

Ontario Association of School Business Officials

Finance Committee

**Guidelines
For
School Generated Funds**

Issued: September 2003

**First Revision:
January 2009**

**Second Revision:
June 2014**

Ontario Association of School Business Officials Finance Committee

Guidelines for School Generated Funds

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Section 1

Introduction

Introduction

Background

Schools and school boards are accountable for the use of public funds. Funds are generated at the school level from a number of different sources and used in a number of different ways to enhance the development of educational programs and to support school initiatives and activities. These funds are referred to as “school generated funds”

Representatives from the OASBO Finance Committee collaborated to prepare this revised guideline building on the original document of 2003 and the revised 2009 document, and ensuring that it aligns with new Ministry guidelines and reporting.

Objectives

- To align with new ministry guidelines and reporting requirements
- To provide appropriate guidance, authority and protection to school staff and fundraising volunteers by providing specific administrative procedures for recording and reporting school generated funds.
- To meet the public’s expectations and validate the public’s trust regarding the stewardship of school generated funds.
- To ensure consistency and standardization of guidelines across all school boards in Ontario.

Specifics

1. Key Considerations in the Development of the Guidelines

- The guidelines have been developed and written with the Principal and Secretary/Financial Accounts Administrator in mind.
- They attempt to simplify (as much as possible) the procedures which will assist schools in administering, recording and reporting the various types of funds and expenditures flowing through the school.
- Recognizing the time constraints which exist at all schools, they establish the minimum requirements which should be followed to address accountability relating to the management of school generated funds.

Introduction

2. About The Guidelines

- Although organized by topic, the information presented in a particular section is not exclusive and should not be read in isolation from another section.
- This manual does not supersede board policies currently in place; however, it is hoped that boards will adopt this manual as their standard.
- It is expected that this document will be updated on a periodic basis to reflect changes as required.

3. Acknowledgements

The Committee would like to thank the following for their contribution to the original guidelines:

- School boards that have submitted copies of their existing procedures/guidelines relating to school generated funds
- Robert Brakel & Associates Ltd.
- OASBO Finance Committee
- KPMG LLP

Introduction

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Introduction

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Introduction

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Section 2

Sources and Uses of Funds

Sources and Uses of School Generated Funds

Background

Funds are generated in schools from a number of different sources and used in a number of different ways. This manual applies to all funds that are received, raised, or collected in the name of the school or school activity. These funds are under the direction and control of the School Principal. Generally this will mean all funds available to the school, other than funds provided by the approved budget of the board.

Objectives

- To identify and categorize the sources of school generated funds to which this manual applies.
- To outline generally acceptable uses of these funds and some unacceptable uses of these funds.

Specifics

1. General classifications of school generated funds

- **Funds raised through a board wide initiative.** In this category, funds are raised through board wide initiatives such as vending machine contracts.
- **Funds raised through local school initiatives.** In this category, where approved by the board, schools raise funds from such things as cafeteria services, snack vending machines, coffee machines, etc. Any profits generated are retained at the school. Any contracts entered into must conform to board purchasing policy (refer to Section 12).
- **Funds raised through School Council/Student Council.** In this category, funds are raised however the direct involvement of the local School Council or parent community is evident or is done on behalf of and with the Student Council and/or the parent community. This category is identified separately because board policy often requires School Council/Student Council involvement in expenditure decisions and disbursements when funds are raised jointly.
- **Funds donated to schools.** This category deals strictly with donations made to a particular school either for a specific purpose or for general use. Such donations may be eligible for a charitable donation tax receipt (refer to Section 10).

Sources and Uses of School Generated Funds

2. Classifications of School Generated Funds for EFIS Reporting Purposes

- **Field Trips and Excursions** – This line item captures all amounts raised/received and the costs to support in province or out of country excursions or any field trips.
- **External Charities** – This line item captures all amounts raised/received in support of, and the costs in support of an external charity where the school provides the administrative process for collecting the funds. This charity would be registered with the Canada Revenue Agency.
- **Student Activities and Resources** – This line captures all amounts raised/received and costs related to student activities and resources such as use of lockers, yearbooks or student activity fees. Athletic activities are recorded under this category. Field trip/excursions are excluded as they are captured separately as per above.
- **Capital Assets** – This line captures all amounts raised/received and the costs related to the purchase of capital assets that will be amortized. Even if funds were raised for band equipment, pottery equipment or technology investments (normally recorded under the Student Activities and Resources line), if these items meet the capitalization threshold as per the TCA Guide, they would be recorded in the Capital Asset category and the data here will be transferred to the corresponding EFIS schedule.

3. Acceptable and Unacceptable Uses of School Generated Funds

- The ministries guidelines determine acceptable and unacceptable uses of school generated funds to be adopted by all school boards.
- All purchases made using school generated funds must comply with board policy and procedures. Relevant board policies/procedures with which to ensure compliance include a Fundraising, Student Fees, School Council and Purchasing policies, where applicable.
- Funds raised must be used for the intended purpose as outlined in the Plan for School Generated Funds. The accounting records should track each category separately. Amounts carried forward into the next year should be kept to a minimum unless it is part of a multi-year fundraising initiative. Refunds should be considered where large surpluses remain. Deficits for any category should not be permitted, unless subsidized by other general fundraising activities. A plan should be in place to address these deficits on a timely basis.

Sources and Uses of School Generated Funds

Examples of School Generated Funds Activities:

- Pizza days, hot dog days, bake sales, etc.
- Fundraising Campaigns (Chocolate Bars/Popcorn/Freezer Foods)
- Walk-a-thons, dance-a-thons, swim-a-thons, read-a-thons, etc.
- Dress down days
- School dances
- School plays and concerts
- Juice and milk sales
- School clothing sales (e.g. gym uniforms) and school memorabilia
- School picture rebates/commissions
- Excursion fees
- Book (non-textbook) and magazine sales
- Special school luncheons
- Public transit tickets
- Games of chance (lotteries, raffles, bingos, Nevada tickets, etc.)

Examples of Unacceptable Uses of School Generated Funds would include but are not limited to:

- Items that are to be purchased from the board's budget such as classroom learning materials, textbooks, etc.
- Goods or services from employees, where such purchase would contravene Section 217 of the Education Act.
- Monetary payments to employees for services.
- Gifts to employees
- Staff professional development/travel, meal and hospitality
- Investments other than those permitted by the board and Regulation 471/97 of the Education Act (Eligible Investments).
- Capital infrastructure improvements and maintenance or upgrades
- Support for political activities, groups or candidates

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Section 3

Accountability – Roles and Responsibilities

Accountability – Roles and Responsibilities

Background

The board has a responsibility to ensure that all school generated funds are collected in accordance with board policies and municipal, provincial and federal laws and regulations. This responsibility includes ensuring that all funds are adequately protected, that they are controlled through proper accounting procedures and that accountability for the funds is maintained.

Objectives

- To clarify the roles and responsibilities of individuals involved in school generated funds.

Specifics

1. Roles and Responsibilities of the Senior Business Official or Designate

- Establish guidelines for school generated funds.
- Provide training to staff on the appropriate application of the guidelines.
- Complete and/or follow-up on audit/review reports as determined by board best practice.
- Ensure accurate and timely completion of ministry reporting
- Ensure that all schools have suitable accounting systems and/or technology available for administering the school generated funds.

2. Roles and Responsibilities of the School Superintendent

- Reinforce to School Principals the need to adhere to board policies/procedures and guidelines.
- Ensure that schools are complying with the reporting requirements of the
- Guidelines for School Generated Funds (particularly Section 4 and 5).
- Report to the Senior Business Official or designate
 - if funds are lost or stolen
 - any misuse of funds
 - failure to follow any policy or guidelines

Accountability – Roles and Responsibilities

3. Roles and Responsibilities of the Principal

- Ensure that the Guidelines for School Generated Funds are implemented in compliance with board policies/procedures for example: nutrition, excursions, student fees, and purchasing policies/procedures.
- Act as one of the approved signing officers on the school bank account(s).
- Appoint the designated individual responsible for receipts, disbursements, banking and record keeping.
- Ensure that processes are in place to adequately control the funds within the school including security over cash and records.
- Ensure that no staff members or members of the community are collecting and managing funds in their own personal bank account or any other account not approved by the board.
- Communicate responsibilities to staff members.
- Ensure that there is a primary contact for each club or class involved with financial transactions.
- Review, sign and date the monthly bank reconciliation.
- Review records periodically. Question and determine how to address any shortages or overages associated with the various activities.
- Review, sign and date the annual Financial Reports.
- Distribute and/or make available the annual financial reports as outlined in the section on *Financial Reporting*.
- Notify the School Superintendent and the Senior Business Official immediately if funds are lost or stolen.
- Ensure that the school or any individual associated with the school does not enter into contracts in the name of the school or the board. (See section 12)
- Ensure that the School Council chair is aware of and understands their roles and responsibilities.
- Creation of the Annual School Fundraising Plan Ensure that funds received are disbursed as per the intent of the funds raised or collected.
- Provide reports to School Council as required
- Participate during audit/review and ensure implementation of recommendations

4. Roles and Responsibilities of the Designated Individual in the school (usually the School Secretary/Financial Accounts Administrator)

- Comply with the guidelines for school generated funds as directed by the School Principal and advise the School Principal of deviations from the guidelines outlined in this manual
- Act as one of the approved signing officers on the school bank account.
- Verify funds received for deposit.
- Prepare bank deposits and deposit funds at the bank on a timely basis.

