



**OTTAWA-CARLETON**  
DISTRICT SCHOOL BOARD

# School Council Funds Management Guide

Finance Department  
10 October 2019



## Table of Contents

<b>Background.....</b>	<b>3</b>
<b>1. Fundraising Plan.....</b>	<b>4</b>
<b>2. Banking Arrangements.....</b>	<b>6</b>
<b>3. Receiving Money.....</b>	<b>7</b>
<b>4. Depositing Money .....</b>	<b>9</b>
<b>5. Paying for Goods and Services .....</b>	<b>10</b>
<b>6. Bank Reconciliations.....</b>	<b>12</b>
<b>7. Financial Reporting.....</b>	<b>13</b>
<b>8. Records Retention .....</b>	<b>14</b>
<b>9. Audits and Access to Information .....</b>	<b>16</b>
<b>10. Charitable Donations.....</b>	<b>17</b>
<b>11. School Council Oversight .....</b>	<b>18</b>
<b>12. School Closures and Program/Boundary Changes.....</b>	<b>19</b>
<b>13. School Council Transition .....</b>	<b>21</b>
<b>14. Dispute Resolution .....</b>	<b>22</b>
<b>15. Sample Forms and Templates .....</b>	<b>23</b>
<i>Declaration of School Council Banking Arrangements.....</i>	<i>24</i>
<i>Authorized Signing Officers .....</i>	<i>25</i>
<i>Authorization to Open a Bank Account (to be printed on school/district letterhead) .....</i>	<i>26</i>
<i>Deposit Envelope.....</i>	<i>27</i>
<i>Bank Reconciliation .....</i>	<i>28</i>
<i>Receipts Register .....</i>	<i>29</i>
<i>Disbursements Register .....</i>	<i>29</i>
<i>Financial Report.....</i>	<i>29</i>

### Background

In 2001, the Ministry of Education released a publication entitled *School Councils: A Guide for Members*. It details the history of school councils in Ontario and provides useful information on the purpose of school councils and the roles and responsibilities of council members.

In September 2013, the Board approved policy P.133.FIN which established specific requirements for the management of school council funds. The policy is supported by procedure PR.580.FIN which identifies specific requirements relating to school council funds. The policy and procedure are available on the District's website. A key requirement stated in the policy is the need to appoint a school council treasurer (referred to in this document simply as a treasurer). If possible, it would be ideal if the treasurer has knowledge of bookkeeping techniques and financial controls.

The School Council Funds Management Guide was prepared by District staff with the assistance of school council members. It complements the Board's policy and procedure and is intended to inform school council members and the broader school community about financial practices that allow funds to be managed in a consistent, transparent and appropriate manner.

The guide is by no means a comprehensive list of requirements that must be followed; rather, it is intended to show council members a possible approach to fulfilling the requirements presented in the policy and procedure. Variations of the practices presented and other practices not shown may be equally appropriate.

## **1. Fundraising Plan**

An underlying requirement of school council fundraising is that resources raised must be used for the benefit of students and align with the school's improvement plan. Fundraising activities commonly promote school spirit through involvement of the broader school community. Participation in fundraising activities is always voluntary. Fundraising is broadly interpreted and includes fees charged for milk and lunch programs organized by the school council.

A school council must develop its fundraising plan in consultation with the school community. The school principal is integral to any consultation. The principal has knowledge of the District's policies and procedures as well as the needs of the school community. As required by Ontario Regulation 612/00 and Board policy, the principal is responsible for ensuring that fundraising activities comply with Board policies and procedures and is ultimately responsible for approving the fundraising plan.

A fundraising plan establishes the activities to be undertaken during the current school year. Funds raised during the school year would normally be spent during the school year. Residual balances from fundraising activities conducted in the previous year would be carried forward for use in the new year.

Funds can also be raised for specified projects to be undertaken in future years. Common projects may include a playground structure replacement and new musical instruments for extra-curricular activities. Special consideration must be given to projects that will be undertaken in future years that may result in ongoing financial costs to the District or that may need to meet safety and accessibility specifications. For example, playground structures must comply with various health and safety requirements and are also subject to accessibility requirements. It is important that the school council, through the school principal, consults District departments to ensure the feasibility of planned spending.

### **Quick Reference**

1. The school principal is responsible for ensuring that fundraising activities comply with Board policies and procedures and is ultimately responsible for approving the school council fundraising plan.
2. The fundraising activity must not result in any person, including school board staff or volunteers, benefiting materially or financially from the activity.
3. A fundraising plan (or budget) should be established at the start of the year or, for initiatives identified during the year, once the plan to proceed with the initiative is approved.
4. The intended use of funds should be clearly defined prior to the commencement of any fundraising activity.
5. The intended use may include an amount to meet school council administrative requirements or to serve as a reasonable reserve to meet unanticipated student needs.

