

Associated Student Body Workshop

Sponsored by:

Chino Valley Unified School District

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Presented by:

Michael W. Ammermon, CPA, CFE, CRFAC, DABFA
Intervention Specialist, FCMAT



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The ASB Accounting Manual, Fraud Prevention Guide and Desk Reference

- Updated September 2015
- Can be accessed and downloaded for free from FCMAT's website at www.FCMAT.org
- FCMAT plans to update the manual in 2018 to include additional useful information and best practices



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ASB Essentials

(We Will Discuss this in More Detail Later)

Fundraiser
Approval
Form

Revenue
Potential

Budget

ASB Essentials, cont.

Purchase Orders are Your Friend

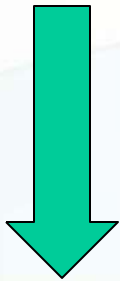
(We Will Discuss this in More Detail Later)

- Yes, purchase orders are required by Education Code.
 - Education Code requires three approval signatures prior to funds being spent for organized ASB, and one for unorganized.
- Even if the vendor does not take purchase orders, you must prepare one as evidence of pre-approval.
 - Think of the PO as the Pre-Approval Form.
- Prepare a PO for employee reimbursements, too.
 - It will save you a lot of grief later.

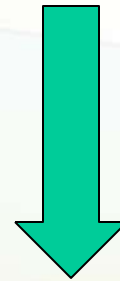


District Board Policy and Regulations

District policy and regulations govern everything, including ASB.



AND



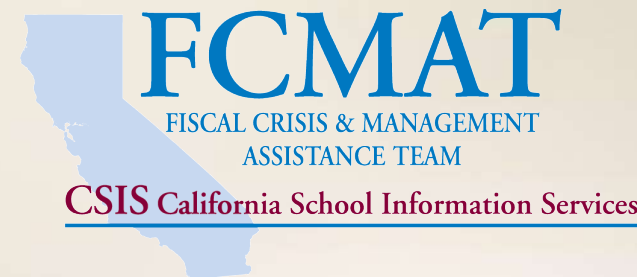
District policy and regulations guide us to ensure an understanding of what allowable fundraisers and expenditures are.

District Board Policy and Regulations, cont.

Govern:

- Establishment of the student body organization
- Supervision of the organization's activities
- Operation and management of the organization's finance
- It is important ASBs are aware of district policy because district policy applies to the ASB
 - The district's policies and the ASB's policies should be consistent.
- For example, there should not be two sets of policies for not-sufficient funds (NSF) checks, travel, etc.

Board policies are additional laws that ASBs must follow.



District Board Policy and Regulations, cont.

If the LEA's governing board has determined that a particular type of expenditure serves a public purpose, courts will usually defer to that **IF** the district has a board policy stating what specific items are allowable (e.g. scholarships or donations).

Board Policy = More certainty that the expenditure will be considered allowable.

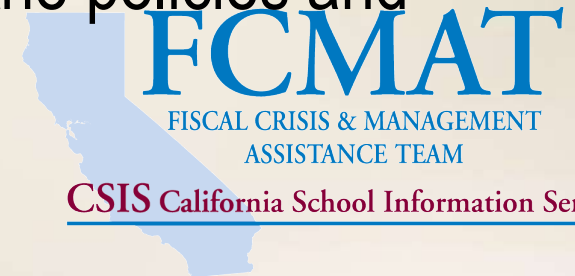
District Board Policy and Regulations, cont.

- The governing board of the school district, charter school or community college is ultimately responsible for everything that happens in the district, including the activities of student organizations.
- Education Code Section 48930 for K-12, and Section 76060 for community colleges, provides the governing board the authority to approve the formation of a student body organization.



District Board Policy and Regulations, cont.

- In assuming the authority the Education Code gives them, governing boards establish parameters for LEA operations through board policies and regulations.
- These policies and regulations must specify how the student body organization will be established, how the organization's activities will be supervised, and **how the organization's finances will be operated and managed.**
- LEA administration is responsible for establishing and monitoring the procedures to carry out the policies and regulations adopted by the governing board.



District Board Policy and Regulations, cont.

- Students are raising funds for their own benefit and are able to make decisions about the funds (with co-approval from a board designated administrator and an advisor); however, when there is a conflict, **governing board policies and regulations are the final guide because ultimately the funds are under the governing board's authority.**



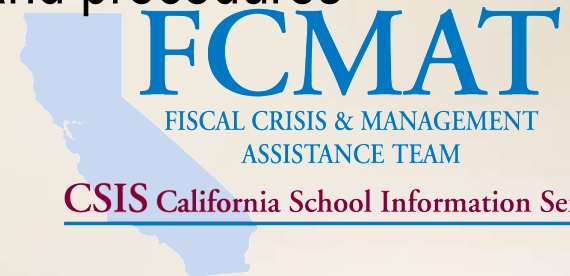
District Board Policy and Regulations, cont.

- A comprehensive and current ASB manual for student organizations is critical to ensure sound practices, fiscal and otherwise, are followed.
 - Referencing the ASB manual in board policy is recommended to ensure staff understand how important it is to follow the manual's guidance.
- The FCMAT ASB Accounting Manual, Fraud Prevention Guide and Desk Reference may also be adopted to supplement a district's board policy or procedures regarding student and auxiliary organizations.
 - Include language to provide clarity and the flexibility to follow its own LEA policies and procedures when they differ from those in the FCMAT manual.



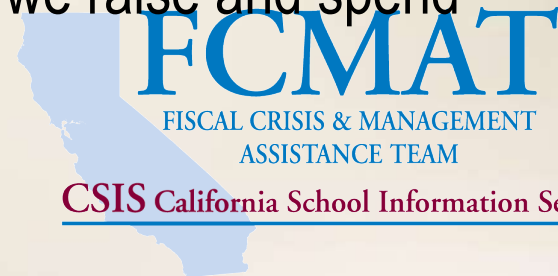
Example ASB Manual Board Policy

- Sample board policy language to adopt the FCMAT Manual:
 - The governing board adopts on an ongoing basis the most recent Fiscal Crisis and Management Assistance Team (FCMAT) *Associated Student Body Accounting Manual, Fraud Prevention Guide and Desk Reference* as the _____ District's *ASB Manual* as part of district ASB board policy.
 - In the event of any conflict between the most recent FCMAT *Associated Student Body Accounting Manual, Fraud Prevention Guide and Desk Reference* and the _____ District's ASB processes or procedures, the policies and procedures established in the _____ District will prevail.



