

ADMINISTRATIVE REGULATION JJF-R

STUDENT ACTIVITY ACCOUNTS

Student activities come into existence in several ways. At the secondary schools there are most often student activity organizations that have a semi-formal structure and an advisor who may or may not be receiving a stipend from the school department budget. At the elementary schools however, student activities are often school-wide or class activities coordinated and performed by staff, parents and volunteers without a stipend.

The School Committee policy relative to student activities should specify how such different types of student activities would be recognized by the School Committee.

A student activity account may be used for monies raised by student organizations and which will be expended by those students for their benefit. Chapter 66 of the Acts of 1996 governs monies deposited to a student activity account. Monies governed by any other laws (see section on "Relevant Laws") which specify other ways in which the money must be handled cannot be deposited to a student activity account.

This account is the responsibility of the school principal, according to the statute. It is the direct responsibility of the principal to insure that the statute, School Committee policies, and administrative procedures are fully adhered to in all aspects of operating student activity accounts.

ESTABLISHING A STUDENT ACTIVITY

The School Committee should approve a policy outlining the steps necessary for a student activity organization to be recognized prior to being allowed to handle monies.

AUDITS

The Superintendent or the School Business Administrator shall arrange the audit, not by the bookkeeper or the principal involved with the account. The audit may be an internal audit done by the school business administrator if so approved by the School Committee. At least one time every three years, however, an independent audit firm should do the audit. The School Committee may elect to have all annual audits done by an independent audit firm.

The cost of the independent audit may be paid by the School Committee from its budget or from the interest earned on the Student Activity Account. The School Committee should specify in its policy how the cost of the audit would be paid.

In addition to the annual audit, there should be on-going internal reviews by the school business administrator or another designee of the Superintendent. These internal reviews should involve reviewing the monthly reports prepared by the individuals having daily oversight of the accounts.

TRAINING SESSIONS

An annual meeting be conducted for advisors and student officers/treasurers in early September to review these principles of the Student Activity Accounts system. Training should be made available on the necessary procedures, forms, authorizations needed, and the books and records to be kept to accurately systematize an audit trail and prepare the proper reports.

TAX EXEMPT STATUS

All Student Activity Account purchases will be under the tax exempt number of the regional school district treasurer's office, or the city/town tax exempt number through the city/town treasurer's office, in the case of a city/town school department.

Monies not under the control of the school system (ex. PTO, Booster Clubs, staff monies, etc.) are not considered student activity monies and are not eligible to use the tax-exempt number.

STAFF FUNDS

Any monies belonging to staff (ex. Sunshine funds, staff vending machines) cannot be maintained in such accounts. Should staff wish to maintain such an account(s), they must establish a bank account in their own name, and cannot use the municipal/district tax exempt number for such accounts.

GIFTS

Gifts to recognized student activities can be deposited into the student activity agency account and expended in accordance with the local school committee's policies for expenditures from such student activity account.

Gifts to other than student organizations are governed by Section 53A of Chapter 44 of the General Laws of Massachusetts, and shall be processed in accordance with such, including deposit of monetary gifts with the treasurer of the city/town/regional school district.

If no specific purpose was indicated, the monetary gift shall be expended in accordance with the overall intent of the gift.

SCHOLARSHIP FUNDS

Under the provisions of Section 53A of Chapter 44 and Section 37A of Chapter 71 of the General Laws of Massachusetts, all grants and gifts for educational purposes shall be deposited with the treasurer and held as a separate account. It would seem that scholarships would be considered a gift for educational purposes and therefore be governed by either of these two laws.

All scholarship monies would be under the jurisdiction of the School Committee, in accordance with the guidelines under which the scholarship was established.

CLASS ACCOUNTS AT GRADUATION

Student activity accounts established in accordance with Chapter 66 of the Acts of 1996 are for student activity monies.

It is MASBO's opinion that, because graduates are no longer students, monies for classes that have graduated cannot legally be kept in student activity accounts.

MASBO recommends that the School Committee approve a policy that specifies how these monies shall be disposed of upon a class' graduation. Such a policy should specify how long the class account should remain active after graduation, e.g., ninety days, to allow time for outstanding bills to be received and paid. After this waiting period, the policy should specify if and how the remaining monies will be transferred to the graduates, if the monies will revert to the incoming Senior class, or other specific disposition instructions.

