

Limestone
District School Board

School Councils
Financial Handbook

Revised February, 2006

Limestone District School Board

School Councils Financial Handbook

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Financial Services
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Introduction

In 2004 the Ministry of Education adopted the Public Sector Accounting Board (PSAB) standards of the Canadian Institute of Chartered Accountants (the CICA) for financial reporting for school boards in Ontario. The Government of Ontario's own financial reporting will also be done on this PSAB basis.

Of particular interest to school councils is the requirement by school boards to include in their financial statements the financial position and financial activities of all organizations "controlled" by the board. School councils are subject in law to the regulations of the Ministry of Education and through those regulations school councils are subject to school board policy. Therefore school councils meet the CICA definition "control" for financial reporting purposes by school boards.

The Ministry of Education, in a memo from Kevin Kobus, Assistant Deputy Minister, in April 2004, and in a publication "PSAB & School Board Financial Reporting – A General Guide" in August 2004, addressed the change to PSAB and its impact on school council funds. Both the memo from Mr. Kobus and General Guide provide reassurance that this in no way changes control over school council funds. The second paragraph on page 4 of the General Guide reads as follows:

"Although funds collected and spent by various schools and school councils must be included in the financial statements, boards, schools, and school councils should note that this reporting in no way affects the control and management of these funds."

This requirement to include school council financial activities in the school board's financial statements has prompted the Financial Services department, through the Board and senior staff, to develop a handbook that addresses all the issues related to school council funds.

The Board's Administrative Procedure 110, the Ministry's Regulation 612, and the Ministry's publication from 2001, "School Councils: A Guide for Members", provide some general guidance on financial matters for school councils. The relevant sections of these documents are included in this Handbook.

The next section in this Handbook, Accounting Practices, outlines the practical matters of what constitutes good financial controls and good financial reporting for school councils.

Finally, perhaps the most important aspect of this Handbook is to recognize that ongoing compliance and support for school councils in their financial activities requires the time and effort of the school council volunteers who have the positions of treasurer and chair. It also requires training and ongoing support from Financial Services staff at the Board because school council volunteers may be short on bookkeeping experience. To that end Financial Services is available to provide advice, training, and ongoing support to the positions of treasurer and chair of any school council who believes they have a need.

Please feel free to contact

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All of this information, the implications of the change to PSAB standards and the need for a handbook, was shared with the School Councils Liaison Committee at their meeting in May 2004. From that meeting several parent council members volunteered to help develop this Handbook in October 2004 and their contributions and support for the concept have been most helpful.

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Accounting Practices

- 1.0.0 Each school council that engages in fund raising activities should have one bank account for the purpose of handling funds.
- 1.1.0 The bank account should be the joint responsibility of the chair, or co-chairs, and the treasurer. Each school council should have a member designated as the treasurer whose duties would include the accounting and reporting for all financial transactions of the school council.
- 1.2.0 Only one bank account should be opened by a school council, except if the school council operates bingo, or break open tickets, or similar licenced activities that require a specific designated bank account to be opened as a condition of the licence. Any such designated account should be operated with the same practices as the regular bank account.
- 1.3.0 The bank account should be designated “in the name of the School Council, In Trust”.
- 1.4.0 The bank account should be opened at a convenient branch of any chartered bank or trust company as decided by the school council having due regard to the fees charged by the bank or trust company.

- 2.0.0 In accordance with Section 16 of Regulation 612 of the Education Act and Section 16 of the Board’s Administrative Procedure 110 “a school council shall keep records of all its financial transactions.” These records should be maintained in accordance with proper internal control as follows:
 - 2.1.0 All funds received by the school council should be deposited in the account and deposits should be made promptly. The school council chair should direct all members to use the school council bank account for all funds relating to the school council’s activities which may come to them as temporary custodians of the funds.
 - 2.2.0 Funds should be withdrawn from the account by cheque only, on the signature of any two of the chair, or co-chairs, and the treasurer.

