Janet Barresi
State Superintendent of Public Instruction
Oklahoma State Department of Education

ACTIVITY FUNDS

PATHWAYS TO IMPROVING ACCOUNTABILITY

Oklahoma Cost Accounting System

2013-2014

Nancy Hughes, Executive Director
Financial Accounting/OCAS

It is the policy of the Oklahoma State Department of Education (OSDE) not to discriminate on the basis of race, color, religion, gender, national origin, age, or disability in its programs or employment practices as required by Title VI and VII of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, and Section 504 of the Rehabilitation Act of 1973.

Civil rights compliance inquiries related to the OSDE may be directed to the Affirmative Action Officer, Room 111, 2500 North Lincoln Boulevard, Oklahoma City, Oklahoma 73105-4599, telephone number (405) 522-4930; or, the United States Department of Education's Assistant Secretary for Civil Rights. Inquiries or concerns regarding compliance with Title IX by local school districts should be presented to the local school district Title IX coordinator.

This publication, printed by the State Department of Education Printing Services, is issued by the Oklahoma State Department of Education as authorized by 70 O.S. § 3-104. One hundred copies have been prepared at a cost of $34.00. Copies have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries. September 2013

TABLE OF CONTENTS

PATHWAYS TO IMPROVING ACCOUNTABILITY

Sample Timelines 1

Policy and Procedures 5

Activity Fund Laws 12

Frequently Asked Questions 19

Forms 29

SAMPLE

TIMELINES

SAMPLE TIMELINE
SETTING UP AND MAINTAINING ACTIVITY FUNDS

APRIL - MAY

Start income/expense books for new fiscal year activity funds. Send information to all sponsors, coaches, and parent representatives to determine any changes or deletions in existing subaccounts or requests for new subaccounts.

Prepare and send out year-end checklist and, if applicable, cut-off dates for purchasing to all sites.

MAY

Check in and reconcile all receipt books for sponsors, coaches, and parent representatives leave for the summer.

Prepare year-end transaction and financial statements on all subaccounts and provide to sponsors, coaches, and parent representatives. Make and document any needed adjustments to subaccounts.

MAY - JUNE

Prepare and present subaccount information for Board of Education approval prior to beginning of new fiscal year (July 1). (Remember, additions/deletions/changes can be made through the year.)

Information to Board of Education should include, but not be limited to:

- Name of Subaccount (Existing account or new)
- Sponsor
- Site
- Purpose
- Sources of Income (Fundraising? Donations?)

Run trial Oklahoma Cost Accounting System (OCAS) data and make all necessary changes and/or corrections.

APRIL - JUNE

Prepare packets for sponsors, coaches, and parent representatives. Information should include, but not be limited to:

- Legal requirements for Activity Fund (School Laws of Oklahoma Section 87, etc.)
- District's Activity Fund Policy and Procedures
- Specific information relating to their individual subaccount (account number, any beginning balance, etc.)
- All required forms, books, or documentation:
  - Request for Account
  - Request for Fundraiser
  - Ledger Sheets
  - Tracking Sheets
  - Ticket Sales Information
  - Purchase Order/Requisition
  - Receipt Book
  - Deposit Slip and Correction to Deposit
  - Returned Check Form

JULY – AUGUST

Meet and coordinate with site Activity Fund Secretaries (if applicable) and building Principals (if applicable).

Meet with ALL sponsors, coaches, and parent representatives. Review requirements and go over all items in packet. Should require everyone involved with Activity Funds to attend; however, should be MANDATORY for all new sponsors, coaches, and/or parent representatives. Additionally, any sponsor, coach, or parent group that did not adhere to requirements in the previous year should also be required to attend.

Prepare final OCAS submission. Activity Fund financial data must be merged with all funds for final submission to the State Department of Education.

Follow-up with district personnel after district submission of OCAS data to ascertain and confirm Activity Fund information is correct. This needs to be completed before the Superintendent "certifies" the final report to the State Department of Education.

THROUGH THE SCHOOL YEAR

DAILY:

Receipt any funds turned in.
Deposit any funds totaling more than $100 (or next business day for weekend deposits).*
Prepare and assign purchase orders/requisitions.
Review all OCAS coding for revenues and expenditures.

WEEKLY:

Deposit all funds totaling less than $100.*

BI-MONTHLY (or as established by policy):

Pay invoices for completed* purchase orders/requisitions.
(*Completed*: All items have been received and signed for at the district and all supporting documentation has been attached.*)

MONTHLY:

Reconcile all subaccounts with bank statements.*
Provide financial report to Board of Education* and sponsors, coaches, and parent representatives.
Follow-up on "uncollected" returned checks.

BIANNUALLY: Reconcile district subaccount information with records kept by sponsors, coaches, and parent representatives.

*Required by law.

POLICY AND PROCEDURES

Standard Operating Procedures
Activity Fund Accounts

1. All subaccount financial data is a part of the district's final revenue and expenditure as reported to the State Department of Education. The final financial data is also forwarded to federal reporting agencies as applicable.

2. The Activity Fund and all subaccounts are subject to all accounting and auditing requirements.

3. The Activity Fund and all subaccounts are included in the district's annual audit.

- Citations on specific subaccounts will be the responsibility of the sponsor/coach/parent representative (hereafter referred to only as sponsor) to ensure corrective steps are taken to clear the finding. Deficiencies will be reported in the audit and must be addressed.
- Repeated failure to adhere to all requirements will result in:
  >The sponsor being removed from the activity — or —
  >The activity being removed as an approved activity of the district.
  (Decisions will be made based on the situation and cause.)

4. All subaccounts and fundraising efforts must have prior approval.

- Ensure each account sponsor has permission for their fundraisers.
- The site Activity Fund Secretary will keep a copy of approved permission form. The original will be kept in the Activity Fund Office.
- The operation of any unapproved activities can result in personnel action if deemed necessary.
- REMINDER: State statutes require board approval on all fundraisers.

5. The secretary-treasurer of each organization or subaccount shall issue receipts and keep records of credits, debits, and balances.

- Each subaccount will track all revenue and expenditures separate from the files kept by the district site Activity Fund Secretary and district Activity Fund Office.
- Further, a complete "ledger" should be kept at each individual site for the activity funds operating within the building if there is a site operational Activity Fund Secretary.
- The district Activity Fund Office will provide a computer printout of all transactions to the individual sites which in turn will be forwarded to the specific organization. All reports should be compared and coordinated for accuracy.

6. Account reconciliations will be done monthly.

- The site Activity Fund Secretary will provide a printout to each subaccount.
- The individual subaccount must reconcile the printout to their records.
- The district Activity Fund Office will provide a computer printout of all transactions to the individual sites which in turn will be forwarded to the specific organization. All reports shall be compared and coordinated for accuracy.
- ALL DISCREPANCIES MUST BE REPORTED IMMEDIATELY.