ASB Types

- **Unorganized**
 - Elementary and K-8 school sites
 - Can also include: Adult Ed, Special Education, ROP, Continuation
 - Governing board delegates authority to oversee raising and spending of funds to a “trustee” (principal/administrator)
 - Students do not govern themselves - Usually no student council or student clubs
 - Limited student decision making: School principal/trustee oversees raising and spending of funds and CAN make all decisions
 - Note: Although the principal/trustee can make the decisions, this does not change the rules on how and why we raise and spend ASB funds
 - Some requirements are not as strict



ASB Types, cont.

- **Organized**

- Middle and high schools; community colleges
- Activities are organized around student clubs and a student council
- Students are the primary authority when making decisions
- More requirements, which students are involved in:
 - Formal meetings
 - Develop budgets
 - Plan fundraisers
 - Decide how funds will be spent
 - Approve payments
- Advisors and school principal/administrator:
 - Provide assistance, advice, and co-approve



ASB Types, cont.

- **Organized – Community College ASBs**
 - Raise money for extracurricular activities beyond what the educational agency can provide.
 - Students are older, attend classes at many different times and days, and can be full- or part-time.
 - FCMAT's opinion is community college ASBs should operate as if they are organized ASBs and should follow all processes and procedures in this manual that are applicable to organized ASBs.



What is ASB Composed of?

- Organized ASB: Middle schools, high schools and community colleges
 - Student clubs (can also be classes, but must be formed as clubs)
 - Student council
- Unorganized ASB: Elementary, K-8 school sites, adult education, special education, ROP, continuation
 - Classes, i.e. Freshman Class, Class of 2018
 - There may be clubs
 - There may be student council

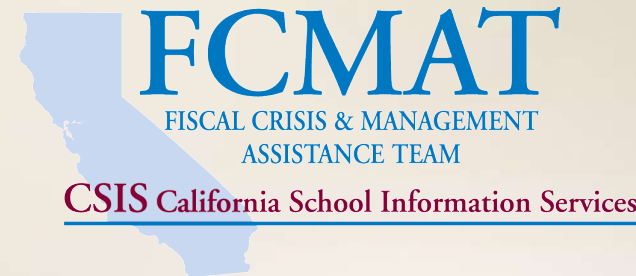


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Clubs

- All clubs need to be approved, even activity clubs, for liability reasons
 - Each club must have a certificated club advisor assigned to it, and only that certificated club advisor can co-approve expenditures and activities
- A formal application should be completed that includes:
 - Title, powers and duties of the officers and the manner of their election
 - Scope of proposed activities
 - Name of organization
 - Endorsed by a certificated club advisor
- New clubs must be approved by:
 - Student council **
 - Principal/administrator

** For Organized ASB



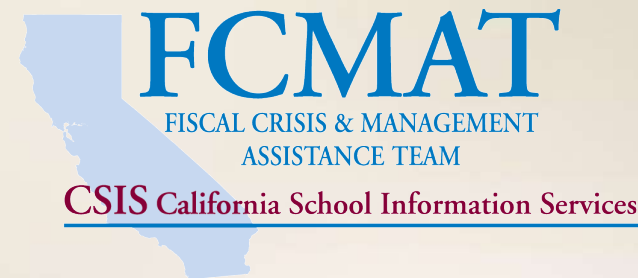
Classes

Classes in Organized ASB, i.e. Freshman Class, Class of 2018

- Must be run like a club
 - Certificated instructor/teacher could be club advisor
 - Same requirement and internal controls as any other club
 - Formal meetings
 - Develop budgets
 - Plan fundraisers
 - Decide how funds will be spent
 - Approve payments
 - Pre-approvals for fundraising and expenditures, etc.
 - Under the direction of student council
 - Students are the primary authority when making decisions



What it means to be part of ASB



It's All About Students

- Fundraising
- Participating
- Doing
- Learning
- Experiencing
- Making decisions (if organized ASB)

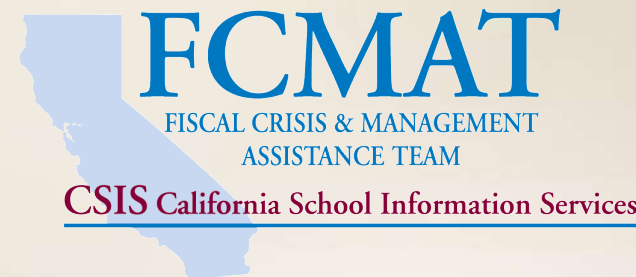


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Student Club and Trust Accounts

- What is a CLUB (Trust Account)
 - Composed of currently enrolled students at that specific school site
 - Students form a club to fulfill a specific purpose (which will be stated in the constitution **)
 - Advisor must be a certificated employee of the school district
 - Students **MUST** play a major role
 - Students are the primary authority when making decisions**
 - There must be an:
 - Approved constitution**
 - Elected officers**
 - Approved budget**
 - Regular formal meetings**
 - Minutes of meetings**
 - Clubs report to the student council**
 - All expenditures approved in advance

**Optional if unorganized ASB



Student Club and Trust Accounts, cont.

- Funds held in trust by student council
 - ASB constitution or bylaws should state what happens to funds of inactive clubs
 - If constitution or bylaws silent, would revert to general ASB account
 - e.g., student council or leadership class
 - Define what an inactive club is (e.g., 18 months)
 - Length of time is not specified in Education Code. Best to specific in constitution or bylaws.
 - Try to spend money for same reason it was raised



How Do Parent Groups, Boosters, and Auxiliary Groups Fit In?