Accountability – Roles and Responsibilities

- Issue cheques ensuring that all requests for payments are properly supported and approved by the School Principal.
- Record transactions on a timely basis.
- Complete the monthly bank reconciliation.
- Prepare transaction reports as required for the School Principal, staff and School Council
- Maintain appropriate supporting documentation, and efficient filing system for records retention purposes
- Prepare the Annual Financial Report and submit to School Principal (if required by the Board).
- Assist during audit/review.
- Participate in board training related to school generated funds

5. Roles and Responsibilities of Staff Members

- Collect money from students or other sources as applicable.
- Count money collected and record amount and intended use on the Funds Received Form as indicated in the section on *Banking, Receipts and Disbursements*.
- Ensure funds collected are securely delivered to the designated individual on a daily basis.
- Ensure that invoices have the appropriate approval and are delivered to the designated individual for payment in a timely manner.
- Request and review transaction reports on a regular basis to ensure details of financial activity related to their class or club are recorded correctly and that funds received are disbursed as per the intent of the funds raised or collected. Advise the designated individual of any discrepancy.

6. Roles and Responsibilities of School Council Chair

- Ensure fundraising activities involving the students and/or the school are in compliance with board policies and procedures and no direct or indirect benefit is derived by a member of the School Council.
- Ensure that School Council members are aware that where conflicts of interest exist, they are disclosed.
- Distribute and/or make available the annual School Council financial reports as indicated in the section on School Councils.
- Ensure the Treasurer understands their responsibility for receipts, disbursements, banking and record keeping including regular financial reporting for School Council meetings.
- Approves all requests for disbursements out of all School Council categories
- Ensure all funds collected are counted and are kept at the school for safe keeping until deposited.

Accountability – Roles and Responsibilities

The following School Council Chair Responsibilities are only applicable to boards where School Council is permitted to have a separate school bank account. (Not recommended)

- Act as one of the approved signing officers on the School Council bank account.
- Ensure that the School Principal is a signing officer on the School Council bank account.
- Follow processes outlined by the School Principal to adequately control the funds and ensure security over cash and records of the School Council.
- It is recommended that the School Council Treasurer position be for a term not to exceed two years.
- Prepare the monthly bank reconciliation for the School Principal's review and approval
- Ensure that all records and financial reports are available for review at the school as indicated in the section on School Councils.

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Section 4

Banking – Receipts and Disbursements

Banking – Receipts and Disbursements

Background

All schools must have a bank account for school generated funds and a process to record transactions. It is essential that controls be in place to assist in the management of these funds.

Objective

- To simplify banking practices while:
 - ensuring security of funds
 - protecting those responsible for handling the money
 - maintaining adequate records

Specifics

The following practices represent the minimum procedures recognizing the balance between limited staffing and the need to meet basic security and reporting requirements.

1. Establishing a Bank Account

- The school should have only one “school generated funds” bank account.
- Where board policy or procedure permits, School Councils may have a separate bank account; however, this is not recommended.
- Where schools participate in Lotteries and Games of Chance (see section 11) a second separate trust bank account must be maintained as required by the Alcohol and Gaming Commission of Ontario
- The bank account(s) shall be in the name of the school.
- Cheques for the school bank account(s) should be pre-numbered and electronically generated cheques are recommended.
- The account(s) must require two signatures on all cheques one of which must be the School Principal. It is recommended to have a minimum of three signing officers.
- Bank account(s) established should be such that statements are issued on a monthly basis along with returned cheques or cheque images
- Use of client cards or bank machines is not permissible
- The bank statement(s) must cut-off on the last day of the month for reconciliation and reporting purposes.
- Internet banking is permissible only for viewing and downloading transactions and must not be used to make payments, transfers or disbursements.

Banking – Receipts and Disbursements

2. Receipts

- All money collected in the name of the school must remain onsite and be stored in a designated locked and safe location which has limited access until deposited. It is recommended that each school have a secure safe.
- All money collected is to be deposited intact to the bank account promptly. Expenditures cannot be paid from the cash collected. The total funds must be deposited to the bank and a cheque written to pay for any expenditure.
- All staff collecting money must complete the attached “Funds Received Form” and forward both the money and the form together to the designated individual in the school office.
- Where possible, money should be counted in the presence of two individuals.
- When the funds have been verified and prepared for deposit by the designated individual, a copy of the “Funds Received Form”, indicating the actual money count is to be returned to the staff member who originally submitted the funds.
- You may use the same procedure for receipting funds received directly from individuals or groups not employed by the board.
- The “Funds Received Form(s)” must be filed with the school copy of the bank deposit form.

3. Disbursements

- All payments must be approved by the School Principal in advance of incurring the expense
- All disbursements must comply with the board’s procurement policy and procedures
- All disbursements must be recorded on a timely basis.
- All payments must be made by cheque.
- Pre-signing of cheques is not acceptable.
- Signature stamps or electronic signatures are not acceptable.
- Payments should only be made upon the presentation of original invoices or itemized receipts. Payments cannot be made from company statements, credit card or debit slips.
- When a cheque is issued the supporting documentation must be marked paid and the cheque number and date recorded.
- Partially completed cheques, (i.e. No payee name or amount), cheques made payable to cash or pre-payments in advance are not acceptable.
- Reimbursements to School Principals should be approved by their Superintendent for proper segregation of duties and approval authority.
- Using the number control feature, all cheques should be accounted for.
- Voided cheques should be marked “VOID” and retained.
- Unused cheques should be stored in a designated, secure location in order to prevent loss or theft.

Banking – Receipts and Disbursements

4. Investments

Although this practice is not recommended, where a school has excess funds, they may be invested in the name of the school as permitted by Reg. 471/97 of the Education Act (Eligible Investments) and board policy and practices (e.g. term deposits, GIC's, etc.). These funds should be invested on a short term basis (i.e. less than a year).

5. Bank Reconciliation

- Bank reconciliations must be completed monthly.
- Cheques not cashed within six months are stale-dated and should be reversed in the school's records after issuing a stop payment to the bank.
- The School Principal shall review the monthly bank reconciliation, sign it, and retain it in the schools files.

6. Records Retention

- All original documents, including paid invoices, cancelled cheques, bank statements, support for deposits and bank reconciliations shall be retained for seven years.
- The records of each year should be boxed, labeled with a description of contents and the record destruction date, and securely stored in the school.

Caution

Deviation from the above guidelines will leave the school vulnerable to potential problems. The need to have guidelines in place is often not recognized until something goes wrong. The goal is to have controls that ensure money is handled appropriately, that staff are protected, and that records are accurate, up to date and useful. The controls are only as good as their enforcement. It is important that school administrators support and follow the established practices.

Banking – Receipts and Disbursements

**Sample Manual
Bank Reconciliation**

School Name _____

Bank Account Number _____

Last Date on Bank Statement _____

Last balance shown on bank statement (A)

From the accounting records, list all deposits or credits which do not appear on this statement and have not been marked off

Total (B)
Subtotal (A) + (B) = (C)

From the accounting records, list all withdrawals/ cheques/debits which do not appear on this bank statement and have not been marked off

Total (D)
Final Total (C) – (D) = (E)

The balance (E) should agree with the accounting records (F).
Balance in Accounting Records (F)

Principal's Signature & Name (printed)

Date

Banking – Receipts and Disbursements

**School Generated
Funds Sample Funds
Received Form**

School Name _____

Amount of Funds
(see reverse)

Source and Purpose of Funds

(e.g. car wash for grade 8 trip)

Name

Signature

Date

Office Use Only

Actual Funds Counted

Difference (should be 0)

Counted by _____ Date _____

Name (printed) and signature
Retain original and forward a copy to the individual who submitted the funds.

Banking – Receipts and Disbursements

**School Generated
Funds Received Form
(Reverse Side of Page)**

Coin		=	_____
_____	X 5.00	=	_____
_____	X 10.00	=	_____
_____	X 20.00	=	_____
_____	X 50.00	=	_____
_____	X 100.00	=	_____

Total Cash _____ (A)

Cheques

<u>Payee</u>	<u>Amount</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Total Cheques _____ (B)

Total (A + B) _____

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Section 5

Reporting

Reporting

Background

A substantial amount of money is generated in schools for the benefit of students. The School Principal is accountable for the money to both the school community and the board. Financial reports demonstrate accountability and, at the same time, provide information to the school community and the board.

Objective

- To provide a format for financial reporting including:
 - Who will be responsible for preparing the reports
 - What will be included in the reports
 - The fiscal period that will be covered
 - The reports that are required
 - When they will be distributed
 - To whom they will be distributed
 - Protecting the privacy of personal information.

Specifics

- The financial reports shall be prepared under the direction of the School Principal.
- The reports shall encompass all money generated in the name of or under the auspices of the school regardless of its source or use.
- The fiscal year for the reports shall be consistent with board reporting.
- The School Principal must review, sign and date all reports.
- The reports should be made available at the school for the members of the school community.
- The reports must be kept with the records for the school generated funds for seven years.

Required Reports

Each accounting system produces reports that are unique to the system. The report descriptions that follow are intended to give a general picture of the reports that the system should be able to produce in order to manage school generated funds.

