

# Financial Policies for Review

## June 2022

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# DeKalb Preparatory Academy

"Where Every Student Has A Gift"

**Contacts:** Director of Finance & Operations Office (404) 937-2000

<b>Purchasing/Procurement</b>	DPA Policy Number: 301
	Effective: 7/1/2015
	Approval:
	Approval:
Revision Number: 01 Date: 1/10/2018	

**Overview:** All purchases should be guided by: price, quality and dependability. Purchases above \$10,000 must be approved by the Board. Purchases of \$25,000 or more must go through the RFP Process.

**Scope:** This applies to purchase orders/requisitions.

## Policies/Procedures:

- I. All purchases (with the exception of those that can be paid with a direct invoice form) must be requested through a requisition form (i.e., supplies, equipment, software, instructional materials, etc.). The designated staff member will prepare all requisitions for pre-approval and final approval.
- II. Requisition forms must include the specific items needed, quantity, estimated cost, and justification. The requisitioner (requestor) cannot be the approver. The School Business Administrator or Chief Academic Officer: HOS will check for immediate supervisor's signature (i.e., Principal, Head of Schools, School Business Administrator, Chief Financial Officer, Governing Board approval), as appropriate, before processing any purchases.
- III. Purchases will be approved pending availability of funds, adherence to approved board policies, and if the price of the item is reasonable and competitive.
- IV. Purchasing Approval Thresholds:  
In attaining the best value, the requestor should determine if the expenditure is reasonably and competitively priced:
  - a. Purchases < \$4,999 – Principal approval threshold
  - b. Purchases >\$5,000 - \$9,999 – Head of Schools approval threshold
  - c. Purchases > \$10,000 – \$24,999 - Obtain three written quotes seek Governing Board approval. Personal services are excluded from the RFP process but are still subject to the written quote requirement based on the dollar amount. Educational materials which are directly related to curriculum and secured by copyright are excluded from the RFP process.



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- d. Purchases > \$25,000 - Use the formal RFP process to procure goods or services, seek Governing Board approval. Personal services are excluded from the RFP process but are still subject to the written quote requirement based on the dollar amount. Educational materials which are directly related to curriculum and secured by copyright are excluded from the RFP process.

## V. Purchasing Approval Process

As a reminder: The requisitioner (requestor) cannot be the approver. Approvers cannot approve their own purchase requests. They must submit their requests to the next person in the approval chain.

\$0 - \$4,999      Approval by the Principal  
Submit to School Operations Manager for processing

\$4,999 - \$9,999      Approval by Principal  
Approval by Chief Academic Officer: HOS  
Submit to School Operations Manager for processing

\$10,000 - \$24,999      Requires three quotes  
Approval by Principal  
Approval by Chief Academic Officer: HOS  
Approval by School Business Administrator  
Approval by Governing Board  
Submit to School Operations Manager for processing

\$25,000 – above      Requires RFP process  
Approval by Principal  
Approval by Chief Academic Officer: HOS  
Approval by School Business Administrator  
Approval by Chief Financial Officer  
Approval by Governing Board  
Submit to School Operations Manager for processing

VI. Once requisitions are approved, a purchase order may be issued as appropriate.

VII. All invoices associated with a purchase order should have the purchase order attached and signed with by the appropriate manager before payment.



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**Contacts:** Director of Finance & Operations Office (404) 937-2000

Banking/Credit Card Acceptance	DPA Policy Number: 700-1	
	Effective:	
	Approval:	
	Approval:	
Revision Number: 02	Date: 9/24/2021	Approval:

DeKalb Preparatory Academy accepts debit/credit card payments via a chase credit/debit card machine located in the financial department.

School related purchases including and not limited to the following:

- a. Technology Usage Damage Fees
- b. School meal purchases subject to pre-approval
- c. Background checks with Georgia Bureau of Investigation (GBI)
- d. Book fees for lost & damaged books
- e. Patches for uniform shirts
- f. Field trips
- g. Sports and club payments
- h. End of the year class trip

All payments are receipted at the time of purchase via a copy of the credit/debit receipt which is signed off by the payor. DeKalb Preparatory retains a copy of the receipt with the credit/debit card information truncated by the letter x with the exception of the last 4 digits.

DeKalb Preparatory Academy shall not store a copy of the entire credit card number in our files, nor does the Chase machine store credit/debit card data. Information shared within the department of finance is held in strict confidence.



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**Contacts:** Director of Finance & Operations Office (404) 937-2000

<b>Gift Cards</b>	DPA Policy Number: 700-1,a
	Effective: 1/26/2022
	Approval:
	Approval:
Revision Number: 03	Date: 1/26/2022

## Introduction

This policy states the circumstances when gift cards may be allowable and the tax implications to the recipient.

## Policy Statement

*This policy is applicable to all DeKalb Preparatory Academy faculty, staff and students.*

Gift cards, regardless of the value, are considered cash equivalents by the Internal Revenue Service and are subject to tax reporting. Departments purchasing and distributing gift cards are responsible for compliance with IRS regulations and university policies.