- Parent/booster/auxiliary group (non-student) funds **cannot** be commingled with district/ASB funds
 - Non-student groups cannot deposit funds into the ASB accounts unless they are being donated to the ASB
 - Once the funds are donated to ASB, only the student organizations control how the funds will be used (following the district's policies and ASB guidelines)
 - Parent/booster/auxiliary groups and student groups must keep their funds and activities separate

The FCMAT ASB manual gives detailed information about non-student groups in Chapter 21



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ASB Accounts

- ASB accounts should not be used as pass-through or clearing accounts.
- Only money that should be deposited in ASB:
 - Actual ASB funds
 - Will be used for appropriate ASB purposes
- When non-ASB activities are commingled with ASB, problems begin.
 - Commingled funds should never be allowed; may appear to be fraudulent or negligence.
 - Avoid even the APPEARANCE of fraud.



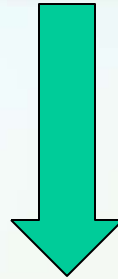
What to Do with Funds that Don't Belong in ASB

- Non-ASB accounts, including but not limited to pass-through or clearing accounts, should be transferred into a district account
 - Discontinue accounting for non-ASB activities in the ASB financial records
- Donations from parents, students or community members or groups should be deposited in the school site's district donation account, not accounted for through the ASB, unless truly supplementing ASB clubs or fundraising



Roles and Responsibilities

Site Principal - ASB Advisors - ASB Bookkeeper



Enforce and communicate all laws, policies and procedures



Site Principal:

- Works with district office
- Approves fundraising events
- Approves expenditures along with students and ASB advisor
 - Can be only approver for unorganized ASB (acts as trustee)
- Appoints the advisors for ASB and the clubs
- Supervises ASB bookkeeper and ASB advisors
- **Enforces and communicates all laws, policies and procedures**
- Ensures that a student council is established and approves club constitutions **
- Works with each student organization to develop methods for securing cash collected after hours and on non-school days
- Ensures proper cash control procedures established and followed
- Ensures minutes are kept of all ASB and club meetings **
- Receives and reviews bank statements MONTHLY
- Reviews budgets and financial reports MONTHLY
- YOU ARE RESPONSIBLE....

**Optional if unorganized ASB



ASB Advisor(s):

- Critical link between Principal – Bookkeeper – Students
 - The principal's designee for day-to-day ASB functions
- Must be a CERTIFICATED employee of the school district per Education Code
- Needed to supervise EACH club and student council/leadership class, including their activities
- Works directly with students on a day-to-day basis
- Assists the students in preparing the annual budget ** and revenue projection estimates for fundraisers
- Ensures that adequate internal controls are in place
- Approves expenditures along with students and board designee **
- Ensures that the clubs are meeting and keeping minutes **
- Reviews with the students all budgets **, financial reports and transactions
- **Ensures all laws, policies and procedures are followed**

**Optional if unorganized ASB



Principal and Advisor Role

- The principal/school administrator and ASB advisor should understand that the will of the students should come first unless there is a specific conflict with laws or regulations, district policy, student safety, school culture, or other specific reason to deny an event, expenditure or other student council or club decision.
- Denial of a student council or club decision should not occur because the principal/school administrator or ASB advisor dislikes or disagrees with the decision
 - A valid reason is required.



ASB Bookkeeper (Site):

- The ASB bookkeeper safeguards money held at school site –
 - Ensures funds get to the ASB bank account in a timely manner
 - Responsible for receipts received from ASB advisor until deposited
 - Prepares proper financial records of financial transactions in accordance with established procedures and policies
 - Club reports, check registers, deposit registers, etc.
 - Provides materials to ASB advisors for fundraisers, and keeps stock on hand (change box, receipt books, tickets, etc.)
 - Processes purchase orders, payments, and invoices
 - Prepares bank reconciliations monthly
 - Upholds ASB laws, procedures and policies
 - We'll discuss the bookkeeper's duties in much more detail soon!



Student Council ** :

- Represents the students
- Student council is mandatory for organized ASB
- Primary authority of how student-raised funds will be spent
 - Approves expenditures along with ASB advisor and board designee **
- Develops and approves annual budget for student council and leadership class **

**Optional if unorganized ASB



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Student Council **, cont.

- Authorizes ALL:
 - Student clubs
 - Student club budgets
- Reviews ALL:
 - Student club fundraising events
 - Student fund purchases/expenditures
- Reviews ALL:
 - Student club financial reports
 - Student club reconciliations
 - Anything else it would like to review



Budgets

- Every club must have a budget (if organized ASB)
 - If unorganized, budgets are not mandatory
- Budget is an ESTIMATE
 - If the budget goes off track during the year, REVISE it
- Budget = Usually one year
 - Prepare **NEXT YEAR'S budget** early, don't wait
 - It's needed to conduct business)
 - Next year's budget can be as simple as using current year actual revenue and expenditures
 - Remember, it's an estimate
- Students need to participate in the budget process
- Require that a budget is in place and approved BEFORE the club enters into any commitments (i.e., spends any money)
 - No Budget = No Spending!



Budgets, cont.

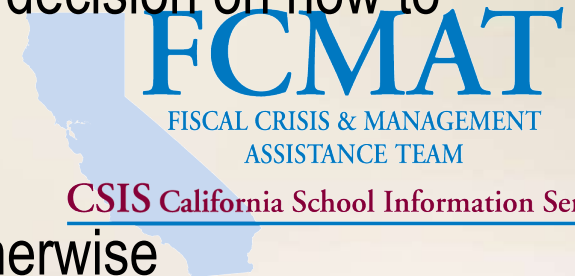
Budget CARRYOVER

- Possible; HOWEVER – Students should try to spend what they raise
- But, if needed:
 - Seed money for next year = OK
 - Reasonable carryover balances = OK
 - Preapproved multiyear projects = OK
- District policy should set the carryover amount or percentage
- There should be a form to get approval to carry over funds from the prior year



What Happens When a Class Graduates?

- ASB funds can only be spent on CURRENT students
- If graduating, students should:
 - Spend remaining funds prior to graduation
 - Gift the funds to another ASB club at the same school site
 - Gift the funds to the general ASB at the same school site
- Balances cannot follow students graduating from elementary or middle school and moving on to next level
 - Funds stay at same school where they were raised
- If class has already graduated and did not make a decision on how to spend remaining funds:
 - Funds would revert to general ASB
 - Unless board policy or constitution says otherwise



Fundraising Essentials

- Obtain district governing board approval BEFORE the fundraiser occurs. This is required by Education Code.
 - Best Practice: ASB fundraising events should be approved at the beginning of year, by the board or whomever the board delegates to do so, or the governing board should approve policies and administrative regulations that delineate allowable and unallowable fundraising events
- Ensure that parent organizations coordinate the timing of their fundraisers with ASB fundraisers so they don't compete.