Reporting

1. Plan for School Generated Funds

The Plan for School Generated Funds shows the purpose to which the net proceeds will be applied, how the funds are intended to be raised, the amounts projected to be raised, and the associated fund raising costs.

The plan must comply with the Ministry and board fundraising guidelines and procedures.

The Plan will be prepared at the beginning of the school year by the School Principal after seeking sufficient and appropriate input from the school community. The purpose of the Plan is to identify the activities that will take place, ensure that they are in accordance with board policies, aligned with the School Improvement Plan, and to determine at the end of the year if the expectations were met.

The Plan will include all money generated in the name of or under the auspices of the school regardless of its source or use and indicate the following:

- The purpose for which the net proceeds will be used and the anticipated total costs of the item(s) being fundraised for:
- The source of revenue
- The time period during which it will be generated
- The person or group responsible for the activity
- The anticipated fundraising proceeds
- The anticipated fundraising expenses
- The anticipated net proceeds

A copy of the Plan signed by the School Principal will be submitted to the School Superintendent or designate for approval.

The School Superintendent or designate should review the Plan, make any necessary adjustments and communicate those adjustments to the School Principal. A signed copy of the Plan should be returned to the school by the end of October. In the interim period activities similar to those in previous years may be undertaken.

A copy of the approved Plan will be kept in the school and used in conjunction with the review of the monthly and annual financial reports.

It is suggested that the approved Plan be communicated to the school community. The purpose of fundraising initiatives should be communicated to the school community prior to any funds being raised.

Reporting

2. Summary of Activities for School Generated Funds

The Summary of Activities for School Generated Funds will be prepared for the period starting at the beginning of the fiscal year and ending at the end of each month. The Summary of Activities for School Generated Funds will show for each activity:

- Beginning balance – total for the fund at the end of the previous year
- Total receipts/revenue during the period
- Total disbursements/expenses during the period
- Net Proceeds
- Total transfers to/from other activities
- Closing balance

This report should be available to the school community and the board.

A detailed listing of receipts, disbursements and transfers should be maintained at the school to support the summary for each activity in this report.

3. Bank Reconciliation Report

Each month, the bank account balance(s) will be reconciled to the totals shown in the list on the Summary of Activities for School Generated Funds. The School Principal will review and sign the Bank Reconciliation Report along with the related bank statement, returned cheques or cheque images and other items. Any questionable items should be investigated. The form and content of this report is discussed in the section titled “Banking/Receipts/Disbursements”.

This report along with the bank statement(s) should be available to the board.

4. HST Reports

Information related to HST will be included in an appendix to this document.

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Section 6

Accounting Systems

Accounting Systems

Background

Within a board's jurisdiction, a variety of computerized accounting systems or manual systems may be used to track school generated funds. Regardless of the system in use, this guideline outlines the common components that should be found in all systems.

Objective

- To identify the minimum information to be recorded while
 - Safeguarding the money
 - Protecting those responsible for handling the money
 - Properly accounting for transactions that occur electronically
 - Maintaining a thorough set of records regarding the receipt and disbursement of the money

Specifics

Revenue and Expenditure Records (computerized or manual)

- All revenue and expenditures must be recorded promptly.
- For money received, the following information is required:
 - Date received
 - Amount collected
 - Purpose of funds collected
 - Name and signature of person from whom money is received
 - Date deposited
- For payments made, the following information is required:
 - Date cheque issued
 - Amount of cheque
 - Name of payee
 - Reason of payment issued
 - HST paid

Accounting Systems

Notes

- The accounting system must track and report revenue and expenditures for each school activity. The accumulated balance of all school activities should equal the reconciled bank balance.
- The revenue and expenditure records should be reviewed periodically by the School Principal.

Caution

- Computerized accounting packages are available and designed to reduce the effort and time required to keep a good set of books. As with all other electronic systems, the records are only as good as the information entered. It is important that the records be kept up to date and errors corrected promptly. Computerized accounting packages that might be used in schools:
 - SchoolCash Accounting
 - Quicken
 - Accpac
 - School BAS
 - SAP
 - Simply Accounting
 - Microsoft Money
- To ensure appropriate controls are in place, it is critical to keep accurate, up-to-date records regarding the receipt and disbursement of funds. This will ensure that the money is handled appropriately, that staff are protected and that written records exist which can be relied on for review/audit purposes. The controls are only as good as their enforcement. It is important that school administrators support and follow the established practices.
- Ensure that a reliable back-up system is in place and that it has been secured and tested.
- To ensure accountability, logins to computerized accounting systems should not be shared with other users.
- Where data is hosted outside of the board, boards should ensure data is appropriately protected and secured by the third-party.

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Section 7

Financial Review/Audit

Financial Review/Audit

Background

Regular reviews/audits of school generated funds help to ensure compliance with board policies and procedures. It is recommended that boards conduct regular reviews/audits of school generated funds.

Some school boards have appointed an internal auditor to conduct audits of school generated funds. Boards that have not appointed an internal auditor should perform financial reviews of school generated funds.

Both an audit and a review will follow the process described in this section. The difference between these two functions is that the internal auditor will make recommendations and others will ensure that they are followed while a reviewer will make recommendations and assist school staff with implementing them. The internal auditor remains independent and objective.

Boards may also have audits of school generated funds performed by their Regional Internal Audit Team or external audit firms.

Objectives

- To outline the process involved in a review/audit of school generated funds.
- To provide an audit program (detailed steps) for the review/audit.
- To provide a sample report from the review/audit.

Specifics

Description of a Review/Audit

1. Purpose

A review/audit is an independent examination of specified activities, which is used to assist management in the assessment of whether the organization's plans are carried out; policies and procedures are observed; and accounting is accurate for assets, liabilities, revenues, and expenses and reporting is done on a timely basis. The audit/review usually consists of analysis, recommendations, and comments regarding the activities reviewed/audited.

This section of the Guidelines provides guidance for a review/audit of school generated funds as outlined in the section on Sources and Uses of school generated funds.

Financial Review/Audit

2. Scope

The scope of the review/audit includes:

- Evaluating the adequacy and application of financial and other operating controls
- Reviewing compliance with related board policies, Ministry guidelines
- Evaluating the timeliness, accuracy, and usefulness of the school's records and reports
- Ensuring that school generated funds are properly accounted for and safeguarded from loss
- Commenting on the extent to which funds raised are used efficiently, effectively, and for the purpose stated prior to the funds being raised.

The review/audit should examine the most recent completed fiscal year. The financial reports for previous fiscal years may be used for comparative purposes.

3. Involvement of School Superintendent, School Principal, school staff, School Council, Student Council

It is expected that the School Superintendent, School Principal, Vice-Principal(s) if any, other school staff, and representatives of the School Council and Student Council, where one exists, will be called upon at times to provide information and records and to clarify such information. It is expected that full cooperation and access to school records will be given to the reviewer/auditor. The reviewer/auditor should take into account time pressures on school staff when making requests for records and should not unduly interfere with school operations.

4. Review

The review/audit will consist of the following elements:

- A meeting with School Principal
- Follow-up meeting with School Principal, school staff, School Council and Student
- Council representatives, as necessary
- Gathering of relevant records from the school, banking institutions, School Council, Student Council, and the board's Accounting and Budget departments, as necessary
- Examination of records
- Preparation of draft review/audit report and meeting with the School Principal to discuss and review findings. This meeting will give the reviewer/auditor the opportunity to informally discuss findings and to give the School Principal the opportunity to identify any errors or omissions in the draft report
- Preparation of the final review/audit report incorporating any responses to recommendations from the School Principal.
- Follow-up Review and Reporting

Financial Review/Audit

5. Reporting

Following completion of the review/audit, the final report could be submitted to the, the Senior Business Official, the School Superintendent and the School Principal for action, as required.

The Review/Audit Process

Step 1 - Initial Meeting with the School Principal

An initial meeting with the School Principal and where desired, the School Superintendent, is conducted to introduce the reviewer/auditor and the review/audit process. Expectations will be expressed and clarified at this time.

In addition, the School Principal and/or Superintendent may identify any school practices or procedures they wish to have reviewed and identify any potential or perceived problem or area of concern.

Follow-up meetings may be held with the School Principal, school staff, School Council and Student Council representatives to further clarify their involvement.

It should be stressed that the main purpose of the review/audit is to assist and advise the School Principal how best to fulfill the board's requirements in complying with policy and procedures and to facilitate timely reporting.

Step 2 - Access to Records

The School Principal is responsible for adequate record keeping and reporting of fund raising and expenditure activities. Hence, it is expected that the School Principal will provide access to all records.

Step 3 - Review of Records by Reviewer/Auditor

The review of the records should primarily focus on the adequacy and effectiveness of the school's internal controls related to school generated funds. Controls are adequate if they ensure adherence to board policy and procedures. Controls are effective if they are achieving the intended results.

Financial Review/Audit

A review/audit should look at five basic objectives of internal controls:

- Reliability and integrity of information
- Compliance with policy, procedures, laws, and regulations
- Safeguarding of assets
- Economical and efficient use of resources
- Accomplishment of established goals and objectives

Depending on the extent of fund raising activities in a given school, some of the above may be less critical than others, however, all schools should have a general expectation that their procedures and controls meet these standards and objectives. The review/audit report should assist schools in achieving adequate and effective internal controls by identifying omissions and/or problem areas and recommending corrective action where necessary. It should identify best practices that already exist and may be shared with other schools.