6. Resources generated through fundraising activities should be used during the school year for the benefit of existing students. Deficit spending and loan financing arrangements are not permitted. Unspent funds for continuing/recurring initiatives are to be carried forward to the following year for that purpose.
7. Funds can be raised for specified projects to be undertaken in future years. Common projects include playground structure replacement and landscaping enhancements.
8. Prior approval may be required from various departments within the District. For example, prior to purchasing playground equipment, the principal must contact the District's Facilities Division to ensure that equipment purchased meets safety standards.
9. Capital equipment purchased using school council generated funds becomes the property of the Board.
10. Certain fundraising activities may result in donations of property that are eligible for an official donation receipt for income tax purposes. Refer to the Charitable Donations section in this guide.
11. Residual balances relating to discontinued initiatives may be repurposed by the school council. Large balances should be returned to their contributors (e.g. donations received for a playground structure should be returned to the donor if the project is cancelled).

## **2. Banking Arrangements**

The District recognizes that the capacity to manage funds varies between school councils and that this capacity may change over time. The District supports school councils in their effort to enhance the school community and may be able to assist with banking arrangements.

Although school council is still responsible for preparing deposits and approving disbursements, leveraging the District's established banking arrangements alleviates some work relating to cheque issuance, bank reconciliations and source document retention. It does not eliminate the school council's need to maintain detailed financial records.

Of course, it is important to discuss with the principal the possibility of the school office taking on this role as the capacity of school offices to assume the extra workload varies from school to school.

### **Quick Reference**

1. In accordance with policy P.133.FIN, the school council will determine whether the banking arrangements for funds managed by the council will be:
  - Provided by the school office with the approval of the school principal; or
  - Administered by the school council through a recognized financial institution.
2. The policy requires that the Declaration of School Council Banking Arrangements be completed each year. This requirement recognizes that school council membership changes over time and completion of the declaration helps new members recognize the importance of school council's responsibilities to properly manage financial matters.
3. A new declaration must be completed if banking arrangements change. A change in financial institution where the school council banks or a decision to have banking arrangements provided by the school are two examples that will result in the need to complete a new form.
4. Bank arrangements provided by the school office will use the school's financial institution and District's financial management practices. Funds held for school council purposes will be accounted for separately from other funds managed by the school.
5. A school council that administers its own banking arrangements will maintain all of its funds in one bank account under the school council's name. The bank account must provide monthly statements and ensure that cleared cheques are returned in either hardcopy or electronic format.
6. The declaration is included in the Sample Forms and Templates section of this guide.

### **3. Receiving Money**

Effective controls supporting the collection of money are essential in meeting a school council's financial initiatives. Using proper controls safeguards the money collected and establishes confidence in payers and donors that their money is being handled with care.

A key concept in designing internal controls is that of segregation of duties. Application of the concept ensures that no one individual is responsible for all aspects of managing money. The more individuals involved at key steps in the process increases the likelihood that errors and omissions will be detected. Other important controls relate to storing cash and cheques.

#### **Quick Reference**

1. The school council member or other volunteer who collects funds must ensure appropriate control of funds during events. This includes using a cash box and never leaving cash unattended.
2. Obtain a change fund (cash float) for events where cash transactions will occur. The change fund should be authorized as a recoverable amount and issued using a cheque payable to the individual responsible for the change fund. Alternatively, a pre-established change fund can be assigned to the individual. Ideally, any pre-established change fund should be held in a safe located at the school. The fund should be returned to the treasurer and accounted for separately from the proceeds of an event.
3. The use of various internal control techniques is encouraged. An example of a control is the use of pre-numbered tickets which can be matched to revenues received and goods provided (e.g. movie night admission, school barbecue). Segregating functions should be considered if there are sufficient volunteers.
4. Encourage the use of cheques to pay for larger dollar and recurring amounts.
5. A register listing receipts should be maintained. The register should show the payer, cheque number or cash indicator, amount and purpose. Sometimes the deposit envelope may be used for this purpose.
6. If possible, two individuals should each count and confirm cash amounts in the presence of the other. This approach increases the accuracy and provides for immediate identification of differences. The receipts should also be reconciled with other documentation such as the lunch order listing or pre-numbered tickets.
7. The money should immediately be placed in a deposit envelope and sealed (a baggie is not a secure envelope). All individuals involved in summarizing the cash and cheque receipts should sign the envelope indicating their confirmation of the enclosed amount. Pre-numbered envelopes for tracking purposes are ideal and could be issued by the treasurer. Deposit envelopes can be obtained from the school office. (Note: For councils that bank through the school office, the deposit envelope would be given to the office staff. The details will be recorded in the school's deposit log book and the money will be stored in the school safe until deposited in the school's bank account).

8. An entry to the receipts register must be made. Be sure to indicate the deposit envelope number in the register. The process allows receipts to be traced back to supporting documents.
9. Promptly provide the deposit envelope to the individual responsible for depositing the funds in the bank account. If this cannot be done immediately then the funds should be stored in a safe - ideally located at the school. (Note - the school's safe must not be accessed by school council members.)
10. Ideally, the treasurer should not be involved in the initial receipt of cash and cheques.
11. A sample deposit envelope is included in the Sample Forms and Templates section in this guide.



## **4. Depositing Money**

It is important to deposit money received into the bank account as soon as possible. Not only is the money required to pay invoices/bills relating to the initiative, but promptly depositing cash and cheques limits the potential for loss due to theft and misplacement.