Revenue Potential

- Complete a Revenue Potential form for each fundraiser
 - An internal control requirement, and a finding in the district's independent audits if not in existence
 - The Revenue Potential is NOT the same as a fundraiser approval, unless both activities/actions are on the same form
- Revenue Potentials will include an ESTIMATE, ACTUAL RESULTS and the DIFFERENCE
- Revenue Potential form can serve as the document to:
 - Ensure that the site administrator is informed and approves of all fundraising activity at the site
 - Notify the bookkeeper of an upcoming deposit
 - PLAN!



Fundraising for Specific Students

Parameters for Fundraising Events:

- Students should participate and make contributions to fundraising events voluntarily.
- They cannot be excluded from an activity funded by ASB funds because they did not participate in fundraising.
- **Fundraising proceeds cannot be attributed to specific students based on what they raised.**
 - The funds are raised to benefit the entire club or student group, not individual students.



Fundraising Parameters - Don't Forget....

- An ASB fundraiser must be preapproved and consist of students raising money to purchase “extras” for students’ educational experience
- Charging students a fee is not a fundraiser
- It is not legal for staff to raise funds (i.e. to increase specific classroom budgets) using the district’s tax ID number
 - ASB can use the district’s tax ID number; not specific staff.
 - If staff does fundraise and deposit into district or ASB account, it’s a donation from the staff member. The funds are considered taxable income to the individual who raised the funds.



Fundraising Parameters - Refunds

When funds are received as a donation, non-profit/ IRS guidelines apply

- Sometimes, parents want a refund of their donation.
- To help with this issue, add language in board policy that money received by ASB via ASB fundraising (for ASB activities and donations) are non-refundable.
- Consider adding some wording to your fundraising announcements, such as:

ASB fundraising donations are non-refundable. If the fundraising activity does not raise sufficient funds for the activity to occur, the funds may be used for other alternative ASB-approved activities.



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Shared Fundraisers

- Shared fundraising activities between clubs is allowable; however, a shared fundraising form should be developed.
- The form should spell out the conditions, revenue sharing arrangements, participation rules, and all other applicable aspects of the shared/combined fundraiser.
- Each club involved with the shared fundraiser should separately approve the fundraiser, agree to the fundraiser conditions, ensure the fundraising form is signed, and ensure acceptance and approval is documented in each clubs' minutes.



Fundraisers -- Unreturned Items/Cash

- Students cannot be compelled to return unsold items or turn in money unless:
 - The student and student's parent/guardian both signed an acknowledgement they are responsible for unsold items and all cash associated with the fundraiser
 - District policy describes the rules regarding obtaining unsold items from student fundraisers

Unallowable Fundraisers and Fees

- Raffles, bingo, and other games of chance
 - This is in Penal Code
- Activities that pose liability, safety or risk concerns
 - i.e., Will the district's liability policy cover injuries at the event?
- Rental of district property (equipment or facilities to outside groups)
 - Remember, the district owns the property!
- Fees not authorized by the Education Code
 - If not allowed by Education Code, don't charge it!



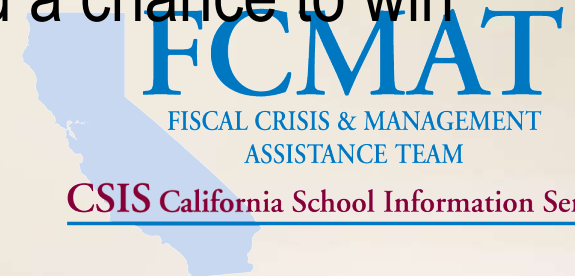
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Raffles and Games of Chance

Raffles include:

- Money paid for a ticket or form of chance (ticket)
- A ticket offered with some other offering such as a shirt
- A ticket offered with a donation
- A ticket given away without fee or payment

Even a ticket given away or without a fee or payment is still a chance drawing as a raffle. Everyone must receive a ticket, which is impossible, as those who do not attend the event “may” raise the claim that they were denied a chance to win even though they were not present and never participated.



Silent Auctions

Silent Auctions:

- Not a game of chance – Bidders do not pay for a chance to win the item
- Bidding amounts to purchase the item is based on a perceived market value
- Highest bidder is the only one who pays; therefore, it is a purchase transaction



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Donations

- ASB can gladly accept donations of money or property if the donation is for appropriate ASB expenditures
- But they can't be:
 - Required
 - Mandatory
 - A prerequisite to participate in a program or activity
- All ASB rules and guidelines apply to any received donations
- Make sure you know if the district's board policy on donations has special provisions/instructions for how ASB donations are to be acknowledged or accepted (and by who!)



Allowable Expenses

- Must be in compliance with the law and local board policy
- Must promote the students' general welfare, morale, and educational experience
- Must be directly linked to the students' benefit
- Must be pre-approved
- Must be outside of what the school district should provide, or has provided in past, from their own general funding sources
- Must benefit a group of students (with few exceptions)



Allowable Expenses, cont.

- Expenses **CANNOT** be considered a gift of public funds
 - Must have a direct or substantial purpose
 - Misappropriation of public funds is considered a criminal act, with no monetary limit specified
 - Better to be safe than sorry



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Gift of Public Funds

- Expenditures of school funds must be for a direct and primary public purpose to avoid being a gift of public funds
 - Private individuals must be benefitted only incidentally
 - Approved public purpose must be within the scope of a school district's jurisdiction and purpose
- Expenditures that most directly and tangibly benefit students' education are more likely justified
 - Expenditures driven by personal motive are not justified even if long-standing custom or based on benevolent feelings



Gift of Public Funds, cont.

