

The School Board of Broward County, Florida
Treasurer's Office
7720 West Oakland Park Blvd. Suite 319
Sunrise, FL 33351

October 20, 2011

TO: Principals
FROM: Nell Johnson, Director of Internal Accounts 

SUBJECT: REVISION OF STANDARD PRACTICE BULLETIN I-101 entitled "General Policy" This bulletin includes information regarding Independent School Related Organizations

Attached is the revision to Internal Funds Accounting Standard Practice Bulletin (SPB) I-101. **This Bulletin includes pertinent information regarding Independent School Related Organizations.**

The bulletin is being distributed electronically, via the Internet. Instructions for accessing the web page are as follows: <http://www.broward.k12.fl.us/comptroller/> click on Treasurer; then Practice Bulletins. The Internal Accounts Standard Practice Bulletin log will be displayed. Select bulletin I-101, "General Policy." This bulletin includes three exhibits.

Please print the appropriate number of copies for your staff.

Any questions regarding the content of this bulletin should be directed to **Internal Accounts Office personnel at 754-321-0589.**

IBL/HLR/NJ:clg

Attachment

cc: Donnie Carter, Chief Operations Officer
Benjamin Leong, Chief Financial Officer
Sharon Airaghi, North Area Superintendent
Joel Herbst, South Area Superintendent
Desmond Blackburn, Central Area Superintendent
Patrick Reilly, Chief Auditor
Jeff Moquin, Executive Director, Support Operations
Henry Robinson, Treasurer

Ivan Perrone
Treasury Manager
754-321-0592

Henry L. Robinson
Treasurer
754-321-0581

Nell Johnson
Director, Internal Accounts
754-321-0590

Department Fax 754-321-0933

**SCHOOL BOARD OF BROWARD COUNTY, FL
INTERNAL FUNDS ACCOUNTING**

STANDARD PRACTICE BULLETIN

**I-101
Page 1 of 9**

GENERAL POLICY

TOPICS IN BULLETIN:

- I. INTERNAL ACCOUNTS POLICIES
- II. RESPONSIBILITY - PRINCIPAL
- III. RESPONSIBILITY - BOOKKEEPER
- IV. EMPLOYEE RESTRICTIONS
- V. ACCOUNTING FOR STUDENT ACTIVITIES
- VI. INDEPENDENT SCHOOL RELATED ORGANIZATIONS (**ISRO**)

EXHIBITS REFERENCED:

1. HOLD HARMLESS AGREEMENT
2. COLLECTION BOX/DEPOSIT BOX NOTICE FOR POSTING
3. LETTER OF AGREEMENT

I. INTERNAL ACCOUNTS POLICIES

The responsibility for Internal Fund Accounts is established primarily by State Law. State Board Rules, Section 6A-1.085 specifies in part:

Monies collected and expended within a school shall be used for financing the normal program of school activities not otherwise financed, for providing necessary and proper services and materials for school activities and for other purposes consistent with the school program as established and approved by the school board. Such funds are the responsibility of the school board and it shall be the duty of the school board to see the funds are properly accounted for through use of generally recognized accounting procedures and effectively administered through adherence to internal funds policies of the school board and applicable Florida Statutes and provisions of "Financial and Program Cost Accounting and Reporting for Florida Schools" as incorporated by reference in Rule 6A-1.001, F.A.C. Funds collected in connection with summer program activities, funds derived from school athletic events, gifts, and contributions made by band or athletic booster clubs, civic organizations, parent-teacher organization, and commercial agencies, and all other similar monies, properties, or benefits may be included in internal funds of the school based upon policies adopted by school districts or as provided in "Financial and Program Cost Accounting and Reporting for Florida Schools."

District Internal Accounts policies and procedures are created and serve as a guideline for District schools. These policies and procedures must be utilized when accounting for funds collected during various school activities.

All school activities are approved by and operate under the direct leadership of the School Principal.

Student activities are recognized in State Regulations and School Board Policy as serving the following general purposes:

- A. To promote the education, general welfare, and morale of students.

**SCHOOL BOARD OF BROWARD COUNTY, FL
INTERNAL FUNDS ACCOUNTING**

STANDARD PRACTICE BULLETIN

**I-101
Page 2 of 9**

I. INTERNAL ACCOUNTS POLICIES (Continued)

- B. To finance the legitimate extra-curricular activities of the student body in order to augment, but not conflict with the educational program provided by the School Board.