7. Deposits

- Sponsors
  All funds received need to be turned in to the site Activity Fund Secretary on a daily basis (or next business day if money is received after school hours or over a weekend):
  >If receipts total less than $100, the funds are to be locked in the site safe. However, all funds must be deposited by the end of the week. Further, a deposit is required at the time the receipts equal or total more than $100.
  >If receipts total more than $100, deposit daily.
- Site Activity Fund Secretaries
  All deposits turned in to you are to be forwarded to the Activity Fund Office daily or next business day if applicable.

8. Prenumbered school activity fund receipt books shall be issued for every account for each fiscal year.

Each subaccount will be issued a receipt book at the beginning of each school year (or as applicable for new accounts).

- Each sponsor will sign for the receipt book assigned to their subaccount.
- The receipt book can be called for to be reconciled at any time without prior notification.
- The receipt book must be returned and reconciled prior to the end of the school year.
- If a receipt book is needed during the summer months for on-going preapproved fundraising purposes, please make arrangements with the Activity Fund Secretary.
- All receipts must be accounted for. All voided receipts must be marked as such and kept with the receipt book.
- All receipt books are tri-copy.
  >Sponsor receipts are to be distributed as follows:
  White: Customer Copy
  Pink: To be forwarded to site Activity Fund Secretary along with corresponding deposit.
  Yellow: To remain in receipt book.
  >Site Activity Fund Secretary receipts are to be distributed as follows:
  White: To be returned to sponsor to confirm receipt of deposit.
  Pink: To be forwarded to Activity Fund Office along with corresponding deposits.
  Yellow: To remain in receipt book.

9. Site Activity Fund Secretaries will recount all monies received from the sponsor, preferably in the presence of the sponsor. However, we recognize this is not always possible, therefore, the recount needs to be done as soon as possible and any discrepancies will be annotated and reported immediately back to the sponsor. The site Activity Fund Secretary must:

- Verify the checks are made out to the school district and endorsed with a subaccount number.
- Verify the amounts to be deposited by the denomination as they are reported on the deposit slip.
- Verify the numbered receipts equal the amount to be deposited.
- Receipt the money, returning the white receipt to the sponsor along with a copy of the deposit slip.
- Forward the deposit slip and the pink receipt to the Activity Fund Office.

The Activity Fund Office will recount, verify amounts, and make appropriate deposits. The Activity Fund Office will return a copy of the bank receipt to the site when the funds are deposited. This receipt will be kept on file at the site level as confirmation of the deposit.

10. All activities that charge for performances or gate admission must issue printed, prenumbered tickets. Tickets are available through the site Activity Fund Secretary.

- Complete the "ticket request form" and submit it to the site Activity Fund Secretary.
- At the conclusion of the event, return all unused tickets as well as deposits to the site Activity Fund Secretary.
- Reconcile returned tickets, ticket sales, and deposit to the original number of tickets issued. Example:

  Ticket Numbers Issued: 1 through 100 = 100 Tickets Issued ($1 each)
  Tickets Returned: #98 and #100 (2 tickets @ $1 = $2)
  Anticipated deposit: $98
  Actual Cash Deposit: $95
  Deposit Short: <$ 3>
  Indicate and initial shortage on ticket request form

11. Returned checks: It is the responsibility of the sponsor to contact and make every effort to collect the revenue resulting from a returned check. The bank charges a $25 service fee for all returned checks. Therefore, the service fee must also be collected.

- All returned checks and service charges will be charged back to the appropriate subaccount and forwarded to the site.
- The site Activity Fund Secretary must adjust all ledgers and records appropriately and forward the returned check to the appropriate sponsor.
- The site Activity Fund Secretary can work with the organizations in making sure these funds are collected.
- Reminders of uncollected returned checks will be supplied every semester.
- REMINDER: It is essential to adjust all ledgers and records. The amount of the returned check, plus the $25 service charge, IS NOT in the specific account and can not be used for expenses.

12. All purchases must have prior approval. Purchases made without prior approval will become the liability of the individual making the purchase.

- Purchase request forms can be obtained through the site Activity Fund Secretary.
- Upon confirmation that funds are available and the purchase is within preapproved expenditures, the site Activity Fund Secretary will assign the request with the next applicable purchase requisition number and return a copy of the original request along with the approved, numbered purchase requisition to the sponsor.
- The purchase process can only be initiated upon receipt of the approved, numbered purchase requisition.
- REMINDER: No purchases will be approved for any account with a zero or negative balance. If a purchase request is received on an account with insufficient funds, the request will be returned marked NOT APPROVED: FUNDS NOT AVAILABLE.
- No purchase requests will be approved for purchases already made without prior approval.

13. Payments for purchases will only be issued when invoice or supporting document and merchandise have been received.

- Invoices/bills submitted for payment must contain the following:
  >Itemized invoice with all items purchased (showing dollar amount for each item),
  >Signed documentation (shipping/packing slip) showing all items have been received (documentation must be signed by an authorized adult and the date merchandise was received), and
  >Copy of approved purchase requisition.
- REMINDER: Invoices dated prior to the purchase requisition will be denied. The payment will become the liability of the individual making the purchase.
- All payments will be check only. DO NOT REQUEST A CHECK FOR "CASH."