## When gift cards may be purchased

Gift cards must have a value of \$100 or less. Individual gift cards may not have a face value greater than \$100 without prior approval from the Controller's Office. Gift cards may be purchased under the following circumstances:

- A gift card may be purchased if it is not for a specific person, but an event. For example, a department may purchase a gift card/certificate as a door prize. The receipt must specify the purpose of the expense.
- Gift cards may be purchased as a thank you for a volunteer as long as the volunteer is not a DeKalb Preparatory Academy employee, student, researcher, or a contractor currently under contract.
- Gift cards must be recorded in a log and include the recipient's name address and last four numbers of the social security card..



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- Gift cards to students for emergency situations may be purchased and distributed only by the principal and/or School Operation Manager.

**Note 1:** DeKalb Preparatory Academy purchase orders may not be used to purchase gift cards. The preferred method to purchase gift cards is the school's credit card.

**Note 2:** If one individual receives \$600 or more in non-payroll payments in a calendar year (ie. gift cards, honorarium, prizes, etc.), DeKalb Preparatory Academy is required to report those payments to the federal government on either a Form 1099 or Form 1042s.

## When gift cards may not be purchased

- Gift cards may **NOT** be purchased for DeKalb Preparatory Academy specifically identified active employees.
- Gift cards may **NOT** be purchased as gifts for graduating students.
- Gift cards may **NOT** be purchased as holiday or other gifts to employees or students.
- Gift cards may **NOT** be purchased to pay suppliers and consultants for goods and/or services received.

## Definitions

**IRS:** Internal Revenue Service

## Gift Cards: Examples of gift cards:

- Anywhere/anytime cash such as Visa, American Express or money-orders
- Store gift certificates or cards that are redeemable for a large variety of commodities, such as Walmart or grocery store gift cards
- Gift cards or gift certificates to restaurants
- Virtual gift cards such as Amazon

Paper gift certificates are considered the same as gift cards.

**Gift Card Log:** Log to record gift information required by the Chief Financial Officer to be able to issue Form 1099 to the recipient, if required. Log should include gift card number, payee name or participant





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ID. If using the participant ID, information about the participant should be maintained in a separate secure database that includes information required for tax reporting purposes.

## Responsibilities

**School Operation Manager:** Initiates gift card purchases by depositing funds for the purchase in the school activity account associated with the purchase. The school credit/debit card is used for the purchase and all associated receipts are documented in the gift card log. Using the school credit card

**Chief Financial Officer:** Responsible for developing and overseeing gift card controls in the department. Gift cards must be safeguarded at all times. Responsible for reviewing and reconciling the gift card log. Ensured the Tax ID number of gift card recipients is kept confidential. Provides list of gift card recipients, including name, address, and tax identification number to Accounts Payable for Form 1099 reporting. Transfers the cost of gift cards distributed from the Cost Center to a grant in accordance with the Office of Sponsored Project's Cost Transfer Policy. Check with their OSP Grant Accountant with questions related to Cost Transfers.

**Principal or School Operation Manager:** Distribute gift cards and coordinate with the cost center manager to ensure the information required on the gift card log is complete.

**Chief Financial Officer:** Review and approve cost of gift cards and purchase.

**Accounts Payable:** Review supplier invoices, ensure appropriate documentation is included.

**Purchasing Department:** Review and approve gift certificate and gift card purchases.

## Procedures

### Purchasing a Gift Card

- Gift cards may be purchased by using a DPA credit or debit card. , or the purchaser may be reimbursed using an expense report. DeKalb Preparatory Academy purchase orders or school checks may not be used to purchase gift cards.
- Individual gift cards may not have a face value greater than \$100.
- Gift cards must be charged to unrestricted funds.
- Use the following spend categories for gift cards:
  - Participation Fees (3340): use this spend category for gift cards that are purchased for research studies.



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- If there are gift cards undistributed at fiscal year-end, the gift cards held may need to be reclassified for financial statement purposes. Please email the Controller's Office for assistance.
- Supplies Other (3040): use this spend category for gift cards purchased as a volunteer appreciation gift or as a door prize.
- When purchasing on a credit or debit card, ensure the appropriate spend category is charged when reviewing during the month-end review and reconciliation card charges.

## Maintaining and Distributing Gift Cards

- When gift cards are purchased, log all of the gift card numbers on a gift card log. Keep that log with that group of gift cards. Gift card logs are required to support federal tax reporting obligations.
- Until disbursed, cards should be maintained in a secure, locked area.
- When disbursing gift cards, log the recipient's information on the gift card log. All payments exceeding \$599.99 to US Residents on Form 1099 and to Foreign Nationals on Form 1042S. Payments include cash, check, and gift cards and include payments made by multiple departments.
  - *It is important to collect gift card recipient's full legal name, home address and tax identification number for year-end tax reporting.*
- Gift cards cannot be distributed to individuals notified by the IRS that the tax identification number provided is incorrect in the IRS annual B-notice notification. The Chief Financial Officer will notify affected departments when this occurs.

