



SCHOOL BOARD OF PINELLAS COUNTY
AUDITING & PROPERTY RECORDS DEPARTMENT

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MANUAL OF INTERNAL FUND ACCOUNTING

Board Approved July 27, 2010

MANUAL INTERNAL FUND ACCOUNTING

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VISION AND MISSION STATEMENTS

PINELLAS COUNTY SCHOOLS VISION STATEMENT

PINELLAS COUNTY SCHOOLS UNITE WITH THE COMMUNITY TO PROVIDE A QUALITY EDUCATION ENABLING EACH STUDENT TO SUCCEED.

PINELLAS COUNTY SCHOOLS MISSION STATEMENT

THE MISSION OF **PINELLAS COUNTY SCHOOLS** IS TO CREATE SYSTEMS THAT ALIGN ALL RESOURCES TO ASSURE THAT EACH STUDENT ACHIEVES AT HER OR HIS HIGHEST LEVEL.

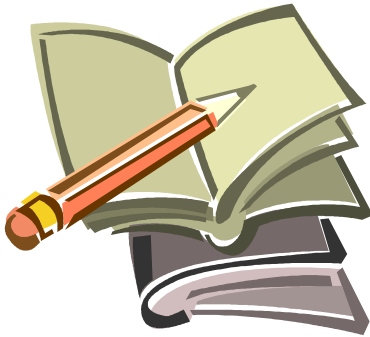
FINANCE & BUSINESS SERVICES DIVISION MISSION STATEMENT

THE MISSION OF THE **FINANCE & BUSINESS SERVICES DIVISION** IS TO PROVIDE FINANCIAL, MANAGEMENT INFORMATION, AND TECHNICAL SUPPORT SERVICES TO THE DISTRICT AND TO ITS SCHOOLS, DEPARTMENTS AND PROGRAMS, IN THE AREAS OF ACCOUNTING, AUDITING & PROPERTY RECORDS, PAYROLL AND PURCHASING.

AUDITING & PROPERTY RECORDS DEPARTMENT MISSION STATEMENT

THE MISSION OF THE **AUDITING & PROPERTY RECORDS DEPARTMENT** IS TO FACILITATE DISTRICT PERSONNEL TOWARD ACHIEVING MAXIMUM ACCOUNTABILITY OF FINANCE AND PROPERTY IN ALIGNMENT WITH THE DISTRICT COMPREHENSIVE PLAN.

INTRODUCTION



This document represents the official procedures handbook for the school internal fund accounts in the Pinellas County School District. The purpose of the handbook is to familiarize school board employees with what is expected in regard to financial accountability for the internal fund accounts. Any conditions that arise and are not described herein should be brought to the attention of the director of auditing & property records (or designee). These procedures are based on Federal Law, Florida Statutes, State Board of Education Rules, Pinellas County School Board Policy, Generally Accepted Accounting Principles (GAAP) as well as the interpretations of the State Auditor General's Office. The recording of school financial transactions requires adherence

to sound business practices.

The Pinellas County School District has established a standard chart of accounts and sub-account numbers. Some extension account numbers are included in the standard chart. The purpose for requiring uniformity is to have consistency throughout the district and to be in compliance with state guidelines. In addition, district-wide account and sub-account standardization enables the central office to access, gather and report specific information that may be requested by administration.

The internal fund accounting system is composed of eight (8) categories of account groups. These groups are used to account for money and property held by the school as listed below:

1. Athletics – Includes all athletic business transactions, such as fundraisers, tournaments, and any additional non-centralized athletic activity. Note: Centralized athletic activity is recorded in “School District Trust”. See number 8 below.
2. Music – Includes all music business activities, such as performances, fees for rentals of musical instruments and/or uniforms, and fundraising events. Expenditures include repair and replacement of musical instruments, uniforms, fundraising events and expenses related to competition, performances, and supplies.
3. Classes – Includes all class business activities, such as grad fees and fundraising events.
4. Clubs – These accounts are for the recording of club financial activities, such as fundraising events and dues.
5. Departments – This group of accounts usually includes the activities of curricular – related projects and production accounts.
6. Trust – Revenues and expenditures for this fund type are to be stated for a restrictive purpose.
7. General – This category encompasses all other accounts for funds that are to be utilized for the general welfare of the student body.

8. School District Trust – This account group is for the recording of revenues that are to be remitted to and expenditures that are to be reimbursed by the district office.

For more detailed information regarding the above accounts, see [Chapter 2 - Chart of Accounts](#).

In order to maintain a system of adequate internal control, the following practices and principles have been established for the use of school personnel and the protection of school board assets and shall be followed.

CHAPTER 1

SCHOOL INTERNAL FUND PRINCIPLES

PURPOSE:

This chapter refers to the principles to be followed and identifies the person(s) responsible for the school internal fund.

POLICY REFERENCE:

This chapter supports School Board Policy [6610](#); Financial and Program Cost Accounting and Reporting for Florida Schools (“Redbook”) Chapter Seven [Section I](#); Florida Statutes [1001.42\(10\)\(f\)](#) and [1011.19](#); and [SBE 6A-1.085](#).

PRINCIPLES

1. The principal/director is responsible for the administration and control of their site’s internal fund accounts and shall follow the rules governing the receipt, disbursement, and accounting of such funds or other assets as outlined in this handbook.
2. Funds collected by and used for the benefit of faculty and staff may be exempt from the internal fund transaction requirements as noted in [“Redbook” Chapter Seven](#), Section I (3). The school board (or designee) has the option to waive this requirement in regard to such accounts as “hospitality”.
3. [See Redbook Chapter Seven – Section I](#) for detailed instructions to the principles of school internal funds.



CHAPTER 2

SCHOOL INTERNAL FUND GENERAL PRACTICES AND CHART OF ACCOUNTS GUIDELINES

PURPOSE:

This chapter details the general practices and guidelines for the successful accounting of the school's internal fund accounts.

POLICY REFERENCE:

This chapter supports School Board Policy [6610](#); "Redbook", [Chapter Seven Section II](#); Florida Statutes [1001.42\(10\)\(f\) and 1011.19](#); and [SBE 6A-1.085](#).


GENERAL PRACTICES

1. Purchases from the internal fund accounts must be authorized in writing by the principal or designated administrator. Neither the school nor the school board shall be liable for any purchases made in the name of the school without prior written approval. Any person, who makes an unauthorized purchase, including signing a contract, shall be held personally liable for the amount of the obligation.
2. Refer to Redbook [Chapter Seven – Section II](#) for detailed instructions.



CHART OF ACCOUNTS – GENERAL GUIDELINES

1. The uniform standard chart of accounts is to be in compliance with state guidelines.
2. A main account number ends with ".00".
3. The name of a standard account may **NOT** be changed, even if an account is not being used at the site. [This includes unnamed accounts (.)].
4. Fund types must **NOT** be changed by schools or sites.
5. If a new main account (".00") must be added, it will be done only with the approval of the Director of Auditing and completed from the district's Auditing office.

6. All accounts **must require the use of sub-accounts** (also known as Transaction Codes), except for dollar sign asset accounts and fund type 8 - School District Trust accounts. The only exception to this is account number 8-5370.00 Natural Disaster/FEMA and any related extension accounts.
7. Sub-accounts are the equivalent to object codes and will only be added with the approval of the Director of Auditing and are completed from the central auditing office. For example, a request was made to add number 0373 for postage, to be in alignment with the Redbook and the district Accounting office. This sub account was added to the standard chart of accounts. 
8. An unauthorized alteration to the district's internal fund standard chart of accounts and/or sub-accounts will be deemed a violation of district policy.
9. Each main account has 99 extension accounts available for activation. The **extensions must directly relate** to the main account. An alpha-numeric list for numbering extension accounts, to keep them in alphabetical order, is as follows:

A	1 - 4	L	50 - 54
B	5 - 9	M	55 - 59
C	10 - 14	N	60 - 64
D	15 - 19	O	65 - 69
E	20 - 24	P, Q	70 - 74
F	25 - 29	R	75 - 79
G	30 - 34	S	80 - 84
H	35 - 39	T	85 - 89
I, J	40 - 44	U, V	90 - 94
K	45 - 49	W, X, Y, Z	95 - 99

The schools/sites may add extension accounts to individualize the standard account numbers for their needs. The word after the last hyphen corresponds with the number assigned. For example:

- A. Account number 6-2614.00 is a main field trip account; 6-2614.**83** would be the number assigned to a field trip to **Spiffs**.
 - B. Account number 5-5000.00 is the main account for yearbooks/memory books; 5-5000.**02** would be used to record Yearbook-**Ads** and 5-5000.**80** would be used to record Yearbook **Sales**
 - C. Other examples:
 - (1.) 4-4810.10 = Student council - **Candy Sale #1**
 - (2.) 4-3700.19 = National Honor Society – **Dues**
 - (3.) 6-1001.05 = Adopt-A-Class/Gr.1 – **Baker**
 - (4.) 6-1001.56 = Adopt-A-Class/Gr.1 – **Miller**
 - (5.) 6-2599.55 = F/T Pre-K - **McMickey Farm**
 - (6.) 6-2614.83 = F/T – **Spiffs**
10. **Athletic activities accounts** are classified under fund number one. These accounts are generally used to record associated fund raising events.

- A. **ALL tournaments** are to be processed through account number 1-5400, using extension accounts to define the activity. For example, 1-5400.05 could be used for basketball district tournament and 1-5400.25 for football regional.
 - B. After all expenses are paid (including percentages to FHSA and the district's centralized athletics department, if applicable), and profit or loss transferred to the associated sports activity account, these accounts are to have a zero balance by the end of the school year. The extension accounts may be deleted at the beginning of the following fiscal year.
11. **Music activities accounts** are to be processed under fund number two, making sure to properly designate between band and chorus and even further between instruments and uniforms. Donations to music accounts that do not specify a use may also be processed under fund number two. Donations (or Adopt) for a specific purpose (e.g. band shoes & gloves) must be in a trust fund account, which are in the six accounts.
 12. **Class accounts** are for money collected for classes and are to be expended on the students who generated these funds (e.g. kindergarten cooking or grad fees). Extension accounts may be assigned to main accounts to segregate financial transactions for different activities and for reporting purposes. For example, 3-2006.10 can be used for a candy sale conducted by the class of 2006. If only related receipts and expenses for the sale are recorded in this account, a print out of this account could be attached to the required sales report for ease of reporting.
 13. **Club accounts** are recorded under fund number four and are generally defined as a group of students that support a specific interest. There are elected officers and a sponsor, and regularly scheduled meetings. Extension accounts may be assigned to main accounts to segregate financial transactions for different activities.
 14. **Department accounts** are recorded under fund type five. Donations received without a specific use (e.g. for science) may also be processed under fund number five. Extension accounts may be assigned to main accounts to segregate financial transactions for different activities and for reporting purposes.
 15. **Trust accounts** are recorded under fund type six and as the name implies are funds that are being held in trust for a specific purpose. Adopt-A-Class, field trips and donations for playground equipment are examples of trust accounts. It is recommended that Adopt-A-Class and field trip accounts be set up by grade level and then by teacher and/or destination.
 16. **General fund accounts** are recorded under fund type seven and encompass all other accounts for funds which are to be utilized for the general welfare of the student body.
 - A. The General Administration account is for expenditures pertaining to general office supplies.
 - B. Access fees must be recorded in account number 7-0050.00.
 - C. Commissions earned from vending machines go into the respective vending accounts. Remittance advices generally detail the particular machines that generated the various commissions so that the commission may be properly appropriated. (Note: 7-0550.84=Student vending, 7-0550.86=Teacher vending or in the case of elementary schools which do not have student vending machines, extension accounts can be assigned by soft drink and snack machine vendors).

- D. Unrestricted donations are those donations that come to the school from various businesses or the general public, without a specific purpose. These funds must be spent for the general welfare of the student body; they are not intended for expenditures related to staff appreciation luncheons or any other personal expenses on staff.
 - E. The school picture commission account is for expenditures that benefit the general welfare of the student body.
17. **School District Trust** accounts are recorded under fund type eight. Funds recorded in this account are either funds held in trust for the district or are due from the district as a reimbursement.

CHAPTER 3 CONTROL OF CASH RESOURCES

PURPOSE:

This procedure details the documentation and approvals necessary for the control of cash resources, the establishment of internal banking accounts, and the reporting on such accounts.

POLICY REFERENCE:

This chapter supports School Board Policy [6610](#); Redbook, [Chapter Seven Section II 4](#) and [Section III 1.1, 1.2, 1.3 and 1.4](#); Florida Statutes [1001.42\(10\)\(f\)\(k\)](#) and [1011.19](#); and [SBE 6A-1.085](#).

BANK ACCOUNTS

1. Titling Guidelines

- A. Depositories in which the internal fund accounts are kept must be in a qualified public depository.
- B. Each school shall have only one checking account, which shall be entitled:

*SCHOOL BOARD OF PINELLAS COUNTY, FLORIDA
(SCHOOL NAME), Internal Fund*



This account title must be imprinted on all internal fund checks and deposit slips. In addition, the following two statements must appear on all checks:

*“VOID AFTER SIX (6) MONTHS” and
“TWO SIGNATURES REQUIRED”*

(Do not specify principal and bookkeeper.)

- C. Savings or investment accounts shall be titled in the same manner as above.

2. New Account Guidelines

- A. To open an account:
 - (1.) Send a request on your school letterhead **signed** by the principal or designee to the Director of Auditing & Property Records.
 - (2.) Include the following:
 - (a.) Date
 - (b.) Name of the school
 - (c.) Name of the bank where the account will be located

- (d.) Type of account(s)
 - (3.) Clearly identify the proposed authorized signers.
 - (4.) If changing banks, clearly identify the current and the proposed bank.
- B. The Director of Auditing & Property Records or the Chief Financial Officer will send a letter to the bank authorizing the account to be opened or moved. In addition, a copy of the letter will be sent to the school. Upon receipt of the letter, school personnel may then open or move the bank account.

NOTE: FOR BANK OF AMERICA ACCOUNTS ONLY, the secretary of Auditing and Property Records will e-mail signature cards along with instructions. A copy of the letter will NOT be sent to the schools.

3. Closing / Changing Bank Accounts

After a school has secured permission from auditing to change banking institutions and all checks have cleared the old account:

- A. Request from the old bank a check written to the school for the balance in the account. The amount received is to be reconciled (interest earned and service charges) to the figure that the school has in the general ledger and trial balance.
- B. The bookkeeper is to write a receipt on the new account, which is the current default in the computerized accounting system, and the offset will be to the old checking account number. This works in the same manner as closing a petty cash fund. Note: There will be no need for any transfer entry.
- C. After receipting the funds, prepare a separate deposit slip for this receipt. This will ensure a clear audit trail of this transaction.

4. Authorized Signature Guidelines

- A. To add, delete or change the names of individuals who are authorized signers on any of your bank accounts:
 - (1.) Send a request on your school letterhead **signed** by the principal or designee to the Director of Auditing & Property Records.
 - (2.) Include the following:
 - (a.) Date
 - (b.) Name of school
 - (c.) Name of the bank where the account is located
 - (d.) Type of account(s)
 - (e.) Account number(s)
 - (f.) Identify the current and proposed authorized signers.

- B. The Director of Auditing & Property Records or the Chief Financial Officer will send a letter to the bank authorizing the requested changes. In addition, a copy of the letter will be sent to the school. Upon receipt of the letter, school personnel may then go to the bank and complete the necessary paperwork for the changing of the signatures.

NOTE: FOR BANK OF AMERICA ACCOUNTS ONLY, the secretary of Auditing and Property Records will e-mail signature cards along with instructions. A copy of the letter will NOT be sent to the schools.

5. Check Signature Guidelines

- A. Each account shall have at least two authorized check signers:
 - (1.) The principal or an authorized administrator and the bookkeeper
 - (2.) One of the check signers must be an administrator
 - (3.) Two persons authorized to sign must manually sign each and every check.
- B. The names of the signers shall be kept on file at the school, as well as in the Auditing & Property Records Department.
- C. Under no circumstances shall checks be pre-signed.
- D. FACSIMILE SIGNATURES are strictly prohibited.