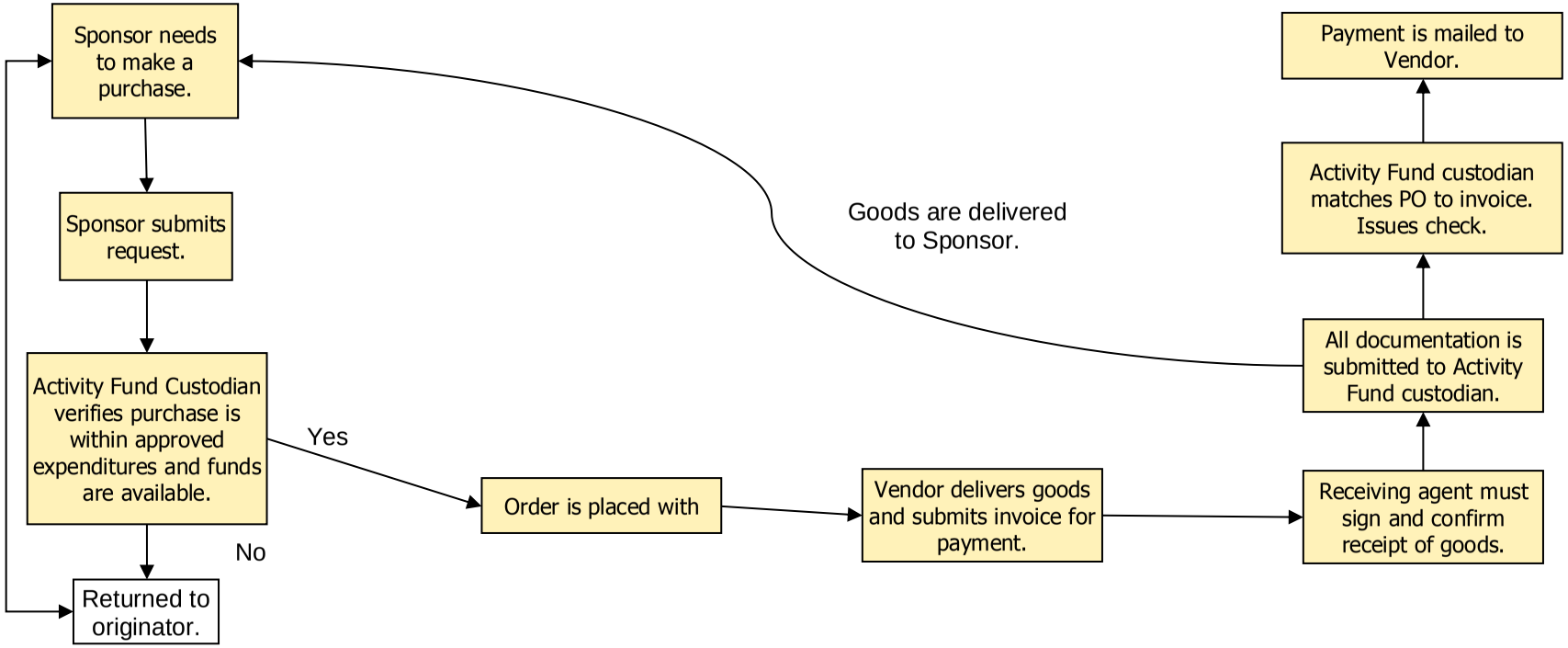
14. Advance travel payments:

- Advancements for travel will be issued in the name of the sponsor.
- Itemized receipts and unused monies will be required the first working day immediately following trip.
- Receipts and returned funds must equal the original advancement. Any discrepancies will be the responsibility of the sponsor.

15. Site Activity Fund Secretaries will be responsible for applying applicable OCAS codes to deposits and expenditures. Each site will be provided with an OCAS manual. Please contact the Activity Fund Office with any questions regarding coding.

NOTE: The above policies are approved by the Board of Education and can be changed through Board action as needed. If changes occur during the school year, copies of new policies will be provided as soon as possible.

Activity Fund Purchasing Flowchart



*The district may have various positions assigned to handle specific functions within the purchasing procedures; i.e., a purchasing agent.

School Laws of Oklahoma Section 87
School Activity Fund

A. The board of education of each school district shall exercise control over all funds and revenues on hand or hereafter received or collected, as herein provided, from student or other extracurricular activities or other revenue-generating sources listed in subsection B of this section that are conducted in the school district. Such funds shall be deposited to the credit of the account maintained for the benefit of the particular activity within the school activity fund. Deposits of funds subject to the requirements of this section shall be made by the end of the next business day; however, if the deposit for a day totals less than One Hundred Dollars ($100.00), a school district may accumulate monies required to be deposited into the fund on a daily basis until the total accumulated balance of deposits equals or exceeds One Hundred Dollars ($100.00). Provided, a school district shall deposit accumulated monies into the fund not less than one (1) time per week, regardless of whether the monies total One Hundred Dollars ($100.00). Disbursements from each of the activity accounts shall be by check countersigned by the school activity fund custodian and shall not be used for any purpose other than that for which the account was originally created. The board of education, at the beginning of each fiscal year and as needed during each fiscal year, shall approve all school activity fund subaccounts, all subaccount fund-raising activities and all purposes for which the monies collected in each subaccount can be expended. Provided, the board of education may direct by written resolution that any balance in excess of the amount needed to fulfill the function or purpose for which an account was established may be transferred to another account by the custodian.

B. The board of education of each school district may designate that any of the following revenue be deposited for the use of specific school activity accounts, or to a general activity fund within the school activity fund:

1. Admissions to athletic contests, school or class plays, carnivals, parties, dances and promenades;

2. Sale of student activity tickets;

3. Concession sales, including funds received from vending concession contracts and school picture contracts approved by the district board of education, and cafeteria or luncheon collections;

4. Dues, fees and donations to student clubs or other organizations, provided that membership in such clubs or organizations shall not be mandatory;

5. Income or revenue resulting from the operation of student organizations or club projects, provided, such revenue is not derived from the lease, rental or sale of property, supplies, products or other assets belonging to the school district. When approved by the board of education, student organizations or club projects may include fund-raising activities, the revenues from which may be used for the purpose of purchasing goods or services otherwise considered to be general fund expenditures;

6. Deposits for or collections for the purchase of class pictures, rings, pins, announcements, calling cards, annuals, banquets, student insurance and other such personal items; provided the cost of such items shall not be charged against other school funds; and

7. Other income collected for use by school personnel and other school related adult functions.

C. The board of education of such district may establish petty cash accounts to be used only for the purpose of making small cash expenditures, such as postage, freight or express charges; provided, no single expenditure from a petty cash account shall be made in excess of Seventy-five Dollars ($75.00), and the total expenditures during any one (1) fiscal year shall not exceed Two Thousand Five Hundred Dollars ($2,500.00) per school building. The school activity fund custodian shall initiate petty cash accounts by filing a claim against the general fund of the school district for the authorized amount of each petty cash account which shall not exceed Two Hundred Dollars ($200.00) per school building. The general fund warrants issued in payment of said claim shall be deposited in a "Petty Cash Account" in the school activity fund.

All disbursements from the petty cash accounts shall be made in the same manner as other disbursements from the school activity fund, except no disbursement shall be made from a petty cash account unless a prenumbered, dated receipt be obtained and signed by the person receiving payment. A school board may designate a petty cash custodian to countersign petty cash checks in place of the activity fund custodian. The school activity fund custodian shall file claims against the general fund of the school district for reimbursement of a petty cash account whenever the need shall arise. Such claims shall be itemized in the same manner as other claims filed against the general fund and shall have attached thereto the receipts covering each of the expenditures claimed for reimbursement. The total of a petty cash account balance and the receipts on hand awaiting reimbursement should equal at all times the authorized amount of a petty cash account.

None of the provisions pertaining to a petty cash account shall be construed to authorize the use of one (1) fiscal year's fund to pay obligations of another fiscal year. Any remaining balance in each petty cash account shall be transferred to the general fund on or before June 30 of each year.