## Securing the Social Security Numbers for Gift Cards

Social Security Numbers (SSN) are considered restricted information covered under the Policy on the Handling of Brown Restricted Information. The collection and use of social security numbers has been approved as part of the Gift Card policy but must be maintained securely.

### All departments that purchase gift cards must do the following:

- Keep the social security numbers on only one device
- Install Spirion (formerly Identity Finder) software on device where the SSN will be stored
- Ensure that all SSN have been identified by Spirion (formerly Identity Finder)
- Utilize the "SECURE" option in Spirion (formerly Identity Finder) to protect the SSN





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- Schedule Spirion (formerly Identity Finder) to run at least monthly, review the results, and secure any new SSN identified

## **Adopted:**

**[https://policy.brown.edu/policy/gift-](https://policy.brown.edu/policy/gift-cards#:~:text=Purchasing%20a%20Gift%20Card&text=an%20expense%20report.,Brown%20University%20IPRs%20may%20not%20be%20used%20to%20purchase%20gift,directly%20charged%20to%20sponsored%20funds.)**

**[cards#:~:text=Purchasing%20a%20Gift%20Card&text=an%20expense%20report.,Brown%20University%20IPRs%20may%20not%20be%20used%20to%20purchase%20gift,directly%20charged%20to%20sponsored%20funds.](https://policy.brown.edu/policy/gift-cards#:~:text=Purchasing%20a%20Gift%20Card&text=an%20expense%20report.,Brown%20University%20IPRs%20may%20not%20be%20used%20to%20purchase%20gift,directly%20charged%20to%20sponsored%20funds.)**



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**Contacts: Director of Finance & Operations Office (404) 937-2000**

Banking/Credit Card	DPA Policy Number: 700-1b	
	Effective:	
	Approval:	
	Approval:	
Revision Number: 03	Date: 1/26/2022	Approval:

## Fiscal Management

The DeKalb Preparatory Academy Charter School Board authorizes the Chief Financial Officer to procure a credit/debit card or cards in the School District's name.

The use of the card will be for authorized purchases, travel expenses, and online purchases requiring a credit/debit card as means of payment.

The DeKalb Preparatory Academy Charter School credit/debit card shall be used for official school business only.

Use of the credit/debit card for personal or private use is strictly prohibited. All charges must be verified with receipts.

The DeKalb Preparatory Academy credit/debit card is not intended to replace the purchase order process currently in place. The Board authorizes the Head of School to develop administrative regulations to govern the use of the credit/debit card, as needed.

## CREDIT CARD / PURCHASING CARDS

The purpose of this policy is to provide guidelines for the issuance and use of credit cards along with instructions for reconciliation and review of transactions.

## DEFINITIONS

- Credit Card Issuance Approver: The Board
- Cardholder: DeKalb Preparatory Academy will issue two credit cards, one each to the Principal and CFO.
- Employee Agreement Form: Prior to issuance of a credit card, the Employee Agreement Form must be completed and signed by the employee and the Board. By signing the form, the employee acknowledges 1) understanding of the regulations for use. 2) protection of the card; 3) responsibilities in the review process and billing disputes, and 4) acceptance of consequences for card violations.
- Card Storage: These credit cards will remain in a locked cabinet unless in use.
- Card Issuer: The bank issuing DeKalb Preparatory Academy credit card, which is the Bank of the



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## Ozarks/First Bankcard

- Card Limit: \$1000 per cardholder
- Credit Card Administrator: CFO
- Credit Card Purchase Request Form: Purchase Request Form will be submitted prior to purchase. Purchases made by the principal, School Operations Manager with the CFO approval and purchases made by the CFO need the Chief Academic Officer's approval. Purchasers who need to use the schools' credit card are required to submit the Credit Card Authorization Form. A purchase must follow proper DeKalb Preparatory Academy purchase/procurement procedures.

## SAFEGUARDING OF DEKALB PREPARATORY ACADEMY ASSETS

When accepting a credit card, a cardholder becomes an authorized purchaser for DeKalb Preparatory Academy with specific responsibilities for expending public funds. The credit card is never to be used in lieu of following DeKalb Preparatory Academy purchasing procedures. The cardholder always makes purchases with the card at the lowest responsible cost based on requirements, quality, and availability to obtain the maximum value of each dollar expended.

- Rebates or refunds from vendors shall be the property of DeKalb Preparatory Academy and shall be paid promptly into the DeKalb Preparatory Academy accounts.

- Cardholders will be required to personally reimburse DeKalb Preparatory Academy for purchases made that are not appropriately documented.

- Habitual loss of receipts/documentation may require personal reimbursement by the cardholder and may also result in termination of credit card privileges.

- Items of value purchased for distribution to students are allowed only in support of the educational objectives of DeKalb Preparatory Academy. Additionally, the cardholder must obtain sufficient documentation to identify the individual or group receiving an item.

- The credit card administrator must ensure that credit cards are promptly cancelled upon employee termination.

- A purchase must follow proper DeKalb Preparatory Academy procurement procedures. The credit card is not a means to circumvent or bypass approval by an appropriate approver or to bypass DeKalb Preparatory Academy purchasing procedures. When purchasing with the credit card, a Purchase Request Form should be completed and approved by an appropriate approver prior to the purchase without exception.

