaper subscriptions
 - Supplemental equipment for student use not provided by the school (i.e., telescopes)
 - Field trips/excursions/outdoor education camps
 - Extra-curricular athletics costs
 - Social events for students
 - Awards are allowable only if there is a district policy allowing awards
 - Substitute teacher if the teacher is absent due to an authorized ASB event

Unallowable Expenses

Ask these questions:

- Does the expense directly promote the general welfare, morale or educational experience of the students?
- Does the expense benefit students as a group?
- Are you sure the expense can't be considered a gift of public funds?
- If you answer **NO** to the questions above, the expense is probably unallowable.

NO = Don't spend from ASB funds!!!!

Unallowable Expenses, cont.

Include:

- Regular curriculum and classroom supplies
- Salaries/supplies that are the district's responsibility
- Repair and maintenance of district equipment/facilities
- Items for employee personal use
- Faculty meeting costs
- Parent group costs
- Large awards unless approved in board policy
- Employee appreciation meals
- Employee clothing/attire
 - Coach uniforms paid by ASB is not recommended
- Donations
- Gifts of any kind

Are Awards Allowed?

- Board required to adopt rules and regulations about awards.
 - If no policy or regulations, no awards allowed.
- Authorized by E.C. 44015.
- Awards are allowed to employees for exceptional contributions and to students for excellence.
- Only student awards should come from ASB.
- Awards cannot exceed \$200 in value unless board policy states a higher amount.
- Awards are not authorized to community members, parents, or volunteers.
- Awards are not allowed for birthdays, weddings, funerals or holidays.



Are Awards Allowed?, cont.

- Awards to employees for exceptional contributions are allowed if the employee:
 - Proposed procedures or ideas that are adopted and resulted in eliminating or reducing district expenditures or improving operations.
 - Performed special acts or special services in the public interest.
 - Made exceptional contributions to the efficiency, economy or other improvement in operations of the district.
 - And, should be paid from district funds.

Are Awards Allowed?, cont.

- **FCMAT's recommendation:** Awards are only allowed if there is an approved board policy in place and if award does not violate other district policies (i.e., wellness policy). Only allow student awards from ASB funds.

Are Gifts Allowable?

- If it is not an award, it is a gift, and gifts are unallowable.
- Gifts are NOT allowable, even if small in amount.
 - People have tried to say that if a gift's value is “de minimis”, trivial or of little value, it would be okay (for example, under \$20/person).
 - Court cases say differently -- a gift is a gift.
 - Gift certificates are ordinarily characterized as gifts of public funds even when purchased for an event with a public purpose because they confer a tangible private benefit to an individual.
 - Ask merchants or individuals to donate gift certificates to avoid making a gift of public funds.
- **If students want to give gifts, use private funds, not public funds.**

Are Gifts Allowable?, cont.

- **FCMAT's recommendation:** Gifts are NEVER allowed.

Are Donations to Other Organizations Allowed?

- Donations are considered a “Gift of Public Funds”.
 - Funds have been raised under the district’s non-taxable status.
- Students can still organize fund-raisers to support specific charities if clearly identified as such.
 - If so, the checks should be written to the organization/charity.
 - An exception can exist only if district governing board approves a special fund-raising event with the funds clearly segregated within the ASB account.

Note: Donations are not allowed for needy families. A legal foundation must be established separate from the district.

Are Donations to Other Organizations Allowed?, cont.

- **FCMAT's recommendation:** Donations to other organizations are not allowed from ASB funds unless specific governing board approval has been obtained.

Are Scholarships Allowed?

- Yes, if the following exists:
 - Governing board, or authorized designee, approves the scholarship donation.
 - Acceptance must be in writing, including all conditions prescribed by the donor.
 - Statement must also be included regarding the disposition of any remaining balance.
 - Each scholarship and trust account must be established separately.
 - The donation cannot be for a specific student(s).
- Students may organize fund-raisers to raise money for scholarships.
 - If the district governing board approves a special fund-raising event with the funds clearly segregated within the ASB account.