D. The State Board of Education shall adopt appropriate rules and regulations and design standard forms for the proper conduct of the various school activity accounts.

E. The school activity fund custodian and the petty cash custodian shall be appointed by the board of education of the school district. The school activity fund custodian and the petty cash custodian shall give a surety bond in an amount determined by the board of education, but not less than One Thousand Dollars ($1,000.00). The premium of the surety bond shall be paid from the school activity fund.

F. The local board of education is hereby authorized to invest activity funds as it determines appropriate. Upon direction of the local board of education, the custodian of the activity fund shall invest activity funds in any or all of the investments permitted and listed in Section 5-115 of this title.

G. The board of education of a school district may establish, by board resolution, a general fund refund subaccount within the school activity fund. The balance in the subaccount shall be determined by need, and it shall be funded by refunds and reimbursements received, including but not limited to, rental income, reimbursements for lost and damaged textbooks, summer school and adult tuition, overpayments and tax refunds, as well as transfers, by treasurer's check, from the school district general fund. The subaccount may be expended only for the refund of revenues previously received and deposited either into the subaccount or directly into the general fund. Any remaining balance in the refund subaccount shall be transferred to the school district general fund on or before June 30 of each year.

H. The board of education of a school district may authorize the custodian of the school activity funds to provide cash advances to the sponsors for travel expenses on behalf of school district students and sponsors of certain school activities. The cash advances may only come from the school activity fund subaccount directly involved in the travel of such students or sponsor and only if the travel is one of the stated functions or purposes for the establishment of the subaccount. Receipts for all expenditures of the cash advances shall be kept and turned in to the custodian of the school activity fund following said trip.

I. Any invoice submitted to a school district which is to be paid from a school activity fund and is for payment of an authorized expenditure in an amount equal to or greater than the threshold amount stated in Section 310.9 of Title 62 and Section 3109 of Title 74 of the Oklahoma Statutes shall conform to the requirements set forth in these sections. **(70-5-129)**
Note: Amended by HB 2332, Sec. 19, of the 2004 Reg. Sess.

Money received by school districts from vendors pursuant to vending concession contracts and school picture contracts is school district money. Fact that money from these sources is deposited in a school activity fund does not change its character. Public money in a school activity fund may only be disbursed to private persons or organizations for a valid public purpose. The determination of what constitutes a valid public purpose is a matter for the governing body to decide. Absent a showing of fraud or arbitrariness, a finding by a governing body that a project serves a public purpose will not be disturbed by the courts. *May 15, 2003 (AG Op. No. 03-21).*

A school district may use its school activity fund account to deposit and disperse monies raised for the purpose of making charitable and/or benevolent gifts or contributions to individuals or organizations if the board of education has approved the fund-raising activity and the dispersement. The monies deposited in the school activity fund which are raised by student fund raising activities are not public funds subject to the constitutional restrictions. *June 12, 1997 (AG Op. No. 97-6)*

A school district may not use tax-generated funds to purchase awards for student activities, but may pay expenses for awards for student activities if the board of education has established a student activity fund subaccount for such purpose. *November 28, 1995 (AG Op. No. 95-33)*

"Casino nights" where 1) patrons receive chips or paper money to play various casino games, 2) at the conclusion of the games, are issued credits or vouchers for the chips or paper money won, and 3) are allowed to purchase prizes with the credits or vouchers issued, violate the anti-gambling and anti- lottery laws of Oklahoma. *March 30, 1995 (AG Op. No. 95-6)*

Student Activity Fund can be used to defray expense of transporting students to and from student activities, or to reimburse teacher for expenses or otherwise compensate teacher for transporting students. *January 17, 1980 (AG Op. No. 79-338)*

Oklahoma Administrative Code 210:25-5-13
School Activity Fund

(a) The following words and terms, when used in the this Section, shall have the following meaning, unless the context clearly indicates otherwise: **"School activities"** means cocurricular or extracurricular activities. Cocurricular activities are school-sponsored activities, under the guidance and supervision of LEA staff, designed to provide students such experiences as motivation, enjoyment, and improvement of skills. Activities normally supplement the regular instructional program. Extracurricular activities mean all direct and personal services for public school pupils for their enjoyment that are managed and operated under the guidance of an adult or staff member. Extracurricular activities are usually not offered for school credit nor required for graduation; conducted outside school hours, or a time agreed by the participants if partly during school hours and approved by school authorities; their content of activities is determined primarily by the pupil participants.

(b) The board of education of each district shall exercise control over the School Activity Fund. Board approval of the School Activity Fund and Sub-Accounts shall be specific. However, the language for approval for the various methods for raising funds and the purposes for which they are to be expended can be of a general nature. The board may delegate authority, through a board policy, to school administrators to approve specific fund raising activities during the year to be approved by the board at the next regular board meeting.

(c) The board of education of each district may appoint a School Activity Fund Custodian for each operational site, within the district. If a school elects to have operational site, each School Activity Fund Custodian shall be bonded for no less than $1,000.

(d) Disbursements from the School Activity Fund, shall be by check, countersigned by the School Activity Fund Custodian and some other person or persons designated by the board of education.

(e) Deposits to or transfers from any account may be authorized by the board of education except School Lunch, Refund, and Petty Cash Accounts. Provided that reimbursement to the General Fund may be made from the School Lunch Account for food service expenditures paid from the General Fund. Such reimbursements should be properly documented and based solely on actual General Fund Expenditures.

(f) The School Activity Fund Custodian shall not use funds in one account for another purpose unless a transfer is granted as provided by law.

(g) Accounts may be established by the board of education of each district by whatever name or style it deems best suited to its needs for the revenue collected.

(h) A prenumbered receipt shall be obtained when a check is drawn against the Petty Cash Account, and all such prenumbered receipts shall be accounted for at the end of a fiscal year. If a prenumbered receipt is spoiled it should be marked "void" and attached along with others on which reimbursement is being claimed; the copy or stub should also be marked "void" if one is being used.

(i) A separate bank account may be established for School Lunch or other programs, but it shall be accounted for by the Activity Fund Custodian in charge and disbursements made as provided by law.

(j) A general or miscellaneous account may be established within the Activity Fund to which all unobligated or uncommitted monies may be transferred. (This does not include Petty Cash, Refund, or School Lunch Accounts where contrary to Federal regulations.)

(k) Purchases from the School Activity Fund shall not be paid for unless invoices or delivery tickets are furnished.

(l) Receipts for collections shall be given by the School Activity Fund Custodian. Prenumbered tickets should be used for admissions in order to establish internal control. All tickets not sold by the gate keeper should be accounted for at the end of each event and a written reconciliation made of tickets sold to actual revenues collected. Reconciliation documents should be filed in date order as part of the documentation for the School Activity Fund.