ACCOUNTING SYSTEMS, FORMS AND RECORD KEEPING

Pre-numbered tickets should be used with an inventory system for monitoring the use of such;

Standardized forms (for deposits, disbursements, etc.) should be used whenever possible;

All disbursements should require a bill or some type of receipt;

All deposits should require a school deposit slip stating source of the monies, total amount being deposited, and signature of the person making the deposit;

Bank reconciliations and account reconciliations should be done at least quarterly with a copy of each to the School Business Administrator. Copies of the account reconciliation shall also be sent to the student officer/treasurer or advisor of each organization and to the School Committee.

Periodic financial reports should be made in accordance with School Committee policy.

Other reports shall be prepared as required by the School Business Administrator, Superintendent and/or School Committee.

Sample forms are shown in Appendix A

SUBSIDIARY ACCOUNTS

The principal shall maintain subsidiary accounts within the student activity control account, in order to match receipts and expenditures to the appropriate recognized student activity organization. Subsidiary accounts should be balanced each month to the control account.

RECEIPTS

Any student organizations receiving monies from any source (fund-raisers, donations, etc.) should turn over such money to the principal or the principal's designee within twenty-four hours for subsequent deposit to the student activity account.

If money is received on a weekend, it shall be turned in on the first business day to the principal's office. No student shall take money home at any time; money received over the weekend shall be deposited to a night depository, secured in a locked vault, or safeguarded by other means.

The principal or principal's designee should deposit into the agency account all monies received from student activity organizations no later than forty-eight hours of receipt by the principal's office.

Any money not deposited on the same day it was received shall be kept overnight in a safe or other secure, locked area.

All money turned over to the office by a student organization (student officer/treasurer or advisor) shall be accompanied by a school deposit slip stating the source of the monies, the amount of money being deposited, and signed by the person turning over the money to the office.

All monies turned into the office by students must be co-signed by the advisor or a teacher.

The advisor or student officer/treasurer should keep a duplicate of the school deposit slip submitted to the office with the money.

EARNINGS

A. INTEREST EARNINGS

A separate record shall be maintained on all interest earnings.

School Committee policies shall specify the use and disposition of all interest earned, which shall be for the benefit of the students participating in activities:

Interest earnings may be expended for costs related to the operation of the student account. This includes (but is not limited to) bank charges, audits, specialized bonds for employees handling student activity monies (if not covered under general liability policies), forms and tickets, and bookkeeping costs.

Interest earnings not used for operational costs of the account may be turned over to the clubs, classes and organizations having monies in the student activity account. A distribution system shall be specified by the School Committee that treats all organizations equitably in such distributions.

B. COMMISSIONS

Any monies paid to the school or to a student activity organization as commissions belong to the students (ex. school pictures, yearbooks, class rings, candy sales) shall be deposited into the student activity account. Such monies shall be expended in accordance with specific School Committee policy for the benefit of students. At no time shall such commissions be used to benefit staff.

C. OTHER EARNINGS

The School Committee should adopt a policy that specifies how any other undesignated earnings (ex. vending machine receipts) will be distributed for student benefit. Such earnings related to student activities will be deposited into the student activity account.

PURCHASES

No purchases will be made without prior approval of the principal.

The upfronting of personal monies should be avoided whenever possible. If it is anticipated that upfronting of monies may be necessary, prior approval shall be obtained from the principal.

Equipment and supplies purchased with student activity account monies are the property of the organization, not of any individual student, advisor, or other interested party.

Student advisors, or others involved in purchasing through the student activity account, shall not in any way benefit personally from the purchase.

Student activity monies shall not be used for any purpose unrelated to student activities or for the benefit of any staff person.

EXPENDITURES/DISBURSEMENTS/CHECKS

All expenditures/disbursements from student activity accounts shall be made by check.

No check shall be made payable to cash.

Checks shall be signed only after they are completely prepared.

Check signature authority shall be in accordance with School Committee policy. Consideration should be given to requiring two signatures on checks issued over a certain dollar threshold.

No checks shall be issued without bills or receipts to document the disbursement. Vendor statements alone (i.e., without any supporting documents) should not be used for the issuance of checks.

A record of all checks issued will be maintained.

All checks shall be accounted for, including voided checks (which shall be mutilated to avoid re-use but not destroyed).

Checkbook reconciliations to bank statements and account reconciliations should be done at least quarterly. The principal should review and approve the reconciliations.