- To justify the expenditure of public funds, the governing board must determine that the expenditure will benefit the education of its students.
- If the governing board has determined that a particular type of expenditure serves a public purpose, courts will almost always defer to that finding: **Put it in board policy.**
- The following can be considered a gift of public funds unless in board policy:
 - Scholarships to college
 - Donations to charity
 - Flowers



Examples of Allowable Expenses

These example expenditures enhance students' educational experience:

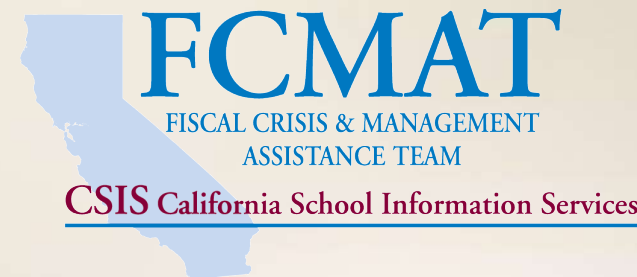
- Student magazines and newspaper subscriptions
- Supplemental equipment for student use not provided by the school (e.g., telescopes)
- Field trips/excursions/outdoor education camps. (grad night discussed on an upcoming slide)
- Extracurricular athletics costs (e.g., costs for ticket sales, game officiating and security)
- Social events for students
- Awards if there is a district policy allowing them
- Substitute teacher if the teacher is absent due to an authorized ASB event

Unallowable Expenses

Ask these questions:

- Does the expense directly promote the general welfare, morale or educational experience of the students?
- Does the expense benefit students as a group?
- Are you sure the expense can't be considered a gift of public funds?
- If you answer **NO** to any question above, the expense is probably unallowable.

NO = Don't spend from ASB funds!!!



Unallowable Expenses, cont.

Include:

- Curriculum and classroom supplies
- Expenses that are the district's responsibility
- Repair and maintenance of district equipment/facilities
- Items for employee personal use
- Faculty meeting costs
- Parent group costs
- Employee clothing/attire
 - Coaches uniforms paid by ASB are not recommended because they are not for a student (*students fundraising for adults = looks bad*)
- Large awards unless specifically approved in board policy
- Employee appreciation meals
- Donations to other organizations, families or students in need
- Gifts of any kind



Unallowable Expenses, cont.

- Band/Cheerleading/Swim Team, etc. “Uniforms” – Must be paid for by the district:
 - Owned by the district
 - Must be returned to the district
 - If lost or damaged, district can charge for replacement
 - Students can purchase their own uniform but cannot be different than the district uniform with special markings, etc.
- However: ASB fundraising for uniforms is allowable if there is a legitimate club.
 - Must have proper approvals
 - If not enough money fundraised – everyone will still receive the same uniform
- **CONSULT WITH DISTRICT LEGAL COUNCIL...**



Grad Night – Class Trips

If promoted or funded through the ASB or the district in any way, Grad Night, and class trips (i.e., 8th-grade trip to Washington, or other field trips) must follow the guidelines that everyone who wants to attend should be able to go as long as there are no administrative or discipline issues prohibiting a specific student from attending.

Although parents can be asked to pay a “donation” or a fee for their child to attend, if they do not pay, and the event is part of ASB or the district, the student cannot be barred from attending. Funds from other sources will need to be obtained if the event is to continue. In addition, students cannot be forced to fundraise to attend such events.



When there is a Surplus of Funds

- When a club raises funds, there must be a purpose in mind, and that purpose should be stated and approved on the fundraising approval form
- So, when funds are raised for a specific reason, even if there is surplus, the money can't be used for just anything
 - The surplus would have to be used for the purpose the funds were raised



When there is a Surplus of Funds, cont.

- Those donating or attending that fundraiser should have their donations spent towards the advertised/ approved reason.
 - Covering other club's events/costs is not appropriate.
- If a fundraiser comes up short, the club that came up short should do another fundraiser to cover the deficit.
- Other clubs having to use their balances to cover a shortfall of another club is not fair or appropriate.
 - The students in the club who raised the money do not benefit.



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Awards

- Board required to adopt rules and regulations about awards.
 - If no policy or regulations, no awards allowed (even for students)
- Authorized by Education Code 44015
 - Awards are allowed to employees for exceptional contributions and to students for excellence
- Only student awards should come from ASB
 - Governing board policy needed for types of student awards, i.e., awards to students for excellence, trophy's, performance, etc.
- Awards cannot exceed \$200 in value unless board policy states a higher amount
- Awards are not authorized or allowed to community members, parents, or volunteers.



Awards, cont.

- Awards to employees for exceptional contributions are allowed if the employee:
 - Proposed procedures or ideas that are adopted and result in eliminating or reducing district expenditures or improving operations
 - Performed special acts or special services in the public interest
 - Made exceptional contributions to the efficiency, economy or other improvement in operations of the district
- Should be paid from district funds, NOT ASB



Gifts

- If something is purchased for a specific student or employee and it is not an award, it is a gift.
 - GIFTS ARE UNALLOWABLE, even if small in amount.
 - People have tried to say that if a gift's value is "de minimis," trivial or of little value, it would be okay (i.e. under \$20/person)
 - They are wrong! A gift is a gift!
 - Gift certificates are ordinarily characterized as gifts of public funds even when purchased for an event with a public purpose because they confer a tangible private benefit to an individual.
 - Ask merchants or individuals to donate gift certificates to avoid making a gift of public funds.
 - If students want to give gifts, use private funds, not public funds.



Donations to Other Organizations

- Donations are considered a “gift of public funds”,
 - Remember, the funds have been raised under the district’s non-taxable status.
- Students can still organize fundraisers to support specific charities if fundraiser clearly identifies fundraising purpose.
 - The checks should be written directly to the organization/charity
 - An exception can exist only if district governing board approves a special fundraising event with the funds clearly segregated within the ASB account

Note: Donations are not allowed for needy families. A legal foundation must be established separate from the district.



Scholarships to Colleges

- Scholarships are allowed, if the following exists:
 - Governing board, or authorized designee, approves the scholarship donation.
 - Acceptance must be in writing, including all conditions prescribed by the donor.
 - Statement must also be included regarding the disposition of any remaining balance.
 - Each scholarship and trust account must be established separately.
 - The donation cannot be for specific student(s).
- Students may organize fundraisers to raise money for scholarships:
 - If the district governing board approves a special fundraising event with the funds clearly segregated within the ASB account.