(m) Standard forms are not prescribed. Many good forms are now in use, and each board of education shall determine if its forms meet the legal requirements.

(n) School districts shall report all School Activity Fund financial transactions using the Oklahoma Cost Accounting System.

(o) Specific procedures for the School Activity Fund are as follows:

(1) Prenumbered School Activity Fund receipts shall be issued for every Sub-Account for each fiscal year.
(2) The secretary-treasurer of each organization or Sub-Account shall issue receipts and keep records of credits, debits and balances.
(3) The books of each account must reconcile the records of the School Activity Fund.
(4) Requisition or purchase request is presented to the School Activity Fund custodian or their designee.
(5) Purchase order is then approved by purchasing agent and the order is placed with the vendor.
(6) Checks will be issued only when invoice or supporting document and merchandise have been received.
(7) All checks will be issued by the School Activity Fund custodian and countersigned. No check will be issued in excess of Sub-Account balance.
(8) Record of all bad checks shall be kept and charged to proper Sub-Account.
(9) Each School Activity Fund Sub-Account shall be reported to the State Department of Education through curricular subject dimension of OCAS, where applicable. Reports will be transferred by magnetic media.
(10) The School Activity Fund custodian shall furnish a report to superintendent and board of education monthly. This report should show previous balance in each Sub-Account and total School Activity Fund balance. The Activity Fund custodian shall reconcile the bank statement when received. This information will be included in the monthly report to the superintendent and board of education.
(11) Every teacher in the school system should be informed that all money received is to be turned in to the School Activity Fund custodian.
(12) The petty cash account is the only one Student Activity Sub-Account that can be reimbursed from the general fund.
(13) A general fund refund Sub-Account within the School Activity Fund may be established by board resolution.

[**Source:** Amended at 14 Ok Reg 3347, eff 5-5-97 (emergency); Amended at 15 Ok Reg 2293, eff 6-11-98; Amended at 17 Ok Reg 2248, eff 5-9-00 (emergency); Amended at 18 Ok Reg 3012, eff 7-12-01]

CORRECTIVE ACTION PLAN
(For Audit Deficiencies)

Instructions

In an effort to facilitate the resolution process school district's audit deficiencies, deficiencies must be addressed through a Corrective Action Plan.

The action plan must use the following format:

Finding: Number and description of finding.
Contact Person: The individual responsible for implementing and following-up on the action.
Steps to be Implemented to Correct Deficiencies: This must outline specific steps that will be taken. If the action is to implement a policy, then a copy of the approved policy must be attached.
Completion Date: Expected date to have action plan completed and implemented.

Upon completion of the action plan, it is imperative district personnel implement the plan immediately.

Reminder: The Corrective Action Plan is a part of the district's audit report.

FREQUENTLY ASKED QUESTIONS

BASIC CODING

FREQUENTLY ASKED QUESTIONS

OCAS designates the following codes to the activity fund. The coding in the activity fund should be varied and dependent upon the purchase orders. There is no "one" code for the activity fund. Each invoice needs to be coded on an individual basis. Do not code all (or the majority of) expenditures to only one or two functions; please use the appropriate codes for the exact purpose. Please refer to your OCAS manual for the specific codes as well as the examples that provided below.

Fund:	**60**
Project Reporting Codes:	**8**** (801–998—assign your own number, it will roll to 800)
Program:	**100 – 400 Series** (For expenditures only: Use appropriate program; i.e., 100 for Instructional expenditures, 239 for Special Education expenditure, etc.) **8**** (Athletics [801–899—assign your own number, it will roll to 800]. For expenditures and revenue.) **9**** (Nonathletic—Extracurricular [901–999—assign your own number, it will roll to 900]. For expenditures and revenue.)
Source of Revenue:	**1810–1890** (Athletics and use Program 800) **1910–1990** (Activities and use Program 900)

OCAS is applicable for all funds. You need 26 digits as required by OCAS. The function and object codes serve the same purpose for all funds. Some dimensions may only require the use of "000"; however, all dimensions must be recorded.

For example, when using Function 1000, Instruction, you will need to code through the program and subject. When coding salaries, whether from activity **or** general fund, you will need to code in the job classification dimension. For instance, if football is a credit class, and out of the activity fund you are paying a part-time high school coach, the coding would be:

Fund	Project	Function	Object	Program	Subject	Job Class	Operational Unit
60	<u>XXX</u>	1000	110	<u>XXX</u>	<u>3300</u>	201	XXX

Another type of example would be that the senior class has decided to rent a large auditorium for graduation ceremonies, instead of using the gym. They hold a fund raiser to cover the costs by purchasing items for resale. The code for the expenditures would be:

Fund	Project	Function	Object	Program	Subject	Job Class	Operational Unit
60	<u>XXX</u>	3200	670	<u>XXX</u>	0000	000	XXX

After the fund raiser, they will need to make a deposit of the monies collected. The coding for the revenue would be:

Fund	Project	Source of Revenue	Program	Operational Unit
60	<u>XXX</u>	1950	900	XXX

Payment for the rental of the auditorium would be coded as:

Fund	Project	Function	Object	Program	Subject	Job Class	Operational Unit
60	<u>XXX</u>	2199	440	<u>XXX</u>	0000	000	XXX

Underlined items will roll to the bold code

XXX = accredited site code

What can be coded instructional?

First look at the definitions. Cocurricular activities are school-sponsored activities, under the guidance and supervision of the local educational agency (LEA) staff, designed to provide students with such experiences as motivation, enjoyment, and improvement of skills. Cocurricular activities are offered as credit classes and supplement the regular instructional program.

Extracurricular activities are all direct and personal services for public school pupils for their enjoyment that are managed and operated under the guidance of an adult or staff member. Extracurricular activities are usually not offered for school credit nor required for graduation; are conducted outside school hours, or time agreed upon by the participants if partly during school hours and approved by school authorities; and the content of activities is determined primarily by the student participants.

So, ask these questions: Does the student get credit for this? Does the activity provide credit toward graduation? Is the activity conducted during school hours? Are school personnel conducting the activity? Does the activity supplement the teaching process? If so, then uniforms, supplies, trips, instructors, etc., would be coded to Function 1000. But please remember, just because there is a student involved does not necessarily make it an instructional cost.

Another common function for activity funds would be 2199, Other Support to Students. Let's say an activity group wants to purchase programs that will be handed out to those that attend an event. This is not a fund raiser and it is not instruction. It would be coded as Other Support to Students, Function 2199.

Which program codes are used in the activity fund?

The revenue side is easy; it will either be "700" for child nutrition, "800" for athletics or "900" for cocurricular (band, drama, etc.) and extracurricular (prom, clubs, etc.) fundraising activities. Expenditures take a little more thought.