Step 4 - Preparation of Draft Report

The draft report should:

- provide an overview of the types of fund raising activities conducted in the school
- describe the areas reviewed
- comment on the degree of compliance with board policy and procedures
- describe any deficiencies that exist
- make recommendations for improvement or corrective action

In conducting the review and preparing the draft report, the internal auditor will meet with the School Principal to discuss findings and possible recommendations. This will assist in ensuring accuracy of the review and in establishing a collaborative approach to implementing corrective measures.

If a disagreement over findings or recommendations arises between the reviewer/auditor and the School Principal every effort should be made to resolve the disagreement during this process. If the disagreement cannot be resolved, the reviewer/auditor will have the responsibility to report on their findings using their own judgment.

Regardless of whether or not such a disagreement or resolution exists, the School Principal will formally respond to the report and its findings. Responses should be included in the body of the final report, immediately after the related finding and recommendation, if any.

Financial Review/Audit

The response of the School Principal should contain the following:

- An indication as to their agreement or disagreement with the finding. If they disagree, a description of the rationale for disagreement with the finding should be included
- An indication as to whether or not they will implement the suggested corrective measures. If they would prefer to take alternate steps to correct the matter, a description of those alternate measures. If corrective measures will be taken, what the time frame may be for implementing these measures.

Step 5 - Final Report

Following completion of the review/audit, the final report should be submitted to the, the Senior Business Official, the School Superintendent and the School Principal for action, as required.

Step 6 - Follow-up Review and Reporting

The reviewer/auditor should conduct a follow-up review to determine that corrective measures have been implemented and that they are achieving the desired results.

Where corrective measures have not been implemented, the School Principal and School Superintendent should be provided with a summary of measures which are still outstanding and be asked to comment.

A follow-up report will then be completed indicating the measures implemented and their effectiveness. In addition, any measures still outstanding will be identified, including comments from the School Principal and/or School Superintendent and any follow-up action that is scheduled or contemplated. The reviewer/auditor may also comment on the impact and/or risks of not implementing corrective measures.

The follow-up report should be issued on a timely basis.

The following pages contain a Review/Audit Program developed by the Internal Audit Sub-Committee of the OASBO Finance Committee. The Review/Audit program sets out procedures that may be useful for performing a review/audit of school generated funds.

Audit of School Generated Funds

School Name:	ABC Elementary		
Auditor:			
	Name		Phone
Principal			
Secretary			
Superintendent			
Time Period for Audit	01-Sep-12	to	31-Aug-13
Bank Account(s) covered by this audit:			
	1		
	2		
	3		
	Dates:		
Audit Reporting Letter			
Follow up visit			
Step#	Audit Program	Page	
	1 Discussion with Principal	2	
	2 Discussion with Secretary	4	
	3 Bank Accounts	6	
	4 Bank Reconciliation	7	
	5 HST	8	
	6 Revenue	9	
	7 Purchases	12	
	8 General Review	16	
	9 Economical and Efficient	17	
	10 Safeguarding of Assets	18	

1 Discussion with School Principal		
	Questions	Com
1	Obtain a trial balance, financial statement and Fundraising Plan for the period under review. Review these 3 reports with the School Principal. Include all 3 reports with audit documentation. In Particular, discuss any negative fund balances.	
2	How do you know that all of the funds/bank accounts are included in the system/ledger i.e. breakfast program)?	
3	a Are all bank accounts included in the system/ledger?	
	b Are all funds/monies collected in the school deposited into the bank account(s)?	
4	Are you aware of any activities which do not run through school generated funds or the school's bank account ?	
5	Do you encourage teaching staff to hand in funds as soon as they are collected from students?	
6	How do you know that the information recorded in the System/ledger is correct?	
7	a Do you review the bank reconciliation and financial reports for reasonableness on a monthly basis?	
	b Do you initial and date the bank reconciliation(s) and financial reports on a monthly basis?	
8	a How do you know when an invoice is paid?	
	b Does the supporting documentation accompany each request for payment?	
	c Do you review the supporting documentation before signing the cheque?	
	d What do you look for when reviewing the supporting documentation?	
9	Have you ever pre-signed cheques that were not completed in full?	

10		Are activities' revenue and expenses reported gross or net? (Are expenses paid from money received before it is deposited?)	
11	a	Are any of the funds in a deficit balance at year end?	
	b	If so, are there plans to repay the monies?	
12		How long do you keep your records? Where are the old records kept? Who has access to the school records?	
13	a	Do you have a School Council /Parent Fundraising Group? If so:	
	b	Do they have their own bank account?	
	c	Do you do the bookkeeping in the SGF accounting system?	
14		Do you have a Fundraising Plan?	
15		Have any concerns been expressed at School Council meetings about the amount/frequency of collections from fundraising activities?	
16		Do you record in the minutes of meetings with School Council/ Parent Fundraising Groups how monies raised are to be spent, prior to the actual fundraising activity	
17		Do you have any concerns or need help with anything with respect to the management of school funds?	
18		Are you aware of any fraudulent activities or illegal acts with respect to the management of school funds?	

2 Discussion with Secretary		
Questions		Comments
Purchases		
1	Are unused cheques kept under lock & key? Where is the key kept?	
2	a) Are cheques pre-numbered?	
	b) If so, are all #'s accounted for including retained voided cheques.	
3	Are you always given invoices or supporting documentation for payments you are asked to make?	
4	Are payments made from original invoices only?	
5	Are vouchers/invoices/chits cancelled/marked "paid" after the preparation of the cheque?	
6	Does the supporting documentation accompany each request for payment? Is it reviewed by the signing authority?	
7	a) Are signature stamps used?	
8	b) Have you ever signed the principal's signature?	
9	Have you ever pre-signed cheques that were not completed in full?	
10	Does at least one person who has responsibility for signing cheques, not have access to the accounting system/records?	
11	Is cash used for disbursements? (If yes, ask for examples.)	
12	Does School Generated Funds have a Cash box? If so, does the total of the cash & receipts equal the cash fund balance?	

Revenue		
13)	Is the bank account set up to be statement only? (No passbook should be used.)	
14)	Is there segregation of duties between the collection & summarization/recording of cash and the maintenance of the accounting records?	
15)	Prior to submitting receipts for larger deposits does a 2nd individual count the funds and confirm the total and sign the deposit form?	
16)	Does the school use the Deposit Form & the Cash Receipts Log?	
17)	Are cash deposits made intact with no purchases prior to deposit?	
18)	For school trips, are all revenues being recorded? Is there any comparison of expenses against revenue to ensure it is all being reported and recorded?	
19)	Do you use the deposit slips created from school banking? (Royal Bank does not accept School Cash Accounting deposit slips)	
20) a)	Are cheques stamped for deposit/endorsed immediately upon receipt?	
b)	Are deposits made promptly?	
21)	Are there measures in place to ensure that monies are kept secure prior to deposit? Describe the measures.	
22)	Are staff funds included in the SGF accounts?	

SAMPLE

3	Bank Account(s)
----------	------------------------

- | | |
|---|---|
| 1 | How many bank accounts containing School Generated Funds does the school have?
School Controlled _____ School Council Controlled _____ |
| 2 | Provide the following information for each account: |
| 3 | Attach a copy of the most recent bank statement and reconciliation report for each bank account. |

BANK NAME
ACCOUNT NAME
ACCOUNT NUMBER
ADDRESS
PHONE NUMBER
CONTACT
SIGNING AUTHORITIES
NAME & TITLE
NAME & TITLE
NAME & TITLE
NAME & TITLE

BANK NAME
Purpose for account:
ACCOUNT NAME
ACCOUNT NUMBER
ADDRESS
PHONE NUMBER
CONTACT
SIGNING AUTHORITIES
NAME & TITLE
NAME & TITLE
NAME & TITLE
NAME & TITLE

BANK NAME
Purpose for account:
ACCOUNT NAME
ACCOUNT NUMBER
ADDRESS
PHONE NUMBER
CONTACT
SIGNING AUTHORITIES
NAME & TITLE
NAME & TITLE
NAME & TITLE
NAME & TITLE

4	Bank Reconciliation
----------	----------------------------

- | | |
|---|---|
| 1 | Obtain the bank statements, returned cheques and bank reconciliation reports for the most current month and at least one other month. |
| 2 | Answer the following questions for each month: |
| A | Has the report been signed and dated by the School Principal? |
| B | Do the numbers on the report agree to the system/Ledger? |
| C | Do the numbers on the report agree to the bank statement? |
| D | Have the cheques been signed by 2 authorized signatories? |
| E | Do the deposits agree between the bank statement and the system/ledger |
| F | Review the outstanding cheques list for unusual items, inaccuracies and duplications |
| G | Are any of the cheques over 6 months old at the time of reconciliation? |
| H | Review the outstanding deposits list for unusual items, inaccuracies and duplications. |
| I | Are the outstanding deposits received by the bank the next banking day? |
| | |
| | |

MONTH		
A		
B		
C		
D		
E		
F		
G		
H		
I		
J		
K		
L		
M		
N		
Notes		

SAMPLE

NOTES:	

5 HST	
1	Attach a copy of one HST Rebate Report from the period under review.
2	Has the rebate been deposited into the bank account and recorded correctly in the system/ledger
3	If there is no HST Rebate Report, create and attach a HST Rebate Report.
4	Select 5 amounts from the Rebate Report. Record details and examine as follows:
A	Vendor's HST number is indicated on the invoice.
B	Vendor is HST exempt.