Are Scholarships Allowed?, cont.

- If scholarships are going to be allowed from ASB funds, the following must occur:
 - There must be an unbiased committee who selects the recipients.
 - The selection criteria must be determined prior to beginning the fund-raising or acceptance of any donations.
- Scholarship check(s) must be made payable directly to the college.

Are Scholarships Allowed?, cont.

- **FCMAT's recommendation:** Scholarships are not allowed from ASB funds unless the previous criteria have been approved and established in advance.

Is Employee Clothing/Attire Allowed?

- Not Allowed.
 - No specific statutory or case authorizes such expenses.
 - It is not allowed because it directly benefits an individual.
 - Employee clothing and attire expenditures may be considered a gift of public funds.

Is Employee Clothing/Attire Allowed?, cont.

- **FCMAT's recommendation:** Students shouldn't be raising money to outfit employees.

Are Employee Appreciation Meals Allowed?

- Not Allowed.
- Appreciation meals do not qualify as awards.
- Attorney General says not “actual and necessary” per E.C. 44032.
- Don’t provide a direct and/or substantial purpose -- so would be a gift of public funds.

Are Employee Appreciation Meals Allowed?, cont.

- **FCMAT's recommendation:** Employee appreciation meals are not allowed.

Contracts for ASB

- Contract - legally binding document
 - Whoever is authorized to sign contracts under district policy are the same individuals that are allowed to sign ASB contracts.
 - School principals and ASB advisors are not usually board-approved signers. Make sure you check your district board policy before signing any contract.
 - Follow district policy regarding contracts
 - Authorized signers
 - Dollar limits
 - Required review/authorization
 - District contract policies and procedures protect the ASB, the students, and their assets.

What Happens When the ASB Pays for a District Employee's Services?

- Sometimes a district employee does extra work for the ASB that the ASB will pay for.
- If this happens:
 - The extra work is paid through district payroll and the ASB then reimburses the district.
- ASB must pre-approve the expense before the work occurs.
- The extra work will be reported on the employee's annual W-2 issued by the district.

What's a Consultant?

- Not an employee
- Independent from the district
 - Disk jockey
 - Photographer
- Is not paid as an employee in ANY other capacity
 - If the proposed consultant is already a district employee, they cannot be paid as a consultant for this work.
- ASB must pre-approve the expense before the work occurs
- Paid directly by ASB with a vendor check
- Fills out W-9 prior to working
- Income reported on IRS form 1099 annually

What Happens When a District Employee does Consultant Work for ASB?

- The consultant-type work is paid through district payroll and the ASB then reimburses the district.
- ASB must pre-approve the expense before the work occurs.
- The extra work will be reported on the employee's annual W-2 issued by the district.
- This is because the same person can't be paid as an employee and a consultant by the same employer.

Internal Controls/Spending

- Spending student money **MUST** be accomplished with sound internal controls, great accounting practices and conform to your board of education regulations (E.C. Sec.48933).
 - All disbursements **MUST** be:
 - Budgeted
 - Properly authorized by students
 - Paid **ONLY** from **ORIGINAL** documents/receipts, etc.
 - Service/product/goods **MUST** be **RECEIVED** and authorized



Internal Controls/Spending, cont.

- Purchase orders must be completed **PRIOR** to the purchase.
 - Organized ASB's
 - Pre-approved by three (3) signatures on P.O.
 - Student representative
 - Certificated club advisor
 - Board designee (normally the principal)
 - Unorganized ASB's
 - Pre-approved by only one signature on the P.O.
 - This signer/trustee is normally the principal

Internal Controls/Spending, cont.

- All disbursements **MUST** be:
 - Reflected in club minutes:
 - Issuance of the P.O.
 - Approval of the P.O.
 - Payee information, i.e., the check number, amount, and name.
 - Be audit ready with an audit trail.
 - Records are retained as established by policy or procedure.

Are Purchase Orders Really Necessary?

