

## **PRINCIPAL INFORMATION – INTERNAL FUNDS HIGHLIGHTS**

School District of Okaloosa County

November 2022

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### **INTERNAL FUNDS OVERVIEW**

1. Internal funds are all monies collected and disbursed by personnel within a school for the benefit of the school or a school sponsored activity. Internal funds shall be considered as unbudgeted public funds under the control and supervision of the School Board with the Superintendent and principal having responsibility as prescribed by the School Board.
2. All organizations of the school, or operating in the name of the school, that obtain money from the public shall be accountable to the School Board for receipt and expenditure of those funds in the manner prescribed by the School Board.
3. All collections received by any club or school organization shall be deposited in the school internal fund.
4. Bookkeepers may not open mail.

### **PRINCIPAL'S RESPONSIBILITIES**

Each school principal shall:

1. Be responsible for the student activity funds of his/her school;
2. Ensure that these funds are used to finance a program augmenting/enhancing, not supplanting, the educational activities provided by the District School Board;
3. Be held accountable for the handling of all phases of internal funds accounting in his/her school;
4. Use a uniform system of accounting as directed by the Superintendent or his/her designee;
5. Manage student activity funds in accordance with sound business practices and accounting procedures in the same manner as school budgeted funds;
6. Review all fundraisers;
7. Have the authority to restrict the accumulation of funds in any one account to the amount needed to carry out the activity for which the account was created;
8. Review the monthly reports of the internal funds; and
9. Make monthly and annual reports for internal funds as directed by the Superintendent.

### **SCHOOL SUPPORT ORGANIZATIONS**

1. A school support organization is a formally organized group with elected officers and by-laws whose purpose is to benefit the school or activities of the school. Direct Support Organizations as defined by Florida Law are not considered school support organizations.

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2. School support organizations may account for their funds within the internal accounts of the school. The signature of one officer, as designated in the by-laws or by resolution of the organization, will be required on all check requisitions.
3. School support organizations may be approved by the School Board to account for their funds outside the internal accounts of the school if the following conditions are met:
  - a. Maintain separate tax identification number and one bank account.
  - b. Adopt by-laws which shall be approved by the school principal and the School Board. By-laws shall include a provision for an annual audit of funds.
  - c. Provide annual budget, list of officers, and list of check signers to principal at the beginning of each school year.
  - d. May not use the school's tax-exempt certificate.
  - e. Maintain adequate, auditable financial records at all times.
  - f. Require signatures of two elected officers on all checks. Persons authorized to sign may not be related nor live in the same house.
  - g. Follow District fundraiser approval procedures.
  - h. Ensure that bank statements are sent to the organization at the school's address.
  - i. Provide monthly financial reports to the school principal in the format prescribed by the principal to include, at a minimum, details of revenue and expenses.
  - j. Annually provide the principal a copy of the financial statement audit. The financial statement audit must be performed in accordance with generally accepted auditing standards and be consistent with *The Financial and Program Cost Accounting and Reporting for Florida Schools Manual* ("Red Book") and the *Okaloosa County School District Internal Funds Manual*. The financial statement audit must be prepared by a CPA licensed in the State of Florida and delivered to the principal within 120 days of the fiscal year end.
  - k. While on duty, School Board employees cannot handle money that is collected for the organization, including fundraisers.

## **BANKING INFORMATION**

1. Each school shall have only one checking account which shall be entitled "(SCHOOL NAME) Internal Fund, The School District of Okaloosa County, Florida," or alternative which clearly identifies the school and school district. This account title must be imprinted on all internal fund checks and deposit slips. Savings or investment accounts shall be titled in the same manner.
2. All monies received by the school shall be deposited intact as collected into this account and all disbursements shall be made by checks drawn on this account or by an approved Imprest Fund.

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3. Each school shall arrange to use a night depository at its bank. The night depository shall be used for funds collected at football games and any time deemed necessary by the principal.
4. Each account shall have at least two authorized check signers, one of whom must be the principal. These names shall be kept on file for audit. All checks must be signed with two signatures.
5. At all schools that employ a minimum of two administrators, neither the bookkeeper nor the backup bookkeeper may have signature authority over the bank. If the school employs only one administrator, the principal has the option of granting such authority to the bookkeeper and/or backup bookkeeper.
6. The principal is responsible for all financial transactions and proper check signatures. Under no circumstances shall checks be pre-signed; in addition, the use of facsimile signatures is prohibited.
7. If a school finds it necessary to change banks and/or bank accounts, the principal shall seek School Board permission prior to the change.
8. Loans, installment contracts, or lease purchase agreements shall not be executed from internal funds in the name of the school or any school organization except as authorized by the School Board.