### **Quick Reference**

1. The treasurer is commonly assigned the responsibility for depositing money into the bank account; however, another individual may be asked to do this as it will enhance control by separating the responsibility of depositing funds and reconciling the bank account.
2. Money should be promptly deposited into the bank account. If this cannot be done immediately, then the money should be stored in the school safe or the school council's safe at the school. Circumstance may require that the money be held offsite but care must still be taken to reduce the risk of loss or theft.
3. A safekeeping register should be maintained by school office staff when the school safe is used to hold school council funds. Access to the school safe must be restricted at all times. A school council member should never have direct access to the school's safe.
4. Preparing a deposit is ideally completed at the school in a quiet location and away from the public. Taking money to another location exposes it to additional risk of loss and theft, but circumstances may necessitate that money be counted offsite.
5. Deposit envelopes should be gathered and, if appropriate, consolidated into one bank deposit. Completion of the bank's deposit slip or other form accepted by the bank is required.
6. A variance between the money enclosed in a deposit envelope and the amount prepared for deposit must be reconciled and discussed with those involved.
7. Identify in the deposit log the date on which the deposit envelopes were processed and sent to the bank. This will assist with ensuring that all deposit envelopes are processed and will align with the monthly bank statement (and online banking information).
8. Update the general ledger with the amount deposited. Double entry bookkeeping helps ensure that cash deposited in the bank matches the revenue recorded for specific events and purposes.
9. Be sure to isolate the return of change funds (cash floats) from event proceeds. Not doing so will overstate the actual proceeds and may result in confusion as to how much money was actually received.
10. An entry in the general ledger to record cheques returned by the bank due to non-sufficient funds (NSF) must be made. The school council should establish a policy for recovering funds from the payer or for writing-off amounts that will not be recovered. The policy should address both accountability and privacy concerns.

## **5. Paying for Goods and Services**

It is essential that internal controls relating to payments be implemented. The controls allow for the detection of errors such as a duplicate payment or a payment to an incorrect supplier or individual. They would also ensure that the payment is properly authorized by a minimum of two school council signing officers.

The manner in which payments are made depends on whether banking arrangements are administered by the school or if the school council manages the funds in its own bank account.

### **Quick Reference for School Council Administered Banking Arrangements**

1. The treasurer is commonly assigned the responsibility for paying for goods and services; however, another individual may be asked to do this as it will enhance control by separating the responsibility of preparing cheques and reconciling the bank account.
2. Expenses are ideally paid for using a cheque. Use of a cheque provides a clear audit trail showing the use of funds.
3. Cheque stock with standard security features including a pre-printed cheque number or stock control number should be used. Use of a carbon copy cheque book is recommended where cheques are completed manually.
4. Cheque stock should be used in sequential order.
5. Cheques require signatures of two authorized signing officers. Signature stamps should not be used.
6. Only one person should have control of the cheque stock at any time. This reduces the chance of duplicate payments and allows for cheques to be issued in sequence.
7. Ensure the bank account balance is sufficient to cover the cheque amount. Keep in mind that the payment is specific to the purpose for which it was raised so it is also necessary to consider the availability of funds for that specific purpose.
8. Cheques should be prepared based on invoices and other supporting documentation. Enter the cheque details into the general ledger when the cheque is issued to ensure continuous control over the account balance.
9. A cheque issued to replace a lost/damaged cheque must be tracked as a new transaction. In addition, an entry in the general ledger to record the cancellation of the original cheque is required. Consider the need to issue a stop payment for the lost cheque.
10. Cheques cancelled or returned as damaged are to be marked as "Void" and retained with the banking records. An entry in the general ledger recording every cheque, even

those cancelled because of an error in completion, is recommended. This will facilitate tracking.

11. Before signing a cheque be sure to compare the details with the supporting documentation.
12. Never sign a cheque if it has not been completed in full or if there is insufficient supporting documentation. It is better to pay late rather than to regret making a payment. (Important! Never pre-sign a cheque.)
13. Transcribe the cheque number onto the source document for easy reference.
14. A cash advance or change fund (cash float) may be necessary. If one is issued, be sure to track that it is an amount owing to school council. Receipts for goods and services purchased and unspent money must be returned and recorded in the school council's financial records.

### **Quick Reference for School Office Administered Banking Arrangements**

1. Ensure the bank account balance is sufficient to cover the cheque amount. Keep in mind that the payment is specific to the purpose for which it was raised so it is also necessary to consider the availability of funds for that specific purpose.
2. An invoice/cheque request signed by two school council signing officers must be provided to the school administrator.
3. The signing officer's signature will be verified against the school council list of authorized signing officers.
4. A cheque will be issued in accordance with procedures established by the District for the management of school generated funds. Cheques issued on behalf of school council will be signed by the signing officers established for school generated funds administered by the school.
5. The treasurer will record payment requests in the disbursements register to ensure tracking of costs and cross-referencing to reports provided by the school office.
6. The treasurer must approve the cancellation of cheques including those that are stale-dated and advise the school office administrator. Cheques cancelled must be recorded in the disbursements register as an offset to the original entry.
7. To ensure accurate tracking of funds within the school's accounting system, all transfers of funds from the school council to the school must be supported by a written request that is signed by two council signing officers.

