



GASBO

Georgia
Association
of School
Business
Officials

Best Practices for School Activity Accounts

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Presented By:
Georgia Department of
Audits & Accounts

Georgia State Capitol

Presentation Topics



Common issues noted during audits

- ✓ Classification of Accounts
- ✓ School Activity Procedures
- ✓ Segregation of Duties
- ✓ Cash Receipts
- ✓ Cash Disbursements

Upcoming GASB statement

Classification of Accounts



Classification of Accounts



Governmental Activities

School accounts should be recorded as governmental activities (Fund 500) when the accounts belong to the school district and are used to support district programs.

Examples:

Athletics, School General Fund, Book Fair

Classification of Accounts



Agency Fund

School accounts should be recorded as agency funds (Fund 705) when the accounts belong to the students and funds are to be used to support student organizations and clubs.

Accounts should not have a deficit balance.

Examples:

Art Club, Class of 2018, Drama Club

School Activity Procedures



School Activity Procedures



- Strong policies or procedures should be established for school accounts.
- Procedures should be reviewed and updated periodically.
- Procedures should include number of days acceptable to hold receipts.
- Procedures should include maximum amount of cash that can be held in vault.
- Procedures can require receipt books for each person (sponsors, bookkeepers, teachers, etc.) receiving funds.

Segregation of Duties



Segregation of Duties – Cash Receipts



Common Issue:

The same person collects funds, deposits funds, records receipts and prepares bank reconciliation.

Recommendation:

- Designate someone separate from school bookkeeper to receive cash receipts.
- Deposits made by someone separate from bookkeeping.
- Designate someone separate from school operations to prepare the bank reconciliation.
- Principal, or designee, review supporting documentation for receipts monthly.

Segregation of Duties – Cash Receipts



Recommendations:

- Bank Statements could be mailed directly to the Central Office.
- Central Office Staff (A/P Clerk, CNC Bookkeeper, Receptionist, etc.) could perform the bank reconciliation.
- Finance Director could approve the bank reconciliation.

Segregation of Duties – Cash Disbursements



Common Issue:

The same person processes claims and prepares checks.

Recommendations

- Principal manually signs the checks after the review of the voucher package.
- Give club sponsors and others periodic updates of the expenses recorded in the club accounts.

Cash Receipts



Cash Receipts



Common Issue:
Gate Receipts not properly reconciled.

Recommendation:

- Reconciliations should be prepared including beginning and ending ticket numbers.
- Variances should be investigated.
- Reconciliations should be reviewed and approved.

Cash Receipts



Common Issue:

No supporting documentation is included with receipt.

Recommendation:

Receipt or Receipt Log should be maintained and compared to the deposit ticket information.

Cash Receipts



Common Issue:
Receipts not deposited timely.

Recommendation:

- Deposits should be made in accordance with policy.
- If policy does not designate the amount and time limit of deposit, best practices would be no more than \$100 within 3 business days.

Cash Disbursements



Cash Disbursements



Common Issue:

Purchase Orders are approved after the check date and/or after the invoice date.

Recommendation:

Expenditures (Purchase Orders) should be approved prior to purchase by appropriate personnel.

Cash Disbursements



Common Issue:

Voucher packages do not contain supporting documentation (i.e. invoices, purchase orders, evidence of receipt).

Recommendation:

A complete voucher package should include copy of check, approved purchase order, invoice and documentation of receipt.

Cash Disbursements



Common Issue:

Purchases not recorded in the correct period.

Recommendation:

Expenditures should be recorded in the period the liability is incurred.

Cash Disbursements



- Actual Vendor Name should be identified in the general ledger, not "One Time Vendor".
- Checks should not be written to "Cash".
- Employees should not be given Blank Checks.
- Prior approval is required when making purchases with the purchasing credit card.
- Payroll and Travel Disbursements should be paid from the Central Office Accounts to ensure that the transactions are reported to SAO as required.

GASB Update – Effective FY 2020



GASB Update



GASB Statement No. 84 "Fiduciary Activities"

- Establishes criteria for identifying fiduciary activities of all state and local governments
- Focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists.

GASB Update



GASB Statement No. 84 "Fiduciary Activities"

- Describes four fiduciary funds that should be reported, if applicable:
 - Pension (and other employee benefit) trust funds
 - Investment trust funds
 - Private-purpose trust funds
 - Custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria
- Note that Agency funds have been replaced by Custodial funds

GASB Update



GASB Statement No. 84 "Fiduciary Activities"

- Governments with activities meeting the criteria **should present a statement of fiduciary net position and a statement of changes in fiduciary net position**. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less.
- Co5.107 Public colleges and universities engaged only in business-type activities and fiduciary activities should present only the financial statements required for enterprise funds (see Section 1600, paragraphs .130–.137, and Section 2200, paragraphs .170–.196) **and the financial statements required for fiduciary funds** (see Section 2200, paragraphs .198–.200).

Questions?



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