Regardless of the source of revenue, expenditures should be reviewed independently to establish the purpose of the expense. If the purchase is for instruction, then "100" would be appropriate. However, if the expenditure is for an extracurricular activity, then the designated "900" should be used. For example:

Computers for the classroom:	Program 100
Special Olympics:	Program 239
Athletic equipment:	Program 8** (Applicable designated nonbold)
Junior/Senior Prom:	Program 9** (Applicable designated nonbold)

How do you track activity accounts by individual fund raisers?

Tracking can be done by activity group or by fund raiser, but not both. There cannot be two project codes for one activity. The activity identification is what the OCAS code was intended to capture. However, the sponsor of each activity can track each fund raiser by keeping separate ledgers for the different fund raiser or activity.

How does a "general activity fund" differ from an activity account?

A "general activity fund" can be set up within the activity fund by assigning it a project reporting code. It can be used for the "whole" school, rather than a designated activity account. You can deposit revenue from admission to events, sale of activity tickets, donations, or student insurance. The monies could be spent for student events. It should be stated in board minutes what revenue will be deposited in this subaccount and a list of approvable expenditures can be made.

What is the difference between the "general activity fund" and "General Fund Refund subaccount"?

As stated a "general activity fund" is established for "whole" school activities, rather than a designated activity account. The general fund refund subaccount is a type of holding account for the general fund. These are funds that have been paid to the district for items such as rental income, reimbursement for lost and damaged textbooks, summer school and adult tuition, etc. The subaccount can only be expended for only those items that have been paid for through the account. For example: The student paid for a lost textbook; however, found the book at a later date. The refund to the student can be made from this subaccount.

This account must be zeroed out at the end of the year. The balance must be turned over and deposited into the General Fund prior to June 30 each year.

What happens when we receive a refund in the same fiscal year?

Refunds require a three-step coding process. In the following example, the purchase of a computer and subsequent refunds are used to illustrate this point.

With the revenues of a recent fund raiser, the district purchases 10 computers for $1,500 per unit for the elementary school classrooms:

Expenditure:	60-<u>XXX</u>-1000-653-100-1050-XXX	+$15,000

When the computers were delivered and set-up, it was discovered one unit was damaged and had to be returned to vendor. The vendor refunded the cost of the damaged computer (<u>in the same fiscal year</u>):

Revenue:	60-<u>XXX</u>-5600-900-XXX	+$1,500

The original cost must now be decreased to reflect the actual total expended:

Expenditure:	60-<u>XXX</u>-1000-653-100-1050-XXX	-$1,500
	60-<u>XXX</u>-5600-930-100-0000-XXX	+$1,500

It is important to note that when using a correcting entry, the refund must be received in the <u>same fiscal year</u> as the original expenditure. If the refund is received in another fiscal year, the revenue would be coded as Source of Revenue 1680, Refund of Prior Year's Expenditures, and no action would be taken on the expenditure side of the system.

Underlined items will roll to the bold code

XXX = accredited site code

How do you code extra-duty pay?

Use the function of the personnel, then code the object to extra duty (object 192 for certified or 193 for noncertified). These codes are for district employees performing work outside, above, and beyond their contract, or on a one-time or irregular basis. For example, scorekeepers, gatekeepers, game officials, etc.

Which tax revenues are recorded in an activity fund?

None. There should never be any tax levy monies in the activity fund.

What is the difference between tuition, registration, and fees?

Object code 560 series is for STUDENTS. This is for payments made to other LEAs or private sources for tuition for students; i.e., transfer students would fall into this category.

Object code 860 is for staff registration and tuition. This would include professional conventions, seminars, and/or university classes.

Object 810 would include organizational fees and/or dues. This would also cover the fees for students to attend special workshops or conventions. You would also code the district's membership to organizations similar to, but not limited to, the Oklahoma Secondary Schools Activities Association, North Central Association, etc.

However, none of the above codes would allow for payment for a staff member's dues to an organization; Chamber of Commerce, Kiwanis, etc.

Do we pay Teachers' Retirement on gatekeepers?

Is this an employee of the district or outside help? If it is for employees already on contract with the district, then you need to set a precedence. If you pay retirement on one, you have to pay it on all. You cannot wait until two years BEFORE the employee retires to start paying. You need to be consistent across the board. However, if it is for someone who is NOT a contracted employee, then no, you do not pay into teachers' retirement. For further clarification, please call Teachers' Retirement at (405) 521-2387.

Do booster clubs and/or parent organizations have to use the activity fund?

Title 70 O.S. Supp. 2001, § 5-129.1 provides: "Those funds which are collected by programs for student achievement and by parent-teacher associations and *organizations that are sanctioned by the school district board of education shall be exempt from the provisions as outlined in Section 5-129 of this title*. Each school district board of education shall adopt policies providing guidelines for the sanctioning of organizations and associations exempted or applying to be exempted pursuant to the provisions of this section. The guidelines may include but not be limited to examinations of financial and performance audits performed on each such organization and association."

It is important to provide clear and concise guidelines. After the board of education has established guidelines, they cannot pick and choose organizations to be sanctioned unless there is ample documentation pertaining to a specific club, organization, or individual's inability to operate outside the district. For example, an officer of a booster club applying to be sanctioned has been convicted of embezzlement or is being investigated for criminal activities.

Districts should also advise organizations of other legal requirements that will be placed on them once they have been sanctioned outside the district. These organizations will no longer be allowed to use the district's tax exemption nor will they be covered under the district's liability insurance. The organizations will need to apply for their own 501(c)(3) nonprofit status. This is extremely important. The Internal Revenue Service has audited individuals because they used personal identification and information when opening bank accounts for their organizations. The banks will report the revenue deposited into these accounts as personal income to the IRS. Further, it may be several years before this occurs and the individual may no longer be associated with the organization or district.

How do we handle insufficient fund checks?

When a check is returned to the district for insufficient funds, the district needs to contact the patron as soon as possible and collect the amount in cash. All transactions are conducted on the revenue side only.

The first step is to bring the check back into the **revenue** side as a credit:

Fund	Project	Source of Revenue	Program	Operational Unit	
60	XXX	5300	XXX	XXX	-$15

If the check is collected in the same year, a debit is made to **revenue**, along with the bank charges collected.

Fund	Project	Source of Revenue	Program	Operational Unit	
60	XXX	5300	XXX	XXX	+$15

By using the Source of Revenue, the districts can easily track the amount to be collected without affecting the original account and making double, unnecessary entries. However, if the check is NOT collected, the original account and coding needs to be corrected and the original deposit amount credited:

Fund	Project	Source of Revenue	Program	Operational Unit	
60	XXX	5300	XXX	XXX	+$15
60	XXX	****	XXX	XXX	-$15

At the end of the school year, the district can run a detailed report on Source of Revenue 5300 and will be able to track the amount of outstanding insufficient checks that need to be collected.

