



Manual of Policies & Procedures for School Activity Funds

The Howard County Public School System
Ellicott City, Maryland

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Manual of Policies and Procedures for School Activity Funds

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Howard County Public School System
A Component Unit of Howard County, Maryland

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General

HCPSS School Activity Funds Overview

Objective

This manual sets forth the approved procedures for administering the School Activity Funds (SAF) of the Howard County Public School System (HCPSS) in accordance with *Policy 4030, School Activity Funds*.

The Board of Education of Howard County recognizes that schools receive financial support for the benefit of the students and school-related activities from the community, parent organizations, HCPSS staff and students. Since School Activity Funds (SAF) are public funds entrusted to the school for the benefit of the student body, the Board requires that these funds be managed in a way that is both fiscally and educationally responsible.

School Activity Funds include fundraising proceeds, cash donations and any other funds that are not provided through the Board of Education's allocation process. The purpose of the Manual of Policies and Procedures for Administering School Activity Funds is to communicate the parameters established by the Superintendent for the accountability of SAF and to facilitate the proper management and control of SAF.

The Board of Education of Howard County entrusts the Superintendent of Howard County Public Schools with fiduciary responsibility for all funds contained in the Howard County school budget. The Superintendent recognizes that not all spending decisions can, or should, be made centrally and that in many cases the Principal is the person best positioned to make decisions regarding spending at the school level. The Superintendent delegates fiduciary responsibility to Principals for managing school funds. This includes not only funds provided to the school that are allocated through the Board of Education budget but School Activity Funds as well.

The Manual incorporates Generally Accepted Accounting Principles (GAAP) in documenting the procedures to be used by schools to safeguard and maintain accurate financial records. This manual has been endorsed by the Board and distributed to: the Board, Superintendent and Cabinet as well as all schools. Principals are responsible for ensuring that staff are familiar with these procedures and guidelines, and copies of the manual are distributed to all school staff that play a role in the management of SAF.

Proper management of SAF is a fiduciary responsibility that cannot be taken lightly. The contents of this manual may not be all-inclusive of every circumstance possibly encountered in the course of administering SAF. Inquiries about the information presented in the manual and any exceptional circumstances that are not specifically addressed should be directed to Accounting.

Principal Oversight & Control Over School Funds

Purpose

- This section provides an overview of the Principal's responsibility for oversight of School Activity Funds (SAF) and for establishing a strong control environment over SAF Funds at their school. School Activity Funds are Board of Education Funds. The Board authorizes Principals to administer SAF funds in accordance with Board policy and Accounting Department guidance. If the Principal delegates these duties he/she is still responsible for the School Activity Funds.

Role of the Principal

- The Principal is responsible for establishing effective internal controls over the collection, disbursement and transfer of the funds; for ensuring that staff are properly trained and that any issues brought to his/her attention and to the attention of the Accounting Department are addressed in a timely manner for prompt resolution; and that the Principal/Designee authorize and approve all disbursements.
- The Principal is responsible for being knowledgeable of the Manual of Policies and Procedures for School Activity Funds and its application. The Principal must meet monthly with his or her Principal's Secretary in the elementary and middle schools and the Bookkeeper in the high schools (Principal's Secretary/Bookkeeper) to review the SAF and must address any discrepancies, approve and sign the reports for submission to the Accounting Department by the 25th of the following month. Any unresolved discrepancies must be brought to the attention of the Accounting Department.
- The Principal is responsible for providing supervision to the Principal's Secretary/Bookkeeper and any other staff who handle SAF and the related activities involving the raising and expending of these funds.
- The Principal is responsible for consulting with the Accounting Department regarding any school accounting procedures in question.
- The Principal is responsible for ensuring that School Activity Funds are spent in accordance with Policy 4030 School Activity Funds.

Principal Oversight Cont'd

Role of the Principal's Secretary/Bookkeeper

Purpose

This document provides a definition of the basic roles and responsibilities that a Principal's Secretary/Bookkeeper shall assume in relation to the administration of School Activity Funds.

The Principal's Secretary/Bookkeeper serves as the financial agent for the school and is responsible for:

- Promptly receiving, recording, safeguarding and depositing all funds collected for school related activities (e.g. fundraisers, field trips, required fees, athletic gate receipts, etc).
- Creating a receipt for all monies that have been received and giving it to the proper individual.
- Ensuring that all requests for disbursement are properly supported with appropriate documentation and that the amount has been accurately computed and that the account has sufficient funds on hand for the disbursement.
- Advising the Principal on the financial status of the school, including any discrepancies or concerns.
- Preparing and submitting all required reports by the 25th of the following month.
- Sending monthly account reports to individual staff members responsible for those accounts.
- Ensuring that the proper account is charged for the type of purchase or expense.
- Being knowledgeable and advising staff on the correct application of sales tax.
- The Principal's Secretary/Bookkeeper is responsible for being knowledgeable of the Manual of Policies and Procedures for School Activity Funds and its application.

Principal Oversight Cont'd

Steps for Ensuring Effective Fiscal Management

Purpose

This section provides the Principal with steps to effectively administer school funds. The principal should be aware that an up to date detailed financial report can be provided by their Principal's Secretary/Bookkeeper at any time.

- Any raising and disbursing of funds should be towards activities and/or materials that enhance the students' general welfare, education and/or morale.
- The Principal is the fiduciary agent for the SAF, the primary decision-maker charged with determining the manner in which these funds are expended.
- The Principal is responsible for deciding who should be a signer on the school checking account. The signature card should have at least 4 signers. The principal or assistant principal should be a signer on all checks. The principal secretary at the elementary and middle school and the bookkeeper at the high school may be on the signature card as a back-up signer if an emergency check is needed and no other signer is available. They should note on the check request the reason for signing the check.
- The Principal is ultimately responsible for the financial health of the school. To maintain accurate and timely financial records the Principal's Secretary/Bookkeeper is to be allotted enough time, and a secure space to count money, deposit and record it in the SAF software, and to write checks and prepare monthly financial reports.
- The principal is responsible for reviewing and signing the financial reports in a timely manner. In reviewing the financial reports the principal shall:
 - Review monthly bank statements. Deposits should be made weekly at the elementary and middle schools and twice a week at the high schools.
 - Review all account balances and investigate any negative balances.
 - Meet with their Principal Secretary/Bookkeeper, to review the monthly reports, and sign and record the date of their meeting on the monthly checklist.
 - Ensure that appropriate accounts are being used for transfers.

Principal Oversight Cont'd

- Each school must maintain a working safe and a drop safe. The Principal will ensure that the Secretary/Bookkeeper uses the safe to secure all funds on hand. All check stock should also be kept in the safe. Access to the safe should be limited; no more than 4 individuals should have the combination. A list of those individuals shall be submitted annually to the School Accounting Office.
- Adults are the only people allowed to carry money from the classroom to the office. Students should not be given money to transport to the office.
- Money should not be kept in the classroom. All funds collected must be submitted to the Principal's Secretary/ Bookkeeper in totality. No expenditures will be made from these funds prior to submitting them to the Principal's Secretary/Bookkeeper.
- Schools may not write manual checks.
- In accordance with our positive pay check program, school activity fund checks may not be mailed or distributed until the day after they were posted in the school software.
- All fundraisers must have the prior approval of the principal/designee and must use approved vendors. Please see Policy 4020 Fundraising for more information.
- All field trips must have the prior approval of the principal/designee. Only approved carriers/contractors may be used for field trips. Please see Policy 8100 Field Trips, Domestic for more information.

Responsibility to Report Fraud

- It is the responsibility of ALL employees to be alert for any indications of fraud and abuse involving HCPSS funds or property. Refer to Policy 2070, Ethics.
- Fraud and abuse is defined as obtaining property owned by or under the control of the Board of Education by means of false pretenses or representation including, but not limited to, bribery, kickbacks, illegal acts, forgery, theft or embezzlement.
- Any individual who has knowledge or suspects that fraud has occurred must notify his/her immediate supervisor. An investigation will ensure that due process is provided to the employee. Employees should go to <http://www.hcpss.org/board/reporting-fraud-and-abuse/> for more information.