## AUTHORIZED USES OF CREDIT CARDS

All credit card purchases must be for official DeKalb Preparatory Academy business and directly related to our mission and must never be used for personal purchases, regardless of circumstance. Cardholders and approving officials are designated as DeKalb Preparatory Academy purchasing agents and are subject to the provisions of O.C.G.A. §36-80-24 and O.C.G.A. §16-9-30 et. seq. Some allowable items include but are not limited to: Equipment with single unit cost under \$1000, instructional materials, software, repair/maintenance service that does not require a signed contract, business license renewals, legal advertisement, public announcement, email/website renewals, registration fees for approved





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training/conference, parking and hotel expenses for approved travel (excludes foods and any extra charges for personal uses).

## PROHIBITED USES OF CREDIT CARDS

Unallowable purchases include, but are not limited to: alcoholic beverages and tobacco, breakroom supplies/appliances for employee use, cash advances, cash refunds or store credits, flowers or gifts to be given away such as teacher appreciation awards, entertainment, gift cards, gift certificates, debit cards, calling cards, prepaid cards, or similar products and other equivalent forms of cash, installment purchases, firearms or explosives, rentals greater than 30 days, personal memberships/dues, and utilities.

Unauthorized or ineligible purchases and any sales tax charged become the responsibility of the employee making the purchase.

## CARDHOLDER RESPONSIBILITIES

DeKalb Preparatory Academy follows the doctrine that the use and responsibility for credit card procurement rest with the cardholder. The cardholder is accountable for all transactions on their card. To reinforce the doctrine of cardholder accountability with DeKalb Preparatory Academy oversight of the credit card:

- The card is to be under the control of the cardholder and is to be kept in a secure location on hand or on site at DeKalb Preparatory Academy in a safe or other secure location.
- Card sharing is prohibited. Cardholders may not lend their card or card number to anyone
- All cardholders are required to acknowledge that they have read and understand

DeKalb Preparatory Academy policies regarding credit card use, including provisions of acceptable card use, the cardholder's responsibility, and the consequences of card misuse.

## LOST OR STOLEN CARDS

Lost, stolen, or fraudulently used credit cards must be reported to Bank and CFO, immediately after the discovery of the loss, theft, or fraudulent use. If a card is lost or stolen, report the incident as soon as possible after the discovery to the number on the back of the card and to the credit card administrator. If the credit card administrator lost his or her card, he/she needs to report to the Principal and Treasurer.

Evidence of fraudulent use may be requested to include transaction detail. Lost or stolen cards require card cancellation. Failure to report the loss, theft, or fraudulent use of the card may result in increased financial loss DeKalb Preparatory Academy.

## SURRENDERING THE CREDIT CARD

- The card is the property of DeKalb Preparatory Academy. The cardholder is to surrender the card to the credit card administrator upon request, retirement, or termination.
- The credit card administrator will destroy (shred or cut up) the card upon surrender incases of termination or retirement.

## DOCUMENTATION REQUIREMENTS



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For each transaction, accountable documentation (i.e. a Purchase Request Form and receipt) must be obtained as proof of purchase. This documentation will later be used to verify the purchases shown on the cardholder statement issued at the end of the monthly billing cycle and to comply with O.C.G.A. §36-80-24 which requires that documents related to credit card transaction be available for public inspection. The documentation must contain line item descriptions and line item pricing for the purchase. Documentation should include Vendor Name; Transaction Amount; Date of the purchase; Itemized list of items purchased.

For items such as subscriptions and registrations, where a receipt is not normally generated by the merchant, a copy of the ordering document may be used so long as it contains a description and price. Copies or facsimile of the original receipt may be acceptable if the original is not available. If the documentation for a transaction is lost, it is the cardholder's responsibility to obtain a duplicate from the vendor. If a duplicate cannot be obtained, the cardholder is responsible for reimbursing DeKalb Preparatory Academy for the cost of the purchase. Excessive loss of documentation, defined as more than three times in one fiscal year, may result in the suspension of card privileges. Documentation must be made readily available for review/audit, if requested.

## **DISPUTED TRANSACTIONS**

It is the cardholder's responsibility to resolve discrepancies and ensure credits are received. When a cardholder discovers an incorrect amount has been charged for goods or services received, or a questionable purchase or transaction appears on a cardholder's monthly statement, the cardholder must immediately seek to resolve the problem with the vendor. Any communication should be documented on the statement (or attachment) including dates, persons involved, and a brief description of the problem. If the cardholder is unable to resolve the problem with the vendor, a Credit Card Dispute Form should be completed and sent to the Bank of the Ozarks/First Bankcard. The credit card administrator should be notified of the dispute and a copy of the dispute form and monthly statement. The credit card administrator will notify the dispute to the Treasurer and accounting staff. The school is still required to reimburse for the disputed charges. Credits for disputed charges will be taken against future purchases made with the card. Cardholders should check the following month's statement to ensure that credit was received. Disputes must be submitted within 30 days of the statement date.