A standardized form should accompany all requests for check issuance. This form shall accompany the invoice and/or receipt and/or all supporting documents and must state to whom

the check shall be payable, the reason for the payment, the amount of the check, the account to be charged, and the approval signature of the student officer/treasurer and/or advisor.

Sample forms are shown in Appendix A.

CASH BOXES

Consideration should be given to establishing a policy regarding maintenance of a cash box for the purpose of having a change fund, with a specified dollar limit. If the school system chooses to have such, the following guidelines are recommended:

A check may be made to open a cash box at the beginning of each fiscal year. This will be done via a voucher "to open cash box for fiscal year 19XX". This check shall be cashed for change and placed in a locked cash box, which shall be kept in a safe or other secure locked location.

A cash box(es) may be needed during the year to make change during fund-raising activities. At no time shall a cash box be used as a petty cash fund.

The cash box shall be signed out to student organizations as needed for fund-raising. A log book shall be kept which records which group is using the cash box, the date signed out, the amount in the cash box, and the signatures of both the person signing it out of the safe and the person receiving it. Upon return of the cash box, the log shall also record the date returned, amount returned (which shall be equal to the amount signed out), and signatures of both parties again.

The cash box shall be closed out at the end of the fiscal year by depositing the money back to the main account. The amount deposited back must equal the amount originally withdrawn to establish the cash box.

A sample log form is shown in Appendix A.

FUND-RAISERS

Fund-raising projects should be held in accordance with School Committee policy.

Results of fund-raisers shall be reported to the principal within one week of the close of the fund-raising activity on an approved form.

All monies received through fund-raisers shall be deposited in accordance with the preceding section on "Receipts".

Expenditures related to fund-raisers must be handled in accordance with the guidelines and policies for all other student activity account expenditures (see "Purchases" and "Expenditures /Disbursements/Checks").

INACTIVE ACCOUNTS

Any student activity organization inactive for a period of three (3) years or more, and for which there has been no receipts or disbursements recorded on their behalf, shall require the following actions to be closed:

Written notification by the advisor or student officer/treasurer to the principal or other authorized administrator that the particular activity will cease to be a viable account. If an advisor or student officer/treasurer is not available, such discontinuance shall be by vote of the School Committee.

All assets of the recognized student activity organization shall be determined and stated in writing.

Any disposition of assets of an inactive recognized student activity organization shall be determined by the School Committee, but in no case shall the disposition benefit specific individuals. (The primary goal in disposition should be to benefit the student body.)

School Committee Received: September 26, 2007

APPENDICES

STUDENT ACTIVITY ACCOUNT

EVENT FINANCIAL REPORT

To be completed for all fund raisers, activities, etc. at completion.

CLUB/CLASS _____ DATE _____

EVENT _____ EVENT DATES _____

DEPOSIT DATE _____ SOURCE _____ AMOUNT _____

_____	_____	_____
_____	_____	_____
_____	_____	_____

TOTAL INCOME \$ _____

EXPENDITURES:

ITEM _____ CHECK# _____ AMOUNT _____

TOTAL EXPENSES \$ _____

PROFIT/LOSS \$ _____

SUBMITTED BY _____ DATE _____

REVIEWED BY _____ DATE _____

STUDENT ACTIVITY ACCOUNT

DEPOSIT SLIP

CLASS/CLUB: _____ DATE _____

SOURCE OF MONEY _____

AMOUNT OF MONEY TO BE DEPOSITED _____

BILLS _____ FACULTY ADVISOR _____

COINS _____ STUDENT TREASURER _____

CHECKS _____ BOOKKEEPER _____

TOTAL _____

(TO BE PREPARED IN DUPLICATE COPIES; 1 TO OFFICE WITH DEPOSIT; 1 TO CLASS/CLUB)

STUDENT ACTIVITY ACCOUNT

Cash Box Log Book

SIGN OUT: _____

SIGN IN: _____

<u>Date</u> <u>Out</u>	<u>Organization</u>	<u>Amount</u>	<u>Advisor</u> <u>Signature</u>	<u>Date</u> <u>Return</u> <u>ed</u>	<u>Amount</u>	<u>Advisor</u> <u>Signature</u>	<u>Office</u> <u>Signature</u>