Policies & Procedures

Board of Education Policies

Purpose

This section provides a listing of the Board of Education policies which govern the administration of SAF. The guidelines and procedures within this manual are established to meet the requirements of the policies established by the Board of Education. The policies listed below are specific to the fiscal management of the SAF.

A comprehensive list of the Board of Education policies can be found at <http://www.hcpss.org/board/policies/>

- *Policy 4010 – Donations*
- *Policy 4020 - Fundraising*
- *Policy 4030 - Accountability of School Activity Funds*
- *Policy 4040 - Fixed Assets*
- *Policy 4050 - Procurement of Materials, Supplies, Equipment and Services*

Internal Controls Over School Activities Funds

Procedures

1. Internal Control Objectives

There are five primary objectives of internal control. They are to ensure that:

- The information in the organization's records is accurate and complete;
- The organization is complying with all applicable laws, regulations, procedures and contracts;
- The assets of the organization are safeguarded;
- The organization is using its resources efficiently and effectively, and;
- The organization is accomplishing its goals and objectives.

2. Principles of Internal Control

Five basic principles have been incorporated into this manual in order to achieve the internal control objectives specified above:

- **Clearly Defined Lines of Authority and Responsibility:** Specifically state what staff members are authorized to do and what they are responsible for when managing SAF. Staff will be held accountable for the results of their actions or inactions.
- **Segregation of Duties:** Ensuring that no one person controls all aspects of a transaction is one of the most important principles of internal control. The involvement of two or more persons in each transaction discourages dishonesty and encourages accuracy, because each person acts as a check on the work of others. This principle is particularly important in the handling of cash.
- **Maintenance of Adequate Documents and Records:** Adequate documents and records provide reasonable assurance that all valid transactions and events have been recorded. To be most effective and accurate, documentation of transactions should be made when the transactions occur. Whenever possible, documents should be pre-numbered and all documents should be accounted for. Pre-numbering helps to prevent a transaction from being recorded more than once, or conversely, from being omitted from the records.

Internal Controls Cont'd

- Limited Access to Assets: Only authorized personnel should have access to SAF.
- Independent Checks on Performance: Periodically, the information recorded in the schools records will be compared with the physical assets and to the supporting documentation to verify the accuracy of SAF records. This verification, conducted under the guidance of the Accounting Office, will be made regularly and, occasionally, on a surprise basis.

The policies and procedures in this manual were developed based on these principles and are designed to achieve the internal control objectives stated previously.

3. Petty Cash Fund

To assist in the efficient and economical day-to-day management of the school office and to alleviate the necessity of writing checks for very small sums of money, petty cash funds may be established. Petty cash funds may be maintained as a separate account within a student activity fund, but shall not exceed \$250 in Elementary Schools and \$500 in Middle Schools and High Schools.

Petty cash accounts will be replenished monthly or more frequently if needed, with charges being posted to the appropriate fund accounts. All petty cash disbursements must be supported by invoices, receipts or other comparable documentation. Individuals receiving cash in advance for purchases must sign petty cash receipts. After completing the purchase, they submit purchase receipt and change (if applicable.) The purchases are entered and posted to the correct account.

Petty cash funds will not be established without the acceptance of personal financial responsibility on the part of the staff member holding petty cash funds. The absence of such an acceptance of responsibility will serve to prohibit the establishment of a petty cash fund.

The amount in the petty cash, plus receipt totals, should always equal the amount of the petty cash float.

Internal Controls Cont'd

4. Collection of Funds

All money collected from students on school premises and all money collected at school sponsored activities, on or off premises, must be accounted for through the school activity fund. The only permissible exceptions are: for money collected during special fundraising projects conducted by parent groups such as PTA's and/or Boosters; school cafeteria purchases; and direct transactions between vendors and students or their parents, such as cap and gown rental, purchase of graduation announcements and class rings

All funds collected at a school or at school-sponsored activities, unless otherwise provided for (such as pictures) are to be turned in daily to the school financial agent.

5. Receipt and Deposit of Funds

- a. Only a Principal Secretary/ Bookkeeper may issue a refund/credit. If a refund or credit needs to be issued, the staff member must submit a check request with all the proper documentation to the Principal Secretary/Bookkeeper.
- b. The medium for issuing school receipts is the computerized receipts system. Manual receipts are to be used only during rare occurrences when the Principal's Secretary/ Bookkeeper is absent or unable to print computerized receipts.
- c. The total amount of the checks and total amount of the cash/coins should be indicated separately on any manual receipt written.
- d. Cash and checks collected by sponsors and others for SAF activities should be turned in promptly to the financial agent, with a completed deposit form, FIN-FORM 510.
- e. If the financial agent cannot count and receipt the money at the time monies are received, the funds must be placed in the office safe until the financial agent can open, count and receipt the funds. A copy of the receipt must be issued to the appropriate individual by the next working day. Whenever feasible, large deposits should be counted with the person who originally collected the money.
- f. If the staff turns in money for safekeeping and has not yet counted the money or completed the deposit form, the staff should place the money in a sealed taped envelope, marked with the date, staff's name and purpose of funds and secured in the regular or drop safe.
- g. All schools must have a functioning drop safe so the staff can secure school funds when the school safe is not accessible.
- h. Once a receipt has been generated, it shall not be altered. Should an error be discovered, the receipt shall be marked "Void" and all copies shall be left in the receipt book, and another receipt shall be written.
- i. All checks received should be made payable to the school and should be endorsed immediately with a restrictive endorsement containing the words "For Deposit Only" and the name of the school and location number.

Internal Controls Cont'd

- j. To provide proper accounting control, all cash received in the school shall be receipted and deposited only in the school's checking account. All money received in the school is to be given to the bookkeeper/principal's secretary daily. All funds held at the school must be secured in the safe.
- k. Deposits should be made at least once a week, regardless of the amount of cash or checks in the safe or on hand.
- l. Funds collected at evening events MUST be secured in the school safe prior to leaving school.
- m. Cash receipts must be deposited intact. Disbursements must never be made from cash receipts. All disbursements shall be made by school check, School Purchasing Card or from a petty cash fund.
- n. Postage stamps purchased by the school are for school use only and are not to be sold to the staff.
- o. Personal checks MUST NOT be cashed for HCPSS employees or other persons from cash receipts, change funds, petty cash funds, or any other school funds.
- p. Only the financial agent or other adult staff member shall transport school funds. Students must not perform this function, including not transporting funds to the school office.
- q. Receipts from sales of tickets at school events shall be controlled in accordance with the requirements of Gate Receipts/Ticket management section of the manual.

6. Protection of Funds in the Schools

- a. Funds (cash and checks) must be kept in a safe.
- b. The combination to the safe shall be given only to those persons with a continuous need for free access to the safe. The number of such persons should be kept to a minimum. The combination shall not be left at any location on the school premises. As doing so risks the danger of the discovery of the combination by unauthorized persons. Lightweight safes should be set in concrete or in a wall or bolted to the floor to prevent removal and increase protection of funds. The safe combination should be changed whenever a person who has the combination leaves the school or is transferred to a position where there is no longer a need for access.
- c. Blank school check stock should be kept in the school safe.
- d. HCPSS employees and students should be instructed never to attempt to thwart a robbery in the school or at any other location.

7. Signatures on Checks and Withdrawal of Funds

- a. The Principal and approximately three additional employees, one of whom should be the person who serves as acting Principal in the Principal's absence, should be authorized to sign checks and initiate withdrawals.
- b. All checks and withdrawals must bear two signatures, one of which must be that of the Principal or Assistant Principal.