	Chq #	Date	Amount	HST			Differe	A	B	Notes
				Invoice	x chang e	Report				
1										
2										
3										
4										
5										

NOTES:

6 Revenue

1	Describe the procedure for receiving, counting and depositing money.
2	Print a listing of all deposits. (Include it with audit documentation.)
a	Are deposits in numerical order according to date?
b	List any deposit numbers missing and obtain an explanation.
c	Do all deposits have the required details? (Date, Description, Category, Amount)
d	Are any deposits recorded as negative amounts (other than NSF cheques)?
e	Are there a significant number of NSF cheques received? (Y/N) ____? If Y, note below
3	Review the deposit documentation
a	Is backup documentation filed in numeric order?
4	Select 10 deposits to be reviewed
-	
a	Is the purpose of the money received clear?
b	Was the deposit made promptly?
c	Are the deposit forms and other documentation completed properly and on a timely basis?
d	Are stamped deposit slips kept intact?
e	Are deposits numbered?
f	Do the deposit amounts agree to the system/ledger?
g	Do the deposit amounts agree to the Bank Statement?

	Deposit		Date Deposited	A	B	C	D	E	F	G	Notes
	#	Date									
1											
2											
3											
4											
5											
6											
7											
8											
9											
10											

NOTES:

6 Revenue (continued)

5 Perform an analytical review on revenue to gain evidence over completeness.
 Compare actual amounts to the Fundraising Plan and/or prior years . Obtain explanations for significant variances.

	Revenue Category	Actual	Budget	Variance		Explanation
				amount	%	
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						

SAMPLE

Revenue (continued)

Findings / Observations

Conclusions / Recommendations

7 Purchases

1 Describe the procedure for making payments.

- 2 Print a listing of all disbursements . (Include it with audit documentation.)
- a Are cheques in numerical order according to date?
 - b List any cheque numbers missing and obtain an explanation.
 - c Do all payments have the required details? (Date, Description, Category, Amount)
 - d Are any cheques recorded as negative amounts (other than refund cheques)?
 - e

3 Review the payment documentation

- a Is backup documentation filed in cheque number order?

4 Voided Cheques

- a Review 5 voided cheques from the listing of disbursements
 - A The cheque was retained and defaced.

	1	2	3	4	5
Chq #					
A					

- 5 Payments made to the Board
- a Print and attach the report that lists the payments made to Board.
 - b Review 5 payments from the list.
 - A Payment is supported by invoices paid by the Board
 - B Payment is net of the HST rebate. (No HST Rebate claim is made for this payment in the school. The Rebate is claimed at the board level.)

	1	2	3	4	5
Chq #					
A					
B					
Notes					

6 Unusual payments						
1	Review the system/ledger for unusual payments - e.g. payments to School Principal, secretary or other unusual items.					
2	Select payments and review as follows:					
A	Is the payment reasonable and is appropriate documentation attached?					
B	Does the payment comply with board policies and procedures?					
	Chq #	Payee	Reason for payment	A	B	Notes
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
Notes						
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						

SAMPLE

7 Purchases (continued)

Select 20 payments to be reviewed -

- A Is the HST and rebate calculation correct?
- B Are packing slips checked against invoices (if applicable)?
- C Are invoices recorded accurately in the system/ledger?
- D Do details agree to the cancelled cheque from the bank?
- E Are there original signatures of two authorized signatories?
- F Are original invoices marked paid?
- G Are funds used appropriately according to Board/BPS/Ministry guidelines?
- H Are any payments made to "Cash"? If so, follow up for receipts / invoices.

	Chq #	DATE	PAYEE	AMOUNT	HST	HST x 68%	CATEGORY	A	B	C	D	E	F	G	H	Notes
1																
2																
3																
4																
5																
6																
7																
8																
9																
10																
11																
12																
13																
14																
15																
16																
17																
18																
19																
20																

NOTES:

Purchases (continued)

Findings / Observations

Conclusions / Recommendations

SAMPLE

8 General Review		
	Question	Comments
1	Review School Council minutes and make note of interesting or unusual items related to SGF.	
2	Are accounting records complete and up to date for the time period being audited?	
3	Are records kept neatly in binders or folders?	
4	Is backup documentation for deposits and payments easy to find?	
5	Where applicable, is the accounting system backed up each time it is used or at the end of the day?	Date of last backup: _____
6	Are records for prior years stored and labeled neatly and securely? How long are the records retained?	
7	Where applicable, is the school compliant with municipal/provincial laws re: lottery/bingo/nevada activities?	

SAMPLE

Economical and Efficient Use of Assets

(Observations of Auditor)

1	Comment on any need for a more efficient, less costly process
2	Comment on best practices re efficiencies and cost savings.

Finder's / Observations	

Conclusions / Recommendations	

SAMPLE

10 Safeguarding of Assets

(Observations of Auditor)

		Y/N
1	Is access to systems and funds limited to School Principal and Secretary?	
2	Is the cheque stock locked in a secure location, i.e. safe, drawer or cabinet? Who has access to the cheque stock?	
3	Are there any blank cheques signed?	
4	Are the proper procedures followed for all expenditures, i.e. supporting documentation?	
5	Is revenue placed in a secure location prior to deposit? Who has access to deposits prior to them being brought to the bank?	
6	Is there a designated person for depositing funds to the bank? Does more than one person go to the bank when a significant amount has been collected?	
7	Is there an alternate person for depositing funds to the bank?	
8	Are all funds counted at the school and retained at the school following verification?	

Findings / Observations	

Conclusions / Recommendations	

SAMPLE

Ontario Association of School Business Officials

Finance Committee

Guidelines
For
School Generated Funds

Section 8

Charitable Donations

Charitable Donations

Background

The Canadian tax system encourages taxpayers to support the activities of registered charities by allowing an income tax credit to be claimed by a donor. If the board is a registered charitable organization, it may issue receipts that may be used by a donor to claim an income tax credit.

Objective

- To describe:
 - The types of donations that qualify for tax receipts
 - The types of donations that do not qualify for tax receipts
 - A process for issuing tax receipts

Specifics

1. Definition

A charitable donation for which a charitable donation receipt can be issued is a voluntary transfer of property or cash without valuable consideration (benefit of any kind) being received by the donor.

A donation is made when all three of the following conditions are met:

- a) Property or cash is transferred by a donor to the board
 - Cheques should be made payable to the board/ foundation and not payable directly to the school.
 - Note Contribution of services (e.g. times, skills, effort) does not qualify. However, there is nothing to prohibit the board from paying for services and later accepting all or a portion of the payment back as a donation, provided that it is returned voluntarily.
- b) The donation is voluntary.
- c) The donation is made without expectation of a return.
 - No valuable consideration (no benefit of any kind) to the donor or to anyone designated by the donor may result from the donation.
 - Donations made to the board can be subject to general direction (e.g. to the benefit of a specific school) but cannot be directed to the benefit of a specific individual.

Charitable Donations

2. Gifts in Kind

A gift in kind is a donation other than cash. It does not include a gift of services. Examples which would qualify are computer equipment, books, furniture etc.

The date of donation is the date that the donor transfers legal ownership to the board. This may not be the date of physical delivery since an object may be on loan to the board before the date of donation.

For donations of gifts in kind, the board may issue a charitable donation receipt stating the fair market value of the donation once the object has been appraised.

For new items, the donation receipt will be for an amount equal to the original invoice amount less HST.

For used items, the amount of the donation receipt will be based on the appraised fair market value of the item.

Although fair market value is not defined in the Income Tax Act, the generally accepted meaning is the highest price, expressed in terms of money, that the property would bring in an open and unrestricted market between a willing buyer and a willing seller, both of whom are knowledgeable, informed, and prudent and, who are acting independently of each other.

The person who determines the fair market value of the property must be independent of the transaction, competent and qualified to evaluate the particular property being transferred by way of a donation. They must also put their evaluation in writing.

Property of little value will not qualify as a “gift in kind”. Used clothing would be an example of a non-qualifying donation.

3. Inducements

The general rule that no benefit of any kind may be made available to the donor in recognition of their contribution does not include items of little or no value. For example, the school may wish to give the donor a small token as a gesture of appreciation. These items (e.g. a single flower, a pamphlet, a plastic pin, tag, envelope seals) have no resale value, and accordingly, such inducements are to be ignored; they do not disqualify the donation.

Charitable Donations

4. Charitable Donation Receipts

There are no regulations requiring the issuance of charitable donation receipts within a particular time frame; but it is suggested that they be issued at least by the last day of February following the calendar year when the donation was made.

The more important date is the date of the donation. Donations received after the end of the year may not be added to the prior year's donations unless the donation was postmarked in the previous year.

Charitable donation receipts issued will be mailed directly to the donor by the board Office.

Charitable donation receipts will be issued for donations. The minimum amount receipted is determined by the board, however, it is recommended receipts for amounts less than \$25.00 will be issued only upon request.