- C. The School Board of Broward County has adopted a number of policies and regulations related to internal fund activities. The policies and regulations are:
 - 1. **Policy 1341-** Use of Broward County School Facilities for Non-School Purposes
 - 2. **Policy 3.1** Non-School Funds
 - 3. **Policy 3100-** Annual Financial Audit
 - 4. **Policy 3110-** Investment of Funds
 - 5. **Policy 3320-** Purchasing Policies
 - 6. **Policy 3400-** Per Diem and Travel Expenses for Board Members, Board Employees and Other Authorized Individuals
 - 7. **Policy 3401-** Professional Travel Funds - Internal Accounts
 - 8. **Policy 3411-** Internal Accounts
 - 9. **Policy 5200-** Business Functions Conducted By Student Groups
 - 10. **Policy 5201-** Clubs and Organizations
 - 11. **Policy 5202-** Gifts: Solicitation and Receipt
 - 12. **Policy 5203-** Musical Performances
 - 13. **Policy 5204-** Public Appearances
 - 14. **Policy 5205-** Social Events
 - 15. **Policy 5304-** Insurance - Student Accident and Interscholastic Football Accident
 - 16. **Policy 6200-** General Policy Statement
 - 17. **Policy 6205-** Clubs and Organizations
 - 18. **Policy 6206-** Money Raising Activities
 - 19. **Policy 6207-** Publications
 - 20. **Policy 6301-** Collection of Monies
 - 21. **Policy 6303-** Field Trips
 - 22. **Policy 6308-** Instructional and Classroom Materials
 - 23. **Policy 6311-** Student Services and Materials
 - 24. **Policy 6.3-** Supply Fees-Expendable Supplies
 - 25. **Policy 6.4-** Supply Fees-Musical Instruments
 - 26. **Policy 6.5-** Instructional Materials
 - 27. **Policy 6.6-** Summer School

**SCHOOL BOARD OF BROWARD COUNTY, FL
INTERNAL FUNDS ACCOUNTING**

STANDARD PRACTICE BULLETIN

**I-101
Page 3 of 9**

II. RESPONSIBILITY – PRINCIPAL

In School Board Policy 6301, Collection of Monies, the School Board of Broward County has charged the administration (District) with the responsibility for making rules, regulations and procedures for the conduct, operation and maintenance of extra-curricular accounts, and for the safeguarding, accounting and audit of all monies received and derived from school activities.

- A. The Principal of each school **AND** staff are further charged with the responsibility to perform the actual internal accounting functions in accordance with the specific procedures set forth in Standard Practice Bulletins.
- B. The Principal is responsible for making bank deposits if the armored car pickup service is not utilized. **NOTE:** The responsibility for transporting bank deposits may be delegated to another school employee.
- C. School Board Policy 6206 requires the approval of the Principal, for any solicitation of funds from the public including candy sales.
- D. The Principal of the school has the overall responsibility for investigating and approving organizations and their activities, the assignment of sponsors, and the control of all activities in accordance with State Regulations and School Board Policy 5201 and 6205.
- E. State Board Regulations require "A financial report be filed with the Principal's office at the close of each fundraising activity." (Financial Accounting for State and Local School Systems, Chapter 7, Section 3 2.3(e).)
- F. Schools may participate with Independent School Related Organizations (**ISROs**) such as P.T.A. or booster clubs with planning, staging, or conducting of school-related activities. Such activities may be held on or off the school grounds and will usually take the form of fund-raising events such as carnivals, paid entertainment, or food sales. All school-related activities must be approved by the school Principal and be beneficial to students.
 - a) If the school-related activity is sponsored by the school, District procedures shall be followed to provide appropriate accounting for funds and to ensure compliance with District policies.
 - b) If the school-related activity is sponsored by the ISRO, and a share of the proceeds are to be disbursed to the school, a Letter of Agreement (Exhibit 3) must be executed prior to the start of the activity.

**SCHOOL BOARD OF BROWARD COUNTY, FL
INTERNAL FUNDS ACCOUNTING**

STANDARD PRACTICE BULLETIN

**I-101
Page 4 of 9**

II. RESPONSIBILITY – PRINCIPAL (Continued)

All school related activities that are sponsored by an ISRO must be approved by the school's Principal. This approval must be documented on a Letter of Agreement (Exhibit 3). **All school related activities not noted on a Letter of Agreement, will be considered an activity sponsored by the school.**

All school sponsored activities will be approved by the school Principal or his/her designee on a Project Approval form. (See SPB I-402 and Exhibit) A project approval form may be accessed on the Treasurer's Office website by clicking the following link:

<http://www.broward.k12.fl.us/comptroller/cfo/treasurer/internalacctsforms.html>

- G. The Principal will not allow the school or an ISRO to charge parents a fee for instructional materials, equipment or supplies related to the school program or activities.