6. Investment Guidelines

- A. Funds which are temporarily idle shall, as required by law, be invested pursuant to policy of the school board using any investment legal for public funds, and may not exceed insurance protection or other legal collateral limits. Prior written approval is required as detailed in #2A above.
- B. All funds invested or placed on deposit shall earn the maximum possible yield under the circumstances.
- C. Prior to initiating an investment, a memo or an email from the principal or designee shall be sent to the director of auditing & property records. Procedures outlined in #2 above (New Account Guidelines) should be followed when initiating an investment.

7. Check Guidelines

Unused pre-numbered computer generated laser checks shall be secured in a fire retardant area (safe). Cancelled checks must be secured in a locked filing cabinet. It is recommended that only a one-year supply be purchased at a time. Contact the Auditing & Property Records Department for check ordering information. When new checks are received, the beginning and ending check numbers are to be recorded on the [Check Log](#) form (PCS Form 3-2891). A copy of the original invoice must be maintained for audit review.



8. Void Check Guidelines

Erasures or alterations of a check are prohibited. When an error is made in processing a check, or for some reason the document is spoiled, it shall be marked "VOID", the signature section of the check properly defaced and a new check prepared. All voided/spoiled checks must be retained and filed in numerical order with the vouchers.

9. Bank Reconciliation Guidelines

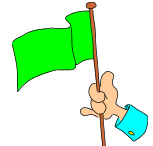
- A. A [Bank Reconciliation](#) form (PCS Form 3-2912) will be prepared monthly. The bank statement shall be reconciled as soon as received, preferably by an employee other than the person who receipts and disburses funds. The bank reconciliation must be signed and dated by both the preparer and the reviewer.
- B. The cash (\$) accounts, in total, shall agree to the cumulative fund total as seen on the principal's monthly financial report and trial balance.
- C. If there are reconciling amount(s) reported, the item(s) that make up this total are to be identified with supporting documentation maintained. In addition, all actions (e.g. adjustments) taken to correct an out-of-balance situation shall be documented with appropriate prior approvals.
- D. Interest earned and service charges must be recorded in the internal fund (computerized) accounting system immediately after the completion of the bank reconciliation. [Refer to Chapter 13 – Transfers and Adjustments.](#)

NON-SUFFICIENT FUND (NSF) CHECK PROCEDURES

1. Procedures to Redeem NSF Checks

- A. The School Principal is responsible for seeking reimbursement for any unpaid check returned by the bank. Upon receipt of the notification of a returned item, the following steps must be taken:
 - (1.) Attempt to contact the maker of the check by telephone and request that the check be redeemed with cash, money order, or other form of guaranteed payment.
 - (2.) The [NSF Returned Check Log](#) form (PCS Form 3-2898) shall be completed and maintained to document all contacts. Log entries shall include date, person contacted and brief description of results.
 - (3.) Send a certified letter on school letterhead from the principal to the maker of the NSF check to attempt collection.
 - (4.) The returned item shall be stored in the school safe until collected or declared uncollectable.
- B. Redeposits
 - (1.) The returned check may be redeposited only once at the request of the maker.
 - (2.) Do not surrender the NSF check except in return for cash, money order, or other form of guaranteed payment.

- (3.) Do not issue a receipt for the replacement funds.
 - (4.) Funds collected (amount of the NSF check) shall be redeposited as a separate item to ensure proper accountability.
 - (5.) Redeposit the NSF check or collected cash by preparing a separate deposit slip marked "redeposit." Identify by listing the maker's name on the deposit slip.
- C. Collect any bank charges incurred plus any service charge if applicable.
- (1.) All fees, charged by the bank, shall be posted to the General Administration account number 7-0350.05.
 - (2.) Issue a receipt to the maker of the NSF check only for the bank service charge if collected. Credit the collection for additional bank fees to the General Administration account, 7-0350.05 to offset the bank charges.



2. Procedures for un-collectible Returned Checks

- A. If the check has not been redeemed and re-deposited by the end of the following month an adjustment must be made prior to preparing the bank reconciliation.
- B. Reduce the checking account and post the amount of the uncollected check to the \$-1130 Accounts Receivable account. [Refer to Chapter 13 – Adjustments and Transfers.](#)
- C. If the bank of issue states that the account on which the check was issued has closed or the collection efforts fail, the following steps shall be taken:
 - (1.) Checks that are **less than \$50** can be declared un-collectible and written off the books by obtaining authorization from the principal/director. This action will be taken only after every legal and reasonable effort at collection by the principal has been exhausted. [Refer to Chapter 13 – Adjustments and Transfers.](#)
 - (2.) Checks that are **\$50 or more** must be sent to the State Attorney's Office for collection after all attempts have been made by the principal. The State Attorney's instructions for filing a *Worthless Check Affidavit* may be obtained from the District's Manager, Cash and Investments Department, or the Auditing & Property Records Department. Upon obtaining notification from the State Attorney's Office that the check has been deemed un-collectible and therefore must be written off, an adjustment shall be recorded. [Refer to Chapter 13 – Adjustments and Transfers.](#)
 - (3.) All NSF checks deemed un-collectible and written off at the school level must be attached to the adjustment transaction, filed and maintained for audit review.
- D. The Principal may require payment for school obligations in cash, money order, or other form of guaranteed payment if it is deemed necessary.

OUTSTANDING CHECKS - STALE-DATED CHECKS

- 1. Stale-dated checks are checks that have been outstanding for more than 180 days.

2. According to [Florida Statute 717.117 – Report of abandoned property](#): “Credit balances, customer overpayments, security deposits, and refunds having a value of less than \$10 shall not be presumed abandoned.”
3. Review the computer generated outstanding check report for checks that are identified as outstanding 180+ days.
4. Send a [Request for Stop Payment](#) form (PCS Form 3-2897) to the owner (payee) of the stale-dated check. The notice is required to be sent from the school in order to attempt to clear the item.
5. If the *Request for Stop Payment* form is returned signed:
 - A. Void the unprocessed check in the system.
 - B. Re-issue a new check referencing the old check.
 - C. Reference the new check number on the voucher packet of the voided check.
 - D. File the signed notice with the reissued check.
6. For all stale-dated checks in the amount of \$10 or more that have been outstanding 360+ days and no response has been received to the *Request for Stop Payment* form, the following action is required:
 - A. Prepare a list of the non-responsive outstanding checks that includes the following information:
 - (1.) Check number
 - (2.) Date
 - (3.) Check payee name
 - (4.) Address
 - (5.) Amount
 - (6.) Social security number or tax I.D. number (if available)
 - B. Have the Principal (or designee) sign the list of non-responsive outstanding checks authorizing remittance to the district.
 - C. Using the list of non-responsive outstanding checks, complete the [Checks for Deposit in the School Board of Pinellas Account](#) form (PCS Form 3-2919).
 - D. Void the checks in the internal fund computerized accounting system.
 - E. Create a voucher packet including the following:
 - (1.) A check (charged to the original account) to be remitted to the Pinellas County School Board (PCSB)
 - (2.) The completed *Checks for Deposit* form (PCS Form 3-2919)

- (3.) The signed list of voided, non-responsive outstanding checks.
 - (4.) Copies of letters sent to payee of check.
- F. Make 2 complete copies of the above packet and distribute as follows:
- (1.) Send the original packet with an internal fund check made to PCSB to the cashier in the Accounting Department.
 - (2.) Send one packet copy to the Cash & Management Department at the district's administration building. **Note:** Include a copy of the PCSB check.
 - (3.) Keep one packet copy for your records. Note: Include a copy of the PCSB check.
 - (4.) The Cash & Management Department, in compliance with Florida Statute, will then compile all of the information and send it with a check to the State of Florida where it is reported as abandoned property.
 - (5.) If the school should have any contact from the owner of the stale-dated check after the money is sent to the State, contact the Cash & Management Department for the telephone number at the State office so the owner can retrieve the money.
7. If the school does not receive a response to the notice sent within 30 days from the date of the notice, the outstanding check date that is 360+ days and is less than \$10, shall be written off with the following procedures:
- A. Have the Principal (or designee) give written authorization to write off the stale-dated check by using a requisition.
 - B. Void the check in the internal fund computerized accounting system.
 - C. Maintain the voided check voucher including all supporting documentation on file at the school and have available for audit review.

CHAPTER 4 RECEIPTS AND DEPOSITS


PURPOSE:

This procedure details the documentation and approvals necessary for receiving, verifying, and processing receipts/deposits.

POLICY REFERENCE:

This chapter supports School Board Policy [6610](#); “Redbook”, [Chapter Seven Section II 3](#) and [Section III 1.4\(a\)](#); Florida Statutes [1001.42\(10\)\(f\)\(k\)](#), and [1011.19](#); and [SBE 6A-1.085](#).

CASH COLLECTIONS & DEPOSITS – GENERAL GUIDELINES

1. Collections made outside of the school office must be turned in to the school office no later than the next business day.
2. All money collected must be deposited intact to a depository as frequently as feasible and dictated by sound business practices. **IN ANY EVENT, FUNDS MUST BE DEPOSITED IN THE BANK WITHIN FIVE (5) BUSINESS DAYS, AFTER COLLECTION.**
3. Employees’ personal checks may not be substituted for cash.
4. All deposits must equal the total amount of money taken in and recorded on consecutively numbered cash receipts for the period covered by the deposit. Any funds, which cannot be identified, will be receipted to the General Administration account. Listed below is the documentation that is required to be maintained together for each deposit in date order for audit review.
 - A. For each deposit, an internal fund accounting system Cash Receipts Register shall be printed and a bank deposit slip completed in duplicate.
 - B. All checks received shall be deposited with a restrictive endorsement of “For Deposit Only” and specifying the account title and number. This is best done with a rubber stamp.
 - C. On the deposit slip, checks need to be listed clearly identifying the maker. In lieu of this process, you may opt to copy the front of all checks to be deposited.
 - D. Each completed deposit packet shall contain the following:
 - (1.) Deposit Receipt Notice
 - (2.) Completed deposit slip and bank bag tear off strip
 - (3.) Copy of Receipt Register

Note: The packet listed is from top to bottom in formatting

RECEIPTS

1. Requests for pre-numbered receipting documents are to be forwarded to the Auditing & Property Records Department. A memorandum or an email from the Principal or designee to the Director of Auditing & Property Records may be used for the order. Please include the account strip used to charge the appropriate school account(s).
2. Receipting documents are pre-numbered and will be controlled by logging them in and out of the applicable inventory log. The receipting documents issued to the school shall be used sequentially and maintained on a master inventory. Inventory logs are [Receipt Book Inventory Log](#) (PCS Form 3-2903) and [Signature Sheet Inventory](#) (PCS Form 3-2905).
3. The bookkeeper is responsible for cross-referencing the internal fund accounting system receipt number, date and total dollar amount to the identified source document and vice versa.

RECEIPTING PROCEDURES

1. Funds Collected Outside of the Business Office:
 - A. Funds, submitted to the business office for receipt and deposit, must be accompanied by an official Pinellas County receipting document as detailed below:
 - (1.) Receipt books – Small (50 receipts) or large (200 receipts). These receipts are generally used for, but not limited to, club dues, yearbook ads, and sales.
 - (2.) [Signature Sheet](#) forms (PCS Form 3-2136) are used when collecting money from a group, such as a class field trip.
 - (3.) A [Ticket Sales Report](#) form (PCS Form 3-2908) details the sale and use of tickets.
 - B. A [Verification of Funds](#) form (PCS Form 3-2909) is to be used when none of the previously described source documents are available to support funds being submitted for deposit. This form may be used to report revenues from car washes, concessions, tag days, spirit chains and school store.
 - C. To ensure compliance for audit, all pre-numbered receipting documents or unused portions thereof must be returned to the bookkeeper at the end of the stated purpose for collection.
2. Bookkeeper Receipting Responsibilities:
 - A. All funds received must be recorded in the internal fund accounting system.
 - B. Money received, receipted and recorded in two separate months shall not be included in a single deposit.
 - C. The Principal's written approval is required for all voided receipts. This can be accomplished by printing the receipt prior to voiding and having the principal sign the receipt. A separate file shall be maintained of all voided receipts for auditing purposes.

- D. All schools will have a large receipt book (200 receipts) available for emergency use, in the event of a computer breakdown or prolonged absence of the bookkeeper, so that deposits can be prepared. This large receipt book will be recorded on the perpetual inventory and be made available for audit each year.

CHAPTER 5

REFUNDS


PURPOSE:

This procedure details the documentation, approvals, and controls necessary for the processing of refunds.

POLICY REFERENCE:

This chapter supports School Board Policy [6610](#); "Redbook" [Chapter Seven Section III 2.4](#); Florida Statutes [1001.42\(10\)\(f\) and 1011.19](#); and [SBE 6A-1.087](#) and [6A-1.091](#).

REFUND PROCESS

1. Authorization for refund must be given in writing to the bookkeeper by the Principal or designee. Prior to obtaining principal authorization, the sponsor/teacher must also authorize the payment and verify the amount of the refund.
2. Every effort will be made to obtain the original receipt before a refund is made. In the event that the original receipt is not available or the funds were collected on a signature sheet, the bookkeeper shall verify the original receipt and reference it on the [Refund Slip](#) (PCS Form 3-2904).
3. In lieu of issuing a refund for cancelled events, it is suggested that the school's administration contact the parents in writing and offer possible alternative actions, other than refunding, such as:
 - A. The school holding the funds in trust for a future specified activity of the class or
 - B. Donate the money to the class in general.
 - C. If the parents choose one of the alternative options for the disposition of funds, documentation must be on file to support their decision. [Refer to Chapter 19 - Miscellaneous Issues](#). Copies of all documentation must be maintained on file for auditing purposes.
4. Student refunds shall be made by a check payable to the parent/guardian whenever feasible. Refunds exceeding \$5.00 for elementary school students must be made by check.
5. In the event of refunds that are \$5.00 or less and are going to a large number of students, it is permissible to write a check to the sponsor/teacher for the total amount to be refunded. The check would then be cashed and each student would sign his/her name and the amount received on a [Report of Cash Disbursed](#) form, (PCS Form 3-2913) which would become part of the documentation for that check. Reference must be made to original source documents.

6. If the refund is small and/or isolated, the amount may be paid out of the internal petty cash fund. A [Refund Slip](#) form (PCS Form 3-2904) shall be completed to provide appropriate supporting documentation.

CHAPTER 6

PURCHASING AND EXPENDITURES

PURPOSE:

This procedure details the documentation and approvals necessary for receiving, verifying, and processing purchases/expenditures.

POLICY REFERENCE:

This procedure supports School Board Policy [6320](#), [6424](#), [6440](#), [6460](#); [6462](#), [6464](#), [6470](#) and [6610](#); "Redbook", [Chapter Seven, Section III 3.0](#); Florida Statutes [1001.42\(10\)\(f\)](#) and [1011.19](#); and [SBE 6A-1.012](#), and [6A-1.087](#).

PURCHASING

1. Since the purchasing of goods and services results in the expenditure of school funds, two required forms are used to document the process: the purchase requisition and the purchase order.



2. Purchase Requisition Guidelines

- A. The [Internal Purchase Requisition](#) form (PCS Form 3-2902) is the first document prepared in the purchasing process. A properly completed purchase requisition accomplishes the following:

- (1.) Identifies the person(s) making the request and contains his/her signature(s).
- (2.) Records the purpose of the purchase.
- (3.) Describes the item(s) to be purchased and cost, either exact or estimated.
- (4.) Indicates the account name and account number to be charged.
- (5.) Provides written documented approval(s) and date of approval.

Note: If the account to be charged is a class/club account, the officer, sponsor, and principal must provide prior written approval.

- B. Prior to ordering goods/services, staff is required to obtain an approved purchase requisition. The accompanying purchase order shall not be completed prior to the approved purchase requisition.

3. Internal Fund Bidding

- A. Certain purchases require following the bidding process prior to the issuance of a purchase order. Refer to [School Board Policy 6320](#) or contact purchasing.