Submission of the completed "Charitable Donation Control Form" along with the monetary donation and/or independent appraisal will trigger the issuance of an official tax receipt from the board office.

Caution

Schools, School Councils or other bodies affiliated with the school should neither have nor obtain Charitable Registration Status with Canada Customs and Revenue Agency.

Before indicating to a prospective donor that a tax receipt will be issued, the School Principal must contact the board office to assess whether the activity qualifies for a charitable donation receipt.

Charitable Donations

Charitable Donation Control Form

School Name _____

School Location # _____

Type of Donation	Name & Address of Donor	Amount
Cash <input type="checkbox"/>		\$ <input type="checkbox"/>
Cheque <input type="checkbox"/>		Issue Receipt
Gift in Kind* <input type="checkbox"/>		No Tax Receipt
		<input type="checkbox"/>
Cash <input type="checkbox"/>		\$ <input type="checkbox"/>
Cheque <input type="checkbox"/>		Issue Receipt
Gift in Kind* <input type="checkbox"/>		No Tax Receipt
		<input type="checkbox"/>
Cash <input type="checkbox"/>		\$ <input type="checkbox"/>
Cheque <input type="checkbox"/>		Issue Receipt
Gift in Kind* <input type="checkbox"/>		No Tax Receipt
		<input type="checkbox"/>
Cash <input type="checkbox"/>		\$ <input type="checkbox"/>
Cheque <input type="checkbox"/>		Issue Receipt
Gift in Kind* <input type="checkbox"/>		No Tax Receipt
		<input type="checkbox"/>
Cash <input type="checkbox"/>		\$ <input type="checkbox"/>
Cheque <input type="checkbox"/>		Issue Receipt
Gift in Kind* <input type="checkbox"/>		No Tax Receipt
		<input type="checkbox"/>

*Note: For Gifts in Kind, an independent written appraisal must accompany each request for tax receipt.

Principal Signature _____

Date _____

Ontario Association of School Business Officials

Finance Committee

Guidelines
For
School Generated Funds

Section 9

Lotteries and Games of Chance

Lotteries and Games of Chance

Background

Board policy may prohibit schools and School Councils from engaging in lotteries and games of chance.

Lotteries and games of chance are governed by the Criminal Code of Canada which permits licensing of these activities. They may include bingo events, raffles, break open tickets and social gaming events.

The Alcohol and Gaming Commission of Ontario is responsible for administering the lottery licensing program in Ontario. Municipalities issue licenses for the smaller lotteries and games of chance in which schools may be involved.

Objective

- To provide information for schools and School Councils so that they can readily comply with the rules and regulations of the Alcohol and Gaming Commission as they relate to lotteries and games of chance in which schools and School Councils may be involved.

Specifics

1. Application Process

- Municipalities issue licenses for
- Bingo events with prize boards of up to \$5,500
- Break open tickets for local organizations (Nevada tickets)
- Raffle lotteries for total prizes of \$50,000 and under
- Bazaar lotteries which include - wheels of fortune with a maximum bet of \$2.00, raffles not exceeding \$500, and bingo events up to \$500

If a school is involved in events that exceed these limits, they are required to obtain a license from the Alcohol and Gaming Commission of Ontario. This process is not covered in these instructions.

Detailed information about lotteries and games of chance including Nevada tickets can be obtained on the Internet at <http://agco.on.ca/en/c.gaming/c.gaming.html>.

Contact the local municipality, explain the type of activity contemplated and follow their instructions. The application should be prepared in the name of the school and signed by the School Principal. The application may take a few weeks to a month, so start the process as early as possible.

Lotteries and Games of Chance

2. Banking

All licenses require that a separate and distinct school bank account be used for revenue and expenses. A single account may be used for multiple licenses as long as the accounting system permits separate reporting for each license.

3. Reporting

A condition of all licenses is reporting on the financial activity of the project. Detailed reporting requirements are outlined in the license. Prior to starting the project, ensure that the school's accounting system is able to provide the reports required. If the accounting system cannot generate the information, it will be necessary to set up a system that will provide the required information.

4. Audit

All licenses provide for examination of the licensee's books and records by the licensing agent. Therefore, records should be kept in such a way that an auditor would be able to find the required information easily.

Caution

The person who runs a lottery or game of chance without a license is subject to penalties under the Criminal Code of Canada.

Always check with the municipality before commencing one of these activities. If the person who responds says a license is not needed for a particular activity, document the call with details including the name of the person, the date of the conversation and details of the conversation.

Ontario Association of School Business Officials

Finance Committee

Guidelines
For
School Generated Funds

Section 10

Entering Into Contracts

Entering Into Contracts

Background

Board Administration, in consultation with schools, will determine the extent to which schools can enter into individual school contracts. In many cases, board policy, procedures and guidelines will establish the parameters regarding the dollar amount and the duration of contracts into which schools may enter.

Objective

- To define different types of contracts
- To outline why some contracts require closer scrutiny

Specifics

1. Corporate Sponsorship

Boards may enter into corporate sponsorships in order to enhance the educational opportunities for an improved learning environment for students. Corporate sponsors exchange goods, money or services in return for advertising or other benefits. This type of contract may either be done on a board wide basis or at the local school level. In most cases, schools will not have the authority to unilaterally enter into this type of contract.

Sponsorship agreements will vary in nature depending on the situation; however, all agreements must be in writing. Agreements should clearly outline the expectations, roles and responsibilities of both parties. The agreement should be signed by the Senior Business Official or designate.

Schools should refer to specific board policies/practices and particular attention should be paid to board purchasing policies.

2. Lease Agreements

Lease agreements, by their nature, usually extend over multiple years. It is unlikely that boards will grant principals the authority to enter into a lease agreement for either goods or services since the commitment for future expenditure will often exceed the term of their principalship at that particular school. Where lease agreements are being contemplated at the school level, the original agreement should be sent to the Senior Business Official or designate for review.

Entering Into Contracts

3. Vending Machine and Cafeteria Contracts

A steady and reliable source of revenue for many schools is derived from sales made through on site vending machines and cafeterias. Many boards have adopted board wide contracts while some will allow individual schools to enter into contracts. A close review of the board's policies and practices will assist you in determining if the right to enter into these types of contracts is available to you.

Where schools enter into agreements, the school will bear the responsibility for the collecting, reporting and remitting of applicable taxes.

4. Day-To-Day Contracts

The agreement to purchase a good or service constitutes a contract. While it is true that in most cases schools do not enter into long term contracts, certainly on a day to day basis schools are within their rights to enter into contracts. For example schools will regularly agree to purchase (contract for) a bus service to transport students to or from a co-curricular event. Even in these normal day-to-day contractual situations, schools are still required to follow board policies and procedures.

Some examples of contracts that schools will enter into on a day-to-day basis are:

- Yearbooks
- Agendas
- Busing (individual events)
- Picture Day

Caution

When a school contract for a good or service spans an extended period of time or commits to a significant amount of money, School Principals must contact the board office to determine the appropriateness of such actions.

Contracts that are being contemplated may cover many areas of law and a poorly executed contract can cost the board in both dollars and time. Among other things, consideration should be given to the following:

- insurance
- safety standards
- competitive bidding
- criminal background checks
- conflict of interest

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Section 11

School Councils

School Councils

Background

Under the Education Act Regulation 612, school boards in Ontario are required to establish a School Council for each school within the board. These Councils provide input to the School Principal or the board on any matter. The School Principal is ultimately responsible for activities related to the school and therefore is also responsible for School Council activities. Many School Councils are active in fundraising activities in the name of the school and as such are required to conform to the appropriate sections of Regulation 612 to the Education Act that deal with fundraising issues.

Objective

- To clarify:
 - Ownership of School Council funds
 - Banking procedures
 - Financial reporting requirements
 - Record retention

Specifics

1. Ownership of School Council Funds

The Ministry of Education's document, *School Councils: A Guide for Members (2002)*, states "**School Councils should be aware that, because the school board is a corporate entity and the school is not, any funds raised by the school council (and any assets purchased with those funds) belong, legally, to the board.**" Fundraising for schools by School Councils is a collaboration between the school, the board and the fundraising group. The full document can be viewed at

<http://www.edu.gov.on.ca/eng/general/elemsec/council>

All fundraising activities and expenditures must be conducted in accordance with board policies, Ministry guidelines and municipal regulations. School Council activities must also align with the annual Plan for school generated funds, prepared by the School Principal. Particular attention needs to be paid to policies on procurement, conflicts of interest, fundraising, and other similar policies. This is clearly stated in *Regulation 612, section 22 to the Education Act*.

School Councils

2. Banking Procedures

Signing officers on the School Council bank account, where a separate account exists, must include the School Principal and a member of the School Council. It is common practice to have the School Principal and two members of the School Council authorized to sign cheques. Where this is the case, any two of the three signatures, one of which must be the School Principal, are required.

The section in this manual dealing with Banking/Receipts/ Disbursements also applies to School Council accounts. For the security of the funds and to protect anyone handling money raised through School Council activities, all money needs to be counted and kept in the school for prompt deposit to the bank account. Requests for disbursements from School Council funds must be accompanied by appropriate supporting documentation and approved by the School Principal.

3. Financial Reporting Requirements

Information in the form of monthly summary reports outlining the sources and uses of the funds and the current financial position of the School Council should be provided by the school for fundraising activities.