## **6. Bank Reconciliations**

Bank reconciliations are fundamental to protecting a school council's cash assets. The bank reconciliation compares the cash balance shown on the bank statement with the information recorded in the school council's financial records. A completed reconciliation identifies differences that inevitably occur due to the timing of bank deposits and encashment of issued cheques. The reconciliation also identifies adjustments that must be recorded in the school council records (e.g. bank fees) and identifies errors that may affect either the bank's records or those of school council.

### **Quick Reference**

1. The treasurer is commonly assigned responsibility for preparing the bank reconciliation. Ideally, the person who prepares the bank reconciliation is not responsible for deposits or payments.
2. Complete the bank reconciliation immediately after receiving the bank statement. This will ensure that cash balances are accurate and provides for timely follow-up of anomalies.
3. Use a standard bank reconciliation template and provide detailed explanations of reconciling adjustments.
4. Be sure to record adjustments resulting from the bank reconciliation in the school council's financial records and to follow-up on any errors that have been identified.
5. The following information is normally presented to support the bank reconciliation:
  - School council general ledger report for the bank account;
  - Bank statement;
  - List of outstanding cheques; and
  - Cashed cheques (originals or bank generated image file printout and carbon copy register).
  - Deposit book/slips
6. Both the treasurer and school council chair must review, sign and date the bank reconciliation.
7. Other school council members are encouraged to confirm that bank reconciliations have been regularly completed and are current.
8. Where banking is administered by the school, the office staff will prepare the monthly bank account reconciliation. The school council will be provided with reports showing transactions that have been processed using school council funds as well as the fund balance. Council will use the information to verify that all requested cheques, deposits and transfers have been accurately recorded.

## **7. Financial Reporting**

A school council will summarize its financial activities in a financial report which is also referred to as a financial statement. The report will show the school council's revenues and expenses as well as assets, liabilities and net financial position. The sources and use of funds as well as net financial position should be analyzed to show how the money was, or will be, used. The nature of school council activities allows for a highly simplified yet informative report format.

Discussing financial information at each meeting of the school council helps ensure that fundraising initiatives remain on track.

### **Quick Reference**

1. The treasurer must prepare and present a financial report at each meeting of school council.
2. The report should be in summary form and not present personal information that should be held in confidence.
3. The report should summarize the opening balances, receipts, expenses, and closing balances for each fundraising activity undertaken by school council.
4. Opening balances must match the closing balance shown on the previous report. The opening balance plus receipts minus expense must equal the closing balance.
5. The report should be posted on the school's bulletin board (and ideally its website) to inform the broader school community of school council activities.
6. In addition to regular reporting to school council, the treasurer must prepare a year end financial report for inclusion in the school council's annual report of activities for the year. The requirement for an annual report is established by Ontario Regulation 612/00.
7. A copy of the year end financial report must be provided to the Finance Department's School Support Unit. A memorandum will be sent to school councils near the end of each school year to remind them of the requirement.
8. A sample financial report is provided in the Sample Forms and Templates section of this guide.

## **8. Records Retention**

Care must be taken to ensure that financial records are retained in a manner that allows for ease of access and review. They are essential and support the information presented in the financial statements and may be referred to by current or future members of school council. Effective record keeping is an important step in demonstrating accountability to the school community and transparency of activities.

### **Quick Reference**

1. Canada Revenue Agency (CRA) provides guidance on how long records must be kept. The fiscal year for a school council may coincide with that of the District (August 31) or it may end one month earlier (July 31). In either case, school councils must keep their financial records for six years following the end of the District's current fiscal year.
2. A 'record' includes an account, an agreement, a book, a chart or table, a diagram, a form, an image, an invoice, a letter, a map, a memorandum, a plan, a return, a statement, a telegram, a voucher, and any other thing containing information, whether written or in any other form. Source: CRA Information Circular IC78-10R5
3. A source document includes items such as sales invoices, purchase invoices, cash register receipts, formal contracts, credit card receipts, delivery slips, deposit slips, work orders, docketts, cheques, bank statements, tax returns, and general correspondence whether written or in any other form. Source: CRA Information Circular IC78-10R5
4. The manner in which records are retained may vary by school council. For example, documents may be kept in file folders, binding cases, or binders. In any case, they should be organized and indexed. The list shown below presents some suggested file groupings and assumes each is stored in chronological order.
  - Deposit envelopes
  - Payment vouchers and invoices (supporting documentation)
  - Deposit forms
  - Cashed cheques
  - Voided/cancelled/stopped cheques
  - Duplicate cheques (carbon copy register)
  - Deposit and disbursement registers
  - Bank reconciliations
  - Monthly financial reports
  - Annual financial statement
  - Declaration of annual banking arrangements
  - Signing authority form
  - Electronic records (protected/secured)

5. Records, whether electronic or hardcopy, must be retained and transferred to the incoming treasurer.
6. Records for the year ended should be transferred to the school administrator for retention with the school's own financial records. The transfer should be completed by September 30 following the year ended.

## **9. Audits and Access to Information**

A school council is accountable to the school community. Accountability requires that records held by or on behalf of school councils be accessible for review by District staff or for audit by internal and external auditors. External auditors include the District's external audit firm which reports on the District's financial statements and government auditors including those from Canada Revenue Agency (CRA).

The records of the Board, and by extension school councils, are also subject to Ontario's *Municipal Freedom of Information and Protection of Privacy Act* (MFIPPA). The *Act* provides for public access to records including financial records and also requires that processes be established to protect personal information.