- (1.) Commemorative Items: The purchase of all commemorative items, including yearbooks/memory books, requires that the bid process be followed. Refer to [School Board Policy 6464](#) (Commemorative Items)
 - (2.) When the district has a contract in effect, purchases of items covered must be made from the approved vendor unless the same item may be purchased elsewhere at a lower cost. Documentation to support the lower cost comparison must be attached to the voucher packet.
- B. When the school uses a school board bid, include the bid number in the body of the purchase order.
4. Purchase Orders
- A. The purchase order is the school's official notification to the vendor that goods or services are being requested. Based upon a properly prepared and approved purchase requisition, the purchase order is to be printed and signed by the Principal or designated administrator.
 - B. A purchase order is not required for the following:
 - (1.) Vending machine refills
 - (2.) Travel reimbursement
 - (3.) Refunds
 - (4.) Emergency repairs – unless with a P-Card
 - (5.) Submitting funds to the district such as lease fees, athletic gate receipts and tuition payments.
 - C. The exact unit price and total amount shall be shown on the purchase order. If the exact amount is not available, insert an "approximate" or "not to exceed" amount. The "approximate" or "not to exceed" amount shall be a reasonable estimate. Note: An amount must be documented in the "Total" column on the purchase order so that the funds will be encumbered in the accounting system.
 - D. A purchase order shall identify the items being purchased. If this information is not known, the purchase order must restrict the types of items purchased and limit the amount. (Example: maintenance supplies, not to exceed.)
 - E. Office-type supplies that cannot be purchased from the warehouse will be ordered from the district's system contracted vendor, unless there is documentation to support that the same item can be purchased elsewhere at a lower cost. This documentation must be attached to the voucher packet.

EXPENDITURES – GENERAL INFORMATION

- 1. Redbook, [Chapter Seven - Section III 3.5\(a\)](#) identifies expenditures from internal fund accounts that are deemed inappropriate and shall not be made except from trust funds

collected for a specifically identified purpose.

2. Propriety

Propriety of an expenditure must be in accordance with governing laws and established guidelines that are mandated by federal regulations and/or state rules as well as School Board Policy and sound business judgment.

3. Documentation \ Requirements

A. Expenditures must be properly documented. Details of each transaction shall:

- (1.) Be totally self-supporting
- (2.) Contain information that is accurate
- (3.) Provide the validity of the expenditure process
- (4.) Ensure that the required written approvals are obtained.

B. Upon receipt of goods, services or supplies, personnel will verify all items/services were received. If all is as ordered, then the invoice will be signed and dated by the person who receives the items thus authorizing payment. Any discrepancies shall be brought to the attention of the bookkeeper immediately so as to rectify the situation in a timely manner prior to any voucher being processed for payment. Documentation to support communication with the vendor and to clear all discrepancies shall be maintained.

C. Payments shall be made by school check. The use of manual checks is not permitted unless computerized checks are unavailable. If a check has to be manually processed; for instance when there is an emergency, photocopy the check before issuing so that it can be properly recorded when the computerized accounting system is back in operation.

D. When payment is made:

- (1.) The invoice/receipt shall be stamped Paid and the voucher packet, as noted below, shall be filed in check number sequence.
- (2.) In the event that a discount is offered, the expenditure is to be paid timely to take advantage of said discount.

E. Invoices should reflect the following:

- (1.) Vendor's name and business location
- (2.) Date of purchase
- (3.) Detailed description of merchandise/services
- (4.) Quantity
- (5.) Unit price
- (6.) Total cost
- (7.) Purchase order number/invoice number
- (8.) Florida sales tax must be included on invoice by vendor when applicable.

- F. In the event that the vendor does not provide an original copy of the invoice, make a copy of the facsimile and place the following statement on the invoice with the Principal's written approval signed and dated:

"I certify this is the only invoice received and not a duplicate payment."

- G. Documentation to support all expenditures shall be organized as follows (from bottom to top and stapled):
- (1.) Purchase requisition
 - (2.) Purchase Order
 - (3.) All written approvals required for the expenditure. * See "H" below.
 - (4.) Original, itemized and approved invoice/receipt
 - (a.) Document receipt of goods by signature.
 - (b.) Invoices must be stamped paid when check is issued.
 - (c.) A facsimile copy of an invoice is not recognized as an original. *See "F" above.
 - (5.) Voucher (are to be used for every expenditure): Copy of the check or check stub.
- H. For all club accounts and class accounts with elected officers, prior written approvals by the principal, sponsor, and a student officer are required. A record of the current year officers' and sponsors' names and signatures must be maintained until records are audited.
- I. When an employee is no longer authorized to use a personal district purchasing card, the credit card must be collected and destroyed under dual control. The destruction of the purchasing card must be documented. The purchasing director is to be notified of this change immediately.

CHAPTER 7

SALES TAX

PURPOSE:

This procedure details the documentation needed to identify the situations where sales tax is required and the process for submitting it to the Florida Department of Revenue.

POLICY REFERENCE:

This procedure supports School Board Policy [6610](#); Florida Statutes [1001.42\(10\)\(f\)](#) and [1011.19](#); and [SBE 6A-1.085](#), [6A-1.087](#) and [6A-1.091](#).

REQUIREMENTS, COLLECTIONS, AND SUBMISSIONS OF SALES TAX



1. Florida Department of Revenue (FDR) 12A-1.070 requires school districts to collect sales tax on rental of facilities and on items purchased for resale.
2. The district's accounting department remits the sales tax to the State of Florida.
3. Sales tax is due to the district office by the 9th day of the month following the tax liability period.
4. A separate activity account number 6-3450.00 may be maintained for sales tax collection.
5. For sales taxable expenditures made from school internal accounts, the school shall indicate the following on the purchase order:
 - A. Cross through the district's tax-exempt number.
 - B. Write boldly on the purchase order, "Purchase is a taxable item; therefore, Florida sales tax must be included on the invoice."
6. If vendor does not include Florida sales tax on the invoice, then the school shall remit the due sales tax liability to the district office. See # 3 listed above.

CHAPTER 8

PETTY CASH

PURPOSE:

This procedure details the documentation and approvals necessary for the issuing, receipting and replenishment of internal petty cash.

POLICY REFERENCE:

This procedure supports School Board Policy [6610](#) and [6620](#); “Redbook” [Chapter Seven Section III 3.4](#); Florida Statutes [1001.42\(10\)\(f\)](#) and [1011.19](#); and [SBE 6A-1.057](#), [6A-1.085](#), [6A-1.087](#) and [6A-1.091](#).

GENERAL INFORMATION

1. Authorization

The petty cash fund is for the purchase of small supplies. This use of petty cash money is not intended to circumvent the purchasing/expenditure process.

2. Internal Petty Cash

A petty cash fund, not to exceed \$500 and to be administered by the principal or director, may be established. A home economics petty cash fund, administered by the department chairman and not exceeding \$200, may also be established.

Note: Each school has the option of establishing a **DISTRICT PETTY CASH FUND**. If utilized, this fund shall not be deposited into the internal fund or co-mingled with the school’s internal petty cash fund. Please refer to the [Accounting Procedures Guide](#), Chapter 5 for details regarding administration and control of the district petty cash fund.



INTERNAL PETTY CASH PROCEDURES

1. Establishment of the internal petty cash fund

- A. Requests for an internal petty cash fund (not to exceed \$500) or a home economics petty cash fund (not to exceed \$200) must be made to the Principal via an [Internal Purchase Requisition](#) form (PCS Form 3-2902).
- B. Write a check to the following personnel: Principal, for the internal petty cash money; and Department Chairperson of the Family Consumer Sciences for the home economics

petty cash fund. The check(s) shall be issued as follows: Employee Name, Petty Cash Custodian.

- C. A check will be printed; however, no general fund account balances will be charged. The check amount(s) will be deducted from the \$1111.00, Checking Account, and allocated to either the \$1112.40 Internal Petty Cash Fund account or account \$1112.35 the Home Economics Petty Cash Fund account.

2. Expenditures from Petty Cash

- A. To prevent possible duplicate payment, the original and dated invoice(s), bill(s), or receipt(s) shall contain a description of the items purchased and shall be clearly marked or stamped PAID at the time of reimbursement.
- B. Appropriate authorizations are to be obtained prior to any disbursements from the petty cash fund(s). As with all other activities involving class/club accounts, three written approvals are required for the processing of petty cash transactions. The three approvals needed are, the Principal; the sponsor or department head; and the class/club officer. In addition, the issuance of Petty Cash Receipt (PCS Form 3-2914) shall include a detailed description of the purpose for the purchase.
- C. Authorized purchases using internal petty cash are not to exceed \$50.00. Series of like items, with a unit value of less than \$50.00, bought by the same individual/department and submitted for payment within a short time frame, shall not preclude the limit for internal fund petty cash purchases.
- D. At no time shall these funds be used as a loan or advancement to any organization or person, including the cashing of personal checks. Individuals making purchases shall use their own funds and submit the itemized receipt for reimbursement.

Note: Petty Cash is not to be used as a change fund.

- E. Request for reimbursement by employees shall be made in a timely manner.

Note: Requests shall be made within 5 business days of purchase. Reimbursements for previous year's petty cash expenditures will not be processed.

3. Petty Cash Replenishment

- A. A Petty Cash Replenishment form (PSC Form 3-2911) will be completed, in ink, for all replenishment requests. Supporting documentation shall be maintained and attached to the form.
- B. In the event that there are discrepancies between cash on hand and receipts, the bookkeeper shall investigate and any unresolved differences are to be brought to the attention of the school's principal.
- C. Arrange the documents by account number order and then by sub-account.
- D. In the computerized accounting system, create an invoice through the Disbursement menu. Each replenishment must be invoiced separately during the year. When detailing

the invoice, charge the appropriate accounts as listed on the *Petty Cash Replenishment* form for the expenditures. Make no entry in the petty cash fund account.

- E. Write a check to the principal, Custodian of Petty Cash, for an amount equal to the total of items summarized on the *Petty Cash Replenishment* form (PCS Form 3-2911).
4. Closing Petty Cash Account(s) at Year-end
- A. Replenish the fund(s) as outlined above.
 - B. The amount of the check(s) plus the amount of cash on hand shall equal the authorized amount of the petty cash fund(s).
 - C. Each petty cash account shall be closed separately with individual checks.
 - D. Process a computer generated official receipt for the full amount of each fund.
 - E. Record the receipt for the cash on hand plus the check to the appropriate petty cash account. (Internal Petty Cash \$1112.40, Home Economic Petty Cash \$1112.35)
 - F. Each petty cash account shall reflect a zero ending balance.

CHAPTER 9

CHANGE FUND

PURPOSE:

This procedure details the documentation and approvals necessary to establish and account for change funds issued from the internal fund.

POLICY REFERENCE:

This procedure supports School Board Policy [6610](#); “Redbook” [Chapter Two](#); Florida Statutes [1001.42\(10\)\(f\) and 1011.19](#); and [SBE 6A-1.085](#).

GENERAL GUIDELINES

1. Establishment of Change Funds

- A. The Principal or Director is authorized to establish a change fund(s) for appropriate staff members. The Principal shall determine if a fund or an increase is warranted based upon the purpose that is provided. Requests for such fund(s) shall be made via an [Internal Purchase Requisition](#) form (PCS Form 3-2902). The amount of the change fund established shall coincide to the anticipated use for events/seasons.



- B. Issue a check to the change fund custodian. The check will be made payable as follows: employee name, Change Fund Custodian.
- C. A check will be processed and no activity account balance will be charged. The check amount will be deducted from the \$1111.00 checking account default and allocated to the \$1113.00 with appropriate extensions.

2. Managing Change Funds

- A. The change fund(s) must be kept in a secure location when not in use. These funds shall be accounted for separately from all other funds maintained.
- B. At no time shall these funds be used as a loan or advancement to any organization or person, including the cashing of personal checks.
- C. Upon receipt of money from activities utilizing change funds, procedures are as follows:
- (1.) Count out the initial change fund money
 - (2.) Separate these funds from the actual revenues collected
 - (3.) Receipt revenues collected using the procedures as outlined in Chapter 4 – Receipts and Deposits.

- D. The change fund shall be re-deposited after each event/season to ensure that funds do not remain idle and are properly invested as required by law. It is recommended that prior to winter break, at least half of change fund(s) issued to the activity director, be re-deposited. Sound business practices and good judgment shall dictate the timing of re-depositing the change funds.
3. Closing Change Funds At Year-End
- A. Create an official receipt through the computerized accounting system.
 - B. The money must be deposited into the checking account and the offset charged to the respective change fund account.
 - C. All change fund accounts shall have a zero balance before the fiscal year end, except for those post secondary schools that receive the appropriate approval to have their funds remain open.
 - D. For those sites where the funds are left open from year to year (as noted in C above), the cash on hand must be counted under strict dual control as of June 30th and documentation shall be maintained and available for audit.
 - E. A memo shall be prepared and sent to auditing & property records department with the following information:
 - (1.) Name of School
 - (2.) Computerized accounting system change fund account number
 - (3.) Date of count
 - (4.) Amount counted
 - (5.) Signatures of each counter.

CHAPTER 10

FINANCIAL STATEMENTS

PURPOSE:

This procedure details the process for filing financial statement(s), monthly and year-end, and identifies the required reports to be submitted.

POLICY REFERENCE:

This procedure supports School Board Policy [6610](#); Redbook, [Chapter Seven Section II 9](#) and [Section III 4.1](#); Florida Statutes [1001.42\(10\)\(f\)](#) and [1011.19](#); and [SBE 6A-1.087](#) and [6A-1.091](#).

GENERAL INFORMATION – FINANCIAL REPORTS

1. The Principal's Monthly Financial Statement Report is used to report monthly and year-to-date totals of receipts and expenditures by account classification as well as the financial position of the school. The report is cumulative in nature.
2. The June 30th report constitutes an annual financial report of the school's financial transactions and cash status.
3. The principal and the preparer of the annual financial report shall attest by signatures its accuracy in reporting the year's activity and year-end balances.
4. The Auditing & Property Records Department shall receive the Principal's Monthly Financial Statement Report on or before the 12th day of the calendar month following the reporting period.



PROCEDURES

1. Monthly Reports
 - A. The following must be submitted as a part of the month-end report package:
 - (1.) Trial balance, which must be generated prior to closing the month's records
 - (2.) Principal's Monthly Financial Report on Internal Funds in summary format
 - (3.) Manual Bank Reconciliation with adding machine tape (total items)
 - (4.) Bank statements
 - (5.) Explanation of un-reconciled items, if applicable.
- Note:** A complete copy of the package shall be retained at the school for audit purposes.
2. Year-end Reports

A. At the close of the school fiscal year, the following reports are required in addition to the monthly reports:

- (1.) **Accounts Payable Report** - Payments that are owed for merchandise or services that have been received and the expenditure is due to the vendor but has not been disbursed. If vendor invoice has not been received, provide an estimate of the amount that is owed. If no accounts payable exist, it is to be noted on the Year-End Memo form provided by auditing each year. Complete and submit the [Accounts Payable Report](#) form (PCS Form 3-2890).

Note: Money due to the district is **NOT** to be included in the school's payable listing.

- (2.) **Accounts Receivable Report** - Money owed to the school at year-end including, but not limited to, refunds due from vendors, student obligations and non-sufficient checks. If no accounts receivable exist, it is to be noted on the Year-End Memo form provided by auditing.

Complete and submit the [Accounts Receivable Report](#) form (PCS Form 3-2889)

Note: Money owed to the school from the district office is **NOT** to be included in the school's receivable listing.

- (3.) **Year-end Inventories** - An inventory of all remaining saleable merchandise must be taken at year-end. The inventory must be valued at the most recent purchase price. All remaining inventories must be recorded on the [Inventory of Merchandise](#) form (PSC Form 3-2895) and copies shall be maintained at the school for audit review. With regard to school store inventories, these inventories shall be recorded on a separate inventory form identified as [School Store Inventory Year End](#) (PCS Form 3-365).

- (4.) Year-to-date vendor payment report, with a tolerance level of \$3,000.

- (5.) Outstanding check reports.

See [Chapter 18 - Preparing for the Audit](#) for additional information regarding year-end closing procedures.

CHAPTER 11

FUNDRAISING


PURPOSE:

This procedure details the documentation and approvals required to conduct a fundraising event.

POLICY REFERENCE:

This procedure supports School Board Policy [5830](#), and [6610](#); “Redbook” [Chapter Seven Section III 4.4](#); and Florida Statutes [1001.42\(10\)\(f\) and 1011.19](#); and [SBE 6A-1.087](#) and [6A-1.091](#).

