

**SUBJECT: EXTRACLASSROOM ACTIVITY FUND**

An extraclassroom activity (ECA) fund will be established for activities conducted by students whose financial support is raised other than by taxation or through charges of the Board. ECA fund management will give students opportunities to learn proper business practices and how to operate a successful business. The Board and designated District personnel will protect and provide oversight of ECA funds. ECA funds are those operated by and for the students. Moneys are collected voluntarily by pupils (e.g. through fundraising or sales) and spent by them as they see fit so long as they abide by established regulations.

All ECAs will be approved by the building principal. The building principal will maintain an up-to-date register of all ECAs that are approved or discontinued. Each ECA must have a faculty advisor appointed by the building principal. A central treasurer (school clerk) and the Audit Department will oversee all financial aspects of ECAs. The annual District audit will include all ECA funds and accounts.

All ECA funds will be handled in accordance with the financial procedures set forth in Safeguarding, Accounting and Auditing of Extraclassroom Activity Funds, Revised 2015, published by the New York State Education Department. All funds, commitments and contracts will be the sole responsibility of the ECA giving rise to the transaction, regardless of a change in advisors, membership, or officers.

Accurate ledgers will be kept. All moneys will be timely deposited, only in appropriate bank accounts set up by the District. These accounts are subject to audit at any time. All transactions involving ECA funds will be on a cash basis. No accounts will remain unpaid at the end of the school year. The District will invest funds in accordance with its investment policy.

The District's ECAs are prohibited from using its state sales-tax exemption. The central treasurer with assistance from the Audit Department is responsible for filing the periodic sales tax returns for the ECA funds.

Funds of discontinued ECAs, those inactive for one year, and those of graduating classes will revert to the account of the general student organization or student council, and will be expended in accordance with the organization's or council's constitution.

The building principals will follow regulations and procedures established by the Superintendent for safeguarding, accounting for, and auditing all money received and derived from ECAs.

The Superintendent will establish regulations addressing crowdfunding and other alternative sources of fundraising for student accounts and for grants received by the schools that are over one-thousand (\$1,000.00) dollars that are consistent with Board Policy.

# POLICY

2019

5520  
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Education Law § 207  
8 NYCRR Part 172

NOTE: Refer also to Policies #5620 -- Fixed Asset Inventories, Accounting, and Tracking  
#7450 -- Fundraising by Students

Adoption Date

# REGULATION

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## **SUBJECT: EXTRACLASSROOM ACTIVITY FUND**

The District has established regulations and procedures for establishing, operating, and maintaining extraclassroom activities (ECAs), including safeguarding, accounting for, and auditing all moneys received and derived from ECAs. These internal controls will help minimize any errors or irregularities, and help detect and correct them at the earliest possible time. The following basic principles and procedures are essential to properly managing ECA funds:

### **Basic Principles:**

- 1) Extraclassroom activities are funds operated by and for the students. Moneys are collected voluntarily by the students and spent as they see fit as long as they abide by the established policies, regulations, and the intended purposes of the activity.
- 2) Two separate and independent sets of records of receipts and expenditures must be maintained, one by the Central Treasurer (School Clerk) and one by the ECA Student Treasurer with guidance from the Faculty Advisor.
- 3) The authority to expend moneys must be distinct and separate from the custody of these moneys.
- 4) There must be two (2) signatures on each check. An individual who is an authorized signatory cannot sign a check that is made out to him/herself. A minimum of three full-time employees must be designated as cosigners of checks for the checking account. The signatories must not sign blank checks.
- 5) The Audit Department will report to the Board or its designated representative at regular intervals.
- 6) All accounts will be audited at least annually by the independent auditor.
- 7) Procedures will be established to ensure a prompt and careful examination of each receipt and purchase/payment, and all disbursement requests will be supported by an approved Cash Disbursement Form.
- 8) The accounting system will yield the largest possible educational return to students without sacrificing the safety of funds or exposing students to undue responsibility or unnecessary routine.
- 9) Upon the receipt of monetary and in-kind donations or grants of \$1,000 or more, the Principal must notify the Grants Department. The Grants department will provide instructions on how to proceed after determining if a grant needs to be set up in the District's general ledger.
- 10) Under no circumstances may PTO, PTA, alumni association, personal funds, or other funds be comingled with extraclassroom funds.