NOTE: All persons involved need to be informed of any account changes. For example, the district activity fund custodian receives an insufficient fund check for the junior class subaccount and will do to the collection process; the custodian needs to keep the sponsor informed of all actions. This will enable the sponsors to keep their books balanced with the activity fund custodian's books, or the activity fund custodian may turn the check over to the sponsor for collection. When this occurs, the sponsor, in turn, needs to keep the custodian informed of all actions.

*** - Original Source of Revenue

Underlined items will roll to the bold code

XXX = accredited site code

How is petty cash handled?

There still seems to be quite a lot of confusion about petty cash funds. As established by state laws, no more than $200 shall be allowed per site. It is to be used for incidentals, not for the daily operation of the school; for example, a letter comes in with postage due, or to pay for freight, or, a teacher on a field trip needed to cover an unexpected expense. You can reimburse the teacher out of petty cash. It is just like any other subaccount and will be paid by check. Yes, even if it is for 50 cents, it still has to be paid by check. **At no time is there to be cash kept at the sites for such purposes.**

Procedures for petty cash involve several coding transactions. The following is the step-by-step process for establishing, expending, replenishing, and closing out a petty cash account.

The activity fund custodian files a claim against the general fund to establish a petty cash subaccount within the activity fund. A project report code of 801–998 is assigned to track the subaccount.

The general fund transfers the start-up funds into the petty cash subaccount.

Fund	Project	Function	Object	Program	Subject	Job Class	Operational Unit
60	XXX	5200	930	XXX	0000	000	XXX

The warrant is deposited in the petty cash subaccount in the activity fund.

Fund	Project	Source of Revenue	Program	Operational Unit
60	XXX	5190	XXX	XXX

Each expenditure made from the petty cash account is recorded as a correcting entry and is coded as follows:

Fund	Project	Function	Object	Program	Subject	Job Class	Operational Unit
60	XXX	5600	960	XXX	0000	000	XXX

A prenumbered, dated, and signed receipt must be obtained from each individual who receives a payment from the petty cash subaccount. On the receipt itself, write in the proper coding of the expenditure, i.e., postage for the principal's office 11-000-2620-530-000-0000-XXX. This is how the expense will be recorded in the general fund once you request replenishment of the petty cash subaccount.

To request reimbursement of the petty cash subaccount, a claim should be made against the general fund. All receipts pertaining to the claim for reimbursement must be attached. The general fund codes out each expenditure as noted on the petty cash subaccount receipts and the warrant is written to the petty cash subaccount. If a claim for $63 was submitted, the general fund would reimburse $63 to the petty cash subaccount. Code the deposit to Fund 60 as Source of Revenue 5190.

*** - Original Source of Revenue

Underlined items will roll to the bold code

XXX = accredited site code

At the close of the year, the petty cash subaccount is closed out. All receipts are submitted to the general fund along with a check for any remaining balance.

Fund	Project	Function	Object	Program	Subject	Job Class	Operational Unit
60	XXX	5200	960	XXX	0000	000	XXX

All receipts are coded as noted into the general fund and the check is deposited.

Fund	Project	Source of Revenue	Program	Operational Unit
11	000	5130	000	XXX

All expenditures need to be coded as a correcting entry (5600) in the petty cash subaccount to prevent double-counting the costs. If we were to code out the expenses in both the activity fund and again in the general fund, district expenses would be inflated. Correcting entries are not considered as expenditures.

Cash/change for school activities or for the cafeteria is handled in the same manner as the petty cash transaction. The start-up transaction is coded 5200-950. Once the money is returned for deposit back into the fund from which it came, the revenue is coded as Source of Revenue 5120, (Return of Assets) Cash or Change.

What can be purchased out of the Child Nutrition subaccount?

Nothing. The subaccount can only be used to make refunds for prepaid lunch tickets and provide for the cash/change drawer. The Child Nutrition subaccount is another type of General Fund Refund subaccount. This account must also be zeroed out at the end of the year. The balance must be turned over and deposited into the Child Nutrition (or General) Fund prior to June 30 each year.

*** - Original Source of Revenue

Underlined items will roll to the bold code

XXX = accredited site code

SAMPLE

FORMS

SAMPLE

ACTIVITY FUND SUBACCOUNT INFORMATION

SUBACCOUNT NAME AND NUMBER: **Senior Class of 2014--931**

SCHOOL YEAR: **2013-14**

SITE: **Central City High School**

PURPOSE:

"Legacy" project: Bronze mascot for front entry at high school
Miscellaneous Graduation Expenses
Christmas Project: Habitat for Humanity

SOURCE OF INCOME:

Homecoming Activities
(Carnival, class challenges, concession stand)
Senior Salute Pledges (donations)
Concession stand various times during school year
Senior "Jamboree" Talent Contest

BOARD OF EDUCATION APPROVAL DATE: **JUNE 13, 2013**

SPONSOR/COACH/PARENT/REPRESENTATIVE
ACTIVITY FUND SUBACCOUNT CHECKLIST
SCHOOL YEAR _ _ _ _

SUBACCOUNT NAME AND NUMBER: Senior Class 13, #931

SPONSOR/COACH/PARENT REPRESENTATIVE: Mildred Kumquat

SUBACCOUNT INFORMATION:

Approved Subaccount Information Attached

Beginning Fund Balance, as of June 13, 20_ _ $301.26
(If applicable)

PACKET CONTENTS:	(initial as received)
District Activity Fund Policy and Procedures	*MK*
Activity Fund State Laws and Regulations	*MK*
Forms:	
Fundraiser Request	*MK*
Ledger Sheet	*MK*
10 Ticket Requests*	*MK*
10 Purchase Requisition Forms*	*MK*
10 Deposit Forms*	*MK*

*(additional requests and forms upon request.)

RECEIPT BOOK ASSIGNED:

Book Number: 1001

Beginning receipt Number: 421

I verify I have received above noted receipt book and annotated information is correct.
I understand the receipt book can be called for to be reviewed and reconciled at any time without notice.
I also understand the receipt book is required to be turned in at the end of the school year.