GENERAL INFORMATION

1. Each fundraising activity shall be planned to finance a specific objective. The proceeds from such activity shall contribute to the educational experience of the students involved.
2. Any school group that wishes to perform a community service in the form of a contribution must secure the permission of the appropriate Director of School Operations, as well as the Principal, **prior** to engaging in any fundraising activity. The funds shall be raised for a specific purpose and the purpose must be clearly stated. 
3. Collections for all school sponsored fundraising activities must be deposited in the internal fund and all transactions in connection with the activity shall be conducted in accordance with school board policy and procedures.
4. Refer to [Chapter 16 - Outside Support Organizations](#), for further guidelines with respect to fundraisers initiated by incorporated outside support organizations.
5. All funds handled by school board employees during normal working hours shall be included in and become a part of the internal fund of the school unless accounted for in the district level accounting system.
6. Raffles and other activities of chance are prohibited.
7. Fundraising activities for which students are charged admission fees are not permitted during school hours.
8. When any school organization or group is involved in a fundraising activity or any function exposing the school board to extraordinary liability, approval must be obtained in advance from the superintendent or designee.

FUNDRAISING PROCESS

1. A [Request for Activity](#) form (PCS Form 3-2910) shall be completed and approved by the principal or designee prior to ordering any items or collecting money.

- A. The [Request for Activity](#) form must include at least the following information:
- (1.) Name of the group or organization.
 - (2.) The type/description of activity (e.g., Gift Wrap Sale, Car Wash).
 - (3.) The intended use of profits must be detailed as to a specific purpose, which shall be within the scope of school board policy.
 - (4.) Principal signature and date of approval.
 - (5.) Date of activity (beginning / end date, if applicable).
- B. The Principal shall ensure that the purpose of the fundraising activity conducted in the name of the school is within the scope of school board policy. Guidelines for conducting a fundraiser shall include, but are not limited to:
- (1.) Fundraising activity must have a specific start and end date. It is recommended that each fundraising activity be limited to a two-week period, followed by a two-week period for collecting outstanding student obligations and for filing the required financial report [e.g. [Sales Report](#) (PCS Form 3-2900) or [Fund Raising Profit/Loss Report](#) (PSC Form 3-2894)]. Failure to realize a profit does not eliminate the necessity of a completed financial report.
 - (2.) The sponsor will order only the number of items that the group can realistically sell within the specified sale period.
 - (3.) Upon receipt of goods, all items must be verified as to quality and quantity prior to the start of the sale.
 - (4.) Merchandise must be stored in a secure area to prevent loss or theft.
 - (5.) Collections of fundraiser funds by the sponsor/teacher and subsequent remittance to the bookkeeper must be timely and in accordance with school board policy and state guidelines.
 - (6.) Florida sales tax must be paid on all taxable items sold, preferably to the vendor on the invoiced price of the merchandise.
 - (7.) In the event of a theft regarding money or merchandise, a police report shall be completed. The police report shall be submitted to the auditing & property records department on a timely basis (e.g., within 5 days of the loss).
 - (8.) For stolen, damaged or lost merchandise, a [Damage and/or Loss of Business Property Report](#) (PCS Form 3-865) shall be completed and filed detailing the loss.
- C. Any unsold items remaining after a fundraiser will be stored in a secured area. The left over merchandise must be listed on the [Inventory of Merchandise](#) form (PCS Form 3-2895). Date or name sensitive merchandise may be sold at a reduced price to liquidate inventory. Items that cannot be sold may be disposed of and documented in the following manner:
- (1.) Sell items to the PTA.
 - (2.) Give to volunteers in recognition of outstanding service excluding school board employees.
 - (3.) Donate to charitable, non-profit organizations (obtain a receipt).

- (4.) Contact the auditing & property records department to discuss any other proposals.

Note: Every attempt must be made to liquidate inventory.

D. Walk-a-thons and any other event initiated and conducted in the name of the school that are held during the day, shall be deemed a school activity and must obtain appropriate approval. Money collected for school activities shall be processed through the internal fund.

- (1.) When conducting walk-a-thons or other events where students ask for pledges, the [Pledge Collection Sheet](#) (PCS Form 3-2901) is to be used.
- (2.) The *Pledge Collection Sheets* are to be recorded on the [Pledge Signature Control Sheet](#) (PCC Form 3-2899) for proper accountability.

Note: The PCS Forms [3-2901](#) and [3-2899](#) provide additional information and instructions to their use.

CHAPTER 12

TICKETS

PURPOSE:

This procedure details the ticket process and the documentation that must be completed and retained.

POLICY REFERENCE:

This procedure supports School Board Policy [6152](#) and [6610](#); “Redbook” [Chapter Seven Section III 1.4\(f\)](#) and [2.3\(e\)](#); Florida Statutes [1001.42\(10\)\(f\)](#) and [1011.19](#); and [SBE 6A-1.085](#).

GENERAL GUIDELINES

1. Pre-numbered tickets must be sold at school-sponsored events if admission is charged.
2. All multi-purpose, specialty and centralized athletic tickets must be accounted for by being recorded on inventory. The tickets that are produced in the school must be numbered under dual control. It is imperative that the actual number of tickets available for sale be documented whether the tickets were purchased, donated, or produced within the school.
3. All printed materials, unless produced at the school, for Pinellas County Schools and for which charges are assessed shall be the responsibility of the central printing department. Written approval by the supervisor of central printing must be obtained prior to special event tickets being purchased from outside vendors.
4. A perpetual [Ticket Inventory](#) (PCS Form 3-2907) must be maintained at the school.
5. Unsold dated rolled tickets can be destroyed under dual control which must be documented. All other unsold tickets including special event tickets must be maintained for audit review.
6. Revenue from ticket sales must be submitted to the bookkeeper for receipt by the next business day. Football presale tickets can only be sold to students.
7. A [Ticket Sales Report](#) (PCS Form 3-2908) must be finalized by the next business day following the activity.
8. Each ticket seller shall be assigned a designated roll of tickets and be independently responsible for properly preparing a [Ticket Sales Report](#) to summarize the number of tickets sold. This is to ensure accurate and valid accounting for all tickets issued. The funds on hand, less the beginning change fund, should balance to the potential revenue generated by each seller. Refer to Chapter 9 of this manual for instructions regarding Change Funds.
9. All complimentary tickets issued shall be recorded on the [Report of Complimentary Tickets Issued](#) (PCS Form 3-2893). Detailed instructions are on the back of this form.



CHAPTER 13

TRANSFERS AND ADJUSTMENTS

PURPOSE:

This procedure defines, explains, and demonstrates the proper format of a transfer and/or adjustment entry.

POLICY REFERENCE:

This procedure supports School Board Policy [6610](#); [Florida Statutes 1001.42\(10\)\(f\) and 1011.19](#); and [SBE 6A-1.085](#).

GENERAL GUIDELINES

- 1 Transfers and adjustments are entries used to ensure reliability of financial records and each type of entry has its own specific use.
 - A. Transfers change account balances without affecting revenues (To) or expenditures (From), such as moving funds from one account to another. They have limited uses, such as:
 - (1.) Closing out the balance of an inactive account.
 - (2.) Moving funds from one account to another in order to correct a prior year error.
 - (3.) Transfer remaining balances in extension accounts to the respective main account.
 - (4.) Sharing profits from a joint venture.
 - B. **Transfers of trust money are strictly prohibited outside of another trust account(s).**
 - C. Adjustments not only change account balances but also affect the receipt or disbursement amounts in those accounts. Adjustments are for a variety of purposes, such as:
 - (1.) Posting bank service charges.
 - (2.) Recording interest earned.
 - (3.) Correcting posting errors made in the current fiscal year.
 - (4.) Posting intra-account transactions, such as purchases by one account from another.
 - D. **All transfers and adjustments are to be totally self-supporting.** Appropriate supporting documentation and approvals shall be attached to all transfer and adjustment entries. Transfers must be initiated with a properly pre-approved requisition form.

- E. For transferring funds from one student group to another, prior written approvals must be obtained from the Principal, club/class officer and sponsor.
- F. For posting error corrections, the column to use in the **adjustment** will always be the same as the original entry (i.e., Receipts column if the error occurred when posting a receipt). For the account that was posted in error, the amount will be a negative number. For the account that should have been used, the amount will be positive.
- G. Sub accounts are also known as transaction codes. (They are similar to Object codes.)

2 Examples of Adjustments

- A. **To record a bank service charge** (for example: monthly service fee or for an NSF (returned item fee (not the amount of the NSF check))).

Fact: Bank Charge for one NSF check (returned item fee) of \$15.00

Description: Record NSF Check (returned item fee) bank charge

<u>Account</u>	<u>Sub Account</u>	<u>Account Name</u>	<u>Receipts</u>	<u>Disbursements</u>
\$ 1111.0X	N/A	Checking		15.00
7-0350.05	0720	General Administration Or extension acct thereof		15.00

- B. **To record interest earned.**

Fact: For the **checking** account - Interest earned this accounting period was \$25.

Description: Record monthly interest earned - Checking

<u>Account</u>	<u>Sub Account</u>	<u>Account Name</u>	<u>Receipts</u>	<u>Disbursements</u>
\$ 1111.0X	N/A	Checking	25.00	
7-0350.05	3431	General Administration Or extension acct thereof	25.00	

Note: Do NOT "Net out" the amounts and post the difference. For instance when posting examples A & B above, do not just post \$10 (\$25. - \$15 = \$10) in receipts. However, combine these two entries into one adjustment and post monthly interest and service fees on the same adjustment, recording each of them as shown in the examples.

- C. **To correct a posting error of a receipt.**

Fact: A cash receipt (C/R) posted to Adopt-A-Class (6-0050) should have been posted to the Field Trip Account (6-2613)

Description: Reclassify C/R #_____ to correct account

<u>Account</u>	<u>Sub Account</u>	<u>Account Name</u>	<u>Receipts</u>	<u>Disbursements</u>
6-0050	3440	Adopt-A-Class	- 40.00	
6-2613	3440	Field Trip	40.00	

D. **To correct a posting error of a disbursement.**

Fact: The expenditure was incorrectly charged to the Ruth Eckerd F/T (6-2613.02) for admissions, instead of the Sea World F/T account (6-2613.15).

Description: Reclassify Voucher # _____ to correct account

<u>Account</u>	<u>Sub Account</u>	<u>Account Name</u>	<u>Receipts</u>	<u>Disbursements</u>
6-2613.02	0790	Ruth Eckerd Field Trip		-35.00
6-2613.15	0790	Sea World Field Trip		35.00

E. **To record an intra-account transaction (a purchase from one class, club or department to another).**

Fact: The science department purchased books from the book fair for \$50.00

Description: Book fair purchases by Science Department.

<u>Account</u>	<u>Sub Account</u>	<u>Account Name</u>	<u>Receipts</u>	<u>Disbursements</u>
5-3200	0790	Pre K-12 Science		50.00
5-2100.05	3482	Media Book Fair	50.00	

Note: Expense is charged to the Pre K-12 Science account and receipt to the Media Book Fair account to record the sale revenue. This is the only exception to the rule for adjustments.

F. **To Reverse an adjustment.**

Fact: Reverse adjustment to E above.

- (1.) To reverse an adjustment, use the same accounts, the same amounts, in the same columns (receipts/disbursements), and input a negative sign in front of the amounts.
- (2.) If the amount in the original adjustment was negative, make it a positive amount in the reversing entry.
- (3.) If the amount in the original adjustment was positive, use the minus sign in front of the amount in the reversing entry.

Description: Reverse Adj. # 6

<u>Account</u>	<u>Sub Account</u>	<u>Account Name</u>	<u>Receipts</u>	<u>Disbursements</u>
5-3200	0790	Pre K-12 Science		- 50.00
5-2100.05	3482	Media Book Fair	- 50.00	

G. **To correct the amount of a cash receipt after the deposit has been made to the bank.**

Fact: The school receives notice from the bank that the deposit amount is incorrect. After researching you discover a cash receipt (C/R) was posted as \$2.50 when it should have been \$2.05. The account is Media Book Fair (5-2100.05). Reverse the original entry and then record the correct amount.

Description: Correct/decrease the amount of C/R # _____

<u>Account</u>	<u>Sub Account</u>	<u>Account Name</u>	<u>Receipts</u>	<u>Disbursements</u>
\$-1111.0X	N/A	Checking	- 2.50	
5-2100.05	3482	Media Book Fair	- 2.50	
\$-1111.0X	N/A	Checking	2.05	
5-2100.05	3482	Media Book Fair	2.05	

H. **To record a cash receipt after the deposit has gone to the bank.**

Fact: The bank counted \$20.00 more in cash than the amount recorded on the deposit slip. Research determines the account this money belonged to is 6-2614.00 Field Trip. This cash receipt has not been entered into the accounting system, but the money had been included in the deposit.

Description: To record additional cash included with the XX/XX/XX bank deposit

<u>Account</u>	<u>Sub Account</u>	<u>Account Name</u>	<u>Receipts</u>	<u>Disbursements</u>
\$-1111.0X	N/A	Checking	20.00	
6-2614.00	3440	Field Trip	20.00	

Note: Once funds has been deposited to the bank: A receipt cannot be recorded for funds that have already gone to the bank or it will distort the total for the current deposit; it has to be an adjustment.

I. **To reclassify an NSF check into the Accounts Receivable (A/R) account (\$1130.00).**

Fact: The amount of the NSF check is \$25.00, and the maker's name is J. Smith.

Description: Reclassify NSF check by J. Smith to A/R

<u>Account</u>	<u>Sub Account</u>	<u>Account Name</u>	<u>Receipts</u>	<u>Disbursements</u>
\$-1111.0X	N/A	Checking	-25.00	
\$-1130.00	N/A	Accounts Receivable	25.00	

J. **To write off an NSF check after every attempt has been made to collect it AND the check has already been reclassified into the Accounts Receivable account.**

Fact: The amount of the NSF check is \$25.00. It was originally credited to account 6-2613, sub account 3440

Description: Write-off NSF check – J. Smith

<u>Account</u>	<u>Sub Account</u>	<u>Account Name</u>	<u>Receipts</u>	<u>Disbursements</u>
\$-1130.00	N/A	Accounts Receivable	- 25.00	
6-2613.00	3440	Field Trip	- 25.00	

K. **To write off an NSF check after every attempt has been made to collect AND the check has not been reclassified into the accounts receivable account.**

Refer to Chapter 3 – Control of Cash Resources regarding procedures for un-collectible returned checks.

Fact: The amount of the NSF check is \$28.00. It was originally credited to account 6-2613, sub account 3440, makers name is S. Jones

Description: Write-off NSF check – S. Jones

<u>Account</u>	<u>Sub Account</u>	<u>Account Name</u>	<u>Receipts</u>	<u>Disbursements</u>
\$-1111.0X	N/A	Checking	- 28.00	
6-2613.00	3440	Field Trip	- 28.00	

L. To re-classify an NSF check after the State Attorney’s Office was successful in collecting and is recorded in the system as an accounts receivable.

Fact: The amount of the NSF check is \$58.00.

Description: NSF Cllected by Stt Attrny frm Jane Doe

<u>Account</u>	<u>Sub Account</u>	<u>Account Name</u>	<u>Receipts</u>	<u>Disbursements</u>
\$-1130.00	N/A	Accounts Receivable	- 58.00	
\$-1111.0X	N/A	Checking	+ 58.00	

Note: Treat the check from the State Attorney’s Office as a redeposit. **If however**, the check from them includes fees that they also collected on your school’s behalf, then write off the NSF check as detailed in example **K** and receipt the check as new money, with separate line items for the NSF check amount and the bank fee reimbursement.

M. To record a cash disbursement, which was erroneously cleared from the accounting system.

Fact: During the bank reconciliation process of clearing checks, a check accidentally was entered as having cleared the accounting system. Check number 32, to the Home Depot in the amount of \$135.00 must be re-entered into the accounting system.

Description: Re-Record check number 32 –accidntlly clrd.

<u>Account</u>	<u>Sub Account</u>	<u>Account Name</u>	<u>Receipts</u>	<u>Disbursements</u>
\$-1111.0X	N/A	Checking		135.00
7-0350.00	0510	General Administration		135.00

Note: This check will not appear on the Outstanding Check list generated by the accounting system and will have to be manually added to that list until it really does clear the bank.

N. To reclassify the money held in a vocational deposit account to the actual tuition account.

Fact: The deposit amount was \$ 400.00 and needs to be reclassified into the tuition account.

Description: Reclassify deposit money into the tuition account.

<u>Account</u>	<u>Sub Account</u>	<u>Account Name</u>	<u>Receipts</u>	<u>Disbursements</u>
6-2360.01	3495	Advanced Registration	- 400.00	
8-5650.03	3495	Tuition- Ad/Gen/Resident	400.00	

O To re-appropriate (share) expenses after the initial purchase has been made.