## INVESTMENTS

1. *Invested money is not additional funds.* The money invested has already been recorded and is included within the fund balances of the individual accounts.
  - a. When depositing money into an investment account, such as SBA, only the physical location of the money is being changed, indicated by the cash '0' accounts.
  - b. Likewise, withdrawing money from an investment account is a location change and does not provide new cash to spend.
  - c. The total of the cash accounts must always equal the total of the fund accounts.
  - d. In order to determine how money may be spent, a school must look at the balances of its fund accounts. For example, if a school decides to buy new lunchroom tables using General funds, the maximum funds available in the table below would be \$10,000, not \$18,600 (the balance of the SBA).

Example:

'Cash (0)' Accounts (Physical Location)	
0 - Checking	\$ 10,900.00
0 - SBA	18,600.00
0 - Change Funds	500.00
Total	\$30,000.00

'Fund' Accounts (To Whom Funds Belong)	
1 - Athletics	\$ 3,000.00
2 - Music	2,000.00
3 - Classes	3,000.00
4 - Clubs/Organizations	5,000.00
5 - Departments	4,000.00
6 - Trust	3,000.00
9 - General	10,000.00
Total	\$30,000.00

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### **FUNDING SOURCES**

1. All fundraising projects and activities by the school, any group within, connected with, or in the name of the school, are to contribute to the educational and/or extracurricular experience of students and will not be in conflict with the overall instructional program administered by the Superintendent and his/her appointed staff.
2. No fundraising projects or activities shall be conducted until the same have been approved by the club/organization sponsor, the principal, and the Superintendent or his/her designee.
3. Details including types of fundraisers allowed may be found in Chapter 4 of the Internal Funds Accounting Manual.

### **RECEIPT OF FUNDS**

1. All funds handled by School Board employees during normal working hours shall be included in and become part of the internal funds of the school, with the following exceptions:
  - a. Child Care payments.
  - b. Special bereavement collections that are not a part of faculty funds.
  - c. School picture money sealed in envelopes and picked up by vendor.
  - d. Funds sent directly to the District by the school, such as facility usage.
2. School internal funds may be collected in any of the following forms: cash, check, or credit/debit card payments made online.
3. Collections received shall not be used to cash individual checks.
4. District approved pre-numbered receipt forms (MIS 4002 – Monies Collected Receipt Form) shall be used as the means of recording cash and/or checks received and as the basis for entries to the accounting records.
5. All cash and/or checks received by the school shall be deposited intact as collected into the internal funds account.
6. Money Collector – MCF Rules
  - a. Funds in the amount of \$10 or more shall be turned in to the bookkeeper daily.
  - b. All funds, regardless of the amount, shall be turned in to the bookkeeper on Fridays, the last day of the month, and the day before a holiday.
  - c. If collections are made outside of school, the funds shall be turned in no later than the next business day.
  - d. Funds will either be given to the bookkeeper directly or placed in the drop safe.

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- e. Funds given to the bookkeeper or backup bookkeeper directly will be verified immediately, the money collector will sign as witness, and the pink copy will be given to the money collector.
  - f. If the bookkeeper or backup bookkeeper is not available, funds may be placed in the drop safe. The money collector must keep the pink copy before placing the funds and Monies Collected Form in the drop safe.
  - g. After the bookkeeper enters the receipt in the bookkeeping software, the receipt number and account number will be entered at the top of the MCF, and the yellow copy will be given to the money collector.
  - h. The money collector will match the yellow copy to the pink copy as indication that funds have been entered into the software and use these forms to verify entry on the monthly report provided by the bookkeeper.
7. Bookkeeper Deposit Rules
- a. All funds collected shall be deposited intact in the bank any time \$500 or more is received. Change Funds are not considered in determining whether a deposit is required under this paragraph.
  - b. All funds collected shall be deposited within five (5) working days after receipt, on the last day of the week, on the last day of the month, and the day before a holiday. No funds shall be held in the school over a weekend or holiday period.
8. Credit/debit card payments made online automatically generate a receipt for the individual making the payment. In addition, deposits are entered into the accounting system directly from the online payment system; therefore, Monies Collected Forms are not used for these payments.
9. Schools may not receive electronic deposits except for the following: online credit/debit card payments through the system provided by the School District, and repayment of NSF checks made by the collection bureau. All other funds received shall be in the form of cash or checks.