Scholarships to Colleges, cont.

- If scholarships are going to be allowed from ASB funds, the following must occur:
 - There must be an unbiased committee who selects the recipients
 - The selection criteria must be determined prior to beginning the fundraising or acceptance of any donations
 - Scholarship check(s) must be made payable directly to the college
 - If you want checks directly payable to students, there must be governing board policy fully vetted by district legal counsel that expressly allows the action. FCMAT does not recommend checks be payable directly to students.



Employee Appreciation Meals

- Employee appreciation meals are not allowed
- Such appreciation meals do not qualify as awards
- Attorney General says not “actual and necessary” per Education Code 44032
- Don’t provide a direct and/or substantial purpose -- so would be a gift of public funds



Sports and Athletics Club(s)

For any sports revenues and expenditures to be accounted for and part of the ASB account, the sport must meet the same ASB club requirements as all other clubs.

Each sport may be a separate club with its own constitution, certificated advisor, budget and other required elements,

OR

Multiple sports can be organized as one athletics club, with each sport having representation in the club, one constitution, one certificated advisor and other required elements.

- If revenue is to be shared, governing board policy should state how revenue from ticket sales, etc., is distributed.



Sports and Athletics Club(s), cont.

- If one athletic club is formed, each sport should elect at least one delegate or commissioner to be a member of the club's student leadership team, thus ensuring that each sport receives representation.
 - Each sport represented in the athletics club may then be accounted for in the ASB accounting record as a sub-account of the athletics club.
- If the athletic director of the school is a certificated employee of the district, the athletic director may serve as club advisor.
 - But remember, the club advisor – a certificated employee -- must be at all club activities. Even if a classified coach is at the event, the certificated advisor must also be there.



Sports and Athletics Club(s), cont.

ASB

Not ASB

Student Led

Not Student Led

Certificated
Instructor

No
Minutes/Constitution

No Certificated Club
Advisor

Sports and Athletics Club(s), cont.

If not operated as a true club, meaning the adults are making the decisions (not student led), no club constitution/bylaws, no student fundraising, there is no certificated instructor acting as club advisor and attending all sport/athletic ASB fundraising/ events, then:

- Sports / athletics does not belong in ASB
 - Operations and bookkeeping should be in some other district business office approved account
 - Example: School site donation account



Contracts for ASB

- Contract - legally binding document
 - Those who are authorized to sign contracts under district policy are the same individuals that are allowed to sign ASB contracts.
 - Unless board policy states otherwise.
 - District contract policies and procedures protect the ASB, the students, and their assets.



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Consultants

- Independent from the district (i.e. disk jockey or photographer)
- Not an employee and not paid as an employee in ANY other capacity
 - If the proposed consultant is already a district employee, they cannot be paid as a consultant for this work
 - The work would be paid through district payroll and ASB would reimburse the district.
 - The extra work will be reported on the employee's annual W-2 issued by the district.
- ASB must pre-approve the expense before the work occurs
- Consultants are paid directly by ASB with a vendor check
- Consultant should fill out W-9 prior to working
 - Income reported on IRS Form 1099 annually



Internal Controls

- Policies and procedures designed to provide the governing board and management with reasonable assurance that the district, including ASB, achieves its objectives and goals.
- Internal controls help protect EVERYONE, including students, volunteers, and you
- Principal mechanism for preventing and/or deterring fraud or illegal acts, misappropriation of assets, or other fraudulent activities
 - Can include an array of irregularities characterized by intentional deception and misrepresentation of material facts



Internal Controls, cont.

Effective internal control processes provide reasonable assurance that the district's/ASB's operations are effective and efficient, that the financial information produced is reliable, and that the organization operates in compliance with all applicable laws and regulations.



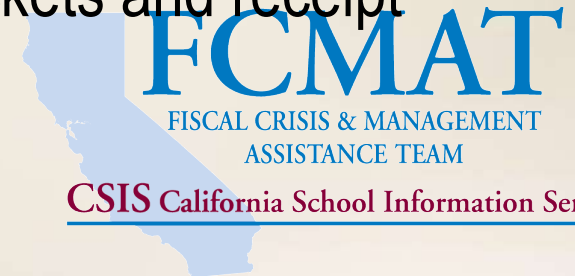
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Examples of Internal Controls in ASB

- Purchase order/requisition completed prior to purchase
 - If not, ASB/school is not obligated to pay for the expenditure
- Never pay expenses out of cash receipts
 - Deposit cash and then write a check
- Keep the checkbook and extra check stock in a safe, secure place
- Void checks that are incorrect or not issued
- Never sign checks in advance -- have at least one backup signer (but can be more)
- Use checks in proper sequence
- Never make check out to “cash”
- Check should have two signatures

Examples of Internal Controls in ASB, cont.

- Disbursed or paid ONLY if original documents/receipts exist (i.e., proof of purchase)
- Service/product/goods MUST be RECEIVED and authorized before payment is made
- Student council and each club prepares and maintains a record of each meeting and the action(s) taken
- Bank reconciliations done within two weeks of receiving bank statement, with proper review and approval afterward
- Always use pre-numbered receipt books or tickets
- Adequately control where pre-numbered tickets and receipt books are stored
- Training programs



Examples of Internal Controls in ASB, cont.

- Dual cash counts
 - Always count funds with a witness and countersign the proper deposit forms
 - Use tamper proof sealed plastic bank bags at all levels of custody
- Endorse all checks – “For Deposit Only ...”
- Do not leave funds unattended on a desk
 - If the employee who normally receives cash is not available, assign another individual to receive and sign for the deposit in their absence. The cash should be double counted by this person.
- Timely deposits (2-3 days)
 - Make the bank deposit THAT DAY, if possible!
 - Never leave undeposited money at a school weekends or holidays
- Report overages and shortages
 - Loss of tickets is the same as loss of cash



Examples of Internal Controls in ASB, cont.

- Budgets developed for each club
- Completion of Revenue Potential forms
- Inventory control for vending machines, stores, and concession stands
- Proper cash handling and physical chain of custody for all cash receipts
- No commingling of receipts from separate events
- Immediate delivery of all event proceeds to the ASB bookkeeper
- Using pre-numbered tickets, receipt books, or tally sheets
- Implement cash boxes to keep the received money safe



Examples of Internal Controls in ASB, cont.