## **MONTHLY CREDIT CARD STATEMENT**

A monthly credit card statement will be generated by the Bank of the Ozarks/First Bankcard and mailed to DeKalb Preparatory Academy. The statement will be provided to each cardholder by the credit card administrator. When the cardholder receives the statement, it must be reviewed and reconciled against the accountable documents retained from each transaction on the statement. The reconciled statements are to be signed by the cardholder and counter signed (verified) by the credit card administrator. If the credit card administrator is the cardholder, counter signed by the principal.

## **VIOLATIONS OF POLICY**

Violations of credit card policy can be classified as minor or major. Violations are evaluated on an individual basis and any action taken is dependent upon the nature and frequency of the violation.





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Minor violations: Minor violations include honest mistakes, such as inadvertently using the wrong card or making allowable purchases using DeKalb Preparatory Academy funds, but which are not allowed on the credit card. Minor violations should be addressed as follows:

1. First Offense: DeKalb Preparatory Academy is to address the violation with the cardholder and provide additional guidance as needed. Actions taken should be documented in writing.

2. Second Offense: DeKalb Preparatory Academy is to address the violation with the cardholder through a written letter to the cardholder and provide additional guidance as needed. Actions taken should be documented in writing.

3. Third Offense: Credit card may be cancelled or assigned to a different cardholder. The cardholder may request reinstatement or reassignment of the card after 60 business days.

**MAJOR VIOLATIONS:** Major violations are those violations that indicate a willful intent to

disregard rules that result in cardholder misuse (i.e., would include knowingly making personal purchases). The circumstances of the violation will determine the appropriate action, which could include termination of employment and criminal penalties. The credit card is to be suspended or immediately surrendered by the cardholder pending review and investigation by CFO.

**Adopted:**

<https://static1.squarespace.com/static/5214c517e4b0153800ca3eec/t/59849010d2b8577a2366cd7e/1501859856357/Use+of+Credit+Cards.pdf>

<https://www.internationalcharteracademy.org/wp-content/uploads/2020/03/ICAGeorgia-Financial-Policies-R3.pdf>



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<b>Student Fundraising/Student Activity Account</b>	DPA Policy Number: 800-4
	Effective:
	Approval:
	Approval:
Revision Number: 001	Date: 01/26/2022

## SECTION 10

This policy

- defines and distinguishes types of activity funds and proper classification.
- delineates controls for establishing and maintaining activity funds.
- provides initial guidance on accounting for and reporting of activity funds, including new requirements emanating from GASB Statement No. 34; and
- recommends policies and procedures based on current best practices for operating activity funds
- **Student activity funds** support activities that are based in student organizations. Students not only participate in the activities of the organization, but also are involved in managing and directing the organization's activities. An important distinction is that disbursing monies from the student activity fund may be subject to approval by the student organization and its sponsor, rather than by the board of education (see table 13 for examples).

Table 13. Examples of Authorized Student Activity Funds	
Art Club	Drama Club
Auto Club	Foreign Language Club
Cheerleaders Club	Journalism Club
Chorus Club	Marching Band
Class of 2xxx	National Honor Society
Class of 2xxx	Pep Club
Class of 2xxx	Photography Club
Debate Club	Student Council

- **District activity funds** belong to the district, are used to support its co-curricular and extra-curricular activities and are administered by the school district. Approval for disbursing district activity fund monies, however, rests only with the school board. In other words, the district



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determines how district activity fund monies are spent and the district programs that receive support (see table 14).

Table 14. Examples of Authorized District Activity Funds	
Athletics	Music Concerts
Band Uniforms	School Plays
Book Fair	Special Field Trips
Lyceums	

## Lines of Authority

Proper control begins with the appropriate recognition of lines of authority over all monies handled by the district. The local board of education should adopt a set of guidelines and regulations that includes the following minimum requirements.

- **Board of Directors.** The board of education should adopt policies to govern the establishment and operation of all activity funds. The district's auditors should review these policies for sound accounting and reporting principles.
- **Chief Academic Officer: HOS.** The superintendent should be directly responsible to the board of education for administering all board policies.
- **Chief Financial Officer.** The chief financial officer should have overall responsibility for accounting for and reporting all funds, including district and student activity funds, to the board. The chief financial officer is also responsible for implementing and enforcing appropriate internal control procedures.
- **Principal.** The principal at each school site should be designated the activity fund supervisor for that school building. The activity fund supervisor has overall responsibility for the operation of all activity funds, including collecting and depositing activity fund monies; approving disbursements of student activity fund monies; and adequately supervising all bookkeeping responsibilities. The activity fund supervisor should be a signatory to all disbursements, including checks drawn on the activity fund.
- **SPONSORS.** THE SPONSOR OF EACH STUDENT ORGANIZATION IS RESPONSIBLE FOR SUPERVISING ALL ACTIVITIES OF THE ORGANIZATION, INCLUDING APPROVING STUDENT ACTIVITY FUND TRANSACTIONS. SPONSORS SHOULD BE EMPLOYEES OF THE DISTRICT AND UNDER THE DIRECT CONTROL OF THE ACTIVITY FUND SUPERVISOR.