### **Quick Reference**

1. Records and source documents are subject to review and audit by District staff, internal auditors and external auditors.
2. A written request for access to school council records will be sent by the District's Chief Financial Officer or Manager of Financial Services. The request will be sent to the school council treasurer and a copy will be provided to the chair.
3. The treasurer will within two weeks of receipt of the request transfer the records to the custody of the school principal.
4. Records will be accessed only by staff authorized by Financial Services. The records may be reviewed or audited either at the school office or at another Board office.
5. The records will be returned intact to the school office and subsequently returned to the treasurer or returned to storage, as applicable.
6. Requests for information received pursuant to MFIPPA will be initiated through the District's Freedom of Information (FOI) Coordinator and managed in accordance with legislation and District policies and procedures.
7. The treasurer will be required to respond to FOI requests in accordance within legislated timelines and following required processes.
8. If necessary, authorized individuals will assist or otherwise access the records to ensure compliance with legislated requirements.



## 10. Charitable Donations

The District is a registered charity and may issue an official donation receipt for income tax purposes providing that the donation is sufficiently large and offsets the administrative costs of issuing the tax receipt. There are limited instances where an official donation receipt would be issued and the school principal must first obtain written confirmation from Financial Services that the fundraising activity qualifies. Generally, cash donations of at least \$25 qualify for an official donation receipt.

### Quick Reference

1. The school principal must seek written approval from Financial Services that the fundraising activity qualifies for charitable donation status.
2. Donations must be made voluntarily and can be directed for a specific use (e.g. breakfast program, playground structure replacement) but cannot be targeted to benefit a specific individual. The donor must not receive a direct or indirect benefit as a result of the donation.
3. A receipt will generally not be issued when the donation is deemed a fee for admission to an event or is intended to cover the cost of a meal and/or entertainment.
4. Non-cash donations of property such as land, buildings, equipment, artwork and marketable securities may qualify for an official donation receipt; however, such transactions are more complex and may require further research by Financial Services. Costs relating to valuations of non-cash donations will generally be borne by the school council, the donor or the school.
5. A gift card is eligible for an official donation receipt provided that the donor purchased the card using money and subsequently donated it in a manner similar to a cash donation. The donation is equal to the cash value of the gift card. A receipt evidencing the purchase of the gift card is required as proof of purchase (see item 8).
6. Gift cards issued by a vendor qualify for an official donation receipt when redeemed in which case the receipt must be supported by transaction receipts.
7. Gifts of services are not considered to be property and do not qualify for an official donation receipt. (Gift cards for services are not eligible for an official donation receipt.)
8. Official donation receipts are issued by Financial Services. Schools and school councils are not permitted to issue official donation receipts. The school principal must confirm the receipt of donation and provide the following information to allow for the issuance of a tax receipt:
  - Name of donor and mailing address
  - Date donation received
  - Cash value (or fair market value with appraisal letter)
  - Purpose of donation
  - Copy of the cheque (preferred) and evidence of bank deposit

## **11. School Council Oversight**

One of the best financial controls is an informed school community. The treasurer should proactively share financial information with the school council and be ready to respond to questions from council members. The importance of maintaining timely and detailed financial records is reinforced by the school council's desire to review its financial position.

### **Quick Reference**

School council members are encouraged to ask questions and review the financial information. Some questions to ask are:

1. Are those responsible for presenting financial information or managing financial transactions attending school council meetings?
2. Is a financial report and bank reconciliation presented at each meeting of school council?
3. Are bank reconciliations completed each month and approved by the council chair?
4. Are there unexplained or excessive adjustments on bank reconciliations?
5. Is the supporting information presented with the bank reconciliation? Supporting information includes the bank statement, a list of banking transactions from the school council records, a list of outstanding cheques and actual cleared cheques (or bank provided images (front and back)).
6. Are all cheques issued by the school council accounted for, including those that are cancelled after issuance?
7. Are stop payments being issued on stale-dated cheques and supported by a reversing entry in the register?
8. Are cheques ever signed without being fully completed and supported by backup documentation?
9. Are deposits envelopes entered into the register in a timely manner? Do the entries correspond with the entries shown on the bank statement?
10. Are suppliers calling regarding unpaid invoices or commenting about invoices that are paid after they are due?
11. Are refunds of overpayments supported by detailed information from suppliers (e.g. credit note)?
12. Are refunds being issued to the same individual/company on a regular basis?
13. Are excessive amounts of supplies purchased relative to needs?

## 12. School Closures and Program/Boundary Changes

District staff regularly re-assesses the need to add or close school space in response to changing community demographics and to improve learning programs. Decisions that impact both are commonly the result of capital priority initiatives that result in the construction of new schools, consultation processes performed under the Pupil Accommodation Review Guideline that may lead to school consolidations and closures, or studies such as the Secondary School Review completed in 2016 that influence learning program delivery options.