APPENDIX B

CHAPTER 66 of the Acts of 1996

AN ACT RELATIVE TO CERTAIN STUDENT ACTIVITY ACCOUNTS

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

Section 47 of Chapter 71 of the General Laws is hereby amended by adding the following three paragraphs: --

Notwithstanding the provisions of the preceding paragraph or section fifty-three of chapter forty-four, the School Committee of a city, town or district may authorize a school principal to receive money in connection with the conduct of certain student activities, and to deposit such money with the municipal or regional school district treasurer, into an interest bearing bank account, hereinafter referred to as the Student Activity Agency Account, duly established by vote of the School Committee to be used for the express purpose of conducting student activities. Interest earned by such Student Activity Agency Account shall be retained by the fund and the School Committee shall determine for what purpose such earnings may be used. In addition to such Student Activity Agency Account the School Committee may authorize the municipal or regional school district treasurer to establish a checking account, hereinafter referred to as the Student Activity Checking Account to be operated and controlled by a school principal and from which funds may be expended exclusively for student activity purposes for the student activities authorized by the School Committee. Such account shall be used for expenditures only and funds received for student activities may not be deposited directly into such account.

The School Committee shall vote to set the maximum balance that may be on deposit in such Student Activity Checking Account. The principal designated to operate and control such Student Activity Checking Account shall give a bond to the municipality or district in such amount as the treasurer shall determine to secure the principal's faithful performance of his duties in connection with such account. To the extent that the funds are available in such Student Activity Agency Account, funds up to the maximum balance set by the School Committee shall be transferred from the Student Activity Agency Account through the warrant process to initially fund such Student Activity Checking Account.

Periodically, to the extent that funds are available in such Student Activity Agency Account, the municipal or regional school district treasurer shall reimburse such Student Activity Checking Account, through the warrant process, to restore the limit set by the School Committee. The principal shall adhere to such administrative procedures as the municipal or regional school district treasurer or accountant may prescribe. There shall be an annual audit of the student activity funds which shall be conducted in accordance with procedures as agreed upon between the School Committee and the auditor based upon guidelines issued by the department of education.

APPENDIX C

CHECKLIST OF SCHOOL COMMITTEE POLICY INFORMATION

Mandatory actions to establish student activity accounts:

- School Committee must vote to authorize principals to accept money for recognized student activity organizations
- School Committee must vote policy authorizing agency account(s) on the treasurer's books
 - such policy must include:
 - approved uses of interest earnings
 - annual audit procedures
- School Committee may vote to authorize checking accounts for use by the principal(s)
 - such policy must include:
 - maximum balance
- If checking account is authorized, principal must provide bond to the treasurer.

Additional recommended actions:

- School Committee policy should also address the following:
 - how to recognize student activities
 - requirements for periodic financial reports
 - check signature authority
 - procedures for fund raisers
 - procedures for the disposition of assets of inactive student activity organizations
 - procedures for the disposition of class accounts not closed out after graduation

RELEVANT LAWS

MASBO recommends that all school districts be aware of the Conflict of Interest statute and the statutes listed below. This list is for information only; it is not intended to be all-inclusive.

- **Chapter 66 Acts of 1996 - Student Activity Accounts. (see Appendix B)**
- **Section 53 of Chapter 44 of the General Laws of Massachusetts - Lost Textbook Revolving Account.**
- **Section 53A of Chapter 44 of the General Laws of Massachusetts - Grants and Gifts**
- **Section 53E 1/2 of Chapter 44 of the General Laws of Massachusetts - Revolving Funds**
- **Section 17A of Chapter 71 of the General Laws of Massachusetts – Revolving Funds for Culinary Arts Programs**
- **Section 37A of Chapter 71 of the General Laws of Massachusetts – Acceptance of Grants or Gifts**
- **Section 47 of Chapter 71 of the General Laws of Massachusetts - Revolving Funds for Athletic Programs and School Organizations**
- **Section 71C of Chapter 71 of the General Laws of Massachusetts - Community school programs revolving account.**
- **Section 71E of Chapter 71 of the General Laws of Massachusetts - Adult Education and Continuing Education Revolving Accounts.**
- **Section 14B of Chapter 74 of the General Laws of Massachusetts - Culinary Arts and other vocational technical revolving funds**
- **Chapter 268A of the General Laws of Massachusetts - Conflict of Interest**
- **Chapter 548 of the Acts of 1948 - School Lunch Revolving Account.**