Fact: The G/A account (7-0350.00) purchased \$420 worth of postage stamps, knowing that some departments or groups would want to buy 100 count rolls for mailings.

Description: Re-appropriate expense.

Documentation: Properly approved purchase requisition forms.

<u>Account</u>	<u>Sub Account</u>	<u>Account Name</u>	<u>Receipts</u>	<u>Disbursements</u>
7-0350.00	0510	General Administration		-126.00
5-5000.00	0510	Yearbook		84.00
4-4810.00	0510	Student Council		42.00

Note: This is not a purchase as such; it is a reassignment of expense from one account to another.

P To record unidentified cash shortage for a deposit.

Fact: The bank has notified you that they had \$5 less in a deposit, than you had recorded on your deposit slip. Research and examination of source documents could not determine the reason.

Description: Undntfd 3/29/09 dpst shrtg

Documentation: Properly approved purchase requisition form and notice from the bank.

<u>Account</u>	<u>Sub Account</u>	<u>Account Name</u>	<u>Receipts</u>	<u>Disbursements</u>
\$1111.01		Checking-BOA	-5.00	
7-0350.05	3495	Banking Fees	-5.00	

3. Examples of Transfers

A. To close a club account that has been inactive for two years.

Fact: The Young Astronauts Club is no longer active and has an outstanding balance of \$ 15.79.

Description: To close the Young Astronauts Club

<u>Account</u>	<u>Sub Account</u>	<u>Account Name</u>	<u>To</u>	<u>From</u>
4-6500	0950	Young Astronauts Club		15.79
7-0350	0950	General Fund	15.79	

B. To move an amount from one account to another, such as a share of profits or donations.

Fact: The Drama Department, in partnership with the Drama Club, presented a musical. All revenues were posted to the Drama Department. The following entry gives the Drama Club its share of the profits.

Description: To transfer Drama Club's portion of profits from the musical.

<u>Account</u>	<u>Sub Account</u>	<u>Account Name</u>	<u>To</u>	<u>From</u>
5-0600	0950	Drama Department		100.00
4-1650	0950	Drama Club	100.00	

C. To post a correction of a prior year's error.

Fact: Revenues for the Book Fair were incorrectly posted to the General Administration account in the previous year in the amount of \$ 55.00.

Description: Reclassify Book Fair revenue from last school year.

<u>Account</u>	<u>Sub Account</u>	<u>Account Name</u>	<u>To</u>	<u>From</u>
7-0350.OX	0950	General Administration		55.00
5-2100.05	0950	Media Book Fair	55.00	

D. To transfer money between cash accounts when opening a checking account. The bank will issue a bank check which will be treated as a "re-deposit" and this entry should be entered into the accounting system.

Fact: A new checking account was opened in the amount of \$1,000.00 to cover start up costs.

Description: Open new checking account. Transfer of money.

<u>Account</u>	<u>Sub Account</u>	<u>Account Name</u>	<u>To</u>	<u>From</u>
\$-1111.00	N/A	Checking		1000.00
\$-1111.01	N/A	Checking	1000.00	

E. To close inactive Trust account.

Fact: An Adopt-a-Class account did not spend all of its funds, the solicitation letter/brochure did not specify that unspent funds could be carried forward to the next year; the donor does not want the money back and the school has been instructed to keep the funds and use them at the Principal's discretion.

Description: Close inactive Trust account.

<u>Account</u>	<u>Sub-Account</u>	<u>Account Name</u>	<u>To</u>	<u>From</u>
6-1003.00	0950	Adopt-A-Class-Gr.3		24.00
6-1501.00	0950	Adopt-A-School	24.00	

F. To close an extension account(s) at year end.

Fact: There are extension account balances that need to be cleared at the end of the year so that the accounts will start with a zero balance for the new fiscal year.

Description: Close extnsn acnts to main acct

<u>Account</u>	<u>Sub-Account</u>	<u>Account Name</u>	<u>To</u>	<u>From</u>
7-0350.05	0950	Bankng fees & intrst		879.50
7-0350.85	0950	Tele chrg/reimbrsmnt		6.25
7-0350.00	0950	General Adminstrtn	885.75	

G. To reverse a transfer

Fact: A transfer transaction had been processed to "correct" a posting error. The step should have been an adjustment, so now the transfer has to be reversed so that the activity will not show on the financial statement.

Description: Reverse TR # _____

<u>Account</u>	<u>Sub-Account</u>	<u>Account Name</u>	<u>To</u>	<u>From</u>
6-0050.00	0950	Adopt-A-Class		-45.00
6-0050.04	0950	Adopt-A-Class/Art	-45.00	

Note: When reversing a transfer, you must put a negative sign/symbol in front of the amounts as they were originally entered.

CHAPTER 14

FIELD TRIPS

PURPOSE:

This procedure details the documentation and approvals required for staff and students to travel off-campus for field trips.

POLICY REFERENCE:

This procedure supports School Board Policy [2340](#), [6152](#) and [6610](#); Florida Statutes [1001.42\(10\)\(f\)](#) and [1011.19](#); and [SBE 6A-1.085](#).

GENERAL GUIDELINES

1. Field trips are those school-related events for which the school staff arranges transportation and ensures an appropriate number of chaperones as stated within school board policy. All field trips must:
 - A. Be conducted under the supervision of a certificated school board employee.
 - B. In the event a special invitation is extended to a group, the letter of invitation must be attached to the required form(s) for field trip approval.
 - C. All financial transactions related to the field trip must be processed through the school's internal funds.



PROCESS

1. A [Request for Activity](#) form (PCS Form 3-2910) shall be submitted to the Principal for written approval prior to the trip being initiated.
2. Approval must be obtained from the Principal for day trips to sites listed on the [School Board-Approved Field Trip List](#) at least two weeks prior to the activity.
3. Field trips that are not on the School Board-Approved lists must have special approval documented on [Application for Field Trip Not on Approved List](#) (PCS Form 1-294)
4. All necessary approvals must be secured before any trip-related fundraising occurs.
5. No student may be excluded from a field trip because of an inability to pay the cost of admission or other related expense.
6. Field trips will be made by bus whenever possible. If using a commercial carrier, only companies on the [Authorized Carriers List](#) published by the risk management department shall be used.

7. Children may not attend a field trip unless they are part of the group for whom the trip was arranged and written approval is given in advance by the principal. Any costs incurred will be paid by the parent/guardian unless excluded because of an inability to pay.
8. Expenditures to provide a substitute teacher in place of the teacher who accompanies students on an activity or field trip may be paid from the funds related to the activity or field trip with principal approval. The amount incurred to cover the cost of the substitute shall be forwarded to the school board's payroll department for processing. A deposit summary is to accompany the check specifying the proper coding.

For additional information, guidelines and procedures, refer to School Board Policy [2340](#) and [6152](#) and the back of [PCS Form 1-294](#).

CHAPTER 15

SECONDARY VOCATIONAL AND WORKFORCE EDUCATION

PURPOSE:

This procedure details the documentation and process for completing work order forms.

POLICY REFERENCE:

This procedure supports School Board Policy [2421](#), [6152](#) and [6610](#); "Redbook" [Chapter Seven Section II 3](#); Florida Statutes [1001.32\(2\)](#), [1001.41](#), [1001.42\(10\)\(f\)](#) and [1011.19](#); and [SBE 6A-1.085](#).

GENERAL GUIDELINES

1. Customer work, whether done on or off campus, may be utilized to support the approved curriculum.

PROCESS

1. A Pinellas County Schools [Vocational Work Order](#) form (PCS Form 2-1514) must be completed in full documenting the objectives, customer's name, address, date and full description of items/work to be performed.
2. Prior to beginning any work, the customer must sign the work order.
3. Parts, materials, etc., on the work order must be paid for by the customer. The acquisition of these items must be cross-referenced to the vendor invoice and vice versa.
4. Work/items will not be released to any customer until paid for in full. This also applies to students and staff.
5. If the non-binding estimate of the work to be done is in excess of \$50.00, 50% of the estimate is required to be paid prior to beginning any work. When the repair cost significantly exceeds the original estimate, an additional deposit shall be requested.

For additional information, refer to [School Board Policy 9190](#) and [PCS Form 2-1514](#).

CHAPTER 16

OUTSIDE SUPPORT ORGANIZATIONS

PURPOSE:

This chapter defines the different types of outside support organizations and details the school board requirements for documentation and approvals needed to process funds by each type of organization.

POLICY REFERENCE:

This procedure supports School Board Policy [6510](#), [6610](#), [9210](#) and [9211](#); “Redbook” Chapter Seven [Section I 2](#) and [Section III 4.3](#); Florida Statutes [1001.43\(2\)\(b\)](#), [1001.51\(11\)\(d\)](#), [1011.07](#) and [1011.19](#); and [SBE 6A-1.087](#) and [6A-1.091](#).

GENERAL GUIDELINES

1. According to “Redbook”, *“All organizations of the school, or operating in the name of the school, which obtain moneys from the public shall be accountable to the board for receipt and expenditure of those funds in the manner prescribed by the board. If authorized by school board rule, a school based direct support organization as authorized by Section 237.40 (1001.453), F.S, may have all financial transactions accounted for in the school internal funds.”*
2. All school’s outside support organizations (OSO’s) must adhere to School Board Policy [9210](#) and [9211](#).
3. The Principal is authorized to give written permission prior to the beginning of each school year to use the school’s name, logo, mascot or trademark as part of the OSO’s name or in its fundraising activities.
4. If an OSO fails to comply with the terms of school board policy, the Principal may revoke the authorization of the OSO to use the school’s name, logo, mascot or trademark.



PROCESS FOR ORGANIZATION(S) ACCOUNTED FOR IN THE INTERNAL FUNDS

Any group or organization **NOT** incorporated, as pursuant to the Florida Statutes guidelines, shall account for all of their financial transactions through the school’s internal fund as mandated by school board policy and State Board of Education rule.

INCORPORATED OUTSIDE SUPPORT ORGANIZATION REQUIREMENTS

1. According to school board policy, any school-based outside support organization that is incorporated as a not-for-profit corporation under Florida laws, shall not be required to deposit its funds in the school internal accounts.
2. It is the Principal's responsibility to be the liaison between the school board and the outside support organization in order to ensure the optimum cooperation for the good of the student body.
3. At the beginning of each school year, the Principal is to receive the following information from each of the outside support organizations: auditable financial statements with detailed financial transaction backup, documentation of liability insurance coverage, a copy of its budget; and upon request copies of all W 2's and 1099 miscellaneous income reports filed to the IRS. In addition, the current filing incorporation status is to be submitted to the school by September 15 of each year.
4. Incorporated Outside Support Organizations Process:
 - A. The OSO must secure its own Federal ID number. The OSO may not use the school board's sales tax exemption number or any other number assigned to the school board in accordance with state and federal law.
 - B. The OSO is to have a single bank account.
 - (1.) Two signatures are required on all OSO checks.
 - (2.) Only elected officers may be authorized to sign checks.
 - (3.) Persons authorized to sign may not be related nor live in the same house.
 - (4.) Bank statements are to be sent to the school's address.
 - (5.) An employee of the school may not be authorized to sign checks drawn on the bank account of an OSO operating at that school.
 - C. When an OSO conducts a fundraiser, it must be clearly identified as an OSO fundraiser and not that of the school.
 - D. For any fundraising event that uses school property, the outside support organization shall have a lease agreement approved by the school board.
 - E. While on duty, school board employees cannot handle money that is collected for a fundraising activity of an OSO at the school in which they are employed during normal working hours. Normal working hours also includes hours worked and paid by a supplement.
 - F. The outside support organization must establish and exercise control over its fundraising activities. In addition, the objectives of such activities in the name of the school shall not conflict with programs as administered by the school board. It is permissible to have a cooperative activity as defined below.
5. A Cooperative Activity is as follows:

- A. One in which the school participates with an outside support organization through planning, staging, or conducting school-related activities.
 - B. Such activities may be held on or off the school grounds and will usually take the form of fundraising events such as carnivals, paid entertainment or food sales.
 - C. Such activities must be approved by the Principal and be beneficial to students.
 - D. District procedures shall be followed to provide appropriate accounting for funds and to ensure compliance with applicable school board policy, Florida Statutes and State Board of Education rules.
 - E. If a share of the proceeds is to be disbursed to the outside support organization, a prior written agreement must be executed.
 - F. The Principal and Associate Superintendent (or designee) shall sign the cooperative agreement and a copy shall be forwarded to the auditing & property records department.
 - G. The school shall issue a check for the organization's portion of the profits after all expenses have been paid.
6. Money, inventory of merchandise or supplies of the outside support organization must not be stored on school board property.

INSURANCE

1. In order to hold fundraising activities, the school board requires the outside support organization to carry the following insurance: \$1,000,000 general liability, \$25,000 property and \$10,000 commercial crime. (CHECK WITH RISK MANAGEMENT for additional information.)

SALARY PAYMENTS TO BOARD EMPLOYEES

1. Outside support organizations are expected to pay for the services of school board personnel who are employed on an overtime basis in service to such organizations. Payments shall be:
 - A. Made payable to the school for receipting into the school's internal fund account 8.0852.80 - Due to District-Salaries.
 - B. The funds need to be receipted to an internal fund District Trust account identifying it as salaries for a specific employee.
 - C. The money collected is submitted to the district's payroll department for processing.

CHAPTER 17

1099 MISCELLANEOUS REPORTING

PURPOSE:

This procedure is to detail the documentation and steps required to ensure that Internal Revenue Service (IRS) reporting is completed for the appropriate vendors.

POLICY REFERENCE:

This procedure supports School Board Policy [6610](#); Florida Statutes [1001.42\(10\)\(f\)](#) and [1011.19](#); and [SBE 6A-1.085](#).

GENERAL GUIDELINES

1. All 1099 miscellaneous information is to be accumulated for Internal Revenue Service reporting purposes at the end of each calendar year.
2. Schools are to submit either the 1099-Miscellaneous Report or a memo stating no 1099 report data to the accounting department.
3. If the vendor is an individual, sole proprietorship or partnership, 1099 miscellaneous information will have to be completed.
4. If the vendor is a corporation, governmental entity, utility or non-profit organization, 1099 miscellaneous information is not required. Exception to this rule is medical corporations.



PROCESS & PROCEDURES

1. The Internal Revenue Service requires the submission of Form 1099-Miscellaneous to report payments made to non-district employees. All district employees must be paid through the payroll system.
2. Information is based on the school's vendor file(s) and is to be forwarded to the district's Accounting Department.
3. If the information is not reported to the accounting department in a timely manner, a \$50.00 fine and a \$50.00 penalty to the school for each individual not reported or reported incorrectly will likely result. It is critical that vendor information be maintained accurately.
4. The actual Form 1099 will be generated by the accounting department. The school must only supply information from the internal funds activities. The procedure for collecting and submitting information is as follows:

- A. Create a 1099-MISC report from the computerized accounting system.
- B. The following information must be obtained:
 - (1.) The full name (no nicknames or initials) of the vendor.
 - (2.) Social Security or Federal Employer Identification number.
 - (3.) Mailing address and telephone number for each vendor.

The school board does NOT conduct business with vendors who are unwilling to give a social security number or Federal Employer Identification number or to certify that they are a corporation. If a company gives a social security number, obtain the complete name of the person to whom that number was issued.

- C. The following are guidelines for collecting the data to be sent to accounting for each appropriate vendor:
 - (1.) **DO REPORT**
 - (a.) Payments for Medical/Health Care-Capture information on payments to all medical vendors. All medical payments are reportable, including corporations. There are no exclusions.
 - (b.) Payments for Services – This includes the cost of goods if a service is involved and the two are indistinguishable on the billing.
 - (c.) Payments Representing Interest – This includes late payments. Such reports should be rare.
 - (2.) **DO NOT REPORT**
 - (a.) Payments to companies, which are incorporated--this includes not-for-profit corporations. The only exception is medical payments.
 - (b.) Payments to governmental entities – other public schools, city, county and state.
 - (c.) Payments representing reimbursements to individuals or partnerships.
 - (d.) Payments representing refunds.
 - (e.) Payments when buying items for resale, unless sold to someone else to sell. This includes vending machines and school store.
 - (f.) Freight, unless included on an invoice for service.
 - (g.) Utility payments.
 - (h.) Payments representing purchase of a product only – no service is involved.