Opening new schools, optimizing existing school space and changing where and how a learning program is delivered may result in the need for students to relocate from one school to another. Schools that are impacted by the change are required to transfer certain physical and financial assets. Similarly, a school council is also required to consider the need to flow money to other schools taking into account the purpose of the fundraising that resulted in the collection of money. For instance, a school council holding funds specifically for intermediate students moving to a combined high school is expected to flow the related cash balance to the receiving school. Alternatively, funds raised specifically for school initiatives (playground, landscaping) should remain with the sending school. Discretionary cumulative cash balances greater than \$3,000 should be allocated based on student transfers.

The treasurer, in consultation with the school principal, performs a vital role in managing the review and the transfer of cash balances. The treasurer is tasked with guiding the process in a transparent manner and in the spirit of fairness. Some key steps involved in the process are provided to assist school councils and treasurers with the transition.

### Quick Reference

1. The treasurer will share with school council/broader school community the expectation that some school funds may be transferred to a school receiving a group of students.
2. The school council may designate some discretionary funds for use in closing ceremonies or when there is a significant movement of students.
3. A review of anticipated year-end balances should be prepared for review by school council. The results of the review should align with the school council's fundraising plan and clearly identify how the funds were to be or will be used.
4. The treasurer, in consultation with the principal and school council, would develop a recommendation for transferring funds.
5. For schools that are not closing, the first \$3,000 of the cumulative balance of discretionary funds is not subject to transfer. Only the amount in excess of \$3,000 is subject to apportionment.
6. Funds designated to benefit a group of students transferring to a new school should follow the students on a proportionate basis. The receiving school council is expected to use the funds for the students for which they were raised.

7. Funds are supposed to be used for the purpose for which they were collected. If this is no longer possible because of a pending closure, the school council must discuss and determine how the money may be used for other purposes. Large balances should be returned to their contributors (e.g. donations received for a playground structure should be returned to the donor if the project is cancelled and a charitable tax receipt had not been issued ). Decisions about spending or redirecting funds should be made by motion, documented in the minutes, and clearly accounted for in financial records.
8. If a school council does not exist at the receiving school, then funds can be transferred to the school directly. The school council's expectations regarding use of the money should be provided to the principal. The principal will deposit the money into the school's bank account and track the funds based on the direction received.
9. Funds raised for a specific purpose for the benefit of the school as a whole would not be transferred. Examples include money raised for a playground, landscaping, and gym equipment. A cheque payable to the OCDSB should be sent to the Finance department. The money will be held until used for the designated purpose.
10. The principals of the sending and receiving schools will review and agree to the plan.
11. The transfer of amounts should be completed only after all other expenses have been settled and all revenues (cash/cheques) have been deposited. It is important to monitor your purchases to ensure that all bills have been paid. Also confirm that any cash floats have been returned and deposited to the bank account. This will ensure the accurate distribution of funds.
12. Issue cheques to receiving school councils/schools and ask that the funds be deposited immediately. This will ensure that the bank account can be closed as soon as all cheques clear. A bank draft payable to the receiving school can be issued to clear any residual balance.
13. Obtain a final bank statement from the bank. Confirm in writing on the statement that the account has been closed. Be sure to sign and date the bank statement. Complete a final bank reconciliation up to account closing.
14. Complete the financial reporting requirements. The school community will be interested in knowing how the funds were distributed. The year-end financial report should also be sent to the Finance department.
15. The District will retain the school council's financial records in accordance with Canada Revenue Agency requirements. When a school has closed, the records are to be submitted to the Finance department, School Support unit, 133 Greenbank Road.

## 13. School Council Transition

The membership of school councils will change over time. A challenge for every council will be the continuity of operations as incumbent members leave and new ones join. Councils are encouraged to discuss and prepare for transition as part of an ongoing planning process.

The treasurer performs a key role on school council. The procedure for the management of school council funds requires that the outgoing treasurer facilitate the transfer of responsibilities to the incoming treasurer. Some key steps involved in the process are provided to assist councils and treasurers with the transition.

### Quick Reference

1. The outgoing treasurer will facilitate the transfer of responsibilities to an incoming treasurer. A transfer includes the transfer of cash and cheques not yet deposited, physical and electronic records, software and equipment used to maintain electronic records and, as necessary, knowledge regarding past transactions.
2. The transfer is preferably made directly to the incoming treasurer and formalized in writing. If this is not possible, the transfer should be made to the school council chair or school principal.
3. If possible, the outgoing treasurer would be available to respond to questions from the incoming treasurer for several months following the transfer of responsibilities.
4. The incoming treasurer should:
  - Review the banking arrangements and update the bank account signing officers on file at the financial institution. It is good practice to revoke all authorizations on file at the bank and to establish new ones for the current signing officers.
  - Ensure that the list of authorized signing officers for school council transactions is updated by school council. The list can be used to verify approval signatures.
  - Update access and passwords to systems, email accounts and other accounts.
  - Review physical records to familiarize oneself with the type of transactions encountered and to get a sense of the internal controls that have been used to manage financial activities.
  - Prepare a general ledger trial balance as at the date of transfer. Doing so ensures that all debit balances equal all credit balances. Accounting software often has a report that readily generates this list.
  - Confirm that the bank account balance as at the date of transfer agrees with the balance shown in the school council's financial records.
  - Review bank reconciliations to identify items that may affect future bank reconciliations.
  - Count and document money that has not yet been deposited into the bank or money that is used as petty cash. Both the outgoing and incoming treasurer should sign for the accuracy of money transferred.
  - Review cheque sequence numbers to ensure that there are no missing cheques.
  - Inquire and verify where records for prior years are located. The practice of storing records at the school is a recent recommendation.
  - Advise suppliers of changes in contacts (name, address, phone number).