## General Policies for the Establishment and Operation of Activity Funds

Policies relating to student and district activity funds should be in writing and distributed to all activity fund supervisors, sponsors, and accounting personnel. A useful set of general policies includes at least the following:





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- Each activity fund should be established by specific board of education approval.
- All activity funds should be subject to sound internal control procedures.
- All activity funds should be accounted for on the same fiscal year basis as all other school district funds.
- All activity funds must be audited and subject to well-defined procedures for internal and external auditing.
- All employees responsible for handling and recording activity fund monies should be bonded by the district.
- One or more activity fund supervisors should be formally designated by the board of education.
- Each activity fund supervisor should maintain a checking account for the attendance center.
- Depositories for student activity funds should be approved by the board of education and be further subject to the same security requirements as all other board funds.
- All activity funds should operate on a cash basis, meaning that no commitments or indebtedness may be incurred unless the fund contains sufficient cash.
- A system of purchase orders and vouchers should be applied to all activity funds that requires written authorization for payment and should be strictly enforced.
- A system for receipting cash should be adopted that includes using pre-numbered receipt forms for recording cash and other negotiable instruments received.
- All receipts should be deposited intact. That is, all receipts should be deposited in the form in which they are collected and should not be used for making change or disbursements of any kind.
- All receipts should be deposited daily. Undeposited receipts should be well secured.
- A system for disbursing funds that includes using pre-numbered checks and multiple original signatures (no signature stamps) should be adopted as the sole means for disbursing activity fund monies.
- A perpetual inventory should be maintained on pre-numbered forms, receipts, and other documents to create an adequate audit trail.
- Bank statements for activity funds should be reconciled as soon as they are received.
- Using activity fund receipts to cash checks to accommodate individuals, to make any kind of loan, to pay any form of compensation directly to employees, or to extend credit should be strictly prohibited.
- Monthly financial reports on all activity funds should be prepared and submitted to the administration and the board of education. A full reporting of activity funds should be included in the district's annual financial statements.
- Student activity fund monies should benefit those students who have contributed to the accumulation of such monies.
- A board-approved process should be specified for all fundraising activities, and any fundraising event should require advance approval.

## Segregation of Duties Related to Activity Funds

The volume of activity fund transactions and the amounts on deposit are substantial in most school districts. Because significant amounts of activity fund cash receipts are collected as currency, not checks, internal control procedures designed to safeguard monies collected should be especially emphasized. Although the foregoing general principles are helpful in addressing concerns about safeguards, additional attention should be given to segregating the duties related to activity funds. Specifically, three critical



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duties should be segregated for internal control purposes: (1) signing checks, (2) maintaining fund accounting records, and (3) reconciling bank statements.

The segregation of duties demands that more than one person be involved in satisfying accounting procedures. As a rule, although the school principal is appointed as activity fund supervisor, other people normally carry out the actual work. It is particularly important to identify, describe, and monitor the duties of the activity fund bookkeeper in relation to the segregation of duties.

The activity fund bookkeeper is typically assigned the task of collecting activity fund monies. Associated tasks include preparing the deposit slip and depositing monies. In addition, maintaining the activity fund accounting records generally falls to this same person, as does preparing checks for disbursements. These tasks demand adequate training and require the bookkeeper to have a thorough knowledge of fund structure; the differences between district and student activity funds; and the process of accounting, auditing, and reporting. As described earlier, the activity fund bookkeeper should be bonded.

The work of any person handling money should be subject to appropriate checks and balances. Signature controls are an important aspect of accounting procedures. Two signatures should be required on all checks that result in a disbursement from the activity fund. Recommended signatures are the principal of the attendance center and someone other than the activity fund bookkeeper.

Reconciling accounting records for the activity fund is an additional important aspect of a system of checks and balances. A third person (someone other than the bookkeeper or activity fund supervisor) should be responsible for reconciling bank statements and verifying receipts and expenditures. Essential to this process are internal accounting controls over the activity fund cash collections. Adequate procedures should be established for completing an audit trail that creates sufficient documentary (physical) evidence for each step in the flow of transactions within the activity fund. These procedures include using pre-numbered forms and receipts, purchase orders and vouchers, and a perpetual inventory of pre-numbered forms and receipts and tickets; depositing receipts intact; and making timely deposits. State-specific statutory controls on disbursing student and district activity funds should be strictly observed.

## Preparation and Review of Monthly Activity Fund Reports

A monthly report of cash receipts and disbursements to the activity fund should be prepared and reviewed by the activity fund supervisor and submitted to the school district office. Column headings should include the following:

- Beginning cash balance, which should agree with the ending cash balance on the prior month's report
- Cash receipts
- Cash disbursements
- Ending cash balance
- Unpaid purchase orders
- Unencumbered cash





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The activity fund bookkeeper also should prepare a monthly financial report for each student organization, showing the organization's cash receipts and disbursements. These reports should be reviewed by the activity fund supervisor and submitted to the student organization's sponsor. Each sponsor should then compare the report prepared by the activity fund bookkeeper with the sponsor's records. Any discrepancies should be resolved immediately. Additionally, the school finance office should periodically perform internal audits of the reports and supporting records.