### **DROP SAFE**

- 1. The drop-safe shall be in a location which is accessible to money collectors.
- 2. At least once a day, the drop-safe shall be opened by two employees.
- 3. Opening the drop-safe requires both a combination and a key. It is recommended that the principal and principal's designee have the combination and the bookkeeper and his/her backup have a key. Under no circumstances may one person have a key and know the combination.
- 4. Once the drop-safe is opened, any funds must be verified immediately by the bookkeeper and a witness.

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### **RECEIVING DONATIONS**

1. Cash donations of less than \$500.00 may be accepted by a Principal and spent in accordance with written policies.
2. Cash donations of \$500.00 or more are subject to School Board approval. Funds should be deposited immediately but not expended until School Board approval is received.
3. Where major alteration of school property is involved, or where substantial increase of utilities will result because of the addition of the gift to the school facilities, School Board approval shall be required regardless of the value of the gift.
4. If the donation is a Federal or State Grant, the funds must be sent to Accounting and Financial Reporting to be deposited in a special project for the participating school. Approval of the School Board shall be sought by the school if the donation is \$500 or more.
5. In cases where a donation stipulates the purchase of a specific item, such funds shall be credited to a trust account designated to serve that purpose.
6. If a donation is offered for the use of a specific student in a non-school related/sponsored activity, do not accept the donation. This would involve the school in an activity which gives tax deductibility for an otherwise non-qualifying donation. Please ask the donors to make their checks directly to the company or individual.
7. All property or equipment with a value of \$500.00 or more which will become the responsibility of the School Board and require maintenance and upkeep, or require legal documents to show transfer of ownership, must be referred to the Superintendent for School Board Approval.
8. Property donations with a value of \$5,000.00 or more must be added to the school inventory.

### **PURCHASING**

1. Purchases by any school, or organization within a school, shall not exceed the amount that may be reasonably expected to be available between July 1 and June 30 of each fiscal year. The only exception to this policy is the purchase of money-making project materials and school store supplies for resale.
2. Reimbursements should be kept to a minimum. Individuals and sponsors requesting reimbursement for a purchase which includes sales tax shall not be reimbursed sales tax if the purchase would have been tax exempt had it been made by the school. See Chapter 9, "Sales Tax," for additional information concerning sales tax.
3. Purchases for which the cost is \$50,000 or greater shall be referred to the Purchasing Department to be evaluated for bidding prior to preparing a purchase order. Three written quotes shall be obtained for purchases between \$10,000 and \$49,999.

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4. The following expenditures are PROHIBITED:
  - a. Equipment, supplies, forms, and postage for curricular or classroom use for which School Board funds are available. (Revenue derived from vocational education production shops may be used for these purposes.)
  - b. Curricular-related travel; professional, technical, or consultant services; or other items for which School Board funds are available. (Revenue derived from vocational education production shops may be used for these purposes.)
  - c. Articles for the personal use of any student, employee, or other person; except those items which are identifiable as being in recognition of service or promotion of school activities and those items identified under Rule 6A-1.043, FAC, Promotion and Public Relations Expenditures. This includes medicines. Specific authority is granted for First Aid supplies. See Chapter 12 – Section J for information concerning recognition or achievement awards.
  - d. Personal memberships or subscriptions. Student-service organizations may elect to make contributions, subject to the approval of the principal. Membership for the school in the local Chamber of Commerce is allowable.
  - e. Salaries or other compensation for duties or assignments which are the responsibility of the School District. This includes all positions and supplements allocated during the school year. Additional positions, supplements and/or summer extracurricular positions are not considered a School District responsibility.
  - f. Loans, credit, or accommodation purchases for anyone.
  - g. Repairs and maintenance of School Board equipment for which School Board funds are available. (Revenue derived from vocational education production shops may be used for these purposes.)
  - h. Purchases from base exchanges, commissaries, or any purchase where military affiliation is required, unless the purchase is made by the school's Junior ROTC.