## 14. Dispute Resolution

At times, there may be differences of opinion between a principal and the school council on the use and management of school council funds. In such circumstances, both parties are encouraged to review the original intent of its fundraising activities as this may help resolve the issue. In addition, the school's superintendent of instruction (SOI) may be able to assist in resolving the issue.

The District's Chief Financial Officer (CFO) can, either directly or through other District staff, provide guidance to resolve issues. Provision is also included in the policy to allow the CFO to temporarily assume control of a school council's funds when an investigation of alleged financial irregularity indicates that such action is warranted. The intent of temporary control is simply to safeguard the school council's money for ultimate release back to the school council. The majority of comments shown below are stated in Board policy P.133.FIN.

### Quick Reference

1. A school council and the principal are encouraged to work collaboratively to resolve disagreements as to the appropriate use or management of school council funds.
2. Issues which cannot be resolved through discussion and consultation with the principal can be referred to the SOI who will provide guidance. The SOI may request other District staff to assist in resolving the issue.
3. Where any individual has reason to believe that the management of school council funds is not in accordance with the policy or may be subject to an irregularity, he or she shall bring his or her concern to the attention of the treasurer, the school council chair, the school principal, the SOI or the CFO, as appropriate. Discretion must be exercised in determining to whom the issue should be escalated and is based on circumstances and dollar values.
4. The CFO of the District is authorized to initiate an investigation where there is reason to believe there has been financial irregularity.
5. When the results of an investigation warrant, the CFO of the District may temporarily assume control of the school council's funds. The assumption of control is solely focused on safeguarding the school council's money and to ensure the continued operations of the school council.
6. The Director of Education will inform the Board of the assumption of control at the first available opportunity.
7. The CFO will present to the Board a plan aimed at restoring control to the school council within 90 days of assuming control of school council funds.

## **15. Sample Forms and Templates**

A number of sample forms and templates have been included in this guide for reference. The banking declaration form is a standard form that should not be altered.

The other forms and the templates can be adapted for your school council's use. Spreadsheet applications are commonly used when preparing deposit information, bank reconciliations and financial summaries. The advantage of spreadsheets is the ability to incorporate formulae that automatically extend and total dollar amounts.

**Declaration of School Council Banking Arrangements**

<b>To:</b>	School Support Unit-Finance Dept. Ottawa-Carleton District School Board	<b>From:</b>	Chair  School Council
------------	----------------------------------------------------------------------------	--------------	-----------------------------

The school council confirms that its banking activities will be administered as indicated below.

By the school office (with approval of the school principal)

or

By the school council using a chequing account at \_\_\_\_\_  
Name of Financial Institution

Transit		Institution		Account	
---------	--	-------------	--	---------	--

1. The school council will maintain in prescribed format a list of individuals designated as authorized signing officers. A copy of the completed form, as well as any updates to the form necessitated by changes in members of school council or in responsibilities of school council members, will be provided to the Principal for reference.
2. Expenditure and/or transfer of school council funds require that two authorized signing officers approve each invoice/cheque request prior to preparation of a cheque.
3. Financial transactions will be managed in accordance with procedures established by the District for the management of school generated funds where school council has arranged for the school office to administer its banking activities. Cheques issued on behalf of school council will be signed by the signing officers established for school generated funds administered by the school.
4. Where banking activities are administered by the school council, the school council through the Council Chair and/or Treasurer, will:
  - establish a chequing account that requires two of the school council's authorized signing officers to sign each cheque or otherwise authorize a financial transaction;
  - ensure that information required by the financial institution, including additions and deletions of authorized signing officers, is provided to the financial institution in a timely manner;
  - maintain records and implement procedures in accordance with District guidelines;
  - make records available for review by individuals authorized by the District;
  - submit to an internal review and/or an external audit upon request;
  - prepare regular financial summaries for presentation to school council;
  - prepare annual financial statements for the school council year ending July 31 by September 30 of the following school year; and
  - provide a copy of the annual financial statements to the District's Chief Financial Officer.
5. The School Council Treasurer will maintain detailed records of all financial transactions regardless of the manner in which the school council administers its banking activities.
6. The Declaration of School Council Banking Arrangements must be completed by September 30 in each year and whenever there are changes in banking arrangements which includes a change in financial institution.

On behalf of school council    Chair: \_\_\_\_\_    Date: \_\_\_\_\_





**Authorization to Open a Bank Account (to be printed on school/district letterhead)**

Date

Bank Name and Address

Attention: Branch Manager

**Subject: Authorization to Open a Bank Account**

Please accept this letter as the official authorization for *school council name* to operate a business account for administering school council funds. The following individuals are the signing authorities for the account (with any two to sign):

Name\_\_\_\_\_ Title\_\_\_\_\_

Name\_\_\_\_\_ Title\_\_\_\_\_

Name\_\_\_\_\_ Title\_\_\_\_\_

If you require any further information please do not hesitate to contact me.