Internal Controls Cont'd

- c. The payee of a check cannot be a signer of that check.
- d. The Principal shall designate, in writing, those school employees who are authorized to sign checks. Their signatures shall be entered on a signature card and forwarded in hard copy to the School Accounting Office, which will then be sent to our bank. A copy should also remain on file at the school.
- e. The School Accounting Office must be notified when there is a personnel change involving an authorized signer and/or when a check signer's authority has been terminated. A copy of the current financial institution's authorized signature card must be maintained for audit verification at both the school and school accounting office.
- f. All checks must be preprinted with the school's name and numbered consecutively and include the school's location number.
- g. The full check page (all three parts) is to be presented with supporting documentation for the Principal's review, signature and date.
- h. All checks must be supported by an internal direct payment request, FIN-FORM 410 and appropriate documentation, which is presented together with the check to be signed. Checks should be signed ONLY when this material is made available to the signer(s). It is the responsibility of the signers to review the supporting documentation before signing the check to ascertain that the information agrees with the check being issued
- i. All checks must be posted and filed in numerical sequence in the schools accounting files.
- j. Employees will be expected to reimburse the school for any unauthorized disbursements or disbursements authorized by them and made without appropriate supporting documentation. The last spaces to be completed on a check should be the signature spaces. Neither the Principal nor any other school employee should sign a check:
 - until both the payee and amount spaces have been filled in
 - until the documentation that generated the check is available and the signer has reviewed.
- k. Blank checks may not be pre-signed under any circumstances. Furthermore, a rubber stamp facsimile of a check signer's signature must not be used on any school check.
- l. Once a check has been written, it must not be altered or erased. If an error is discovered, the word "Void" shall be written in ink across the face of the check, the signature section should be torn off, and a new check should be written. Voided checks must be recorded in the school accounting software and maintained for audit verification. They should be filed in numerical sequence with the other disbursements for the month.

Internal Controls Cont'd

m. Schools are prohibited from issuing checks for:

- Cash;
- Personal purposes; and
- Alcoholic beverages
- Schools are required to contact the Accounting Office when checks have been altered by the payee.

8. Processing Purchases for Payment

- a. An internal direct payment should be initiated and signed by the requestor for each intended purchase of goods or services, other than petty cash items. This should be done before an item is purchased.
- b. The form should be turned in to the school's office so that the financial agent can certify the availability of funds and then it should be signed by the Principal for authorization to proceed with the purchase.
- c. Upon satisfactory receipt of the goods or services certified by the recipient on the vendor's invoice, the financial agent shall match the form to the original invoice and process the form for payment. The internal direct payment form should be filed with the attached invoice and any documentation and should be marked or stamped "Paid."
- d. Canceled checks, vendor statements without invoices or delivery tickets, or an internal direct payment form alone are not considered adequate documentation to support payments.

9. Bank Reconciliations

- a. Monthly bank statements will be emailed to the financial agents. The financial agents should review the statement and prepare a reconciliation of the statement, using the school accounting software.
- b. The checking account must be reconciled each month, as of the last day of the month.
- c. All reports as designated on the checklist should be run and signed by the principal to create a monthly school accounting report package. The principal signed reports should be submitted to the school accounting office no later than the 25th of the month following the bank statement date.
- d. The Federal Tax Identification Number on the checking account should be #52-6000968.

Internal Controls Cont'd

10. Shortages and Discrepancies

Any significant shortage or other discrepancy in SAF assets, cash receipts, or accounts shall be reported promptly by the Principal to the Finance Coordinator for investigation. The Principal also should advise his/her director of the investigation. The Finance Coordinator shall provide the Principal with a written report on the results of the investigation, which shall be made a permanent part of the SAF records. Depending on the nature and seriousness of the discrepancy, the Finance Coordinator or Principal also may furnish copies of the report to the Chief Administrative Officer and/or the Chief School Management and Instructional Leadership Officer. Principals are required to submit written corrective action plans within five working days to prevent the reoccurrence of shortages.

11. Removal of Records From School Premises

- a. SAF financial records must not be removed from the school premises, unless it is to go to the HCPSS Accounting Office. This applies both to formal records such as the monthly reports and to supporting documents such as bank statements, canceled checks, paid invoices, check stubs, and receipt books.
- b. In the event that unusual circumstances require an exception to this rule, the Principal must authorize in writing such removal in advance, specifying the dates to which the authorization applies. In any event, all records must be returned to the school at the start of the next working day so that they are available during all working hours. There should never be a circumstance when any of a school's financial records are unavailable during normal working hours.

12. Retention and Disposal of SAF Records

Schools are required to maintain records in accordance with the Maryland State Department of Education (MSDE) retention policies.

- a. The following SAF records shall be retained permanently:
 - 1) Annual Fiscal Year End Reports from SAF software.
 - 2) End-of-year financial statements.
 - 3) Audit reports and correspondence.
 - 4) Records of investigations.
- b. The following SAF records shall be retained for a period of five years after the close of the year to which they apply and then destroyed.
 - 1) Maryland retail sales tax returns, together with supporting documents.
 - 2) Authorizations and delegations by the Principal, deputy superintendent, and community superintendents.

Internal Controls Cont'd

- 3) Bank statements, reconciliations, canceled checks, and deposit slips.
- 4) Expense vouchers with supporting documents.
- 5) Invoices from vendors with supporting documents.
- 6) Invoices to debtors with supporting documents.
- 7) Petty cash vouchers with supporting documents.
- 8) Receipts with supporting documents.
- 9) Contracts.

c. The Proper Disposal of SAF Records

When disposing of records, any financial records that contain bank account numbers or any confidential documents must be shredded. Contact the Accounting Office before destroying any financial records, if the school is unsure of the retention.

Chart of Accounts

Purpose

The Chart of Accounts provides a listing of the standard and most generally used accounts for administering the School Activities Funds. Each school may add accounts as necessary to provide for proper accounting within that school. The first three digits of the account numbers may not be changed. Schools may change the middle digit and last three digits of an account number to make the account numbers specific to their school.

Use the account that most accurately reflects your expense or revenue. Our goal is to clearly present an accurate financial picture of our schools.

General Ledger Account Descriptions

010.0.000	General – Account can be spent from directly
010.0.001	Lost Books/Oblig.- Account can be spent from to replace books
010.0.002	Student Help Fund –Account can be spent from or transferred to where the money is needed or to be used
010.1.001	Bank Error Account- Erroneous bank transactions
020.0.000	Guidance – Account can be spent from directly
030.0.000	Parking – transfer proceeds to appropriate account to be spent. Funds collected must be spent to benefit students
035.0.000	Technology – Account can be spent from directly
040.0.000	Media – Account can be spent from directly
045.0.000	Meeting Expenses – Account for all HCPSS approved staff meeting meals and water for meetings. Should follow all guidelines in Meals & Staff Appreciation Guidelines of School Activity Funds. Balance may run negative during the year. There is a \$100 per person/ per year limit for <i>Meeting Expenses (045.0.000) and Staff Appreciation (045.0.001)</i> accounts combined.
045.0.001	Staff Appreciation – Not explicitly approved use of SAF per Policy 4030. Can only purchase items, spirit wear or educational supplies for a HCPSS employee following the Meals & Staff Appreciation Guidelines of School Activity Funds. Balance can be negative during the year. Expenses must be covered at year end. \$100 per person/per year limit for Meeting Expenses and Staff Appreciation combined.
046.0.000	Community / Partnership – Expenses for volunteer appreciation, coffee with Principal, snacks for parent conference days (Expenses should be non-staff related).
048.0.000	Green School – expenses or funds received related to being environmentally friendly.