### **DISBURSEMENTS**

1. School internal accounts shall not be used for any purpose which represents an accommodation, loan, or credit to School Board employees or other persons, including students.
2. School Board Employees or others shall not make purchases for non-school related purposes from school internal accounts.
3. No form of compensation may be paid directly to employees, including pay for additional services, such as game personnel to work at athletic events. All compensation to District employees shall be paid through the District Payroll Department. Internal Funds may reimburse the other compensation expenditures if allowable.
4. Disbursements shall be approved by the appropriate organization officer (when the organization has officers), the sponsor, and the principal. Approval is indicated by completed a Check Requisition/Transfer Form.

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5. No check shall be made payable to 'cash.'
6. Under no circumstances shall *automatic* electronic withdrawals be made from the checking account.
7. All disbursements must be accompanied by a completed Check Requisition/Transfer Form and an original, itemized invoice or receipt. The requestor will keep the pink copy as evidence of request and receive the yellow copy after the check has been cut. This documentation should be compared to monthly statements provided by the bookkeeper.
8. The school should strive to pay bills in a timely manner and take advantage of all available purchase discounts.
9. The payee and amount on the check and Check Requisition/Transfer Form should equal that noted on the vendor invoice. In the event that a different amount is to be paid, adequate documentation on the invoice or the Check Requisition/Transfer Form must be present in regard to why and how the amount being requested was determined.

### **INTERNAL FUNDS PURCHASING CARD**

1. Internal Funds Purchasing Cards may be issued to the Principal, Bookkeeper, Daycare Coordinator, and Band Director.
  - a. New users shall attend a Purchasing Card training class administered by the Purchasing Department.
  - b. New cardholders shall also understand and sign a Cardholder Agreement form (MIS 2134).
2. Principals may also request site cards which may be issued temporarily to school employees for specific purposes.
  - a. Site cards shall be issued to the Principal and kept by the bookkeeper under lock and key.
  - b. Employees may request to use an Internal Funds Site Purchasing Card by completing a Request to Use Internal Funds Site Purchasing Card form (MIS 5430) and submitting the form to the Principal for approval.
  - c. The bookkeeper shall issue each site card, ensuring that the appropriate information is entered on the Internal Funds Site Purchasing Card Log (MIS 5432). The log shall also be signed and dated when the card is returned to the school.
  - d. The Internal Funds Site Purchasing Card Log shall be kept by the bookkeeper under lock and key.
  - e. New users shall understand and sign a Cardholder Agreement – Internal Funds Site Purchasing Card form (MIS 5433).
3. All purchasers must submit the original itemized receipt and a Check Requisition/Transfer Form to the bookkeeper as soon as possible, preferably within two business days. The Check Requisition/Transfer Form shall be made payable to the Internal Funds P-Card Payable account.



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4. The bookkeeper shall process each Check Requisition/Transfer Form and place the documentation (original Check Requisition/Transfer Form and original itemized invoice) in an Internal Funds Purchasing Card Pending Payment file or folder.
5. Once a month, the bookkeeper shall print the Internal Funds Purchasing Card Statement using the bank's online software.
6. Using the statement, the bookkeeper shall match all corresponding original Check Requisition/Transfer Forms and original itemized receipts from the Pending Payment folder.
7. The statement, original Check Requisition/Transfer Forms with original itemized receipts, and the Internal Funds Purchasing Card – Monthly Statement Review Form (MIS 5431) shall be given to an employee designated by the principal for review.
8. The reviewer shall check items as noted on the Internal Funds Purchasing Card – Monthly Statement Review (MIS 5431) and sign the form.
9. The reviewer shall complete a Check Requisition/Transfer Form made payable to the bank for the amount of the statement and then submit the packet to the principal for approval.
10. The bookkeeper shall pay the statement electronically and then send an e-mail to the designated contact in the Budgeting & Financial Services Department indicating the date of the payment and amount.
11. Please refer to the Purchasing Card Manual for complete rules regarding how the card may be used and other pertinent information.

## **CONTRACTS**

1. Within the scope of the School Board's authority and responsibility to write policies on Internal Accounts, authority shall be delegated to school principals to enter in contractual agreements as follows:
  - a. Athletic events regarding division of gate receipts with participating schools and bands;
  - b. School pictures;
  - c. Printing of newspapers and other publications;
  - d. School annuals or yearbooks;
  - e. Purchase of class jewelry;
  - f. Graduation invitations; and
  - g. Caps and gowns.
2. These contracts are generally related to revenue-producing events and in most cases provide a profit to the School Organization sponsoring the contracted activity.