_____ _____
Sponsor/Coach/Parent Representative Signature Date

RECEIPT BOOK RETURNED:
Ending Receipt Number _____

_____ _____
Activity Fund Custodian Signature Date

SAMPLE

ACTIVITY FUND

REQUEST FOR NEW ACCOUNT

DATE:_____

SITE:_____

PURPOSE: _____

_____

SOURCE OF INCOME:_____

_____

SPONSOR: _____

Signature

PRINCIPAL/
ADMINISTRATOR: _____

Signature

APPROVAL

DATE:_____

NEW ACCOUNT NAME:_____

NEW ACCOUNT NUMBER: _____

BOARD OF EDUCATION APPROVAL DATE:_____

SAMPLE

REQUEST FOR ACTIVITY FUND
FUNDRAISER

SITE:_____ DATE OF REQUEST: _____

SUBACCOUNT NAME AND NUMBER:_____

_____

ITEMS TO BE SOLD AND HOW: _____

_____

DATES OF FUNDRAISER: _____

PURPOSE OF FUNDRAISER: _____

_____

ESTIMATE INCOME: _____ ESTIMATE EXPENSE:_____

SPONSOR: _____
Signature

PRINCIPAL/
ADMINISTRATOR: _____
Signature

BOARD OF EDUCATION APPROVAL DATE:_____

SAMPLE
Sponsor's Ledger Sheet
Subaccount _____

Date	Item (Deposit/Purchase)	- Debit	+ Credit	Balance

SAMPLE

TICKET SALES

(To be filled out by site Activity Fund Secretary and kept on file.)

EVENT: _____ SITE: _____

DATE:_____ PER TICKET:_____

TICKET NUMBERS: _____ THROUGH _____

SPONSOR: _____
Signature

ACTIVITY FUND
SECRETARY: _____
Signature

RETURNED

NUMBER OF TICKETS SOLD:_____@ $_____ = $ _____

TICKET RETURNED: _____ THROUGH _____

CASH DEPOSIT: _____

CASH OVER(SHORT): _____

SPONSOR: _____
Signature

ACTIVITY FUND
SECRETARY: _____
Signature

SAMPLE

ANY SCHOOL DISTRICT Page___ of ___

PURCHASE REQUEST

Vendor:
_____
_____
_____
_____

Date _____
Person Requesting Purchase
_____
Site _____
Subaccount_____
Code:
|____|____|____|____|____|____|____|
Proj Func Obj Prog Subj Job Unit

Ship To:
_____
_____
_____

Approved Purchase Requisition Number
_____

Qty.	Unit	Description	Unit Price	Amount

IMPORTANT INSTRUCTIONS TO VENDOR

This is not valid for purchasing purposes.

Approved by:

_____
Activity Fund Secretary

SAMPLE
ACTIVITY FUND
DEPOSIT SLIP

Subaccount Number: _____ Date: _____

Subaccount Name: _____ Site: _____

From the sale of: _____ Source Code: _____

Money Collected and Deposited:

Coins:

Pennies	$_____
Nickels	$_____
Dimes	$_____
Quarters	$_____
Halves	$_____
Dollars	$_____
TOTAL	$_____

Bills:

Ones	$_____
Fives	$_____
Tens	$_____
Twenties	$_____
Fifties	$_____
Hundreds	$_____
TOTAL	$_____

Checks: $_____

TOTAL DEPOSIT $_____

Deposit Made By: _____
Sponsor's Signature

Deposit Received By: _____
Activity Fund Secretary's Signature

SAMPLE
ACTIVITY FUND
DEPOSIT CORRECTION

Subaccount Number: _____ Date: _____

Subaccount Name: _____ Site: _____

From the sale of: _____

Date Deposit Originally Received: _____

There is a discrepancy in the following:

Amount Shown:	Correct Amount Received:
Coins	
$ _____	$_____
Bills	
$ _____	$_____
Checks	
$ _____	$_____
TOTAL DEPOSIT	$_____

Please check your amounts and correct your records.

_____
Activity Fund Secretary's Signature

SAMPLE RECEIPTS

Receipt sample #00421

Date_____

	Amount $_____
Received From:	
For:	
Received by	

Instruction for sponsors:

White receipt: Customer's copy.
Pink receipt: Forwarded to Activity Fund Secretary.
Yellow receipt: Remains in book.

Instruction for Activity Fund Secretary:

White receipt: Return to sponsor with copy of deposit slip.
Pink receipt: Forwarded to Activity Fund Office with copies of deposit slips.
Yellow receipt: Remains in book.

SAMPLE

ACTIVITY FUND
RETURNED CHECK

SITE:_____ DATE:_____

SUBACCOUNT NAME AND NUMBER:_____

REASON FOR RETURN: _____

NAME ON CHECK: _____

DATE OF CHECK: _____ PHONE NUMBER ON CHECK:_____

AMOUNT OF CHECK:_____ SERVICE CHARGE: _____

TOTAL TO BE COLLECTED: $_____

_____

Activity Fund Secretary's Signature

To be completed by person collecting payment on check. Annotate each time telephone contact has been made and to whom you spoke. Additional notes can go on back if needed.

CONTACTED:_____ DATE: _____

AMOUNT COLLECTED:_____ DATE: _____

_____

Sponsor's Signature

SAMPLE

ACTIVITY FUND
CORRECTION

The attached is being returned for:

- ☐ Sponsor's Signature Missing
- ☐ Invoice Dated Prior to Purchase Order
- ☐ Correction in OCAS Coding
- ☐ Correction in Account Code
- ☐ Invoice Not Signed (Items Received)
- ☐ Receipts/Invoice Total Not Accurate
- ☐ Other

Please return to the site Activity Fund Secretary (or Office if applicable) after all corrections have been made.

Please keep this form attached. Thank you.

_____

Activity Fund Secretary's (or Office) Signature

SAMPLE
CANDY BAR SALES

Student's Name	Number of Candy Out and Date	Initial	Money In and Date	Initial	Number of Candy In and Date	Initial	Money In and Date	Initial	Total Sold	Total Money

Subacct. No. _____
Date _____

SAMPLE
ACTIVITY FUND REQUSITION
BOARD OF EDUCATION
Any Public School District
Any City, Oklahoma 73000

Purchase Order No. _____

BILL TO:
Any Public School District
123 Candy Lane
Any City, OK 73000
(405) 555-1111

To (Vendor):

_____
_____
_____
_____

Ship To:

_____
_____
_____
_____

Quantity	Unit	Description	Unit Price		Total Amount	

NOTICE TO VENDOR:
Include packing slip with material shipped.
Please prepay all transportation charges and include in the amount of the claim.
If unable to complete order, do not back order.
Cancel remaining items and file claim on items shipped.

Date Merchandise Received			Date Invoice Received	
Check Number			Date Paid	
Function	Object	Program	Subject	Site

This order not valid unless signed by all authorized personnel.
It is hereby certified that the amount has been reserved in the above account for the purpose of meeting the cost of items listed above.

_____
Sponsor's Signature

_____
Principal/Administrator's Signature

_____
Actvity Fund Custodian