## Application of GASB Statement 34 to Activity Funds

GASB Statement 34 made significant changes in financial reporting for all governments, including school districts. Chapters 4 and 5 discuss fully the new reporting structure established by this accounting standard and the specific requirements, including the presentation of governmentwide financial statements, fund financial statements, and the required supplementary information. The purpose of the governmentwide statements is to provide a broad overview of the entity as a whole. Because fiduciary fund resources are not available for use by the government, fiduciary activities are excluded from the entity-wide financial statements. In accordance with the new reporting model, fiduciary activities, including student activity funds, are reported only in the fund financial statements. The impact of Statement 34 on district and student activity funds is summarized below:

- If student activity funds are classified as fiduciary (agency) funds as recommended, they are not reported in the governmentwide financial statements. Instead, these balances are reported only in the fund financial statements.
- District activity funds that are classified as governmental (special revenue) funds are consolidated with all governmental activities in the governmentwide financial statements. District activity funds will also be presented in the governmental fund financial statements.
- Fiduciary funds are presented in the fund financial statements by fund type. Student activity funds, as agency funds, report no operating activity and are, therefore, presented only in the statement of fiduciary fund net assets.

## Revenue From Enterprise and Alternative Sources

Many school districts and individual school sites derive significant revenue from enterprise activities and alternative sources: vending machines, school stores, soft drink machines, class ring sales, and a wide variety of fundraising activities such as magazine sales, candy sales, and school pictures. In addition, large sums of money are generated through interscholastic sports in the form of gate receipts and other contributions. These revenues are typically associated with activities conducted at the school level that generate revenues to be used for the benefit of the school. In many instances, particular student organizations are in charge of one or more such enterprise activities. In other instances, the district administers the revenues for its own programs. If a student organization is in charge of an enterprise activity, the money should be accounted for through that organization's activity fund. If the district determines the use of the funds, the money should be accounted for with other district funds in the district's accounts. However, in all instances, the funds should be recorded on the district's books.

School districts and student groups are also increasingly benefited by affiliated organizations that support curricular, co-curricular, and extra-curricular activities. Affiliated organizations include groups such as



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Parent-Teacher Associations (PTAs), Parent-Teacher Organizations (PTOs), school foundations, athletic booster clubs, and so on. Contributions by these groups often include supplies, materials, equipment, and even school facilities, such as weight training rooms.

## Enterprise activities

In the case of activity funds derived from enterprise activities, board authorization to operate the activity is needed, and all funds should be accounted for in the district's books. In the case of revenue from affiliated organizations, board authorization to receive such funds is needed. In some cases, owing to the requirements of GASB Statement 39 *determining whether certain organizations are component units*, these affiliated organizations may be reflected in the financial statements of the school district as discretely presented component units. (See chapter 5 for a discussion of Statement 39.) Whether or not the organizations are included as component units, decisions regarding allocation of the donations should be made on the basis of whether the curricular or co-curricular program is the primary beneficiary, as well as on the basis of fundamental fairness in resource allocation.

The following examples are illustrative of issues discussed in this section.

- A high school chess club holds a fundraiser and raises \$500, which is accounted for in an agency fund. The club uses \$400 to buy supplies and club T-shirts. When the \$500 in cash is deposited by the club sponsor or school administration, the district should debit the asset account, Cash in Bank, and credit a liability account, Due to Student Organizations, for \$500 within the designated agency fund (for student activity funds). When the club spends \$400 for supplies, an entry should be recorded to credit cash and debit the liability account. At year's end, the district would reflect a \$100 balance for the club in its agency fund.
- A school district enters into a multiyear agreement with a soft drink company for vending machine services at all of its schools. Under the contract terms, the district will receive 10 percent of sales. In the current fiscal year, the district receives \$10,000 for its portion of sales. If this payment represents an advance, a portion of it should be deferred on a prorated basis. Using the estimated proceeds from the contract, the district should budget the revenues within a special revenue fund during its normal budgeting process. The \$10,000 payment should be recorded as Revenue from Enterprise Activities within the special revenue fund.

## Student Fundraising/Fundraising Fridays

- a. Limited fundraising to support school-sponsored/school-based events (school clubs, organizations, teams, and committees) is appropriate, even desirable, as it builds awareness and community.
- b. Clubs, organizations, teams, committees, and other student/school groups may request up to two (2) "Fundraising Fridays" on campus per year in order to sell goods, services, or privileges (such as "Hat Day") to raise funds for their group. All Fundraising Friday requests must be approved by the Principal. No single group will be permitted to have more than two Fundraising Fridays in a school year. Except by specific permission of the





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Principal in response to extraordinary circumstances, student fundraising will be limited to these Fundraising Fridays. (Note: If a Fundraising Friday has not been claimed by a group by Monday of that week, a group that has already used two Fundraising Fridays may be allowed to claim that Friday.)