CHAPTER 18

PREPARING FOR THE AUDIT

PURPOSE:

This procedure establishes the documentation and activities required for the bookkeeper to be prepared for the internal audit of the school's fund accounts.

POLICY REFERENCE:

This procedure supports School Board Policy [6610](#); "Redbook" [Chapter Seven Section III 4.2](#); Florida Statutes [1001.42\(10\)\(f\) and 1011.19](#); [SBE 6A-1.085](#), [6A-1.087](#) and [6A-1.091](#).

GENERAL GUIDELINES

1. The primary objective of the annual audit is to examine and evaluate the school's financial activities as a service to the school board and the school's administration. Accordingly, the function of the Internal Auditing Department is to furnish Principals and Associate Superintendents with analysis, appraisals, recommendations, and information concerning the activities reviewed to assist them in achieving their responsibilities.
2. The Principal is responsible for maintaining, in good form, all financial documentation and school based information for the purpose of auditing the internal fund accounts.



Note: When files are maintained in a systematic order and the year-end reports are properly processed, the audit fieldwork of the school can be performed quickly and efficiently with a minimum amount of disruption to the school staff.

3. To perform the school's audit, an area that can be secured shall be provided for the auditors. If a secured area is not available, contact the Auditing & Property Records Department so that alternate arrangements can be made.
4. Upon receipt of the audit engagement letter notifying the school of the scheduled audit fieldwork date, the following files and supporting documentation shall be made available:
 - A. Checking/savings/investment account files – These files include, but are not limited to, all bank statements, canceled checks, debit/credit memos, original non-sufficient checks (NSF) that have not been processed and the [Bank Reconciliation](#) reports (PCS Form 3-2912).
 - B. Disbursement files – Complete voucher packets. Refer to [Chapter 6 – Purchasing and Expenditures](#) for more details.
 - C. Pre-numbered receipting documents, check stock, and certified statements file

- D. [Request for Activity](#) file: By date of activity (PCS Form 3-2910)
- E. Adjustment and transfer file(s)
- F. Receipt document inventory logs (PCS Forms [3-2903](#) & [3-2905](#))
- G. [Ticket Inventory](#) logs (PCS Form 3-2907)
- H. *Sales and Ticket Sales Reports* (PCS Forms [3-2900](#) & [3-2908](#))
- I. [Music Instrument Rental Contracts](#) (PCS Form 2-495)
- J. Lock sales and/or rental documentation
- K. [Verification of Funds](#) forms: By receipt date (PCS Form 3-2909)
- L. The Monthly Principal's Financial Report package(s) for all 12 months of the fiscal year being audited
- M. [Check Log](#) (PCS Form 3-2891)
- N. Year-End/Annual Reports:
 - (1.) [Accounts Receivable Report](#) (PCS Form 3-2889)
 - (2.) [Accounts Payable Report](#) (PCS Form 3-2890)
 - (3.) [Inventory of Merchandise](#) (PCS Form 3-2895)
 - (4.) [School Store Inventory Year End](#) (PCS Form 3-365)
- O. All computerized accounting reports that were run for the closing of the school year. These include:
 - (1.) Cash Disbursements Journal
 - (2.) Cash Receipts Journal
 - (3.) Voided Receipts
 - (4.) Canceled Receipts
 - (5.) Skipped Checks
 - (6.) Voided Checks
 - (7.) Backup Logs
 - (8.) General ledger from \$1111.00 through account 8 9999.99 (period(s) 1-12)
 - (9.) School's chart of accounts
 - (10.) Adjustment Journal
 - (11.) Transfer Journal
 - (12.) 1099-Miscellaneous Reporting
 - (13.) Year-end Vendor payment report
 - (14.) Open purchase order report – encumbrance report

P. Miscellaneous reports or documentation for the following:

- (1.) Bidding information for
 - (a.) School Picture(s)
 - (b.) Yearbook
 - (c.) Vending
 - (d.) Documentation for
 - (d) Minimum of three (3) written quotes of like kind items for expenditures totaling the District's established threshold.
 - (e.) Board approval for all formal sealed written bids equal or greater than the District's established threshold.
- (2.) Contracts and yearly agreements for yearbooks and vending machines
- (3.) Donation report(s)
- (4.) Facility Lease Agreements
- (5.) Field Trip Not on Approved List Form(s)
- (6.) A listing of all approved affiliated booster/support organization(s) and the following documentation for each group:
 - (a.) last year's officers or board members
 - (b.) list of check signers
 - (c.) proof of liability insurance
 - (d.) booster/support organization's completed signed checklist required for all high schools.
 - (e.) last year's auditable financial reports with detail of receipts and deposits
- (7.) File of invitation(s) to perform (music, athletic(s))
- (8.) A listing of staff by department/grade and a roster of sponsors for class/club(s). In addition, a listing of class/club officers.
- (9.) Parking decals for high schools and technical schools.

5. Interim Audit

An interim audit of the school's internal funds shall be conducted when determined necessary by the appropriate Associate Superintendent or the Office of Professional Standards. Completion of an interim audit does not relieve the Principal of the responsibility of keeping all the records of the financial year intact and available for review during the annual audit. The following are possible reasons for an interim audit:

- A. Change of Principal occurring during the fiscal year.
- B. Loss or suspected loss of funds. It is incumbent upon the Principal to request an audit in these cases.

- C. A change of secretary/bookkeeper. It is the responsibility of the school Principal to advise the Associate Superintendent of the transfer or termination of the secretary / bookkeeper. An interim audit of the school activity accounts may be requested.
- D. Interim audits may be performed due to limited time constraints in performing all the schools audits within the state required guidelines.

CHAPTER 19

MISCELLANEOUS ISSUES

PURPOSE:

This section identifies items and issues that are areas of concern and require addressing.

POLICY REFERENCE:

This section supports School Board Policy [2340](#), [2510](#), [5114](#), [6152](#), [6152.01](#), [6610](#), [7230](#), [7450](#), [7511](#), [8500](#), [8540](#) and [8640](#); “Redbook” [Chapter Seven Section III 4.2 and 4.6](#); Florida Statutes [1001.32](#), [1001.41](#), [1001.42](#) and [1011.19](#); [SBE 6A-1.085](#), [6A-1.087](#) and [6A-1.091](#); and the Economics Fair (Expo) Manual

DONATIONS/GIFTS TO THE SCHOOL DISTRICT

1. The Superintendent (or designee) is authorized to accept gifts or donations to the school district, on behalf of the school board, of money, equipment, supplies and materials. The Superintendent or designee may accept the terms and conditions of any such gift or donation as deemed appropriate and shall have the discretion to accept or deny the gift or donation on the basis of those terms and conditions.
2. The Principal or Director is authorized to accept individual donations to the school/center of money up to \$500 for each such gift or donation. Documentation to support the donor’s intent shall be maintained on file.
3. If an individual gift or donation exceeds \$500, its acceptance shall be in accordance with section (1) above. At the time of the donation, a pre-numbered [Donation Form](#) (PCS Form 3-2754) must be completed, if the donation is in the form of tangible personal property or if monetary and not accompanied by a letter of intent.
4. A donation list must be completed by the school for donations that exceed \$500 and forwarded to the Associate Superintendent for approval semi-annually.
5. Any gift conveying title of tangible property shall be submitted to the school board for individual acceptance.
6. Gift certificates received as donations, whether to be used by the school or for student recognition, must be documented to support the disposition:
 - A. A copy of the gift certificate must be made and retained for audit. All gift certificates will be recorded on an [Item of Value](#) form (PCS Form 3-2896).
 - B. If used by the school, there must be documentation (receipts) to support the use of the gift certificate.



- C. If passed on to the student for recognition, the recipient must sign for acceptance of the gift certificate.
- 7. The school board cannot repair or maintain any equipment, unless it has been formally donated.
- 8. Donations of property or equipment, with a declared value of \$300 to \$999.99, must be added to the [Cost Center's Untagged Tangible Property Inventory Report](#) (PCS Form 3-2918).
- 9. Donations of property or equipment, with a declared value of \$1,000.00 or more, must be tagged. Refer to the *Manual of Property Equipment Accounting and Control*, Chapter 6.

Additional information is available in School Board Policy [7230](#), and [7450](#).

ECONOMICS FAIR/FREE ENTERPRISE CONSUMER ECONOMIC EDUCATION PROGRAM

- 1. Each proposed project must adhere to the instructions contained in the current year's EXPO Manual, issued by the Department of Science and Social Studies. The bookkeeper shall:
 - A. Ensure that all receipts from projects will be receipted and deposited in the school's internal fund account 6-2480 Economics Fair.
 - B. Be notified of the number of projects and identify/record receipts from each project into individual extension accounts.
 - C. Receive a sales report to document each activity. Items produced for sale are subject to Florida sales tax, which must be paid.

EMPLOYEE REIMBURSEMENT FOR SERVICES

- 1. Employees who are going to be paid for services over and above their regular duties are to be paid through the district's payroll system.
 - A. This remuneration is taxable as income.
 - B. A journal entry will be made by the district office to bill the school (114P).
 - C. When billed, the bookkeeper will make payment to the district office from the appropriate internal trust account related to the expense.
- 2. Employees who must be reimbursed for emergency expenses that cannot be reimbursed through internal petty cash because the amounts exceed the fund limits:
 - A. Will be reimbursed through the district's accounts payable department.
 - B. This is not taxable as income.
 - C. The bookkeeper will send a memo, signed by the expense authorizer, to the Director of

Accounting, explaining the reason for the expenditure along with the original receipt. (Copies of receipts shall be retained at the school).

- D. The request must have the appropriate/correct cost strip noted.
- E. A check will be drawn directly to the employee.

FACILITY LEASING

1. The school board may enter into agreements that permit the use of board owned real property. Facility leases are to be submitted by the school to the Real Property Management Department located at the Walter Pownall Service Center (WPSC). The Real Property Management Department is responsible for processing and executing facility leases. The following documentation is required:



- A. A Certificate of Insurance that evidences proof of commercial general liability insurance for the entire duration of the lease. The certificate must list the School Board of Pinellas County, Florida as an additional insured for the event. The certificate must also list the Real Property Management Department as certificate holder. The certificate will be submitted to the real property management department. A [sample certificate](#) is available on the Real Property Management Department section of the school district's Internet site.
- B. Proof of sales tax exemption (if applicable) will also be submitted to the Real Property Management Department.
- C. A deposit must accompany a lease, if the lessee will owe funds to the school board.
- D. All parties are required by administrative procedures to pay a school in advance for use of its facilities, unless otherwise approved by the school board.
- E. The school administrator may permit periodic payments by the lessee, but only if the payments occur before the lessee uses the facility.
- F. Please refer to [School Board Policy 7511](#) for additional information on facility leasing PCS Form 3-2726. [Leasing information](#) is available on the Real Property Management Department section of the school district's Internet site.

LOCKS

1. Schools shall purchase locks that are on the district bid list.
2. Funds collected from students for the rental of locks/lockers shall be accounted for separately in a trust account. Sales tax must be collected and remitted to the district Accounting Office for processing to the Department of Revenue.
3. Fees collected from the sale of locks shall be regulated in such manner as to prohibit a profit or

large monetary balance. Any savings shall benefit the students by means of a reduced fee.

4. A handling fee of ten percent (10%) may be attached to the cost of a lock, rounded up to the nearest twenty-five cents (\$0.25). This fee may be reduced or eliminated if the balance in the combined total of all lock accounts is above \$5,000.
5. Funds shall not be transferred from the lock account to another school account.
6. Profits from the sale of locks and revenue from lock/locker rental must be used for the repair, maintenance and replacement of the locks or lockers.

Additional information is available in Redbook, [Chapter Seven Section III 2.4\(g\)](#).

LOSS/DAMAGE/VANDALISM

1. When collecting money from individuals or from the Pinellas County court system for reimbursement due to vandalism, the money must be deposited into the appropriate internal fund accounts based on the following:
 - A. When the school has expensed the cost of the repair or loss, the money shall be deposited into account 7-0549 (Vandalism).
 - B. If reimbursement is being made for a theft or for a broken or damaged item, the funds will be receipted into the related account, such as science breakage account.

MUSIC

1. Proceeds from activities of musical groups, general donations to these groups, and expenditures for supplies and trips shall be recorded in fund account type 2 (Music). Examples include:
 - A. Revenues from fundraisers and any associated costs.
 - B. Donations by non-school agencies for student performances or competitions.
 - C. Travel expenses for students and chaperones.
2. The established process for the assigning and collecting of musical instrument and uniform rental fee(s) is as follows:
 - A. A completed [Music Instrument Rental Contract](#) (PCS Form 2-495) shall be on file and fees shall be collected for each instrument rented prior to use of such instrument. Please refer to the annual memo from the PreK-12 music department for current rates and additional information.
 - B. The rental fee, along with the contract, shall be turned into the bookkeeping office by the next business day.



- C. Collections from students for rental or maintenance of uniforms shall be recorded in the music account group in the internal fund accounts. This money shall be solely used for the repair or replacement of uniforms

PARKING DECALS (Sold in High Schools & Vocational Centers)

1. The following steps and procedures will provide the required fiscal accountability for the sale of parking decals:
 - A. Retain for audit, the transmittal letter that arrives with the decals.
 - B. Decals shall be sold in numerical sequence.
 - C. When writing the cash receipt for the revenue, reference the respective decal numbers on the receipt form. As with other types of fund collections, revenue received for parking decals shall be turned into the bookkeeping office by the next business day.
 - D. Secure unsold decals for audit purposes.
 - E. Maintain all internal records pertaining to the sale of decals. The use of signature sheets is not mandatory if other detailed auditable records are available.
 - F. At the close of the school year, prepare a report for the year's activities. The [Ticket Sales Report](#) form (PCS Form 3-2908) is used for this purpose.
 - G. Funds collected for parking decals shall be sent to the cashier in the Accounting Department on a monthly basis. (Use [Deposit Summary](#) Form PCS 3-2442.)

RENTAL OF NON-BOARD OWNED FACILITIES

When using non-board owned facilities in the name of the school, it is necessary to first obtain the approval of the school board by means of a [Special Event Form](#) (PCS Form 3-2103), when the vendor requires a contract. Refer to [School Board Policy 7511](#) for specific direction.

SALE OF INSTRUCTIONAL MATERIALS TO PARENTS

1. Parents wishing to purchase instructional materials from schools for enrolled student(s) must submit such purchase requests to the Principal. Refer to [School Board Policy 2510](#) and [6152](#) for details.
2. All financial activity related to these purchases shall be processed in account 7-0525.00 of the internal fund standard chart of accounts.

SCHOOL STORE

1. A school store may be operated in schools. The purpose of the school store is to provide a convenience to the students and the school staff for purchasing items associated with the school's instructional program and items that contribute to the development of school spirit.
2. The staff assigned the responsibility of the school store shall adhere to the following procedures:
 - A. Cash from sales shall not be used in place of a change fund nor be used to make purchases.
 - B. Revenue from the school store shall be supported by a sales log and will be receipted daily into the school's internal funds. This revenue does not include the change fund. A [Verification of Funds](#) form (PCS Form 3-2909) shall be completed and submitted with funds collected to the bookkeeper for receipt and deposit.
 - C. When students assist in the operation of the school store, they will be properly trained and supervised. Students are strictly prohibited from transporting money to/from the bookkeeper's office.
 - D. The quantity of merchandise purchased for re-sale will be based on historic need. Large ending inventories increase the risk of loss. Thus, every effort shall be made to liquidate the year-end inventory to cover costs. Inventories must be stored in a secured location.
 - E. Merchandise purchased for re-sale is subject to Florida sales tax. The sales tax will be listed on the invoice and paid to the vendor.
 - F. At the end of the school year, an inventory must be taken and documented.
 - G. The [School Store Inventory Year End](#) form (PCS Form 3-365) needs to be completed and maintained for auditing purposes.

Refer to [School Board Policy 8540](#) for additional information.

TRAVEL

1. Employees Travel Information

Use travel voucher forms PCS Form 3-1090A for [In County Travel Authorization and Reimbursement Claim](#) and PSC Form 3-1090B for [Out of County Travel Authorization and Claim Form](#).

Refer to [Accounting Procedures Guide](#) "The Blue Book" Chapter 8 and 9 for details on specific reimbursement processes according to the type and distance of travel.

2. Student Travel Information

Refer to School Board Policy [2340](#) , [8640](#) and [The Athletic Policy and Guidebook](#) Chapter 10 for details on specific requirements according to the type and distance of travel.