Chart of Accounts Cont'd

075.0.000	Sales Tax – accumulates amounts from resale items deposited in this account, cut sales tax check to state of MD from this account
080.0.000	Professional Development – Used for staff professional development
100.0.000	Athletics General – As much as possible record expense in the specific sport
100.0.000's	Team Sports – Account can be spent from directly
200.0.000's	Class Activities – Account can be spent from directly
238.0.000	RECC – Account can only be used for the RECC program
300.0.000	Grants – If it has a specific purpose, the grant can be spent directly from the grant account. If the grant is for general use, funds must be transferred to the area where it will be spent.
310.0.000's	Donations – Record all donations first in the donation account. Must be transferred to the account where it will be spent. Do not spend directly from any Donation accounts.
400.0.000	Clubs – Account can be spent from directly
500.0.000	General Field Trip Fund – all residual amounts from finished field trips can be transferred into this account
500.0.00X's	Field trips – each field trip should have a separate account number. All receipts and disbursements related to the trip come out of this account. Do not overcharge for a field trip.
705.0.000	School store (Business activity) – must collect sales tax on items sold and remit to State
710.0.000	Pictures – Do not spend directly from pictures. Picture money can be used for anything except Staff Social Account (980.0.000) .
730.0.000	Vending Machine – Cannot directly spend from this account. Must transfer vending machine money. Must be deposited (no skimming from the cash or paying expenses directly out of these funds). Staff vending machines can be used for Staff Social Committee (980.0.000).

Chart of Accounts Cont'd

- 800.0.000** **Fundraiser** – Each fundraiser is separate and only related expenses and deposits should be recorded in the account. Book Fair is a fundraiser. Use separate accounts for all fundraisers, even if they are related to a single event. The proceeds go to the department or area they were raised for and should be transferred at the completion of the fundraiser.
- 801.0.000** **Pass Through Fundraiser** – Is a fundraiser benefitting others (outside the school) Ex: Red Cross, Cancer Society
- 900.0.000's** **Publications** – can be spent from directly
- 980.0.000** **Staff Social Account** - Separate from the school activity fund (just kept in the HCPSS checking account). Staff owned account. Staff owned fundraisers recorded here. All school policies apply.

Approved Date: June 2009
Effective Date: June 2009
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Record Retention & Management

Procedures

The following records shall be retained permanently:

1. Year End Report Package
2. Records of Investigations
3. Audit Reports and correspondence

The following records shall be retained for five years (this means current year plus past five years):

1. MD retail sales tax returns and supporting documents
2. All Bank Statements for checking and outside memorial accounts
3. All reconciliations and monthly reports
4. All deposit slips and supporting documents
5. Direct Payment Requests and supporting documents
6. Invoices with supporting documents
7. Receipts with supporting documents
8. Petty cash vouchers with supporting documents
9. Contracts

The Proper Disposal of School Activity Funds Records

When disposing of records, any financial records that contain current bank account numbers or any confidential documents must be shredded. Contact the Accounting Office before destroying financial records, if the school is unsure of the retention.

Petty Cash

Purpose

To provide a summary for the set-up, use, and replenishment of the Petty Cash Fund.

Procedures

The purpose of a Petty Cash Fund is to establish a systematic method which allows the school staff to pay cash for incidental purchases. If a school has not set up a Petty Cash Fund it can no longer retain any cash for minor purchases without recording these transactions in the Petty Cash Funds.

Expenditures from the Petty Cash Fund must follow guidelines for School Activity Fund spending. Disbursements which are prohibited for School Activity Fund spending are prohibited for the Petty Cash Fund.

All petty cash transactions must be supported by properly completed and authenticated support, such as cash register receipts, invoices, sales receipts, etc. If a receipt is lost, an affidavit approved by the Principal shall be submitted to the Petty Cash custodian (Principal's Secretary or High School Bookkeeper.)

MD Sales tax paid to vendors will not be reimbursed.

Petty Cash shall be safeguarded in a separate container which shall be kept in the school's safe. A Petty Cash Fund cannot be set up until a safe is made available on school premises.

Petty Cash should be reconciled and replenished at least monthly. Receipts should be entered in the current month.

The maximum amount of Petty Cash is \$250.00 for Elementary Schools and \$500.00 for Middle Schools and High Schools.

Approved Date: May 2006
Effective Date: May 2006

Receipts

Cash Handling Procedures in the Schools

Purpose

To provide the procedures for the proper collection of school funds.

Procedures

Establishing Accountability

1. Procedures will be established to ensure that any individual within the school system who receives cash from another individual provides a receipt voucher, or records the receipt of such cash on a properly approved cash receipts form, at the time of the transaction.
2. Cash receipt books will be controlled by the Principal's Secretary/Bookkeeper and issued to specific individuals within HCPSS who engage in the receipt of cash. All receipt books used must be pre-numbered and the Principal's Secretary/Bookkeeper, who identify the receipt numbers issued to each person, will maintain a receipt book log. Each individual will be held accountable for the receipts issued and periodic checks will be made to ensure that all receipts are accounted for.
3. All cash receipt vouchers will be fully completed by the individual recording the transactions. These documents will serve as the source documents, which will support the cash activity.

Safeguarding/Turning in Cash

1. All funds collected by HCPSS personnel must be remitted to the Principal's Secretary/ Bookkeeper daily with FIN-Form 510, Deposit Slip, regardless of the amounts involved. All cash turned in will be counted, reconciled to the appropriate deposit slip, and a signed copy of FIN-Form 510, Deposit Slip, will be kept by both parties. All discrepancies noted during such reconciliation will either be resolved on the spot, or a report of the circumstances surrounding the discrepancy will be jointly prepared by the Principal's Secretary/Bookkeeper and the individual turning in the cash.
2. It will be the responsibility of HCPSS school personnel to ensure that cash receipts are turned in to the Principal's Secretary/Bookkeeper daily. Cash may not be held for more than an 8 hour period.
3. With any amount of cash, HCPSS personnel must secure the money until it is ready to be turned over to the Principal's Secretary/Bookkeeper. If the school safe is not accessible the Accounting Office requires the use of a drop safe for this purpose.

Cash Handling Procedures Cont'd

General

1. Within the personnel constraints of each office, a single individual will not have control of cash transactions from receipt of funds to deposit with the Principal's Secretary/Bookkeeper. Segregation of these duties will occur to the greatest extent possible.
2. Cash receipts will be documented at the time the receipts are known.
3. Persons involved in cash collections shall not be the same persons given access to issue refunds or credits.
4. It is recognized that several factors exist within the school system, which may preclude strict adherence to these cash handling procedures. The limitations of the number of employees and multiple responsibilities for employees may dictate some deviation. Within the scope of ensuring adequate control over cash, the Principal must approve any deviations from the above policies and procedures, in writing, citing the conditions upon which the deviation is based, and providing an explanation of the alternative procedure which will be used.

Reference:

FIN-PROC 560
Collection Procedures for School Based Staff

Donations & Fundraising

Donations vs. Fundraisers

Purpose

This section defines the differences between donations and fundraisers and provides the procedures for proper accounting for each.

Donations

Donations are “equipment, materials, money, or property given to a school or to the school system for use in or in conjunction with educational or extracurricular programs”. (HCPSS Policy 4010) The contributor does not receive a good or service in return for their contribution.

There are two types of donations:

- **Cash donations** that are deposited into the SAF checking account and are recorded in the SAF software.
- **Non-Cash donations** (such as music instruments, uniforms, PTA paying for a cultural art program etc.) are not recorded in the SAF software.

There are five categories for recording cash donations.

- PTSA or PTA
- Boosters (More common at the high school level)
- Parent
- Corporate (i.e. Harris Teeter)
- Other (Donations that do not fit into the four categories listed above. May also include non- profit organizations such as churches and community organizations)

Examples of Cash Donations might be for the following uses:

- Cultural Art Performances
- Athletic equipment

Donations & Fundraisers Cont'd

- Materials of Instruction (MOI) (Assignment books, teacher supplies, etc.)
- Help Funds
- Field trips

**Reimbursements from the PTSA or Boosters for items that the school has already purchased are also considered to be a cash donation, so long as the school retains the items.