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### **Functions and Duties of Officers:**

#### Building Principal:

- The Principal is responsible for the collection, distribution and accounting of all extraclassroom funds.
- Ensure that all activity fund duties (as described herein) assigned to each activity fund position, for which the Building Principal has supervisory responsibility, are carried out accurately and on a timely basis.
- The Principal must make certain that all receipts and expenditures are monitored on a regular basis and in compliance with the District's Policies and Regulations.
- Must appoint a minimum of three check signatories, one of whom must be him or herself.
- Appoint a Faculty Advisor for each activity annually; consult with Faculty Advisors; and submit to the Audit Department all new activity organizations initiated by students for approval.
- The Principal will investigate all problems and disputes concerning the organizations and work to resolve them.
- The Principal will immediately advise the Audit Department and his/her Supervisor of any inconsistencies with regulations or instituted policies and procedures.

#### Central Treasurer (School Clerk):

- The Central Treasurer has custody of all funds.
- All disbursements will be by pre-numbered checks signed by two (2) co-signers upon receipt of properly supported (with receipt or invoice) Cash Disbursement Form signed by the ECA Student Treasurer, Faculty Advisor, and Principal. The Central Treasurer will sign the Cash Disbursement Form as evidence that all documentation is complete.
- The completed Cash Disbursement Form and supporting documentation (receipt/invoice) will be uploaded into the extraclassroom accounting software at the time of the disbursement. He or she will only disburse funds if there are sufficient funds available in the activity account.
- The Central Treasurer keeps independent records of receipts and disbursements for each ECA. He or she will also keep a ledger of all the receipts and disbursements of the combined student organizations.
- Prepares monthly bank reconciliation in the extraclassroom accounting software for approval by the Principal, and maintains records and prepares fiscal reports as needed.

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- Advises the Principal and Audit Department of any inconsistencies with regulations or instituted policies and procedures
- Deposit funds received in school bank account timely within two (2) business days of receipt.

### Faculty Advisor (appointed by Building Principal):

- The Faculty Advisor will guide and advise the student officers in planning activities and preparing financial budgets, the ECA ledger, profit and loss statement, and other documents. The Faculty Advisor will guide all procedural aspects of the ECA's accounting, including timely entering information into ECA ledgers, preparing profit and loss statements, maintaining inventory control documents, reconciling final fundraising activity ensuring issuance of receipts and other documentation, verifying balances, and executing documents for deposits or withdrawals.
- The Faculty Advisor, with the assistance of the ECA Student Treasurer, maintains independent accounting records of ECA receipts and disbursements using the Activity Treasurer's Ledger. All receipts and disbursements should be recorded timely, within 2 business days.
- He or she will periodically compare the ECA ledger with the Central Treasurer's (School Clerk) records. Any discrepancies noted will be communicated to the Central Treasurer. The Central Treasurer and Faculty Advisor will work together to resolve any discrepancies and will notify the Building Principal and the Audit Department if they are unable to resolve.
- Deliver all money collected to the Central Treasurer with completed Cash Receipt Form within 2 business days of receipt.
- Assist the ECA Student Treasurer to complete the Cash Disbursement Form to obtain a check from the Central Treasurer to pay approved invoices.

### ECA Student Treasurer (student elected):

The ECA Student Treasurer will receive all moneys collected through fundraising, timely deposit funds to the Central Treasurer, complete the Cash Disbursement Form with assistance from the Faculty Advisor to obtain a check to pay approved invoices, and utilize and maintain any necessary duplicate or supporting documentation.

The ECA Student Treasurer will also keep an independent ledger showing all receipts and expenditures, and indicate a daily running balance on the Student Treasurer's Ledger Form. He or she will file all supporting data, chronologically, for all entries, in the central office.

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District Auditor (appointed by the Board):

The District Auditor, with the assistance of the Audit Department, has distinct and separate duties from the other officers; he or she will have no part in approving payments, planning income, or keeping records. Instead, he or she provides financial oversight of the ECA fund, including periodic comparisons of the ECA's ledger with the Central Treasurer's records to verify agreement, investigations of any accounting discrepancies, monitoring deposited fundraising proceeds with anticipated sales, and ensuring that sufficient documents support purchase/payment orders.

The District Auditor's specific duties include examining the Central Treasurer's statement of accounts monthly; bank reconciliations, auditing ECA Student Treasurers' ledgers at least once per year, and reconciling them with the Central Treasurer's records; examining transactions and procedures to ensure they are accurate and followed, including procedures for issuing receipts and for supporting transactions; and preparing a year-end report with a summary of each ECA's financial condition for the Building Principal's and Board's review.

If the ECA's and Central Treasurer's ledgers do not agree, the District Auditor will investigate. He or she will review supporting evidence kept by the ECA Faculty Advisor and Student Treasurer and the Central Treasurer in the form of audited receipt statements, signed deposit slips, original audited bills, signed purchase/payment orders, canceled checks, and bank statements.