- 2.2.1 A petty cash fund may be established from time to time as a temporary float for special fund raising events. Any such funds should be deposited promptly to the bank account once the event is complete.
- 2.3.0 An accounting of all funds received and deposited and all cheques written should be maintained on a current basis by the treasurer.
- 2.4.0 The bank account should be reconciled monthly, promptly following the receipt of the bank statement, by the treasurer.
- 3.0.0 The treasurer should submit a report of the transactions carried out through the account to the school council at each regular meeting of the school council and included in the minutes. If the minutes are published they should include the treasurer's report.
- 4.0.0 In accordance with Section 24 of Regulation 612 of the Education Act and Section 16 of the Board's Administrative Procedure 110 the school council "shall annually submit a written report on its activities to the principal of the school and to the board" and "if the school council engages in fundraising activities, the annual report shall include a report on those activities."
- 4.1.0 The report will be due by the end of September of the following school year. The format suggested in Section 10, Accountability, of the Ministry of Education publication, "School Councils, A Guide for Members" is acceptable.
- 5.0.0 School council funds may be subject to audit by the Board's Superintendent of Business Services or designate, and the Board's external auditors, as deemed necessary.
- 6.0.0 Supporting documentation including bank statements, canceled cheques, invoice details, and deposit documentation, should be retained by the school council for audit purposes for four years.

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Regulation 612 to the Education Act School Councils extracts

Minutes and Financial Records

- 16 (1) A school council shall keep minutes of all of its meetings and records of all of its financial transactions.
- 16 (2) The minutes and records shall be available at the school for examination without charge by any person.
- 16 (3) Subsections (1) and (2) do not apply to minutes and records that are more than four years old.

Fundraising

- 22 (1) Subject to subsection (2), a school council, may engage in fundraising activities.
- 22 (2) A school council shall not engage in fundraising activities unless,
 - (a) the activities are conducted in accordance with any applicable policies established by the board; and
 - (b) the activities are to raise funds for a purpose approved by the board or authorized by any applicable policies established by the board.

- 22 (3) A school council shall ensure that the funds raised by it are used in accordance with any applicable policies established by the board.

Annual Report

- 24 (1) Every school council shall annually submit a written report on its activities to the principal of the school and to the board that established the council.
- 24 (2) If the school council engages in fundraising activities, the annual report shall include a report on those activities.

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Administrative Procedure 110 School Councils

16.0.0 Minutes and Financial Records

16.1.0 A school council shall keep minutes of all of its meetings and records of all of its financial transactions.

16.2.0 The minutes and records shall be available at the school for examination without charge by any person.

16.3.0 Sections 16.1.0 and 16.2.0 do not apply to minutes and records that are more than four years old.

16.4.0 Every school council shall annually submit a written report on its activities to the principal of the school and to the director of education.

16.5.0 If the school council engages in fundraising activities, the annual report shall include a report on those activities.

16.6.0 The principal shall, on behalf of the school council, give a copy of the report to every parent of a pupil who, on the date the copy is given, is enrolled in the school.

16.7.0 Section 16.6.0 may be complied with by,

(a) giving the report to the parent's child for delivery to his or her parent; and

(b) posting the report in the school in a location that is accessible to parents.

Accountability

Annual Reports

At the end of its term, your school council must prepare and submit a written report to the school and to the board, outlining the council's goals, activities, and achievements, including any fund-raising activities.¹ The principal, on behalf of the school council, must ensure that a copy of this annual report is provided to every parent who has a child enrolled in the school.

Provided below are two sample annual report formats. Sample 1 indicates the minimum information that should be provided in an annual report. Sample 2 illustrates a more detailed approach.

Sample Annual Report Formats: Sample 1

ANNUAL REPORT

[Name of School]

[Date of Submission]

1. Begin with a warm opening statement addressed to parents and the school community, including an open invitation to attend all school council meetings.
2. List the names and positions (e.g., council chair, secretary) of and the group represented by (e.g., parents, students, teaching/non-teaching staff, the community) all current school council members.
3. Name, identify, and acknowledge the efforts and commitment of outgoing school council members from the previous year.
4. List the dates of the previous year's school council meetings, as well as any available information on upcoming meetings.
5. Include a financial statement if the school council held any fund-raising events. (See the next section.)