Fundraisers

Fundraisers are “any activity or event held by the school system, a school staff member, a school- sponsored organization, or any non-school organization that is advertised as intended to generate money, goods, or services to be returned to the school, school system, or students as well as any activity or event advertised as intended to raise revenue on behalf of a charitable cause.” (HCPSS Policy 4020)

There are two types of fundraisers:

- **School Fundraisers** are activities or events to help raise funds for a specific activity or group or for the general welfare of the school.
- **Pass-through Fundraisers** are activities or events to help raise funds for another non-profit or charitable cause. Every dollar after expenses to the fundraiser, that is raised, goes directly to the non-profit organization or charitable cause. The school does not retain any of the funds or make any profit to benefit the school.

Each individual fundraiser should be accounted for under a separate account in the SAF software. School Fundraisers should be maintained under the 800.0.000 account series, while Pass-through Fundraisers should be accounted for under the 801.0.000 series. Only deposits and disbursements directly related to the fundraiser should be recorded in these accounts. Once the fundraiser is complete, the commission or proceeds should be transferred to the accounts for which the funds were raised for.

Donations & Fundraisers Cont'd

Common examples of School Fundraisers:

- Food Sales (Joe Corbi's, Market Day, etc.)
- Magazine Sales
- Book Fair
- Coupon/Entertainment Books
- Yankee Candles

Common Examples of Pass-through Fundraisers:

- American Cancer Society
- Red Cross
- Natural Disasters (i.e. Hurricane, Floods, Tsunami)

Donations vs. Fundraisers

Though a school may think they are fundraising, when they solicit donations from parents, students, and/or the community, it is a donation if a cash or non-cash gift is made to the school with no benefit received by the donor (other than an acknowledgement of their gift or advertisement as a donor/ sponsor).

Advertising

We often wish to acknowledge the generous supporters of our fundraisers. Recognition of supporters is allowed. However, advertising is prohibited. Listing the individual names or company names of supporters is recognition. Displaying a company message, logo, website, phone number, address, photograph, of an individual, service or product on school property or in an official school communication in return for a fee is advertising. Board Policy 4020, Fundraising, states that fundraising will “not consist of advertising with the exception of vending machines, student newspapers, yearbooks, written programs for student performances, school folders, and school book covers.”

Donations & Fundraisers Cont'd

Procedures

Donations

For every donation that a school accepts, a Donation Acceptance Form should be filled out and be retained at your school. If a donation is over \$500, then the Donation Acceptance Form (FIN-FORM 230) should be sent to the Board of Education for approval in accordance with directions found on the form.

At the end of the fiscal year, every school is required to complete an Annual Donation Report (FIN-FORM 231-School Donation Report or FIN-FORM 232-School Donation Report Multi-page). The reports are to be completed by the Principal's Secretary/Bookkeeper and to be reviewed and signed by the school's Principal. The annual reports should be completed and turned into the Accounting Office along with their annual Year-End package no later than July 25th each year.

"A written letter of appreciation will be sent to the originators of the accepted donations." (HCPSS Policy 4010) HCPSS is a non-profit governmental unit, which is covered under Section 170 (c). Therefore, donations made to HCPSS or any of its schools qualify as charitable contributions for tax purposes.

Fundraiser

As stated previously, a 'fundraiser' to raise funds by soliciting donations is not a fundraiser, but is a donation.

Only vendors from the Approved Fundraising Organizations list should be used for fundraisers. The list can be found on HCPSS Purchasing web site. If a vendor is not on the Approved Fundraising Organizations list, then a potential Fundraising vendor must fill out Vendor Request Form, which can also be found on the Purchasing website. The Purchasing Department will then determine whether the vendor will be approved or not. If they are approved, the Purchasing Department will update the Approved Fundraising Organizations list periodically.

At the end of the fiscal year, every school is required to complete an Annual Fundraiser Report (FIN-FORM 223-Board Fundraiser Form and FIN-FORM 224-Board Pass-through Fundraiser Form). The reports are to be completed by the Principal's Secretary/Bookkeeper and to be reviewed and signed by the school's Principal. The annual reports should be completed and turned into the Accounting Office along with their annual year-end package no later than July 25th each year.

Donations & Fundraisers Cont'd

Fundraising Approval

The following guidelines should be followed whenever students are involved in school-sponsored fundraising for materials, equipment, or services that support instruction as they comply with Board policy and simply enhance practices that protect students.

- It is the responsibility of the Principal to approve all school-sponsored student fund raising projects held on or off of school property.
 - Only school-sponsored and Principal-approved fundraising is allowed.
 - All fundraising projects are to be planned in advance, and the number will be kept to a minimum, as determined by the Principal.
 - All requests for fundraisers are submitted on Fundraising Event Application form to the Principal. This form (FIN-FORM 220), must be completed, submitted to the Principal for approval, and kept on file at the school.
 - Fundraising is not to be approved without stated purposes for the disposition of funds to be raised.
 - A monetary goal should be set and include a prioritized list of how the money is to be used.
 - The disposition of monies realized over and above that needed for the listed priorities should be determined by an open forum meeting of those involved in the fundraiser.
- Recognized purposes for school related fundraising are:
 - Supporting activities of school organizations or clubs.
 - Supporting activities that benefit the entire student body.
 - Providing supplemental funds (that is funding above and beyond HCPSS budgeted allocations) to help defray the costs of optional activities that enhance HCPSS programs.
 - Providing supplemental materials or equipment that enhances the instructional program.
 - Providing supplemental support for staff to participate in professional development activities.

Approved Date: September 2008
Effective Date: September 2008
Revised Date: August 2019

Gate Receipts & Tickets

Gate Receipt Procedures

Purpose

This section provides procedural guidelines for the collection, verification, transfer and deposit of athletic gate receipts.

Procedures

The Athletic Gate Receipt Reconciliation Form will be completed, signed and dated at the conclusion of each event with the signatures of the Gate Admissions Collectors and School Game Supervisors. For night deposits, the Financial Secretary will:

- Receive the completed Athletic Gate Receipt Reconciliation Form.
- Retrieve the validated deposit ticket from the bank and compare it to the Athletic Gate Receipt Reconciliation Form.
- Compare the bank deposit slip with the Athletic Reconciliation Receipt form. If documents are not in agreement, return all documents to the Athletic Director.
- If the documents are in agreement, the Financial Secretary will fill out the Gate Receipt Summary Form and issue a School Activity Fund receipt to the Athletic Director.
- Attach the Athletic Gate Receipt Reconciliation Form to the office copy of the School Activity Fund receipt.
- Post to appropriate School Activity Fund Athletic Account.

When money from athletic events is turned in to the Schools' Finance Office, the Financial Secretary will:

- Receive money collected at the athletic event with the completed Athletic Reconciliation Receipt Form.
- Count the money received and issue a receipt to the person the money is received from at the time the money is received/counted. Report any discrepancies to the person whom the money was received from.
- Realize that if monies cannot be counted/receipted at the time of deposit, then the person bringing in the money will seal the cash/checks in an envelope with the name, date, account number, amount and purpose written on the envelope. The sealed envelope will be placed in the safe until the Financial Secretary can open, count and receipt the monies. The person bringing in the cash should get their copy of the cash receipt by the next working day. The Financial Secretary will arrange for someone else to be present when the envelopes in the safe are opened, counted and a receipt is prepared. Whenever feasible, large deposits should be counted with the person who originally handed in the money.

Gate Receipts Cont'd

- Compare amount received with the Athletic Reconciliation Receipt Form.
- If amounts are not in agreement, return the deposit intact with the Athletic Reconciliation Receipt Form to the Athletic Director.
- If amounts are in agreement, issue a School Activity Fund receipt to the Athletic Director. Attach the Athletic Gate Receipt Reconciliation Form to the office copy of the School Activity Fund receipt.
- Post to appropriate School Activity Fund Athletic Account.