III. RESPONSIBILITY - BOOKKEEPER

The bookkeeper will be delegated responsibility for:

- A. Verifying collections, officially receipting, reconciling and preparing bank deposits for funds being collected by staff or sponsors.
- B. Maintaining logs for initial receipting documents (Monies Collection Envelopes, BC-40P Departmental Receipt Books, Pre-numbered Tickets and Facility Rental Contracts.)
- C. Accounting for and safeguarding used and unused initial receipting documents (Monies Collection Envelopes, BC-40P Departmental Receipt Books, Pre-numbered Tickets and Facility Rental Contracts.)
- D. Disbursement of funds in accordance with acceptable accounting procedures set forth in Standard Practice Bulletins.
- E. **Verifying** fundraising financial reports; ticket reports; etc. completed by staff/student collectors.
- F. Preparing and reconciling monthly and year-end financial reports.
- G. Maintaining and retaining audit required records and files.

**SCHOOL BOARD OF BROWARD COUNTY, FL
INTERNAL FUNDS ACCOUNTING**

STANDARD PRACTICE BULLETIN

**I-101
Page 5 of 9**

IV. EMPLOYEE RESTRICTIONS

- A. The internal funds of the school **MAY NOT**, at any time, be used for any purpose which directly or indirectly represents an accommodation, loan, or credit to a School Board employee; or other persons (including students). This includes cashing personal checks, payment for services or merchandise, or selling postage stamps.
- B. Employees may not make purchases through the school in order to benefit from purchasing privileges such as discounts, sales tax exemption, etc.
- C. There shall be no loans to the Faculty/Sunshine Account from the General Fund or other internal accounts.
- D. School Board Policy 5201 requires each student club or activity have a School Board employee sponsor the club or activity; who will be responsible for training and supervising the students in the conduct of their activity. This assignment will include the responsibility for making certain all monies related to the activity are properly controlled and deposited in the internal funds and all required records and reports are prepared.
- E. School Board employees are **NOT** allowed to collect or handle money for ISRO sponsored activities and, Non-School Board employees are not allowed to handle money of school sponsored activities.

V. ACCOUNTING FOR STUDENT ACTIVITIES

The School Board of Broward County, FL defines student activities as activities that **meet any of the following criteria:**

All activities which are considered "extracurricular" activities or an extension of the school program; all sports, performances by band, orchestra, chorus, drama and other curriculum groups that are trained and directed by regular School Board employees as a part of their employment assignment. **ALL BUSINESS TRANS-ACTIONS RELATED TO THESE EVENTS FOR WHICH STUDENTS MUST BE RELEASED FROM CLASS OR WHERE STUDENTS PERFORM AS A SCHOOL GROUP OR IN THE NAME OF THE SCHOOL ARE ALSO CONSIDERED SCHOOL ACTIVITIES. Funds derived from these activities must be recorded in the schools Internal Accounts and may not be comingled with an Independent Organization's funds.**

**SCHOOL BOARD OF BROWARD COUNTY, FL
INTERNAL FUNDS ACCOUNTING**

STANDARD PRACTICE BULLETIN

**I-101
Page 6 of 9**

V. ACCOUNTING FOR STUDENT ACTIVITIES (continued)

- A. Schools may participate with Independent School Related Organizations (**ISROs**) such as P.T.A. or booster clubs with planning, staging, or conducting of school-related activities. Such activities may be held on or off the school grounds and will usually take the form of fund-raising events such as carnivals, paid entertainment, or food sales. All school-related activities must be approved by the school Principal and be beneficial to students.
- a) If the school-related activity is sponsored by the school, District procedures shall be followed to provide appropriate accounting for funds and to ensure compliance with District policies.
 - b) If the school-related activity is sponsored by the ISRO, and a share of the proceeds are to be disbursed to the school, a Letter of Agreement (Exhibit 3) must be executed prior to the start of the activity.
- B. All school related activities that are sponsored by an ISRO must be approved by the school's Principal. This approval must be documented on a Letter of Agreement (Exhibit 3). **All school related activities not noted on a Letter of Agreement, will be considered an activity sponsored by the school.**

All school sponsored activities will be approved by the school Principal on a Project Approval form. (See SPB I-402 and Exhibit) A project approval form may be accessed on the Treasurer's Office website by clicking the following link:

<http://www.broward.k12.fl.us/comptroller/cfo/treasurer/internalacctsforms.html>

- C. All monies collected or disbursed by school personnel within a school, in connection with the school program, for the benefit of that school, a class, club, department, employee or student shall be recorded in the school's internal funds. **Credit cards may be accepted in the collection of funds.**
- D. **All funds generated from a school-run profit making business operating on a continuous basis on school grounds must be deposited in the school's internal accounts.** Independent School Related Organizations may run continuous merchandising activities, such as a bookstore or concession stand, on school campuses. These ISRO activities must be approved by the school's Principal. The funds generated from an ISRO-run business must be deposited in the ISRO's checking account.