Sincerely,

Name  
Principal, School Name

**Deposit Envelope**

Log # \_\_\_\_\_

Date	Name of Account	Fundraising Activity/Purpose

Bills (a)	\$	Rolled Coin (b)	\$	Loose Coin ©	\$
\$ 5.00 x _____ =	_____	\$ 0.01 x _____ =	_____	\$ 0.01 x _____ =	_____
\$ 10.00 x _____ =	_____	\$ 0.05 x _____ =	_____	\$ 0.05 x _____ =	_____
\$ 20.00 x _____ =	_____	\$ 0.10 x _____ =	_____	\$ 0.10 x _____ =	_____
\$ 50.00 x _____ =	_____	\$ 0.25 x _____ =	_____	\$ 0.25 x _____ =	_____
\$ 100.00 x _____ =	_____	\$ 1.00 x _____ =	_____	\$ 1.00 x _____ =	_____
\$ x _____ =	_____	\$ 2.00 x _____ =	_____	\$ 2.00 x _____ =	_____

Prepared by: \_\_\_\_\_

Verified by: \_\_\_\_\_

\$	Total Cash (a+b+c)
	Total Cheques
	Total Deposit Envelope

**Itemized Receipts**

Payer	\$ Amount	Reference	Purpose	Comments
Items Total				

**Bank Reconciliation**

**for the period ended March 31, 2014**

	\$
Balance shown on bank statement	1,254.00
add:	
deposits in transit – deposit dated 2014.03.28	65.00
bank error-cheque 123 issued at \$308.00 cleared at \$380.00	72.00
	<u>137.00</u>
deduct:	
outstanding cheques per cheque register	(250.00)
bank error	0.00
	<u>(250.00)</u>
Adjusted bank statement balance	<u>1,141.00</u>

	\$
Balance shown in school council records	1,199.00
add:	
bank interest	2.00
school council error-2014.03.27-chq 43 from John deposited but not recorded	25.00
	<u>27.00</u>
deduct:	
NSF cheques-2014.03.28-NSF register folio 13	(75.00)
bank service fee	(10.00)
school council error	0.00
	<u>(85.00)</u>
Adjusted school council balance	<u>1,141.00</u>

1. The adjusted bank statement balance must equal the adjusted school council balance.
2. Provide detailed explanation for adjustments and be sure to record the school council reconciling items in the school council records.
3. Attach for review:
  - Bank statement;
  - List of outstanding cheques;
  - Cheques cashed during the month or printed bank-generated image file (front & back);
  - Printout of school council records showing banking transactions; and
  - Other details supporting reconciling items.
  - Deposit book/slips

Prepared by: \_\_\_\_\_ Date: \_\_\_\_\_

Reviewed by: \_\_\_\_\_ Date: \_\_\_\_\_

## Receipts Register

SCHOOL COUNCIL NAME							
Receipts Register							
entry number	receipt envelope number	receipt envelope date	payer (or enter various if the information is maintained in a sub-ledger)	cheque number or cash	sub-account/category	amount received	date deposited to bank account
1	1	2014.03.17	Jane	653	1-General Operating Fund	\$ 75.00	2014.03.20
2	1	2014.03.22	Spot	546	3-Breakfast Program	\$ 25.00	2014.03.27
3	2	2014.03.22	John	43	4-Beautification Program	\$ 25.00	2014.03.27
4	3	2014.03.26	Shannon	451	1-General Operating Fund	\$ 65.00	2014.03.28
5							
6							
7							

## Disbursements Register

SCHOOL COUNCIL NAME								
Disbursements Register								
entry number	school council cheque	issue date	payee	sub-account/category	description	amount	cash/voided indicator	cash/voided date
1	894	2014.03.25	General Dairy Ltd	3-Breakfast Program	Invoice 75135-Milk Charges	\$ 75.00	C	2013.03.25
2	895	2014.03.25	Your Local Grocery Store	3-Breakfast Program	Invoice 66123-Fruit Delivery	\$ 25.00	C	2013.03.26
3	896	2014.03.25	The Incorrect Supplier	1-General Operating Fund	Invoice 4512-Office Supplies	\$ 25.00	V	2013.03.27
4	897	2014.03.26	Office Supply Warehouse	1-General Operating Fund	Invoice 896-Paper	\$ 65.00		
5	898	2014.03.27	The Correct Supplier	1-General Operating Fund	Invoice 4512-Office Supplies	\$ 25.00	C	2013.03.28
6								
7								

## Financial Report

School Council Name					
Financial Report					
for the school year ending August 31, 2014					
Sub-Account/Category	Opening Balance	In Year			Closing Balance
		Receipts	Disbursements	Net	
1-General Operating Fund	356.00	140.00	- 80.00	60.00	416.00
2-Playground Structure	5,654.00	1,000.00	-	1,000.00	6,654.00
3-Breakfast Program	303.00	6,654.00	- 6,700.00	- 46.00	257.00
4-Beautification Program	500.00	300.00	-	300.00	800.00
5-Classroom Supplies	66.00	-	-	-	66.00
Balance of All Initiatives	6,879.00	8,094.00	- 6,780.00	1,314.00	8,193.00
Prepared by: _____ Date: _____					
Reviewed by: _____ Date: _____					

The information shown above was prepared using MS Excel. Most accounting software packages will produce similar reports.