- c. To promote healthy habits and encourage more variety among fundraisers, groups using Fundraising Fridays will be limited to one "food-based" fundraiser (bake sale, candygrams) per year.
- d. Fundraising for clubs, organizations, teams, committees, and other student/school groups is limited to the use of Fundraising Fridays. No other solicitation—whether within or outside the school community, including online (website, PayPal)—is allowed. Any additional funding needs should be requested through the regular school budget process as appropriate.

## SECTION 11. Fundraising and Collection of Goods to Benefit the Larger Community

Solicitation of goods or funds to benefit the larger community will be limited as follows:

- a. Student Community Service. Students learn most by contributing to the larger community through direct involvement rather than by soliciting funds from others.
- b. Advisory, class, and club benefits will focus on acts of service, not on raising monies and the presentation of a check. No advisory, class, or member of a club or group should carry out any fundraising in the context of their service/benefit.
- c. In-school collections of goods for charities (e.g., canned food drive) sponsored by groups of students (by clubs, advisory, etc.) are appropriate and acceptable on a limited basis.
- d. Drives will not exceed two per month, and they will be by prior arrangement/permission with the Principal.

## SECTION 12. All Other Charitable Fundraising or Solicitation of Goods

- a. In order to minimize fundraising demands on the DPA community and avoid having to choose between publicizing one charitable cause over another, the school will limit all other solicitation of funds or goods for the broader community to posting on the school's community bulletin board.
- b. Inclusiveness. In all fundraising, the school should honor the economic diversity of its families.
  - i. All should feel welcome, regardless of the size of their contributions. Entrance charges for events and dues/fees for participation in clubs or other activities should be modest.
  - ii. Every effort will be made to coordinate fundraisers so that they are spread out over the school year in order to avoid placing a burden on families and/or subjecting them to "giving fatigue."



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## SECTION 13. Fundraising Communication

- a. It is important to know and understand something about the organization and initiatives being undertaken by students and school groups and for fundraising to be centrally coordinated. At the same time, publicity for solicitations of donations or goods should not dominate communication from the school and should be kept to the minimum necessary.
- b. All fundraising requests must be reviewed with the Director of Development and receive approval from the appropriate Principal or the Head of School.
- c. Any group using a "Fundraising Friday" or sponsoring a charity drive must make an informative announcement or presentation at a staff meeting and in the newsletter to acquaint the members of the school with the project and its goals.
- d. The monthly school calendar will include a listing of all upcoming fundraisers and field trips.
- e. The community bulletin board and television in lobby, near the entrance of the campus can be used to make available information about current and upcoming service initiatives, publicize fundraising events and happenings, and sign up for Fundraising Fridays. The school's Fundraising Policy and practices will also be posted there.
- f. The use of the DPA newsletter, morning announcements, emails, and mailings home for fundraising or solicitation of goods will be limited and must be approved by the Head of School and Director of Development.
- g. Any representative of the school (staff, student, or parent/guardian) seeking financial and/or in-kind donations from businesses should first receive approval from the Head of School and the Director of Development.

## SECTION 14. Fundraising Situations Outside of This Policy

- a. Novel situations involving fundraising will arise, with new ideas and proposals for activities that do not easily fit in an established category.
- b. The Development Team and DPA's Fund Development Committee will make recommendations to the Head of School regarding any fundraising proposal that is not already covered by this policy.

Adopted:

[https://nces.ed.gov/pubs2004/h2r2/ch\\_8.asp](https://nces.ed.gov/pubs2004/h2r2/ch_8.asp)



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**Contacts:** Director of Development (404) 390-3817

<b>DPA Gift Processing</b>	DPA Policy Number: 800-5
	Effective:
	Approval:
	Approval:
Revision Number: Version 1	Date: 05/21/2021

## DEVELOPMENT GIFT PROCESSING PROCEDURE

### Overview

The following provides information on our gift processing procedures.

### Purpose

The purpose of this procedure is to ensure the security of processing monetary and in-kind donations.

1. The Business Manager opens; date stamps and distributes the mail to respective departments. Development related check/credit card/in-kind donations with any envelopes or correspondence are copied by the Business Manager and originals (except checks for deposit) are given to development. A copy of the award letter, grant compliance document such as grant covenants and checks stub are kept in the finance department. The finance department processes all actual checks. Development processes credit cards including recurring gifts using donor management software.
2. The Development Director enters in copies of checks/credit card donations into the Bloomerang database weekly. Development's Income Summary reports will be delivered by monthly by close-of-business on the first Friday following closing month. The Business Manager makes check deposits, processes credit card reports from Bloomerang and prepares a General Ledger batch entry. If there are any questions regarding a particular check, then Business Manager will see to clarify with Development.
3. When donors directly deliver gifts of cash and/or gift cards to the school, those funds and/or gift cards must be given to the Business Manager, Development Director. If the Business Manager or Development Director is offsite the School Leader receives the funds for delivery to





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the Business Manager who then completes a receipt and provides the information to the Development Director for the donor's records.

This receipt should be done in duplicate so that the donor and the organization both retain a copy. The donor signs the receipt and keeps one copy. Finance maintains the other Receipt copy; development receives a copy of the receipt that are logged as gifts of cash or gift cards into Bloomerang