TUITION

1. A non-resident tuition fee shall be charged for all students PreK-12 as prescribed by law. Tuition fee revenue shall be deposited into the internal fund school district trust account number 8-5380, and remitted to the accounting department prior to the close of the month in which the tuition was collected. The [Deposit Summary](#) form (PCS Form 3-2442) is to be used when remitting funds to the district.
2. Post secondary tuition fees shall follow the same prescribed procedures using the appropriate fund accounts. Refer to *Workforce Deposit Summary* for Fund 0150 and to School Board Policy [5114](#) for additional information.

VENDING MACHINES

1. Guidelines to Acceptable Vending Machine Locations and Student Accessibility:
 - A. ***Carbonated Drinks Only***
 - Elementary Schools – only in the teacher lounge
 - Middle Schools – only in teacher lounge
 - High Schools – only in teacher lounge
 - B. ***Carbonated Drinks Accompanied By Beverage of 100% Fruit Juice***
 - Elementary Schools – only in teacher lounge
 - Middle Schools – only in teacher lounge
 - High Schools – Yes – but not in area where food is served or eaten
 - C. ***Non-Carbonated Beverages***
 - Elementary Schools – only in teacher lounge
 - Middle Schools – 100% of the time all areas
 - High Schools – 100% of the time all areas
 - D. ***Foods of Minimal Nutritional Value***
 - Elementary Schools – none
 - Middle Schools – one hour after close of last lunch period
 - High Schools – one hour after close of last lunch period.

These guidelines are based on:

Federal Regulations - [Title 7 Chapter II Part 210 Sec.210.11 \(a\)\(b\)](#)
State Statutes - [Rule 6A-7.0411 \(2\)\(c\)\(d\)](#)
School Board Policy - [8500](#)

2. Student Vending

- A. Vending machines accessible to students may be installed in secondary schools with the superintendent (or designee's) approval. More than one written quote will be sought for the services specified.
- B. Machines, which vend products of minimal nutritional value and are accessible to students, may only be operated beginning one hour following the last lunch period.

3. Teacher Vending

An annual agreement is required for teacher vending machines and all other vending machine contracts that are not approved specifically by the school board.

4. Criteria for operation of school-operated vending machines are as follows:

- A. School board purchase regulations must be observed.
- B. The school buys merchandise; fills machines; secures the machines/inventory; and handles collections.
- C. Cash collections shall be removed on or before the last business day of the school week, unless sales dictate a more aggressive collection pattern.
- D. The [Soft Drink Sales Report](#) (PCS Form 3-2906) shall be completed quarterly for the physical inventory on hand.
- E. Merchandise purchased for re-sale is subject to Florida sales tax. The sales tax should be listed on the invoice and paid to the vendor. If Florida sales tax is not on the vendor invoice, send the required tax to the district office.

5. Criteria for operation of full serviced vending machines are as follows:

- A. Vendor fills the machine and removes collections.
- B. The vendor pays school a share of accumulated profits in accordance with the contract agreement. Commission must be posted directly to the appropriate school account:
 - (1.) Teacher vending to account number 7-0550.XX (with proper extension)
 - (2.) Student vending to account number 7-0550.XX (with proper extension)
 - (3.) Access funds to account number 7-0050.00
- C. Secondary schools will use the Beverage Vending Bid form that is located at the purchasing department's website. This bid document is for the purpose of soliciting bids for access revenue from soft drink sales.

Refer to [School Board Policy 8500](#) for additional information.

CHAPTER 20

PURCHASING CARDS (P-CARDS)

PURPOSE:

This procedure details the documentation, approvals, and other requirements necessary for the processing of purchases made with the district's purchasing card program as it relates to the internal fund.

POLICY REFERENCE:

This chapter supports [School Board Policy 6424](#) and [Purchasing Handbook](#), Part D – District Wide Operational Procedures

GENERAL INFORMATION

1. The Purchasing Card Program is managed by the district's *Purchasing Card Administrator* (PCA). Refer to [Purchasing Card Policies and Procedures for District Employees](#) on the purchasing department's Intranet site for a complete set of instructions.
2. Each participating cost center must designate a *Cost Center Coordinator* (CCC), who is responsible for the overall management and reconciliation of the cost center's purchasing card accounts.
3. The CCC and all recipients of a Personal P-card **must** attend training (provided by the purchasing department) and sign a [Purchasing Card Agreement](#) (PCS Form 3-2797) before being issued a card. The purchasing department will offer training classes on a regularly scheduled basis.
4. Each cost center will need to complete the [Application For Purchasing Card](#) form (PCS Form 3-2799). This application form is used to requests all personal, general and travel purchasing cards for the cost center.
5. General, fieldtrip and travel cards are to be secured in the school's safe.
6. Each teacher/staff member with a personal P-card maintains ownership of the card until the end of the school year when it is turned in to the CCC and secured in the school safe unless otherwise directed by the principal. If the teacher/staff member does not follow proper procedures, the principal may choose to keep the individual's P-card in the school safe.

PROCEDURES

1. Teacher/staff will receive instructions on proper use of the P-card from the CCC or in the case of the personal p-cards, they will attend training provided by the purchasing department.
2. Prior to the purchase, the employee prepares a purchase requisition which must be approved by the principal, and if applicable, department head/sponsor/class officer.
3. To use the P-card, the employee shall be given a [Purchasing Card Agreement](#) (PCS Form 3-2797) to sign and return to the CCC. The original agreement is maintained by the CCC and a copy of the agreement (with a condensed version of the *Procedures for Proper Use of the Purchasing Card* on the back) is given to the employee.
4. The employee requesting use of the general, fieldtrip or travel P-Cards must sign the card out on the [Purchasing Card Log](#) (PCS Form 3-2798).
5. Employees need to keep the school's purchasing card separate from any of their personal credit cards to avoid any unintentional misuse. Unauthorized P-Card use may subject an employee to disciplinary action outlined in [School Board Policy 6424](#).
6. The P-card user needs to notify the vendor if the purchase is tax exempt. The tax-exempt number is located on the front of each P-card.
7. The P-card and the signed original, itemized receipt/invoice are to be returned by the next business day and the P-card logged back in. Record the P-card number on the receipt, if not already imprinted.
8. The original receipt is to be attached to the internal fund purchase requisition along with the internal fund purchase order for any "school to pay purchase" and must be given to the Principal for verification and signature for final approval before it is paid. File these documents in a P-card file until payment is made to the PCSB.
9. For Internet and phone orders, written verification is required (e.g. order confirmation).
10. For fieldtrips, a purchase order must be created in the internal fund accounting system in order to encumber the funds. The purchase order is to be made to the Pinellas County School Board (PCSB), instead of to the vendor. Note: The purchase requisition must have the vendor's name clearly listed for it to be approved. There must be auditable documentation on file.
11. Receipts are to be entered in TERMS by the CCC within five (5) working days after the purchase. It is recommended that the district's requisition number (assigned by TERMS) be written on the receipt.
12. Match invoices/receipts to the Visa billing and approve for payment in TERMS.
13. The school will then be billed by the district for the fieldtrip expenditures that will be paid from the internal fund accounts. The cost of items purchased from the discretionary fund is processed at the district level.

14. When the billing arrives, “receive” the purchase order. Attach the signed, original receipt/invoice, purchase requisition and purchase order to the voucher packet for audit review.
15. The voucher number of the 114M payment to the district is to be referenced on the VISA billing.

GLOSSARY

PURPOSE

To establish the definition of terms used by the Auditing & Property Records Department.

DEFINITIONS

Accommodation – To give special consideration for something supplied or of monetary value given to certain individual or groups, which differs from what is offered to or can be obtained by the general population/staff and students.

Account - A record of financial transactions that are similar in terms of a given frame of reference, such as purpose, objective, or source.

Accounting Period - A period of time for which financial statements are prepared (e. g., July 1 through June 30).

Accounts Payable - Unpaid balances or invoices against an internal fund which are owed.

Accounts Receivable - Amounts owed to the internal funds.

Asset - Something of value that is owned by an entity.

Assets, Current - Cash and other assets readily converted into cash, such as accounts receivable, inventory, and some prepaid expenses.

Assets, Fixed - Land, buildings, machinery, furniture, and other equipment, which the school system intends to hold or continue to use over a long period of time. "Fixed" denotes probability of intent to continue use or possession, and does not indicate immobility of an asset.

Audit - An examination of records and documents by an auditor, who is in the process of securing evidence for one or more of the following purposes: (a) determining the propriety of completed transactions; (b) ascertaining whether all transactions have been properly recorded in the correct accounts; and (c) determining whether the financial statements are fairly presented.

Bank Deposit - The total amount of money taken in and recorded on receipts for a specified time period and deposited intact with a depository.

Capital Outlay - Expenditures for land or existing buildings, improvement of grounds, construction of buildings, additions to buildings, remodeling of buildings, and equipment.

Cash – Currency, checks, postal and express money orders, and bank deposits including certificates of deposit (C.D.).

Cash Basis - The basis of accounting under which revenues are recorded when actually received and cash disbursements are recorded as expenditures when paid.

Cash Discounts - An allowance received or given if payment is completed within a stated period.

Change Fund - An amount of money obtained by issuing a check to a designated individual for the purpose of making change for a specific event.

Check - A written order on a bank draft to pay on demand a specified sum of money to a named person, to the order of, or to bearer of, from money on deposit to the credit of the maker. It is canceled when the bank has paid it and thus "cleared" and returned to the writer.

Closing the Books - The process of putting the account books in order at the end of the month, or a fiscal period, so that a trial balance and financial reports may be prepared.

Commemorative Item - Personalized articles such as class jewelry, announcements, caps and gowns, yearbooks, cards and invitations, insignia, and school pictures.

Concession - The act of granting to an individual or group a right that resides with the school.

Deficit - The excess of obligations of an account over its resources.

Deposit in Transit - A deposit, which has been transmitted to the bank and recorded in the school ledgers but was not reflected on the monthly bank statement because it was not received before the bank's preparation of the statement.

Deposit, Property - Money collected from students and held in a school account for return at a designated time for the purpose of covering losses or damages to school-owned supply and equipment items while being used by the students.

Depositories - Banks where schools conduct the business of depositing and withdrawing money.

Disbursements - Money paid out.

Donation - A gift, given or received, which may be in the form of cash or property.

Dues - A regular charge made to students for the privilege of being a member of a particular club or student body organization.

Encumbrance - A restriction of available money by issuance of a purchase order.

Equipment - A material item of non-expendable nature, such as a built in facility, a moveable or fixed unit of furniture or furnishings, an instrument or apparatus, and a machine (including attachments). The whole retains its identity and utility over a period of time, which is characteristic for items of its class.

Expenditures - Decreases in financial resources. If accounts are kept on the accrual basis, this includes total charges incurred, whether paid or unpaid. On the cash basis, payments are termed disbursements/expenditures.

Expense, Travel - Expenses incurred by students and sponsors of a school activity in connection with travel related to the activity other than those expenses directly chargeable to student transportation.

Fidelity Bond - Bonds guaranteeing the School Board against losses resulting from the dishonest acts of employees.

Financial Statement - A formal written presentation which sets forth information concerning the financial condition of the school internal funds.

Fiscal Period - Any period at the end of which a school determines its financial condition and the results of its operation and closes its books.

Fiscal Year - The governmental unit's fiscal year, which is established pursuant to state law for Florida, July 1 through June 30.

General Ledger - A book, file, or other device in which accounts are kept to the degree of detail necessary to summarize the financial transactions of the school. General ledger accounts may be kept for any group of receipts or expenditures on which an administrative officer wishes to maintain fiscal control.

Gift - Something of value for which no repayment or special service to the contributor is expected.

Grant - Money received by a school activity for which no repayment is expected but for which certain conditions exist relative to the disbursement of funds.

Inactive account - An account is considered inactive upon declaration of the principal when; (1) no financial transactions have occurred within one year and the need for the organization has passed; or (2) a class has graduated.

Intact, or Deposit Intact - The practice in which money is presented to a bank or bookkeeper for the credit of the school's internal fund in the same form as received. This means that any receipt of funds in the form of cash shall be deposited as cash.

Internal Control - A plan or organization under which employees' duties are so arranged, and records and procedures so designed, as to make it possible to exercise effective accounting control over liabilities, revenues, and expenditures.

Inventory - The assets on hand in the form of supplies and equipment not yet distributed to requisitioning units.

Inventory Record - A detailed list of records showing quantities, descriptions, values, units of measure, and unit prices.

Investments - Temporarily idle funds placed in interest earning accounts.

Invoice - A vendor's notification of merchandise provided or services rendered to a purchaser with the quantity, prices, and charges stated. Other information customarily shown on the invoice are the customer's purchase order number, order date, date of delivery or shipping, and terms of payment.

Journal - The accounting record in which financial transactions of the school are formally recorded.

Liabilities - Debt or other legal obligations arising out of transactions which are payable but not necessarily due.

Memoranda (Memo) Account - An informal record of an internal funds transaction that cannot be recorded under the regular financial accounts but for which a record is desired.

Outstanding Check - A check issued and recorded by the school which has not been presented to the bank for payment prior to the issuance of the monthly bank statement.

Outstanding Deposit - (see Deposit in Transit)

Overdrawn - A situation in which a check has been written for an amount in excess of available funds on deposit. An overdraft is the amount by which withdrawals exceed the depositor's available balance.

Perpetual Inventory - An inventory system which is initiated by a physical inventory and perpetuated by entry of receipts and withdrawals, thereby reflecting current balances on hand for each item. Perpetual inventories are periodically adjusted by physical inventory.

Petty Cash - Cash paid out in small amounts for authorized expenditures. Petty cash may be used to reimburse persons or to make direct purchases.

Pre-Numbered Documents - Checks, receipt forms, tickets, and similar items that have been consecutively numbered and controlled before use.

Prior Authorization - A written approval granting authority to enter into a contract, to obligate funds for a purchase, or to receive a benefit, before such an action occurs and to give permission for an activity or event to take place.

Purchase Order - A document issued to a vendor authorizing the delivery of goods or services, which implies the obligation of funds.

Reconciliation of Bank Statement - A statement of the details of the difference between the bank statement and the cash account record to show agreement of the adjusted balances.

Refund - An amount paid back or credit allowed.

Reimbursement - Repayment of authorized expenditures made on behalf of the school's internal fund.

Reports - Written statements of information, which are made by a person, unit, or organization for the use of some other person, unit, or organization.

Requisition - A written request, usually from staff to the purchasing officer/principal for specified articles or services.

Student Activities - Direct and personal services for public school students, such as interscholastic athletics, entertainment, or publications, that are managed or operated by students under the guidance and direction of authorized adults, and are not part of the regular instructional program.

Student Organization - Any group of students organized on campus into a single body for the purpose of pursuing common goals and objectives.

Subsidiary Ledger - A detailed record of the financial transactions of a given activity's account.

Surety Bond - A written promise to pay damages or to indemnify against losses caused by the party or parties named in the document, through no performance or through defalcation. For example, a surety bond may be required of a contractor or an official handling cash or securities.

Trade Discount - An allowance made to those engaged in certain businesses irrespective of the time when the account is paid.

Transfer - Money which is taken from one account and added to another account. Transfers are not receipts or expenditures.

Trust and Agency Funds - Funds used to account for money and property held by a governmental unit in the capacity of trustee, custodian, or agent.

Vendor - A dealer, distributor, merchant, or other seller providing goods or services that are required for the conduct of the program.

Voided Check - A check that has been declared void and, therefore, has not been issued.

APPENDIX A
FORMS AND INSTRUCTIONS

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APPENDIX B

MANAGERIAL & AUDITING OPERATING GUIDELINES

PURPOSE:

This appendix establishes the background information that defines and influences the auditing process and school administration's responsibilities in regard to the audit process.