The monthly summary report should be presented at the School Council meeting and the minutes should note that it was received and approved.

In some schools, separate groups such as a parent teacher association administer fundraising activities. These groups, as subcommittees of the School Council, must follow the same processes prescribed for School Councils.

The fiscal year for School Councils is September 1 to August 31 of the following year. This is the same as the boards' fiscal year prescribed by the Province of Ontario. Annual financial reports shall reflect the activities undertaken during this timeframe. These reports will allow the Council to confirm that disbursements made coincide with previously approved disbursements.

Regulation 612, section 24, to the Education Act, School Councils states that "every School Council shall annually submit a written report on its activities to the School Principal of the school and to the board". It further states "If the School Council engages in fundraising activities, the annual report shall include a report on those activities."

School Councils

4. Where a separate School Council bank account exists, monthly reports should include:

- a. A Treasurer's Report containing
 - Opening Balance in records (should equal last month's closing balance)
 - Deposits made during the month
 - Cheques issued or any other charges to the account during the period
 - Closing Balance in records (the following month opening balance)

- b. A Bank Reconciliation containing
 - The bank balance on the bank statement
 - Plus outstanding deposits, including details of deposits
 - Less outstanding cheques, including a detailed listing of cheques
 - The balance shown in the Treasurer's records

5. Annual Report

6. Record Retention

Regulation 612, section 16, to the Education Act, states that

“(1) A School Council shall keep minutes of its meetings and records of all of its financial transactions.”

“(2) The minutes and records shall be available at the school for examination without charge by any person.”

“(3) Subsections (1) and (2) do not apply to minutes and records that are more than four years old.”

As a matter of consistency with other financial record retention requirements, all records are to be maintained on board premises for a period of seven years.

Caution

School Councils are reminded that *Regulation 612 to the Education Act* governs their activities, responsibilities and reporting requirements. School Principals should monitor School Council activities to ensure compliance with the Regulation or board policies and procedures.

School Councils

Bank Reconciliation

Steps To Reconcile Your Bank Account

1. In your accounting records mark off all deposits and withdrawals appearing on the bank statement.
2. Enter into your accounting records any deposits or withdrawals appearing on the bank statement not previously recorded (e.g. bank fees, bank interest, NSF charges).
3. Complete this worksheet

Last date on bank statement _____

Last balance shown on bank statement (A)

From the accounting records, list all deposits or credits which do not appear on this statement and have not been marked off

Total (B)

Subtotal A + B (C)

From the accounting records, list all withdrawals/cheques/debits which do not appear on this bank statement and have not been marked off

Total (D)

Final Total C-D (E)

(E) This balance should agree with your school generated funds records

Balance in Accounting Records

School Principal	signature and name (printed)	Date
School Council Chair	signature and name (printed)	Date
School Council Treasurer	signature and name (printed)	Date

School Councils

Monthly School Council Treasurer's Report

School Name _____

Month end (Month/Year) _____

Opening Cash Balance per Books \$ _____(A)

Add Sources of Revenue

_____ \$ _____
_____ \$ _____
_____ \$ _____
_____ \$ _____
_____ \$ _____
_____ \$ _____

Total \$ _____(B)

Less Expenditures

_____ \$ _____
_____ \$ _____
_____ \$ _____
_____ \$ _____
_____ \$ _____

Total \$ _____(C)

Funds Remaining per Books (A + B + C) \$ _____(D)
(to (e) on Bank Reconciliation)

School Principal signature and name (printed) Date

School Council Chair signature and name (printed) Date

School Council Treasurer signature and name (printed) Date

School Councils

Annual School Council Treasurer's Report

School _____

Year _____

September 1st Cash Balance per Books \$ _____(A)

Add Sources of Revenue

\$ _____

\$ _____

\$ _____

\$ _____

Total \$ _____(B)

Less Expenditures

\$ _____

\$ _____

\$ _____

\$ _____

Total \$ _____(C)

August 31st Funds Remaining per Books (A + B + C) \$ _____(D)
(to (E) on Bank Reconciliation)

School Principal signature and name (printed) Date _____

School Council Chair signature and name (printed) Date _____

School Council Treasurer signature and name (printed) Date _____

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Section 12

Student Council

Student Council

Background

Student Councils often perform fundraising activities. Keeping track of the money raised and spent is considered an educational experience for the students involved. Student Councils require financial reports that show the results of their efforts. The same principles would apply to student clubs, teams and groups.

Objective

- To clarify:
 - Ownership of Student Council Funds
 - Banking arrangements for Student Councils
 - Reporting requirements for Student Councils

Specifics

- Student Council funds and any assets purchased with these funds belong to the school board.
- Banking transactions for Student Councils should be integrated with the fundraising transactions in the school generated funds bank account. There will not be a separate Bank Reconciliation report for Student Councils.
- The accounting system should be such that transactions related to the Student Council activities can be reported separately.
- The reports for the Student Council should be the same as those set out in the section titled “Financial Reporting” but include just the transactions related to the Student Council activities.

Note

Nothing in this section precludes Student Councils from keeping a separate set of records to enhance their educational experience. Such separate records can be used for comparable purposes with the office records of the school.

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Section 13

Home and School Associations

Home and School Associations

Background

Home and School Associations exist as entities separate from District School Boards when they are constituted under the umbrella of the Ontario Federation of Home and School Associations. They may engage in fundraising activities to support the goals and objectives of their organization. The proceeds from these activities are not a part of school generated funds.

Objective

- To clarify the relationship between:
 - Home and School Associations and District School Boards

Specifics

- Local associations are part of the Ontario Federation of Home and School Associations. The provincial association is a member of the Canadian Home and School Federation.
- Further information about these two federations can be found on the Internet at <http://www.ofhsa.on.ca> and <http://www.canadianhomeandschool.com/CHSF/Welcome.html>.
- The Home and School Association will hold its own bank account separate from the school generated funds account.
- Although the Home and School Association may engage in fundraising activities that support the school community, all decision making and responsibility for management of funds remain with the Home and School entity.
- A school may have both a School Council and a Home and School Association. The School Principal may act as a liaison between both groups to ensure there is no duplication of effort.
- The School Principal should be aware of fundraising activities of the Home and School Association and ensure they are being done in the name of the Home and School Association and not in the school's name

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Section 14

**Change in School Principal and
Administrative Staff**

Change in School Principal and Administrative Staff

Background

Changes in School Principals and administrative staff at schools may occur as part of regular school board operations and should not impact on the day-to-day administration of school generated funds.

Objectives

- To ensure that when the School Principal or administrative staff changes, basic financial information is transferred.

Specifics

- The accompanying form is to be completed by the exiting School Principal and/or administrative staff and a copy of the completed form is to be forwarded to the School Superintendent or delegate immediately. Where possible, it should be reviewed with the incoming School Principal and/or administrative staff in person.
- The incoming School Principal and/or administrative staff, upon receipt of the completed document, is to verify its accuracy and forward the original to the School Superintendent or delegate. Any discrepancies should be clearly outlined.
- The School Principal should arrange for the signing authorities to be updated with the financial institution.
- It is strongly recommended that schools arrange to change safe combinations and/or passcodes whenever there is a change to School Principals and/or administrative staff. In addition, any keys required to access a safe or vault should be returned to the school upon transfer or retirement of that employee.
- School Principals and/or administrative staff should also advise the school board upon transfer or retirement so that access to electronic financial systems can be changed accordingly.
- The plan for school generated funds should be shared with the incoming School Principal to ensure they are aware of all commitments and upcoming fundraising activities within the school.
- New School Principals and/or administrative staff are responsible for ensuring they receive required training in their roles and financial responsibilities.

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**Change in School Principal
and Administrative Staff**

School Name _____ Date of Change _____

Incoming _____ (Please print full name) Outgoing _____ (Please print full name)

School Banking Arrangements

The following represents all bank accounts held in the name of the school (including those held by the School Council):

Bank Account Name	Bank Name and Address	Bank Account Number	Names of Signing Authorities	Bank Balance (1)

Please attach

- A copy of the most recent bank statement for each of the accounts listed above
- A copy of the most recent bank reconciliation for each of the accounts listed above
- A copy of the most recent financial report for each of the accounts listed above

(1) Bank balance on date of change per school accounting system.

**Change in School Principal
and Administrative Staff**

Petty Cash or Cashbox

Does the school operate a petty cash fund or Cashbox? [] Yes [] No

If yes, the petty cash fund/Cashbox is what amount?

Total cash in Fund Today

Add total Receipts on Hand

Total

The following represents a summary of all significant future commitments, using school generated funds that have been entered into by the school or School Council:

I have reviewed the current year's plan for school generated funds? [] Yes [] No

**Change in School Principal
and Administrative Staff**

Sign off

The above information represents an accurate representation of the school finances
as at the following date

Signature of Exiting Principal

I have reviewed the above information and agree that it appears to accurately
represent the financial position of the school with the following exceptions:

Forward the original completed form to School Superintendent or delegate
Signature of Incoming Principal

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Section 15

Chart of Accounts

Chart of Accounts

Background

Public Sector accounting requires the inclusion of all School Generated Funds in school board financial statements. By categorizing various revenues and expenditures, the information becomes consistent across all schools and school boards and is therefore more relevant and useful.