The Financial Secretary, with the assistance of the Athletic Director, will complete the Gate Receipt Summary Form (FIN-FORM 440) for each event.

The Principal/designee is responsible for the forwarding of all gate receipts, in the form of a check made out to Howard County Public School System, to the Accounting Office, within five days of the completion of the game/event. This includes money received from another school as guarantee for a sporting event. The school can submit a number of forms with one check. Submit forms and payment via pony to:

Accounting Office
Howard County Public School System
10910 Clarksville Pike Ellicott City, MD 21042

The Accounting Office will forward copies of the Gate Receipt Summary forms to the Director of Athletics who will maintain the information contained in the report, by school and by sport.

Ticket Receipts

Procedures

Ticket Admissions Receipts Form, FIN-Form 460, should be completed for all non-athletic events where admission is charged. Athletic events continue to use the Athletic Gate Receipts Form, FIN- FORM 440. In conjunction with this form, the school should use pre-numbered tickets which should be maintained by the school secretary or bookkeeper. Once completed, the Ticket Admissions Receipt Form should be reconciled to the bank deposit slip and filed with the accounting records.

Approved Date: April 2005
Effective Date: April 2005
Revised Date: August 2019

Non-Sufficient Funds, Returned Checks, and NSF & Envision Reports

The following are procedures all HCPSS schools should follow when accepting checks:

1. Require all checks to include the name, address and telephone number of the person signing the check.
2. Accept only checks with a current date; do not accept post-dated or pre-dated checks.
3. Consider refusing to accept additional checks from people who have written bad checks and have not made restitution in a timely manner. If we receive more than one check that must be sent to Envision for collection, cease accepting checks from that individual.

Inform all parents and students about these procedures and make them aware that they may make payments to the School by check only if the requirements are met. Assign a person to review all checks prior to ordering the products or services being paid for. Double-check that only checks meeting the requirement are accepted for payment.

Despite your best efforts, you may receive a bad check or two. HCPSS uses Envision Payment Solutions to handle bad check collection.

If your school has any non-sufficient fund checks, BOA will send them directly to Envision. Envision will contact the check writer and pursue repayment. Envision will credit us for the collected checks under our agreement. Do not accept any payment at the school for a bad check. All check writers need to deal directly with Envision and make payments directly to them.

HCPSS customers (check writers) with returned check inquiries should contact:

Envision Payment Solutions
Phone: 877-290-5460 or 770-709-3100
E-mail: customerservice@envisionpayments.com
Address: PO Box 157, Suwanee, GA 30024-9998
Fax: 770-709-3007

Approved Date: September 2010
Effective Date: September 2010

NSF & Envision Cont'd



P.O. Box 157
Suwanee, GA 30024-0157

Dear Parents/Students:

Envision Payment Solutions™ is pleased to have been selected by **Howard County Public Schools** as its check service provider.

Please be aware that if your check is returned, it may be re-presented electronically. Also, in presenting a check for payment, you authorize service charges and processing fees to be debited from the same account should the check be dishonored. These fees, as permitted by state law, may be debited as a paper draft or an electronic funds transfer, at our option. Each dishonored item is subject to the applicable state returned check fee of \$35.00.

If you wish to inquire about a returned check written to **Howard County Public Schools**, please contact **Envision Payment Solutions™** directly at the information listed below.

Thank you. We wish you and your children all the best for this year and beyond.

Sincerely,

Envision Payment Solutions™



Customers (check writers) with returned check inquiries should contact:

Envision Payment Solutions™
Tel: 877.290.5460, or 770.709.3100
Fax: 770.709.3007
P.O. Box 157
Suwanee, GA 30024-0157
customerservice@envisionpayments.com

NSF & Envision Cont'd

Statement to be used on documents sent home requesting payment, i.e. field trips, school pictures, etc.

The HCPSS Finance Office has contracted with the Envision Payment Solutions, Inc. for the electronic collection of check payments. If the check is returned unpaid, Envision Payment Solutions, Inc. will assess a \$35 fee allowed by Maryland state law and charged as an electronic fund transfer.

NSF & Envision Cont'd



P.O Box 1571
Suwanee, GA 30024-0157

Estimados padres/estudiantes:

Envision Payment Solutions™ se complace en haber sido seleccionado por las Escuelas Públicas del Condado de Howard como su prestador de servicios de cheques.

Por favor, tengan en cuenta que si su cheque regresa rechazado, puede re-enviarse electrónicamente. También, al presentar un cheque en pago, ustedes autorizan los gastos de servicios y procesamiento a ser debitados de la misma cuenta en caso de que el cheque sea rechazado. Estos gastos, según lo permite la ley estatal, pueden ser debitados como un retiro en papel o una transferencia electrónica de fondos, según lo optemos nosotros. Cada artículo rechazado está sujeto al gasto aplicable de cheques rechazados del estado de \$35.00.

Si desean solicitar información sobre un cheque rechazado a la orden de las Escuelas Públicas del Condado de Howard, por favor, comuníquense directamente con **Envision Payment Solutions™** en la información que se incluye más abajo.

Gracias. Les deseamos a ustedes y a sus niños todo lo mejor para este año y en el futuro.

Atentamente,

Envision Payment Solutions™



Clientes (quienes completan los cheques) con preguntas sobre cheques rechazados deben contactarse con:

Envision Payment Solutions™

Tel 877.290.5460, o 770.709.3100

Fax 770.709.3007

P.O. Box 157

Suwanee, GA 30024-0157

customerservice@envisionpayments.com

NSF & Envision Cont'd

Statement to be used on documents sent home requesting payment, i.e. field trips, school pictures, etc.

SPANISH

La Oficina de Finanzas del HCPSS ha contratado a Envision Payment Solutions, Inc. para la recolección electrónica de pagos por cheque. Si un cheque es devuelto sin pagar, Envision Payment Solutions, Inc. cobrará un gasto de \$35 permitido por la ley del Estado de Maryland el cual será cobrado como una transferencia electrónica de fondos.

NSF & Envision Cont'd



P.O. Box 157
Suwanee, GA 30024-0157

亲爱的家长/学生:

Envision Payment Solutions™ 很高兴被海华郡公立学校系统选为支票服务公司。

请注意, 如果您的支票被退回, 可以再次用电子方式缴交。而且, 在递交支票支付费用时, 如果支票被退票, 将从同一个帐户扣收您所授权的服务费用和处理费用。这些费用, 如州法所允许, 可以由我们选择, 被记帐为书面提款或电子转帐。每一张被退票的支票, 都适用州法规定收取的退票费用 \$35.00。

如果您想要询问有关开给海华郡公立学校系统而被退回的支票, 请直接按照下列信息, 联络 **Envision Payment Solutions™**。

谢谢您。我们敬祝您和贵子女今年与来年一切如意。

诚挚敬意,

Envision Payment Solutions™



客户 (支票开立人) 有退票问题应联络

Envision Payment Solutions™

电话 877.290.5460, or 770.709.3100

传真 770.709.3007

邮寄地址 P.O. Box 157

Suwanee, GA 30024-0157

电邮 customerservice@envisionpayments.com

NSF & Envision Cont'd

Statement to be used on documents sent home requesting payment, i.e. field trips, school pictures, etc.

CHINESE

海华郡公立学校系统财务办公室与设想付款解决方案公司(Envision Payment Solutions, Inc.) 就支票付款的电子收账签订了协议。如果支票被拒打回，设想付款 解决方案公司将在马里兰州法律允许的范围内处以 35 美元的罚金，这一罚金将以 电子转账方式收取。

NSF & Envision Cont'd



부모님/학생 여러분:

Envision Payment Solutions™은 하워드 카운티 공립학교들의 체크(수표) 서비스 제공자로 선정되어 기쁩니다.