- Safe storage is a MUST
 - The safest place for money to be is in the bank
 - Second safest place is a SAFE
- *FUNDS SHOULD NEVER BE TAKEN HOME, PUT IN A DESK DRAWER, OR EVEN IN A LOCKED FILE CABINET*
- If you cannot deposit the money in the bank that day -
PUT THE MONEY IN THE SAFE WITH A WITNESS
PRESENT!!

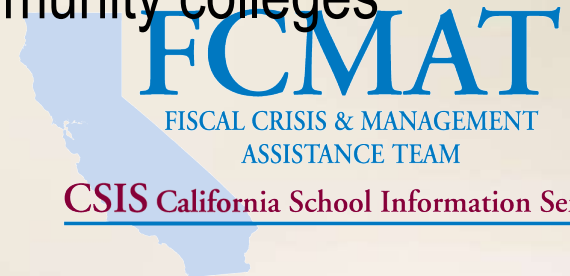
Examples of Internal Controls in ASB, cont.

- All ASB documents should be fully completed and turned in timely.
 - This includes payment of invoices, which could be from vendors, consultants or staff.
- Proper back-up documentation is required for payment to be made, with all associated supporting information, including information on the invoice(s) such as the date, time, place, time or hours charged for, in addition to any other related supporting receipts that are part of the invoice, to properly disclose and present a full and transparent accounting of all activities the ASB is paying for.

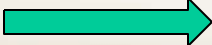


Purchase Order Process

- Yes, purchase orders are required. They must be issued to reflect proper pre-approval.
- ASB not obligated to pay for an expenditure ordered or directly purchased by a teacher, student or other person who has not first received a purchase order with the appropriate approval signatures.
 - You cannot go shopping on your own and expect to be reimbursed
- Purchase orders must be pre-numbered and have multiple copies
- A check request is NOT pre-approval
- Three signatures are required per Education Code section 48933(b) for K-12 (organized) and section 76063 for community colleges
 - Student representative
 - Board designee (principal/school administrator)
 - Certificated advisor



Purchase Order Process, cont.

- Prior approval = Purchase order with all three signatures
- Submit PO to ASB Bookkeeper
- Students record PO in club's minutes (*record in minutes before or after approval depending on district requirements*) – Update your policy
- Bookkeeper confirms sufficient funds are available
- After goods/services received, when ASB bookkeeper is ready to pay bills  matches PO, invoice, receiving copy, etc.
- ASB bookkeeper prepares check (Two signatures)

Note: Students should not sign checks. The PO is the approval.

Purchase Order Process, cont.

- ASB bookkeeper provides all documents for review along with checks
- Check signers review all documents, i.e. check, invoice, PO, receiving document (packing sheet), etc., before signing check
- After the check has both signatures, the ASB bookkeeper mails the check
- Accounting records updated
- There should be a policy regarding the amount by which a PO may be exceeded and still be paid without further approval, i.e. if invoice exceeds PO by more than 10%, the ASB bookkeeper before paying, should obtain approval from the three individuals who approved the original PO.



Is Inventory Control Really Necessary?

- YES! Inventory control helps safeguard against theft and is an internal control--similar to ticket controls.
- Inventory controls:
 - Beginning inventory
 - Plus purchases
 - Minus sales
 - Ending inventory
 - Physically count inventory at intervals
- Without adequate inventory procedures, inventory is often sold and cash stolen
- Good inventory systems help prevent staff from being falsely accused of inventory theft



Journal Entries and Transfers

- Control is required
 - Purpose must be documented with a detailed reason
 - Needs supporting documentation
- Should be prepared only with prior written approval
 - ASB advisor
 - Principal
 - Club meeting minutes
- Any journal entry that isn't properly documented or approved is a fraud indicator



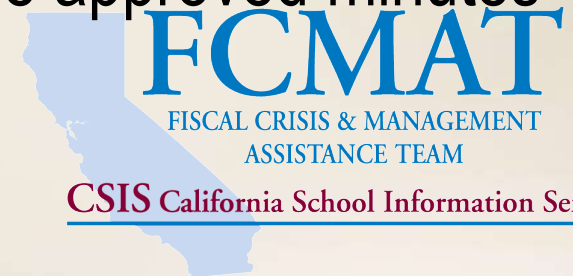
ASB Minutes Requirements

- The student council and each club must prepare and maintain a record of each meeting and action taken.
- Details of proceedings
 - Actions taken
 - Demonstrate that policies and procedures are followed by ASB
- Need to be concisely and clearly written.
- If ASB is unorganized, and if meetings are not held, then minutes are not mandatory. But if meetings are held, and financial or operational decisions are being made at the meetings, minutes are mandatory.



ASB Minutes Requirements, cont.

- Any information introduced at the meeting should be attached to the original copy and kept on file, such as list of purchase orders, list of checks, financial information, and letters.
- The club secretary, or whoever took the minutes, should sign the minutes when they are completed. Minutes should NEVER be signed by non-attending students or administrators.
- Minutes should be reviewed and approved at next meeting.
- A binder should be maintained of all of the approved minutes for the school year,



ASB Bank Accounts

- District guidelines must be followed
 - Best practice = Only district's accounting office should open or close bank accounts
- District accounting office must be notified when a bank account needs to be modified
- ASB bank accounts are for the exclusive use of the ASB organization

ASB Bank Accounts, cont.

- ASB bank accounts should always be in the name of the ASB organization rather than in the name of any individual
- Only ASB funds should be deposited into ASB accounts
- There must be at least two signatories on each check
 - These signatories should not include students
 - The bookkeeper should not be a signor either



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Auditors

- Good resource when you have questions
- Annual Audit Report
 - Report of internal controls is within the audit requirements
 - Report their findings and recommendations to correct procedures
 - Protect the district by offering a third-party line of defense for why policies and procedures are necessary
- Auditors report directly to the governing board



Successful ASB Operations

- Comprehensive board policies and administrative regulations regarding ASB operations and funds
- A comprehensive and user-friendly ASB manual that provides guidance for all individuals involved in day-to-day ASB activities
- A significant level of oversight and support from the district's accounting office
- Standard processes and procedures at all sites



District Business Office

- Serve as a resource and answer questions
- Should provide ongoing training on the district's ASB manual and procedures (annually is best)
 - Ensure that ASB training includes providing new staff members and student council members with training throughout the year, and with copies of the ASB manual
- Visit school sites periodically to review the procedures in use and answer questions



District Business Office, cont.