The District Auditor will prepare annual summary of all completed audits for the Board.

The District Auditor will report any findings or inconsistencies to his or her supervisor, and where appropriate, the Human Resources Department.

Independent Auditor (appointed by the Board):

The Independent Auditor conducts an annual audit of all District finances, including the ECA fund. This audit should include a statement of receipts, disbursements, and balances for each activity together with a reconciliation of cash.

**Forms:**

Example forms referenced in this regulation will be maintained in 5520F.

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### **General Account Procedures:**

Each ECA has an account in the extraclassroom accounting software to record transactions. The School Clerk is the Central Treasurer, and is responsible for the accounts of all ECAs. The funds are deposited in a school bank account approved by the Board.

All funds, raised in any manner in the ECA's name, will be deposited within two (2) business days in its respective bank account by the Central Treasurer (School Clerk). Both the Faculty Advisor and ECA Student Treasurer are responsible for making an appointment with the Central Treasurer (School Clerk) to complete the necessary forms to deposit funds.

Fund expenditures from any ECA account must have prior approval from the Principal. Disbursements must be itemized and supported by receipt or invoice. The ECA Faculty Advisor and Student Treasurer are responsible for working with the Central Treasurer to complete the Cash Disbursement Form for expending funds.

Prior to the close of the school year, the ECA Faculty Advisor and ECA Student Treasurer must make an appointment with the Central Treasurer to conduct account closing procedures. This will include a final accounting or a profit and loss statement that compares revenue to expenses over the school year. Faculty Advisor responsibilities for each year are not completed until account books have officially been closed.

### **Deposit Procedures:**

- 1) The ECA Student Treasurer will count the money received and issue duplicate pre-numbered receipts to document it. The Faculty Advisor and ECA Student Treasurer complete a Cash Receipt Form for deposit. The Faculty Advisor and ECA Student Treasurer will sign the Cash Receipt Form.
- 3) If the deposit cannot be submitted immediately to the Central Treasurer, it will be placed in the school vault until the next school day or otherwise secured in the school building.
- 4) The Central Treasurer will verify the funds and also sign the Cash Receipt Form.
- 5) The Central Treasurer will timely record all ECA receipts and document the transaction in the extraclassroom accounting software.
- 6) The Central Treasurer will complete a bank deposit slip and deposit the funds at the bank within two (2) business days.

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- 7) The ECA Student Treasurer with assistance from the Faculty Advisor will enter the amount of the deposit in the Student Treasurer's ledger, further indicating the date, source, and receipt number.
- 8) The ECA Student Treasurer will file the supporting documents, including the Central Treasurer's receipt and, if applicable, the statement of admissions. All of the supporting documents should be filed at the site and be available for Audit Department review.

**Withdrawal/Disbursement Procedures:**

- 1) Upon receiving an invoice for goods received or services rendered, the ECA Student Treasurer and the Faculty Advisor will confirm the invoice's accuracy and legitimacy.
- 2) The ECA Faculty Advisor and ECA Student Treasurer will complete the Cash Disbursement Form. The Cash Disbursement Form will also be signed by the Principal, Faculty Advisor, and ECA Student Treasurer. The completed Cash Disbursement Form and supporting invoice/receipt will be submitted to the Central Treasurer for payment and will be signed off by the Central Treasurer as evidence that all documentation is complete.
- 3) An invoice, itemized receipt, or statement to substantiate the expenditure must accompany all Cash Disbursement Forms before the Central Treasurer will issue a check. The Central Treasurer should upload original documentation to the extraclassroom accounting software at the time of disbursement with the completed Cash Disbursement Form.
- 4) The Central Treasurer will issue a check for payment once approved, if the activity line has available funding. Activity lines should never have a negative balance. Checks should not be written if funding is not available in the activity line.
- 5) No expenditures are to be paid directly from cash collections. Cash collected must be deposited into the corresponding activity club, and following the deposit, expenditures can be made from the account by check.
- 6) The ECA Faculty Advisor and the ECA Student Treasurer will make the necessary entry in the Student Treasurer's ledger indicating the payee and purpose of the payment, along with a copy of the completed Cash Disbursement Form and receipt/invoice.



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## **Equipment Acquisitions:**

All equipment shall be operated on District property, unless express permission from the Superintendent or designee is secured to use the equipment or have it reside off-premises. Such equipment must be tagged as District property in accordance with District policy and procedure but is available for exclusive use by the ECA club acquiring the item.

## **Bidding:**

It is good business practice to obtain and document at least three informal written quotations prior to selecting a vendor for purchases, and it is strongly encouraged that ECA's follow this practice. The District's Purchase Department website has resources that can assist.