만약 귀하의 수표가 되돌아올 경우, 귀하는 컴퓨터상으로 수표를 다시 보내셔야 할 것입니다. 이때, 서비스료와 수수료를, 반려된 수표가 속한 구좌에서 청구해도 좋다는 승인을 하시는 것이 됩니다. 이 요금들은 주의 법이 허용하듯 종이 수표나 전자 송금 방식으로 본사의 옵션에 따라 빠져 나가게 됩니다. 반려된 수표마다 35 불씩이 적용될 것입니다.

하워드 카운티 공립학교로 쓰신 반려 수표를 청구하기 원하시면 Envision Payment Solutions™로 아래 정보를 이용하여 직접 연락 주시기 바랍니다.

귀하와 귀 자녀들에게 내내 최상을 기원합니다.

Sincerely,

Envision Payment Solutions™



고객(수표 쓰신 분)께서 반려된 수표를 요청하시려면 다음과 같이 연락 주십시오.

Envision Payment Solutions™
전화: 877.290.5460 혹은 770.709.3100
팩스: 770.709.3007
P.O. Box 157
Suwanee, GA 30024-0157
customerservice@envisionpayments.com

NSF & Envision Cont'd

Statement to be used on documents sent home requesting payment, i.e. field trips, school pictures, etc.

KOREAN

저희 하워드 카운티 교육청의 재정실은 Envision Payment Solutions, Inc.와 제휴하여, 수표로 지불되는 것을 전자로 수금하고 있습니다. 만약에 수표가 미지불로 되돌아올 경우, Envision Payment Solutions, Inc 는 메릴랜드 주법에 따라 전자 기금 송금 수수료 명목으로 \$35 을 부과할 것 입니다.

Field Trips

All field trips must be pre-approved by your Principal/Asst. Principal and Central Office Risk Management Department.

Turn in a Field Trip Request Form to begin this process. Once the field trip has been approved, see your Bookkeeper/Principal's Secretary for an account number and FIN Form 420-Field Trip Accounting Form.

All field trips must use an HCPSS approved bus contractor.

Price the field trip at true estimated cost. Any excessive overage charged to the student must be reimbursed to students. Student names should be listed on the form and payments and permission slip collection should be indicated on the form.

Funds collected should be secured in a locked drawer and deposits should be made daily to the Bookkeeper/Principal's Secretary. Any student/individual submitting CASH of \$100 or over, must be receipted using the receipt book provided by the Bookkeeper/Principal's Secretary. Please reference FIN Proc 560 for instructions on the application of receipt books.

When all payments have been collected, the field trip sponsor will present the completed FIN Form 420 to the Bookkeeper/Principal's Secretary. At that time, the form will be reconciled to the amount of money collected and deposited in the field trip account. Any discrepancies will be resolved at that time.

Refer to Policy 8100 Field Trips and Student Activity Trips for more information.

Disbursements

Disbursement of School Activity Funds

Procedures

1. Authorization of Disbursements

Any activity which involves the expenditure of SAF is subject to the prior approval of the Principal.

2. General Disbursement Procedures

The following general procedures outline the system to be used to properly account for all disbursements.

- a. Disbursements must promote the general welfare of students.
- b. All expenditures must be reviewed and approved by the Principal or his/her designee. All expenditures are required to be supported by:
 - Adequate documentation; and checks must be signed by two authorized parties
 - The payee of a check cannot be a signor of that check
- c. All disbursements will be made by check and recorded in the SAF software by the fiscal agent, except for small expenditures authorized to be made from an established petty cash fund. (See the Petty Cash section)
- d. The school must pay bills within 30 days and take discounts, when applicable.
- e. The school must investigate checks which have been outstanding for three months or longer.
- f. Undeposited cash receipts must not be used to make payments or cash checks.
- g. Individuals who do not follow established procedures or who are negligent in handling money will be required to reimburse the school for lost or stolen funds.
- h. Maryland sales tax should not be paid on disbursements applicable for instructional or operational purposes. HCPSS has a Maryland sales tax exemption.

3. Permissible Uses of School Activity Funds

Refer to Policy 4030, Section IV, Standards.

Disbursement of School Activity Funds Cont'd

4. Disbursements of School Activity Funds That Are Prohibited

SAF cannot be used to circumvent Board policies, procedures, rules and/or HCPSS practices. In addition, SAF must be used in accordance with The Code of Maryland Regulations (COMAR) and Generally Accepted Accounting Principles (GAAP). Use of SAF for the following are prohibited:

- a. Disbursements that are primarily for the benefit of school staff members or other HCPSS employees, such as gifts, meals, retirement functions, or other staff social activities. Disbursements may be made for these purposes only if funds are derived solely from staff donations or other staff activities or from funds donated for that specific purpose by a PTA, booster club, or student organization.
 - b. SAF cannot be used for the sale or purchase of alcoholic beverages.
 - c. Extension of credit or loans to HCPSS employees or to any person other than a student. Small emergency loans for field trips, lunches, and similar items may be made to students at the discretion of the Principal.
 - d. Contributions to charitable organizations, unless funds have been contributed by students, as an approved fundraiser, for a specific charity.
 - e. Any disbursement that is prohibited by federal, state, or county law, or by HCPSS policy or regulation.
 - f. Students cannot be charged for items that should be provided by Howard County Public Schools as part of the instructional program. This does not prohibit school supply lists and activity fees which are given to students at the beginning of the school year (in accordance with the approved supply lists and activity fees established by Central Office School Administration).
 - g. Schools are prohibited from borrowing funds from a lending institution, vendor, or others. The only obligations a school can incur are those for normal purchases from vendors. These obligations must be short-term and must be paid when due.
 - h. Schools are prohibited from opening credit card accounts in the school name or using any cards other than the HCPSS Purchasing Cards (P Card) or School Purchasing Cards (S Cards).
- ### 5. Disbursements Requiring Prior Written Authorization from the HCPSS Central Office
- a. Building or other structures, including alterations and attachments thereto (Approval from School Planning and Construction Office).
 - b. Purchases made from any HCPSS employee, or from any partnership or corporation in which an employee has a substantial interest (Approval from Purchasing Office).
 - c. Any contracts with a period of performance extending beyond 36 months (Approval from Purchasing Office).

Maryland State Sales Tax

Procedures

As a governmental agency, schools are exempt from paying sales tax upon purchase of items that will be used to carry on the work of the school system.

However, if a school sells item(s) to a taxable entity such as a student, teacher or staff member, they must collect sales tax on these items and remit the tax to the State. The State of Maryland requires collection and remittance of sales tax on resale transactions.

All schools that sell items should have completed a Combined Registration Application and have it on file with the State of Maryland. Each school is responsible for filing sales tax forms and remitting Maryland sales tax on a timely basis.

The following items are some examples of items a school might sell that are taxable and require collection and remittance of sales tax:

- PE uniforms
- School T-shirts
- Team apparel
- Workbooks
- Vocabulary books
- Calculators
- School Store Items
- Scholastic magazines
- Tech Ed projects
- Locks
- Folders
- Year books
- Lanyards
- Spirit Items

All staff should be instructed to collect sales tax on resale items. Sales tax should be added to the sales price. When pricing fundraiser items, sales tax must be considered, so you can make the desired profit.

Sales tax must be collected and remitted on resale items, even if the item has been donated or will be sold below cost.

Maryland State Sales Tax Cont'd

Some Schools have arranged with vendors to be charged the appropriate tax at the time of purchase for resalable items. If the tax is paid to the vendor at the time of purchase, the school will not have to collect and remit tax when the item is sold to students or others, as long as it is sold for the same price as it was purchased for.

If the school is charging more money for the resale items, such as in a fundraiser, the school is responsible for remitting sales tax on the actual sales price charged. If they have already paid tax on the purchase price, the school is still responsible for paying tax on the difference between the vendor purchase price and the actual sales price. The school should remember to incorporate sales tax into the final price charged.

If the school does not pay sales tax to the vendor at the time of purchase, the school will owe sales tax on the entire sales price, to the State of Maryland.