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3. The following types of contracts must have prior School Board Approval:
  - a. Contracts not related to extracurricular student activities,
  - b. Contracts to be entered into in the name of the School Board of Okaloosa County, and
  - c. Contracts involving purchases subject to bid requirements.
4. Any contracts of a proprietary nature with outside organizations involving the public on school grounds shall require evidence of appropriate insurance coverage in the amounts provided by State statutes. The school should contact the Risk Management Department for further information regarding insurance coverage.

### **RECOGNITION OR ACHIEVEMENT AWARDS**

1. Internal funds may be expended to provide:
  - a. Recognition of service or contributions by persons or businesses; or
  - b. Recognition of achievement by students, teachers or other employees.
2. The following guidelines apply:
  - a. All achievement awards to be given by student or school support organizations must have prior approval of the general membership of the organization or as set forth in the by-laws of the organization. Examples of support organizations are booster clubs and PTOs.
  - b. No other school internal funds may be used to purchase any award, gift, or amenity except to recognize the following:
    - (1) Instructional or Educational Support employee of the year
    - (2) Retiring employees
    - (3) Faculty and staff at the beginning of the school year (refreshments for a 'welcome back' breakfast or lunch, not gifts)
    - (4) Student academic achievement
    - (5) Student athletic achievement
    - (6) Volunteers and business or community organizations performing a service to the school
  - c. Awards are limited to plaques, certificates, or other items with monetary value of one hundred dollars (\$100.00) or less.
  - d. No cash awards or payments may be made to or on behalf of any student or employee of the District.

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- e. These provisions do not apply to student scholarships awards by student or school organizations.
- f. This section shall apply to all school support organizations.

### **MONTHLY CLOSING & REPORTING PROCEDURES**

1. When the monthly bank statement is received in the mail or printed by the bookkeeper through online banking, the Principal or designee must review the statement and complete the Monthly Bank Statement Review – Checking Account form (MIS 3507). The bank statement will then be given to the bookkeeper for reconciliation.
2. After the reconciliation has been completed, the bookkeeper shall close the month in the internal funds accounting software. After the month is closed, no additional entries may be posted in that month.
3. The following reports are presented to the Principal for review and signature as indicated:
  - a. Receipts & Disbursements Report – Detail (This is a list of all accounts showing monthly and year-to-date receipts, disbursements, transfers, and available balances. This is signed by the Principal and bookkeeper.)
  - b. Receipts & Disbursements Report – Series Total (This is a summary by series. Series includes 1 – Athletics, 2 – Music, 3 – Classes, 4 – Clubs/Departments, 6 – Trusts, 9 – General & Principal’s Discretionary. This is signed by the Principal and bookkeeper.)
  - c. Bank Reconciliation Report – Checking (Signed by Principal & bookkeeper)
  - d. List of Outstanding Deposits & Cleared Deposits (Signed by Principal & bookkeeper)
  - e. List of Outstanding Checks & Cleared Checks (Signed by Principal & bookkeeper)
  - f. Monthly Bank Statement
  - g. Monthly Bank Statement Review (Signed by Principal or designee)
  - h. Investment Bank Statement(s) (Signed by Principal & bookkeeper)
  - i. Internal Funds Purchasing Card Monthly Statement
  - j. Internal Funds Purchasing Card – Monthly Statement Review (Signed by Principal or designee)
  - k. Check Register (This shows all checks written during the month.)
  - l. Receipts Register (This shows all receipts entered during the month.)
  - m. Journal Entry Register (This shows items such as transfers between accounts, Internal Funds Purchasing Card payment, sales tax payment, if applicable, interest.)

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- n. Copies of Ticket Ledgers used during the month.
- 4. The bookkeeper shall print an Account History report for each sponsor listing the transactions for the month. The sponsors should use the Account History reports to verify transactions substantiated by their copies of Monies Collected Forms, Check Requisition/Transfer Forms, Journal Entry Vouchers, and/or online debit/credit card deposits. UPDATE – All sponsors must be given access to their accounts through School Funds Online. Once per month, the bookkeeper must send an e-mail to all sponsors reminding them to review the activity in their accounts. This new procedure is in lieu of putting hard copy statements in boxes.