



Associated Student Body (ASB) Funds

Principals' Professional Development
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Accounting Services

- **Importance of ASB Accounting**
- **Authority, Purpose, and General Principles**
- **Principal's Responsibilities**
- **Management of ASB Funds**
- **Resources**



Why is Student Body Accounting Important?

- Total ASB Assets on 6/30/14: \$1,415,943
- Receipts in FY 2013 14: \$2.79 million
 - Over \$1.49 million at the six comprehensive high schools
- Majority of receipts are cash
 - Risk for fraud
 - Personal liability
 - Many individuals involved requires strong internal controls



Why is Student Body Accounting Important?

- **Audit findings every year**
 - **Failure to maintain adequate documentation and oversight**
 - *Receipts lack supporting documentation*
 - e.g., No receipts issued or tally sheets maintained
 - *No evidence of review of financial statements or bank reconciliations*
 - *Disbursements not preapproved or lack supporting documentation*
 - **Don't be an Audit Exception**
 - *Reported by school name in the annual financial audit report presented to the District Governing Board and available to the public*

Legal Status of Student Body Organizations

- Defined by Education Code sections 48930 et seq and Board Policy 3452
 - A student body organization is not is 41110

- To promote the general welfare, morale, and educational experiences of the students

- Funds must be used to promote and finance a program of worthwhile co curricular activities **BEYOND** those provided by the District
- Fundraising projects must contribute to sound educational principles and must not be in conflict with the ideals of the educational program
- Funds must be expended for the benefit of those students currently enrolled who have contributed to the raising of the funds
 - Large reserves are discouraged
- Prior approval by the Student Governing Body must be obtained for both the raising and expenditure of funds

- Funds must be managed in accordance with sound business practices
- Competition with local business firms must be kept to a minimum
- Food sales on campus are limited, must not compete with the Nutrition Services program, and must meet nutritional requirements (Board Policy/Administrative Regulation 3554)
- ASB accounts are not a pass

- Principals are directly responsible for the proper conduct of student body activities and financial affairs in accordance with the policies and procedures established by the State, the District Governing Board, the Superintendent, and Business Services

- The principal has the following responsibilities:
 - *To inform and explain policies and procedures impacting the student body organization to the faculty and students*
 - *To ensure that a student council is established and that each club has a certificated advisor (applicable to organized ASB, grades 7 12)*
 - *To provide supervision to the school controller/bookkeeper*
 - *To review and approve the monthly bank reconciliations and the financial statements*

- The principal has the following responsibilities (cont.):
 - *To respond to the audits of student body funds*
 - *To replace funds spent improperly in one of the following ways:*
 - If the expenditure is a legal expenditure of the District, the school may use some of its District funds to reimburse the student body organization
 - If the expenditure is not a legal expenditure of the District, the Principal must reimburse the student body organization from their own personal funds
 - *To inform Accounting*

- Signed disbursement requests
(Education Code section 48933 (b))
 - *The funds shall be expended subject to such procedure as may be established by the student body organization subject to the approval of each of the following three persons, which shall be obtained each time before any of the funds may be expended: an employee or official of the school district designated by the governing board, the certificated employee who is the designated adviser of the particular student body organization, and a representative of the particular student body organization*

Management of ASB Funds

- Receipts

- All money collected from any source must be substantiated by auditable records (receipts, ticket reconciliations, deposit forms, student lists, etc.)
 - *In auditing the funds and the related controls, auditors will want to determine whether all of the money deposited was all of the money that should have been deposited*
 - *Without appropriate documentation, there is uncertainty and potential for audit findings and fraud*

- Receipts

- Receipts should be issued or documentation created every time cash transfers custody
- Cash should always be counted in the presence of two people
 - *Each individual should document and sign off on the count*
 - *This control is for everyone's protection more than a means to mitigate fraud*
- Overages and shortages must be reported with as much detail as possible

Management of ASB Funds

- Receipts

- Cash receipts should be deposited timely

- *If daily deposits are not feasible, money should be secured in a safe or other*

- **Disbursements**

- Disbursements must be supported by the appropriate documents and authorized by the required individuals
- Requests must be submitted for prior approval by the student body organization or principal
- Student Body is not obligated to pay for an expenditure ordered by a teacher, student, or other person who has not first

- Disbursements

- Payments must be made only after evidence of receipt of goods/services, supported by invoices, using pre numbered checks signed by two individuals
- Payments should never be made directly from receipts collected
- Gifts, gift certificates, donations, and ca

- **Reconciliations and Financial Reports**
 - Ensure an adequate separation of duties so that any one individual does not have responsibility for preparing the documents and reconciling the accounts without appropriate review and oversight
 - ASB financial reports should be reviewed by the principals and the clubs or classes

- Cash controls are designed to help protect all innocent parties from allegations of fraud as well as help identify who has committed fraud
- In addition to the controls mentioned previously:
 - *Never leave money unattended*
 - *Always retain duplicate cash count forms for the club's records*
 - *Whenever possible, have two people transport deposits*
 - *Double check bank reconciliations, cancelled/cleared checks, and check endorsements*
 - *Compare the advisor's copies of club transactions with the financial reports*
 - *Empower your ASB bookkeeper to question incorrect deposits and improper authorizations for disbursement*

- **PRIOR District Approval Required**
 - **District Governing Board Approval**
 - *Equipment purchases*
 - Student body is responsible for repair, maintenance, upkeep, and insurance
 - *Responsibility for insurance is delegated to Business Services as a part of our overall insurance coverage, but paid for by ASB*
 - *Solicitation on school premises (Education Code section 51520, Board Policy/Administrative Regulation 1321)*
 - *Fundraising projects*
 - *Require prior approval by Governing Board or designee (Education Code section 51521)*
 - *All fundraisers must obtain authorization from the principal or designee. The Request for Fundraiser Approval form is used to request approval of fundraising events. The form is located on the Accounting Services website at [http://www.scusd.edu/iso form/request fundraiser approval](http://www.scusd.edu/iso_form/request_fundraiser_approval)*

- **PRIOR District Approval Required** **A** **S** **B**

- **Student Body Employees and Independent Contractors**
 - Since the Student Body Fund is controlled by the District Governing Board, the District is the employer, not the student body organization
 - Individuals hired

- **Illegal Fundraisers**
 - California Penal Code prohibits lottery, games of chance, including BINGO, and other forms of gambling

- The above information only highlights the many requirements, procedures, and best practices related to ASB
- Our primary goal is to support you as a resource in this work
- **Contact for ASB Policy:**
 - Amari Watkins, Director of Accounting Services
 - Email: Amari.Watkins@scusd.edu
 - Phone: 916 643 7837

Contacts and Resources *cont.*

- District Student Body Procedures Manual
- Student Body Accounting Manual, Fraud Prevention Guide and Desk Reference, FCMAT, 2012
<http://fcmat.org/wp-content/uploads/sites/4/2014/02/ASBManual2012finalprint.pdf>

- Questions?
- Thank you for your time and effort