Sale of food (other than candy or soda) by schools is EXEMPT from sales tax. Sales of magazine subscription in a fundraising activity are EXEMPT from sales tax as long as the proceeds are used solely for the educational benefit of the school or its students.

It is the schools responsibility to prepare and remit sales tax collected with the tax coupon to the Comptroller of Maryland. If you have zero taxes for a quarter or period, you must either file at www.marylandtaxes.com or call 410-260-7225 to report zero taxes.

MD State Sales Tax Exemption Overview

- Sales tax exemption certificate may be used to purchase material and supplies to be used to carry on the work of the school system.
- A vendor is required to see an actual copy of the certificate.
- The purchase must be made with school funds, such as cash from the petty cash fund, school check, school credit card (S Card), or purchasing issued credit card (P Card).
- Maryland State Sales Tax Cont'd
- The purchased item must become the property of the school
- An individual teacher may use the school's exemption certificate if making purchases for the classroom as long as he or she is using school funds. To be exempt, the law expressly states that the purchase must be made with organizational funds. Purchases made with personal funds are not eligible for sales tax exemption and sales tax paid will not be reimbursed.

- Please use P Card, S Card, purchase orders, or order online from Office Depot, Staples or Office Max and then pick up the item if necessary.
- Grocery items such as pizza kits, cookies and cookies dough are exempt from sales tax.

Approved Date: November 2010
Effective Date: November 2010

Meeting Expense & Staff Appreciation Guidelines

Purpose

This document provides direction regarding allowable expenditures of school activity funds for meetings and staff appreciation and instructions on how to properly account for them.

Meeting Expenses

Only water may be purchased with school activity funds and served at staff meetings.

Expenses for employee lunch or dinner for all day training, work sessions, and meetings are allowable only if the following conditions are met:

1. Employees are encouraged to attend
2. The subject matter is selected and directed by school based administrators
3. The is held during evening hours beyond the work day (for ex: Conference Nights, Math Night, International Night, College Information Night, etc.) or exceeds 4 hours in length and does not allow sufficient time for employees to take a meal break (for ex: Leadership Retreat).

Breakfast meals are not allowed for these meetings.

The per person cost of a lunch or dinner meeting meal may not exceed \$15 including gratuity.

The use of school activity funds is allowed to pay registration fees for staff members who attend professional meetings such as awards dinners (Leadership U Graduation, teacher of the Year), partnership celebrations (HCPSS Partnership Celebration), etc. in their official roles as school system employees.

Staff Appreciation

School based administrators are allowed to schedule three annual staff celebration meetings where they provide a breakfast or lunch meal to staff that may be paid for with school activity funds. Examples of staff celebration meeting meals are a staff breakfast or lunch at the beginning of the school year, a staff celebration meal during teacher appreciation week, or an end of the year staff celebration lunch. The per person cost of a staff celebration meal should not exceed \$15 including gratuity.

Meeting & Staff Appreciation Cont'd

Staff appreciation is not an explicitly approved use of school activity funds within Policy 4030, School Activity Funds. Therefore, the use of school activity funds for staff appreciation must be approved by the Executive Director, School Improvement and Administration.

The following items, however, have been pre-approved as allowable uses of school activity funds for staff appreciation:

- Staff shirts with the school logo (limited to \$35 per shirt).
- A nominal token of staff appreciation once a year, not to exceed \$10.
- School spirit items (totes, pens, lanyards etc...with school name and/or logo) limited to a per item cost of \$25.
- A gift for staff upon retirement limited to no more than \$50; however, Cash and gift cards are prohibited.
- Flowers for significant professional recognition awards with an individual cost of no more than \$50

Significant professional recognition is defined as:

- teacher of the year award
- county, state or national professional award

NOTE: Purchase of flowers from SAF Funds are prohibited for:
funerals/bereavement, teacher of the month or any other type of staff appreciation

- Meals authorized, funded, and provided by student groups as an expression of staff appreciation subject to the per person cost of \$15 for breakfast or \$15 for lunch. Documentation of student group authorization must be maintained with the school accounting records.

Procedures

Aggregate expenditures for meeting expenses and staff appreciation from the school activity funds may not exceed the product of the number of staff times \$100 per staff member. Approved sources of funding for meeting expense and staff appreciation are vending machine income, undesignated donations, donations designated for staff appreciation or meeting expense, staff run fundraisers, and commission income.

Meeting Expenses Account: 045.0.000

All meeting expenses must be charged to the above account. Any expenses charged to this account must be documented with detailed receipts, a copy of the agenda with meeting times and attendee listing/sign-in.

Meeting & Staff Appreciation Cont'd

Staff Appreciation Account: 045.0.001

All staff appreciation expenses, including meals provided by student groups as an expression of staff appreciation, must be charged to the above account. Any expenses charged to this account must be documented with detailed receipts.

DISBURSEMENTS OF SCHOOL ACTIVITY FUNDS THAT ARE PROHIBITED

Disbursements from school activity funds for meetings or staff appreciation that do not comply with this guidance are prohibited UNLESS advance written approval has been granted by the Chief School Management and Instructional Leadership Officer.

Operation of Staff Social Account within HCPSS Schools

Purpose

This section provides direction regarding the use of a staff social account located within the school checking account. Each school may establish or maintain a staff social account within the School Activity Fund.

Sources of Funds

The following are the only allowable sources of funds for a staff social account located within the school account:

- Voluntary staff contributions
- Staff Vending Machines
- Staff fundraisers (allowable provided the fundraiser is advertised as for the benefit of the staff social account)

Use of Funds

Staff social account funds may be, with Principal approval, used for any staff determined purpose as long as the use is appropriate and allowable. Examples of typical staff social account uses are:

- Food/snacks
- Gifts
- Flowers

The Principal is responsible for overseeing the staff social account to ensure the funds are used for legitimate purposes. The Principal should not direct staff on what to spend the funds on, as the funds belong to the staff. However, the Principal must ensure the staff social account is managed appropriately and not used for inappropriate or prohibited items such as alcohol. The Principal must be a signer on any checks issued from the staff social account. If the staff choose to donate money to the school from their social account, they may. All spending guidelines for SAF are in place for the donated staff social account money.

Operation of Staff Social Account Cont'd

Account Number

The account number and name to be used should be 980.0.000 Staff Social Account. All money will be deposited and spent directly from this account. The only transfer allowed into this account would be from the staff vending commission.

Outside Staff Social Account

If an outside staff social account has been established by staff, they are prohibited from using the Howard County Public School System Federal Tax ID number.

Gratuities Guidelines

Procedures

Many people are uncertain what an appropriate gratuity or tip should be in various situations. Please review your bill carefully for included gratuities or service charges etc. prior to giving any gratuity or tip. Here are some basic guidelines to ensure that you're tipping appropriately when no gratuity, tip, service charge or delivery charge has been included in your bill.

Dining

- Server at a full-service restaurant – 15% of your total bill before tax for average/good service, no more than 20% for excellent service. If you've used a discount or received any free items, you should tip on the amount that your bill would have come to if you'd paid full price.
- Server at a partial service restaurant (buffet) – 10% of your total bill. Use discretion based on how much the server is expected to do for you.
- Delivery person– 10% of the total bill.

Caterers

- Caterers - 15% of the total bill. 20% if the person is required to handle unloading of the food and setting up the entrees.

DJ's

- DJ's - 10% to 20%.

Vehicular Tipping

- Valet Parking - \$1 to \$2 per car is usually appropriate, given when the car is returned to you.
- Charter Bus Trips – on average, \$1 per rider each way with additional tip for longer trips and overnight trips where the driver assists with luggage etc.
- Taxi – 10% to 15% of the total fare.

At the Airport

- Skycaps - \$1 to \$2 per bag.

Hotel Tipping

- Maid - \$1 per night generally.
- Bell Desk - \$1 per bag for delivering bags to your room

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