## **Hiring employees or Consultants:**

Any payment to a Buffalo Board of Education employee for any other than the reimbursement of an allowable expenditure must be processed through payroll accompanied by an extra activity sheet with appropriate prior approval from supervisors. Payment to a vendor can be made only with a completed and current W-9 on file.

## **Sales Tax:**

The District is exempt from paying sales tax but extraclassroom funds are a separate entities and are not exempt from collecting and remitting sales tax. Sales tax is tracked on receipts in the extraclassroom accounting software. The Audit Department will work with the Central Treasurer to complete and file quarterly sales tax reports and returns. The Faculty Advisor and Central Treasurer will determine which activities are subject to sales tax and will ensure that all tax information is accurately recorded. The Faculty Advisor will constantly work toward ensuring the largest educational return from the activities participated in by the students

## **Monthly Reconciliation:**

The ECA Student Treasurer with assistance from the ECA Faculty Advisor will reconcile his or her student ledger to the Central Treasurer at the end of every month, where they will be held for Audit Department review.

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## **Monthly Bank Reconciliation:**

The Central Treasurer completes the bank reconciliation in the extraclassroom accounting software. Bank reconciliations are to be completed by the end of the month following the statement month. The Building Principal and the Audit Department will review bank reconciliations.

## **Crowdfunding:**

Crowdfunding is a fundraising method that raises small amounts of funds from a large number of individuals, typically through the internet. Activities wishing to raise funds through crowdfunding or other online donations systems must obtain written approval from the Principal after providing pertinent details, such as the site on which the funds will be raised, a complete copy of the proposed listing, and a copy of the school personnel's personal profile listed on the site.

The review of the post must ensure the posting contains no violations of FERPA, IDEA or other State laws and District policies and regulations. The posting shall not paint the District, school, staff or students in a negative light. The posting shall not include identifiable student images or information.

If approved, the crowdfunding site must deliver funds directly to the school, not individual staff members. All assets are the property of the school, not individual staff.

All proceeds or assets received from the crowdfunding must be audited to ensure they fulfill the stated purpose of the fund raising.

## **Grants/ Donations Received of \$1,000 or More:**

If a school obtains a grant from any outside source in one or more receipts expected to be \$1,000.00 or more in total, the school must obtain approval from the Grants Department prior to depositing any funds. The school shall provide the Grants Department with a written award notice from the grantor which should including the grant amount, the reason for the award, the intended purpose of award, and any conditions or restrictions on the award.

After reviewing the documentation submitted, the Grants Department will instruct the school to either: a) submit the check to the Finance office so the Grants Department can set up funding lines in Munis, to be disbursed through a requisition, or b) if the award should be deposited into the school account and disbursed through the Extraclassroom system.

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### **Inactive Clubs and Leftover Funds:**

An ECA shall be considered inactive if it has no meetings and takes no action for one full school year or if its purpose is terminated (e.g. a graduating class ECA). Upon designation of an ECA as inactive, the following shall occur:

- a. Closure of Graduating Senior Class Activity Accounts – No later than the last day of regularly scheduled classes, each Graduating Senior Class ECA may establish by vote where remaining funds will be disbursed. Should the ECA take no action, funds will be transferred to the upcoming Senior Class ECA by the Central Treasurer. If there is no upcoming Senior Class ECA, any remaining funds will be divided equally among all active accounts at that school.
- b. Closure of Inactive Activity Accounts – The Central Treasurer is directed to transfer any remaining funds of an inactive ECA as follows in the order specified:
  - i. As determine by a vote of the organization controlling the ECA funds.
  - ii. Should the ECA take no action to designate the transfer of remaining funds, the Central Treasurer shall transfer remaining funds into the Student Council activity account for that school.
  - iii. If the school does not have a Student Council, divide remaining funds equally among all active accounts at that school.
- c. Closure of Activity Accounts Upon Request – The Faculty Advisor and/or the Central Treasurer may submit a request to the Audit Department to close an activity account due to lack of student interest or involvement and/or improper activity before the one year waiting period for inactivity has been met. Upon approval of the closure request, the Central Treasurer will transfer any remaining funds as follows in the order specified:
  - i. Transfer remaining funds into the Student Council for that school.
  - ii. If the school does not have a Student Council, divide remaining funds equally among all active accounts at that school. The Central Treasurer is directed to transfer any remaining funds of an inactive ECA as follows
- d. Closure of a School – Upon closure of a school, any remaining funds should be remitted to the Finance Department at the end of the school year. The Superintendent will have the authority to determine where those funds will be transferred.