- YES! Must be issued for purchases to reflect proper approval.
- ASB not obligated to pay for an expenditure ordered or directly purchased by a teacher, student or other person who has not first received a purchase order with the appropriate approval signatures.
 - You cannot just go shopping on your own and expect to be reimbursed.
- P.O.'s must be pre-numbered and have multiple copies.



Internal Controls

Policies and procedures that:

- Ensure that accounting and business operations are effective and efficient
- Safeguard and preserve the organization's assets
- Promote successful fund-raising ventures
- Protect against improper fund disbursements
- Ensure that unauthorized obligations cannot be incurred
- Provide reliable financial information
- Reduce the risk for fraud and abuse
- Protect employees and volunteers
- Ensure compliance with applicable laws and regulations



Internal Controls, cont.

- Segregation of duties according to their functions so that one person does not handle a transaction from beginning to end.
 - Those who initiate, authorize or approve transactions
 - Those who execute the transactions
 - Those who record the transactions
 - Those who reconcile the transactions
 - Those responsible for the item resulting from the transactions

Internal Controls, cont.

- Purchase order/requisition completed prior to purchase or ASB is not obligated to pay for the expenditure.
- Never pay expenses from cash receipts.
 - Deposit cash and then write a check.
- Keep the checkbook and extra check stock in a safe, secure place.
- Void checks that are incorrect or not issued.
- Never sign checks in advance -- have at least one backup signer (but can be more)
- Use checks in proper sequence.
- Never make check out to cash.
- Check needs two (2) signatures.

Journal Entries and Transfers

- Control is required
 - Purpose must be documented with a detailed reason
 - Needs supporting documentation
- Should be prepared only with prior written approval
 - ASB advisor
 - Principal
 - Club meeting minutes
- Any journal entry that isn't properly documented or approved is a fraud indicator.

ASB Minutes Requirements

- The student council and each club must prepare and maintain a record of each meeting and action taken in them.
 - Details of proceedings
 - Actions taken
 - Demonstrate that policies and procedures are followed by ASB
- Need to be concisely and clearly written.

ASB Minutes Requirements, cont.

- Any information introduced to those attending the meeting should be attached to the original copy and kept on file, such as listing of purchase orders, listing of checks, financial information and letters.
- The club secretary, or whoever took the minutes, should sign the minutes when they are completed.
- Review and approve at next meeting.
- Maintain a binder of all of the approved minutes for the school year.

Auditors

- Good resource
 - Annual Financial Review
 - Report findings
 - Help fix procedures
 - Protect the district by offering a third party line of defense for why ASB policies and procedures are necessary
 - Auditors report directly to the governing board

Why Are There So Many Issues, Including Audit Findings, in ASB?

- Cash transactions
- Decentralized with many players
- Accounting by non-accountants
- Inadequate
 - Internal controls
 - Communication
 - Training and guidance
 - Standardization
 - Oversight



Audit Findings

- Significant and Common Audit Findings:
 - Expenditure or purchase **PRIOR** to purchase order approval or P.O. not used at all.
 - Actual purchase date is prior to the purchase order date.
 - The three (3) signatures for organized or one (1) signature for unorganized ASB's required by EC are not obtained prior to purchase.
 - A lack of confirmation that the product purchased was received prior to payment.
 - Lack of proper documentation, i.e. no revenue projections.

Audit Findings, cont.

- Cash receipts not traceable.
- The who, what, when, where and why's are missing on the documentation.
- Receipt books are not used and/or properly completed.
- Cash collection form and ticket numbers are not used and/or reconciled.
- Deposits received are not taken to the bank in a timely manner.
- Bank reconciliations not prepared monthly.

When you have Questions

- Come to the District Office.
- Ask your Auditors.
- FCMAT has an on-line help desk. You can visit the help desk at www.fcmat.org and review the previously asked questions and answers and will most likely find your question. If you have a situation that has not been previously addressed, you will be able to submit your question through the website.