ADMINISTRATION

1. Organization's Objective: A well-developed formal "*mission statement*" provides a clear declaration of the organization purpose. Once identified, goals and objectives serve to provide management with clear direction. Secondly, goals and objectives provide the criteria needed for assessing management's performance to ensure management accountability. The well-designed goals and objectives should focus primarily on results rather than on efforts.
2. Management's role is to provide leadership needed for an organization to realize its purpose. An analysis of management's fundamental responsibilities would need to address the following: effectiveness, efficiency, compliance with laws and regulations, and financial reporting.¹ The system of internal control is the framework that management establishes to ensure that it meets those responsibilities.
 - A. Effectiveness: Success of an organization is judged on the basis of whether it is achieving its objectives.
 - B. Efficiency: Given that there are legitimate and conflicting demands for scarce resources, management has a responsibility to make optimal use of the scarce resources placed under its control. Ensuring the optimal use of assets requires, among other things, that assets be adequately safeguarded against loss or misuse. There must be a clear link between efficiency and effectiveness. Any attempt to assess efficiency must also take into account effectiveness.
 - C. Compliance: Management's control over resources typically is limited to some degree by policy, law or regulation. In order to comply with such restrictions is a condition of management's stewardship of its resources.
 - D. Financial Reporting: Managers are the organizations financial decision makers. Accurate and reliable data is necessity to make the best decisions. The organization is accountable to outside entities and individuals to provide financial statements of the organization's resources.
3. Internal Control Framework
 - A. A comprehensive internal control framework requires that management attempt on an ongoing basis to identify potential risks that could hinder it from fully realizing any of the four objectives mentioned above. While an organization's system of internal control consists of a

¹ Evaluating Internal Controls by Stephen J. Gauthier

large range of policies and objectives, there are three elements critical to assurances on the financial statements:

- (1.) **The control environment:** Management's attitude and example are essential to a favorable control environment.
 - (2.) **The accounting system:** The data presented in financial reports are the product of the accounting system. It not only maintains records of all events and transactions that result in a change in the organization's assets, it also must adequately account for assets during the period between their acquisition and disposal.
 - (3.) **Control procedures:** Control procedures relate to the policies and procedures created to assist management in assuring compliance with the objectives prescribed by management. These procedures may be included in the control environment and accounting system and are directly involved with the dependability of the accounting data and financial information of the organization.
- B. Although the system of internal control could have a general application, the organizational complexity would dictate its application. Some of the basic objectives and categories implicit in a system of internal control are as follow:
- (1.) Transactions are properly authorized.
 - (2.) Duties are sufficiently segregated.
 - (3.) Access to assets is limited in accordance with management's authorization.
4. Designing, implementing, and maintaining a system of internal control is an integral part of the management function. In designing a system of internal control, management should evaluate its controls over accounting and financial reporting and identify the specific risks.
- A. There are "*implicit assertions*" made by management any time it issues a financial report. These assertions are as follows:
- (1.) **Existence or occurrence:** All the assets and liabilities presented in the report actually exist and all of the transactions presented in the report really occurred.
 - (2.) **Completeness:** The report contains all relevant facts.
 - (3.) **Rights and obligations:** All the assets and liabilities included in the report are truly assets and liabilities of the entity.
 - (4.) **Allocation:** All items have been properly classified, all transactions reported took place within the accounting period, and all assets and liabilities were present as of the last day of the fiscal year.
 - (5.) **Presentation and disclosure:** Display and disclosure in general-purpose external financial reports conform to the requirements of generally accepted accounting principles.
- B. Consideration should be given to the following categories:
- (1.) Prior authorization and approval: Transactions are executed in accordance with management's general or specific authorization.
 - (2.) Property designed records:
 - (a.) Prenumbered forms for receipts and expenditures.
 - (b.) Original invoices are used for making payments and stamped to prevent reuse.

- (c.) Proper cutoff procedures to transactions are recorded in the appropriate accounting period.
 - (d.) Classification ensures all transactions are assigned to the proper categories (i.e. assets, liabilities, revenues, and expenditures).
- (3.) Safeguards over assets and records. Access to assets is permitted only in accordance with management's authorization.
 - (4.) Segregation of incompatible duties: An incompatible duty is one that would put a single individual in the position of being able both to commit an illegal act and then to conceal it.
 - (5.) Periodic reconciliation: Someone independent of the receipting process or the expending of funds performs bank reconciliation.
 - (6.) Periodic verifications: The recorded amounts for assets are physically compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.
 - (7.) Analytical review is the process of attempting to determine the reasonableness of financial data by comparing their behavior with other financial and nonfinancial data. Analytical review is the most efficient means to ensure adequate control in situations where it is not practical to segregate incompatible duties.
 - (8.) Timely preparation of financial reports in conformity with generally accepted accounting principles or other applicable criteria affecting such statements.

5. Control Objectives

- A. Although the broad objective of the system of internal control is to provide management with reasonable assurance that its policies and procedures are being carried out, this objective is too general to help the financial manager who is designing a new system of accounting controls or evaluating an existing one.
- B. Every policy and procedure should be tested for the four control objectives stated below. Failure to meet any of the control objectives constitutes a weakness in internal administrative control. The approach to establishing, implementing, and monitoring administrative controls is fundamentally the same as for accounting controls.
 - (1.) Fixed responsibility: A person or group is assigned responsibility for implementing a particular policy or procedure.
 - (2.) Knowledge: Those responsible for implementing a policy or procedure are aware of this responsibility, are familiar with the policy or procedure, and are aware of any legal corresponding requirements.
 - (3.) Method: A mechanism exists by which the policy or procedure is routinely implemented.
 - (4.) Review: A mechanism exists that alerts management if the policy or procedure is not implemented.
- C. Establishment & Implementation of an Internal Control System:
 - (1.) Specifically for the accounting system, the internal control system should:
 - (a.) Break down the accounting system into accounting cycles (e.g., month-end, year-end).

- (b.) Follow the existing policy and procedures.
 - (c.) Staff should be well versed in the guidelines that govern their job duties.
 - (d.) Have the capability to evaluate existing policy and procedures to determine that each cycle meets the control objectives. In the event that an area of weakness is identified, staff should propose new or altered policy and procedures to correct the weakness and ensure all control objectives are met for each cycle.
 - (e.) Be based on the school board policy. Staff of each area/department should prepare in writing a proposed accounting manual setting forth all existing and proposed policy and procedures.
 - (f.) Obtain appropriate administrative approval for the written accounting policy and procedures.
 - (g.) Make available formal training sessions to acquaint staff with written accounting policy and procedures.
 - (h.) Provide a method for continuously monitoring adherence to the written accounting policy and procedures.
- (2.) Segregation of duties, which is designed to reduce the opportunities to allow any one person to be in a position to both perpetrate and/or conceal errors or fraud in the normal course of his/her duties, involves assigning different people the responsibilities of authorizing transactions, recording transactions, and maintaining custody of internal accounts, forms and documentation.
- (3.) Effective internal control is achieved when each step in every routine transaction or activity is subject to, at least, one control. The absence of control over a particular step is considered a weakness in internal control.

7. Internal Control Inherent Limitations:

- A. A system of internal control, if not monitored, tends to deteriorate and become ineffective over time. Management's monitoring of and attitude toward adherence to control procedures is critical in keeping the system of internal control in operation. Probably the most important inherent limitation of a system of internal control is the inability to prevent the potential of "*management override*." If management has the power to establish a given control policy or procedure, management probably also has the ability to "*override*" that same policy or procedure.
- B. A system of internal control is not designed to detect compensating errors. Both the direct check and segregation of incompatible duties methods rely on the improbability that two or more parties will make exactly the same mistake. However, a system of internal control is often ineffective against collusion, when two or more individuals intentionally make the same error to commit an illegal act against the organization. Fraud involving several individuals is inherently difficult to sustain and keep quiet. Policies forbidding nepotism and requiring rotation of duties may be effective in deterring fraud.
- C. Finally, a system of internal control does not necessarily ensure an effective and efficient operation. The objective of a system of internal control is to provide reasonable assurance that management's policy and procedures are being carried out. Costs of internal control should never exceed the benefits it provides.

AUDITING

1. As prescribed in the AICPA² Professional Standards (AU 319.16), in all audits an auditor “*should obtain a sufficient understanding*” of the system of internal control to plan and organize the scope of the internal control review.
2. The independent (external) auditor expresses an opinion on financial statements, whereas the internal auditor assists management in achieving an efficient and effective operation. Although their objectives differ, both the external and internal auditors perform essentially identical procedures in their review of the financial and accounting records. However, external auditors attest to the financial statement of an entity, and internal auditors study and test all operations of the entity in detail.
3. Typically, internal auditors do not focus on financial auditing. Their orientation is toward audits of compliance with internal policy and with economy and efficiency. They usually report to executive management, but they sometimes report to governing boards or auditing committees.
4. Audit Standards

General Standards:

- (1.) The audit is to be performed by a person or persons having adequate technical training and proficiency as an auditor.
- (2.) In all matters relating to the assignment, independence in mental attitude is to be maintained by the auditor or auditors.
- (3.) Due professional care is to be exercised in the performance of the audit and the preparation of the report.

Standards of Fieldwork:

- (1.) The work is to be adequately planned and assistants, if any, are to be properly supervised.
- (2.) A sufficient understanding of the internal controls is to be obtained to plan the audit and to determine the nature, timing, and extent of tests to be performed.
- (3.) Sufficient evidential matter is to be obtained through inspection, observation, inquiries, and confirmations to afford a basis for an opinion regarding the financial statement under audit.

Standards of Reporting:

- (1.) The report shall state whether the financial statements are presented in accordance with generally accepted accounting principles (GAAP).
- (2.) The report shall identify those circumstances in which such principles have not been consistently observed in the current period in relation to the preceding period.
- (3.) Informative disclosures in the financial statements are to be regarded as reasonably adequate, unless otherwise stated in the report.

² AICPA stand for American Institute of Certified Public Accountants.

- (4.) The report shall either contain an expression of opinion regarding the financial statements, taken as a whole, or an assertion to the effect that an opinion cannot be expressed. When an overall opinion cannot be expressed, the reasons should be stated. In all cases where an auditor's name is associated with financial statements, the report should contain a clear-cut indication of the character of the auditor's work, and the degree of responsibility the auditor is taking.

5. Internal Audit Function

- A. The primary function of the internal audit department is to examine the organization to determine that management's policies and procedures are being implemented and followed. Included in this function is the responsibility to study, evaluate, and test the system of internal control and to report weaknesses to management. The internal audit department is a tool of management and should report to management at the highest level. Internal auditors are usually independent of middle management.
- B. Internal Audit Reports: Accordingly, internal audits should include, as applicable, reports on financial statements, internal control, and compliance with state regulations (including compliance with school board policy). Findings should identify weaknesses in controls, instances of noncompliance, and opportunities for more economic and efficient operations.
- C. In addition, findings should be worded in enough detail to identify the facts encountered, the law, regulation, or management policy violated, the cause of the situation, the effects that resulted, a recommendation for corrective action, and the responding comments of the school being audited. Internal audit reports should be presented to top management or the audit committee.
- D. Typically, auditors work in teams and approach an audit as a project. Auditors constantly move from one project to another, joining and rejoining teams as audits are underway at various locations. Collectively, the professionals who are assigned to participate in a particular audit are called an "audit team".
 - (1.) From the point of view of the auditee, it will appear as though the individual auditors are constantly coming and going and those familiar faces are constantly being replaced with unfamiliar ones. From the point of view of the auditor, however, there is a continual flow of work, albeit at changing locations and with different teams.
 - (2.) The mobility of individual auditors allows teams to remain very flexible. This flexibility is advantageous, because it allows the auditors to achieve a high level of efficiency by bringing in people with appropriate levels of expertise when, and only when, they are needed.
 - (3.) The individual team(s) is usually made up of the following personnel:
 - (a.) The audit team leader: This person bears the primary responsibility for the conduct of the audit and is usually selected on a rotating basis and assigned no more than two years in a row to the same school. This person is the staff member responsible for the day-to-day conduct of the audit. The auditor team leader will be personally present during all or most of the engagement. The duties of the audit team leader are to direct the activities of the staff auditors and to act as liaison to auditee personnel.

- (b.) The staff auditor: One or more staff auditors will be assigned to the audit. The staff auditors work at the direction of the audit team leader.

- E. Determination of Scope: The term “scope” encompasses the definition of the entity to be audited, the fiscal year to be covered, the particular financial statement(s) to be examined, the regulations for which compliance is required, and the audit standards to be employed. Professional pronouncements or state regulations with which the auditee may not be familiar may influence the scope element. Consequently, the auditor must employ professional training and judgment to arrive at a precise definition of scope.

- F. Engagement Letter: An engagement letter describing certain conditions of the audit will be sent to the school prior to the beginning of fieldwork. The conditions addressed in the engagement letter usually include the following:
 - (1.) The specific areas of the entity’s records.
 - (2.) The financial records/statements.
 - (3.) The audit period.
 - (4.) The auditing standards to be used.
 - (5.) The understanding that the financial statements are the responsibility of the school.
 - (6.) The limitation of the audit, such as the risk that errors may not be detected
 - (7.) The degree to which the auditor expects the auditee to prepare certain workpapers and other materials.
 - (8.) Deadlines.

- G. Entrance Conference: A formal initial meeting with the auditee will be conducted. Such a meeting is called an “entrance conference” and is highly desirable from the auditee’s point of view. The conference provides the opportunity to set ground rules and to increase understandings between the parties that will reduce the chance of conflicts and disappointments as the audit progresses. Matters typically discussed at an entrance conference include:
 - (1.) Explanation by the auditors of the purpose of the audit.
 - (2.) Presentation of any concerns the auditee has about the audit.
 - (3.) Logistical needs of the auditors, such as workspace and access to phones.
 - (4.) Availability and protocol for auditee personnel to be accessible to the auditors.
 - (5.) Lists of particular records and other documentation needed for the audit and the dates will need them.
 - (6.) The timing of any status meeting that may be held during the audit.
 - (7.) The necessity for any formal communication to auditee personnel informing them of the audit and instructing them to cooperate as appropriate.

6. Assessment of Audit Risk and “Materiality”

- A. Level of Risk: An audit does not consist of testing every transaction undertaken by an auditee, as it would be prohibitively expensive to do so. Instead, a sample of transactions

are tested and from those results, a conclusion can be reached as to the propriety of the auditee's reported activities, taken as a whole.

- B. Since we do not test every transaction, some errors may go undetected. To minimize the risk that a reportable condition goes undetected, the auditor will use sophisticated statistical techniques and professional judgement in performing the audit. The auditor must be practical and not "over-audit" by testing for errors that are not materially significant.
- C. The auditor's procedures for designing optimum tests to detect significant errors without over auditing are called *assessment of audit risk*. Auditors are concerned about three types of risk, defined as follows by AICPA standards:
 - (1.) **Inherent risk:** Inherent risk is the susceptibility of an account or transaction to error, due to the very nature of the account or transaction. For example, complex calculations are more likely to be misstated than simple calculations and cash is more susceptible to theft than an inventory of receipt books.
 - (2.) **Control risk:** Control risk is the risk that a material misstatement, once it has occurred, will not be detected and corrected by the auditee before an audit takes place. Here the term "control" refers to the auditee's system of internal control.
 - (3.) **Detection risk:** Detection risk is the risk that the auditor will overlook the misstatement given that it has occurred and has not been detected and corrected by the auditee's internal control system.
- D. Generally, the auditor's strategy will be to balance these three types of risk. If the inherent and control risks are low, the auditor can afford to perform fewer audit tests even though doing so will increase detection risk. On the other hand, if inherent and control risks are high, the auditor must intensify the audit procedures in order to keep detection risk to a minimum.
- E. Therefore, it is more expensive and time-consuming to conduct an audit of an entity with a poor system of internal control. Since control risk is high for such entities, the auditor must increase the work performed to reduce detection risk.

REPORTING

1. Fiscal Year-End Reporting

- A. There are generally four types of opinions that auditors may render on the financial statements:
 - (1.) **Unqualified:** An unqualified opinion, commonly referred to as a "clean" opinion, is given when the financial statements have been prepared in accordance with GAAP and the auditors believe the information included therein is fairly represented.
 - (2.) **Qualified:** A qualified opinion is rendered when one or several issues have come to the attention of the auditors that would preclude them from rendering a completely unqualified opinion on the financial statement. For example, the financial statements may include some type of material departure from GAAP or there may be significant uncertainties affecting their fair presentation. With the exception of the identified issues, however, the auditor's opinion is that the statements are fairly stated.

- (3.) Adverse: An adverse is rendered when the auditor finds the financial statements, as a whole, are not prepared in accordance with GAAP.
- (4.) Disclaimer: Auditors issue a disclaimer when they are not rendering any type of opinion (i.e., unqualified, adverse) on the financial statements. A disclaimer of opinion is issued when auditors have not been able to examine information sufficiently for them to be able to render an opinion.