[Name of School] Council

**Annual Report
for the
[insert year] School Year**

Dear Parents and School Community:

Welcome back! We hope you had a safe and happy summer. The [name of school] School Council had a very rewarding [insert year]. The school council held [number] meetings on [list dates] and worked on various issues during the year including [insert list]. These meetings were open to the public to encourage input from parents and other members of the school community.

The purpose of the school council is to help improve student achievement and to enhance the accountability of the education system to parents. School councils are advisory organizations. A school council's primary means of achieving its purpose is by making recommendations to the principal of the school and the school board. Boards and principals are responsible for considering the recommendations made by each school council and for advising the council(s) of the actions taken in response to the recommendations. Accordingly, included with this report is a summary of the advice that the school council provided to the principal and to the school board in [insert year], as well as the responses from the principal and school board on how this advice was taken into account in decision making [attach summary of advice and responses].

Additional achievements of the school council in [insert year] included the following: [insert list]. Fund-raising activities were also conducted, and the proceeds were used to fund projects in accordance with school board policies. These fund-raising activities are identified in the attached financial summary entitled "Sources and Uses of Project Funds". Another summary of financial activity related to the school council's administrative activities, entitled "Sources and Uses of Operating Funds", is also attached. Minutes of meetings held and financial records are available for public inspection at the school office.

We wish to acknowledge the hard work and dedication of the many individuals who volunteered their time to contribute to the success of the school council last year. Special thanks are due to the following members of the [insert year] school council: [provide list]. Finally, we would like to wish the best of luck to candidates in the September [insert year] school council elections. Issues that we foresee as being important matters for the consideration of the new school council following the September [insert year] elections include [insert list].

Sincerely yours,

[insert the name of the chair or co-chairs]

Chair
[insert date]

Financial Statements

In the following two sample financial statements, "project funds" refers to fund-raising done for specific projects; "operating funds" refers to the ongoing operation expenses of the council.

Note: School councils shall not engage in fund-raising activities unless the activities are conducted in accordance with applicable policies established by the board.²

Sample Financial Statements: Sample I

**The [name of school council]
Sources and Uses of Project Funds for the Year Ended August 31, 2001**

Cash on hand for projects at the beginning of the period (September 1, 2000)	\$227.64		
Add revenues: Net funds raised (see breakdown below)	<table style="margin-left: auto; margin-right: 0; border-collapse: collapse;"> <tr> <td style="text-align: right; border-bottom: 1px solid black;">717.11</td> </tr> <tr> <td style="text-align: right;">944.75</td> </tr> </table>	717.11	944.75
717.11			
944.75			

Activity	Expenditure	Receipts	Net Proceeds
Candy bars	\$137.48	\$340.00	\$202.52
Milk	383.16	510.00	126.84
Fun Run	8.73	65.00	56.27
Raffle	86.02	417.50	331.48
Totals	\$615.39	\$1,332.50	\$717.11

Subtract expenditures: Project expenditures (see breakdown below)	\$746.00
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Project	Expenditure
Instrument repair (recorders)	\$300.00
CDs for music program	296.00
Bus subsidy for Grade 6	150.00
Total	\$746.00

Project cash on hand at the end of the period (August 31, 2001)	<table style="margin-left: auto; margin-right: 0; border-collapse: collapse;"> <tr> <td style="text-align: right; border-bottom: 1px solid black;">\$198.75</td> </tr> </table>	\$198.75
\$198.75		

**The [name of school council]
Sources and Uses of Operating Funds for the Year Ended August 31, 2001**

Operating cash on hand at the beginning of the period (September 1, 2000)	\$147.12
<i>Add allocation from board</i>	<u>500.00</u>
	647.12
 <i>Subtract operating expenditures (see breakdown below)</i>	
Expenditures	
Postage	\$291.27
Photocopies	176.63
Miscellaneous	42.92
Total	<u>\$510.82</u>
Operating cash on hand at the end of the period (August 31, 2001)	<u>\$136.30</u>

Notes

1. See Ontario Regulation 612/00, section 24.
2. See Ontario Regulation 612/00, sections 22(2) and (3).