Objectives

- To provide a standard chart of accounts with broad revenue and expenditure categories that provide sufficient and appropriate information to schools, school councils, school boards and the Ministry of Education to report on and effectively manage School Generated Funds
- To be broad enough that categorization is not onerous on schools while restrictive enough that it allows for reporting on a board-wide level to the Ministry and for internal review purposes

Specifics

- The School Generated Funds chart of account should provide for school-level detailed accounts to be grouped for summary level reporting.
- The highest level summarizes the information at the board level.
- The next level differentiates between the elementary and secondary panels.
- The third level differentiates among broad categories within each panel.
- Appendix A and B to this section provides standard categories for elementary and secondary revenues and expenditures.

Caution

Recognizing that each school records School Generated Funds transactions independently to meet their local needs; moving beyond these standard broad categories to a more detailed level may result in confusion and potentially more errors at the school level.

Chart of Accounts

Revenue

Revenue: School Generated Funds revenue is all money raised/received by students, staff, or the community from activities sanctioned by the school. All money collected is to be deposited intact to the bank account promptly. This means that expenditures are not paid from the cash collected. The total funds are deposited to the bank and cheques are written to pay for expenditures.

Category	Definition	Examples
External Charities	All money raised/received in support of an external charity. This charity would be registered with the Canada Revenue Agency.	Terry Fox, United Way, Share Life, Jump Rope for Heart, Heart & Stroke
School Council	All money raised/received by the School Council but not money for external charities.	hot lunches, milk, other fundraisers such as teacher wish lists, school trips, playground equipment
Student Council/Government	All money raised/received by the Student Council but not money for external charities.	graduation funds, dances, penny drives
Fundraising	All money raised/received for products sold or activities that are intended to generate profits for a specific purpose and should be recorded in a manner where revenues can be tracked separately.	magazines, wrapping paper, cheese, cookie dough, poinsettias, flowers, dance-a-thon, car wash, spirit day, book fairs
Capital Asset Fundraising	All money raised/received for activities that are intended to generate profits for a specific capital purpose and should be recorded in a manner where revenues can be tracked separately	magazines, wrapping paper, cheese, cookie dough, poinsettias, flowers, dance-a-thon, car wash, spirit day, book fairs

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Category	Definition	Examples
Field Trips/Excursions	All money raised/received to support the cost of excursions and field trips (including admissions, busing, and accommodations). Each event should be recorded in a manner where revenues can be tracked separately.	Science Centre, Pioneer Village, ROM, Wonderland, Ottawa trip, farm visit
Student Activities/Resources	All money raised/received relating to student activities/resources not categorized above. These may be recorded by department/club.	activities: agendas, yearbooks, locks, author presentations, special grants or community donations, nutrition programs, department/club: Music, French, Phys Ed, Drama
Banking	All money raised/received from investments or bank accounts	Interest
Other non-student Activities/Resources	All money raised/received that does not fit under the above categories.	commissions from pictures, vending machines, pay phone, GST rebate

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Chart of Accounts

Expenditures

Expenditures: All payments should be made by cheque.

Category	Definition	Examples
External Charities	All cheques written in support of external registered charities (100% of what is raised). Supporting documentation is the acknowledgement of receipt received from the charity.	Terry Fox, United Way, Share Life, Jump Rope for Heart, Heart & Stroke
School Council	All cheques written and transfers approved by the School Council.	hot lunches, milk, other fundraisers such as teacher wish lists, school trips
Student Council/Government	All cheques written and transfers approved by the Student Council.	graduation funds, dances, penny drives
Fundraising	All cheques written for costs associated with conducting the fundraising event. This does not include the cost of items purchased with the fundraising profits. Separate accounts are required to record the cost of the items purchased with the fundraising profits.	magazines, wrapping paper, cheese, cookie dough, poinsettias, flowers, dance-a-thon, car wash, spirit day, book fairs
Capital Asset Fundraising	All cheques written for costs of the items purchased from conducting the fundraising event.	Playground and other outdoor structures, technology, classroom equipment
Field Trips/Excursions	All cheques written for costs associated with excursions and field trips including admissions and busing accommodations. Expenses should be recorded in a manner where each trip can be tracked separately.	Science Centre, Pioneer Village, ROM, Wonderland, Ottawa trip, farm visit, Quebec Ski Trip, New York Band Trip, Europe Art Trip

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Chart of Accounts

Category	Definition	Examples
Student Activities/Resources	All cheques written for costs associated with student activities/resources not categorized above. These may be recorded by activity or by dept./club.	activities: agendas, yearbooks, locks, author presentations, breakfast and snack programs department/club: Music, French, Phys Ed, Drama
Banking	All costs associated with bank accounts.	service fees, interac charges
Other non-student Activities/Resources	All cheques written or funds transferred for costs associated with other expenses not included above.	Subsidies for students who are unable to pay for activities or resources, funds to supplement activities noted above, or general expenses for other school purposes outside of school budget funds

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Section 16

External Charities

External Charities

Background

An external charity is a charitable organization that is not related to the school board. Schools often collect money for external charities as a way to teach students about community responsibility. Examples of these charities: Terry Fox Foundation, Heart and Stroke Foundation.

There are occasions when a school may raise funds for a specific or unique community situation. An example of this could be a student whose home has burned down.

Objective

- To provide information and guidance:
 - For raising and distributing funds to external charities
 - About the types of external charities to which a school can contribute
 - About the Canada Revenue Agency (CRA) guidelines for contributing to external charities
 - About raising funds for specific or unique community situations

Specifics

1. Raising and distributing funds to external charities:

- The collection of funds for an external charity is a partnership between the school and the external charity. The partnership may be documented in writing which can be as simple as a letter of understanding between the school and the external charity.
- The external charity may provide the administrative processes for collecting the funds. In this case, the school should follow the directions from the external charity and request an accounting from the external charity of the total funds collected.
- Where the school provides the administrative process for collecting the funds, the procedures in this Guideline should be followed.
- All funds received must be paid directly to the charity within a reasonable time period but at least before the end of the school year in which it is raised.
- All payments to external charities must be paid on school cheques and be issued in the charity's name. Cheques should not be issued to an individual or to a financial institution for the purchase of a money order.

If the school receives a tax receipt or other receipt from the external charity, this should be filed with the payment documentation in the school's records.

External Charities

2. Types of charities allowed by the CRA

- Funds shall only be raised for charitable organizations that are “eligible” charities as determined by the CRA. These are usually registered Canadian charities/foundations but may be charities/foundations in other countries. The CRA has verified the legitimacy of the foreign charities/foundations that are on their list.
- A list of these charities can be found on the CRA website.
<http://www.cra-arc.gc.ca/charities/>
- If a school wants to contribute to an organization such as an orphanage or school in a foreign country which is not an “eligible” charity, they should find an “eligible” charitable organization that supports that organization and give the funds to that “eligible” charity.

3. Specific or unique community situations

- Usually these situations arise after the School Fundraising Plan (Plan) has been established at the beginning of the school year. Community agreement should be obtained through consultation with the School Council and documented in the minutes, even if after fact when an immediate situation arises.
- The revenue and expenses of the fundraiser(s) shall flow through the school funds bank account.
- The full net proceeds of the related fundraiser(s) shall be applied to the community situation.
- Evidence should be retained to support that the proceeds were paid to the appropriate beneficiary or party.

Caution

Contributions to other than “eligible” charities may jeopardize the charitable status of the school board.

Schools should also be sensitive to charities they are fundraising for that are ineligible such as for political activities, groups or candidates or other interest groups.

Related Documents and Links

Ministry Fees and Learning Materials and Activities Guideline

<http://www.edu.gov.on.ca/eng/parents/feesguideline.pdf>

Ministry Fundraising Guideline

<http://www.edu.gov.on.ca/eng/parents/fundraisingguideline.pdf>

School Food and Beverage Policy (Ministry of Education)

<http://www.edu.gov.on.ca/extra/eng/ppm/150.html>

Canada Revenue Agency – Verification of Registered Charities

<http://www.cra-arc.gc.ca/chrts-gvng/lstngs/menu-eng.html>

Ontario Federation of Home and School Associations

<http://www.ofhsa.on.ca>

Canadian Home and School Federation.

<http://www.canadianhomeandschool.com/CHSF/Welcome.html>

Alcohol and Gaming Commission of Ontario (AGCO)

<http://agco.on.ca/en/c.gaming/c.gaming.html>

School Councils

<http://www.edu.gov.on.ca/eng/general/elemsec/council/>

Broad Public Sector Procurement Directive (Additional School Board Training Modules also available)

[https://www.doingbusiness.mgs.gov.on.ca/mbs/psb/psb.nsf/Attachments/BPSProcDir-pdf-eng/\\$FILE/bps_procurement_directive-eng.pdf](https://www.doingbusiness.mgs.gov.on.ca/mbs/psb/psb.nsf/Attachments/BPSProcDir-pdf-eng/$FILE/bps_procurement_directive-eng.pdf)

Broad Public Sector Expenses Directive

<https://www.ontario.ca/government/broader-public-sector-expenses-directive>

Ontario Association of School Board Officials (OASBO)

<https://www.oasbo.org/home/index/>

Education Act

http://www.e-laws.gov.on.ca/html/statutes/english/elaws_statutes_90e02_e.htm