- Obtain and review financial reports from the school sites at least quarterly
- Review the reconciled bank statements for all ASB accounts at school sites monthly
- Work with the school site staff to respond to problems noted by the auditors in the annual audit and develop corrective actions to resolve the problems
- Follow up on all issues regarding the administration of student organizations



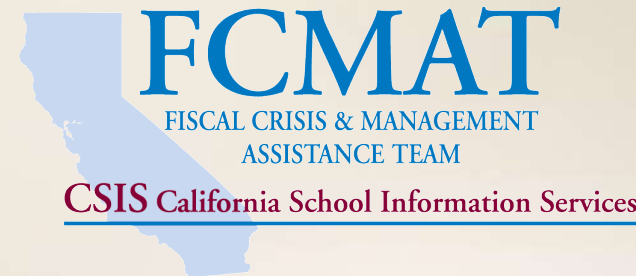
District Business Office, cont.

- Develop accounting procedures for recording and controlling the student body organizations' financial transactions.
- Periodically review procedures to ensure that they conform to prescribed accounting procedures.
- Use input from site staff, student organizations and district auditors, and take this information into consideration when updating policies and procedures.



When You Have Questions

- Work with your district office. No one knows the rules and policies of your district better.
- Ask your auditors. They have an annual responsibility to review your district, including ASB.
- Review FCMAT's *ASB Accounting Manual, Fraud Prevention Guide and Desk Reference*.
- FCMAT ASB Manual link - <http://fcmat.org/2015-asb-accounting-manual-fraud-prevention-guide-and-desk-reference/>
- Search FCMAT's knowledge base
- Use FCMAT's online Help Desk



When You Have Questions – FCMAT Knowledge Base

- To use the FCMAT Knowledge Base:
 - Type into your web browser, “FCMAT.org”, then select the pull-down menu at the top of the web page and choose, Help & Services, next click on Help Desk. This will take you to the FCMAT Online Help Desk page. Scroll down in the page to “**Archive of Frequently Asked Questions**”. This will take you to the Knowledge Base page. In the pull-down menu titled Category select Associated Student Body and then use Search Results for Keyword for the specific topic you want to know more about.



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When You Have Questions – FCMAT Knowledge Base and Help Desk

- Knowledge Base Link:
https://servicedesk.csis.k12.ca.us/MRcgi/MRhomepage.pl?USER=&PROJECTID=9&MRP=0&OPTION=none&WRITECACHE=1&FIRST_TIME_IN_FP=1&FIRST_TIME_IN_PROJ=1&
- Use FCMAT's online Help Desk at **www.fcmat.org**. If your question hasn't been answered before and is not contained in the Knowledge Base archives, you can submit your question and receive a confidential response.



Any Questions???



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Thank You For Attending



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CDE Advisory 17-01 Update

Allowable/Prohibited Fees

- CDE Fiscal Management Advisory 17-01: Pupil Fees, Deposits and Other Charges. (Updated in online version of ASB Accounting Manual, Fraud Prevention Guide and Desk Reference)
 - Minor Changes
 - Guidance on student fees that can and cannot be levied



CDE Advisory 17-01 Update – Allowable Fees

No Change: Fees for an adult enrolled in any class except classes in elementary subjects and classes for which high school credit is granted when taken by a person not holding a high school diploma [Education Code section 52612(a)].

Change: ~~For fiscal years 2008-09 through 2014-15, the Education Code allowed flexibility in the use of the funds appropriated for adult education programs and deemed LEAs that spent these adult education funds in a flexible manner to be in compliance with applicable funding and program requirements, but this did not alter the fees allowed by Education Code section 52612 [Education Code section 42605(a) (1) and (d)].~~

~~Fees for adult classes in English and citizenship may be charged through July 1, 2015. (Education Code section 52612(c), Cal. Stats. 2011, c. 606 (A.B. 189), Section 2).~~



CDE Advisory 17-01 Update – Allowable Fees, cont.

- **Change:** ~~Fees for after-school education and safety programs, so long as no eligible student is denied the ability to participate because of an inability to pay the fee (Education Code section 8482.6).~~



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CDE Advisory 17-01 Update – Prohibited Fees

- A purchase that a pupil is required to make to obtain materials, supplies, equipment, or uniforms associated with an educational activity [Education Code section 49010(b) (2)].
- Charging for school supplies, materials and equipment needed to participate in educational activities (including classes).
- Charging for mandated standardized gym suits for physical education classes. A student's grade cannot be affected by not wearing the standardized clothes **when the failure to wear the standardized clothes is beyond the student's control. Education Code section 49066 (c).**



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CDE Advisory 17-01 Update – Prohibited Fees, cont.

- A district cannot require students to purchase or pay for a cap and gown as a condition of participation in a graduation ceremony, because the California Supreme Court has found that the high school graduation ceremony is “an integral part of the educational process” because it recognizes cumulative academic achievement. Because the graduation ceremony is an educational activity, pursuant to Education Code section 49010(a), a pupil fee cannot be charged. **Education Code section 38119 only authorizes district to rent caps and gowns from a supplier and provide them free of charge to students. Therefore, a cap and gown fee is not "otherwise allowed by law" per Education Code section 49011(a).**



CDE Advisory 17-01 Update – Prohibited Fees, cont.

Education Code section 49011(b)(4) bars a school district or school, including a charter school, from requiring parents to perform "volunteer hours" as a condition of allowing their child admission, enrollment, continued enrollment, sibling preference, attendance, participation in education activities or receipt of credit or privileges related to educational activities. Although Education Code section 49011 (c) allows a school district, school, and charter schools to request that parents volunteer a specific number of hours per school year, and to identify the benefits to the school district or school because of these volunteer services, such requests may not be the coercive or imply in negative consequences to a student or parent.