**SCHOOL BOARD OF BROWARD COUNTY, FL
INTERNAL FUNDS ACCOUNTING**

STANDARD PRACTICE BULLETIN

**I-101
Page 7 of 9**

V. ACCOUNTING FOR STUDENT ACTIVITIES (Continued)

- E. Field trips are a school sponsored activity and therefore must not be handled by an Independent School Related Organization. Funds collected for field trips must be accounted for in the school's internal accounts.

School sponsored student field trips which are organized and conducted through the school. The school must make payments to vendors for all trip expenses. Separate vendor payments must not be generated by an Independent Organization for school sponsored trip expenses. Funds may be donated to the school to pay the expenses, but the entire field trip must be coordinated, paid and documented by the school.

VI. INDEPENDENT SCHOOL RELATED ORGANIZATIONS (ISROs)

Independent School Related Organizations are organizations formed for the purpose of promoting the welfare of a school and its students.

Independent School Related Organizations are comprised of groups such as PTA, PTO, PTSO, PTSA, Athletic Booster clubs, Band Patron groups, etc. These groups handle their finances outside the school and make gifts or donations to the school as they elect and as noted in writing to the school's Principal.

To avoid violations of School Board Policy, activities sponsored by Independent School Related Organizations should be conducted in such a way that they are clearly distinguished from student activities as defined in item V above.

These organizations:

- 1) **May maintain a secured Drop/Collection/Deposit Box on a school's campus.** The Principal will have an officer of the organization sign a Hold Harmless Agreement (EXHIBIT 1). This form will release the School Board of any liability associated with missing or stolen funds from the Drop Box. The organization will also complete a Collection Box/Deposit Box Notice (EXHIBIT2) which will be posted on/near the drop box. It is recommended that an ISRO representative be present on collection days.

**SCHOOL BOARD OF BROWARD COUNTY, FL
INTERNAL FUNDS ACCOUNTING**

STANDARD PRACTICE BULLETIN

**I-101
Page 8 of 9**

VI. INDEPENDENT SCHOOL RELATED ORGANIZATIONS (Continued)

- 2) Are financially independent and keep a separate bank account and accounting records.
- 3) Must file for their own tax I.D. number
- 4) May file for their own tax-exempt status, if they choose.
- 5) Must conduct activities separate from school sponsored activities.
- 6) Have a membership which may consist of faculty and other school staff.
- 7) Must **not** have faculty and other school staff that are co-signers on the organizations bank account and must not sign any form of agreement on behalf of the organization.
- 8) Must **not** have faculty and other school staff involved in the handling of money of the Independent School Related Organization.
- 9) Should make monetary donations **or** may donate merchandise, equipment, or other items. Regardless of the form of donation, the donation must be accompanied by a donation letter specifying the intended use of the donated funds or merchandise.
- 10) May **not** use school credit card terminals for Independent School Related Organization fundraisers.
- 11) Must reflect the organization's name on all programs, flyers, or other promotional material for activities sponsored by the organization. These items may be taken home by students.

All public announcements, programs, tickets, etc., should clearly designate the activity as an activity of the independent organization. Examples of independent school related activities would include the following:

- A. Carnivals, barbecues, dinners and similar activities conducted entirely by the outside organization, and **NOT** involving any employee in the handling of funds.
- B. Benefit shows or performances by non-school groups, such as college or professional music groups, when arrangements are made by the outside organization and **NOT** involving any employee or students in the handling of funds.

**SCHOOL BOARD OF BROWARD COUNTY, FL
INTERNAL FUNDS ACCOUNTING**

STANDARD PRACTICE BULLETIN

**I-101
Page 9 of 9**

VI. INDEPENDENT SCHOOL RELATED ORGANIZATIONS (Continued)

- C. Merchandising services such as a school store handled by PTA, when the PTA orders all merchandise in its name, completely operates the sales activity, and handles the receipts and disbursements of money **WITHOUT** involving School Board employees.
- D. Sales approved by the Principal of any other merchandise by outside parent or civic groups which do **NOT** involve School Board employees in the handling of the merchandise or sale proceeds.

Independent School Related Organizations **MAY NOT**:

- 1. Make separate payments to vendors for school sponsored trip expenses. Funds may be donated to the school to pay the expenses, but the entire field trip must be coordinated, paid and documented by the school.
- 2. Charge parents a fee for instructional materials, equipment or supplies related to the school program or activities.

Independent School Related Organizations can make monetary donations **or** may donate merchandise, equipment, or other items to schools. Regardless of the form of donation, the donation must be accompanied by a donation letter specifying the intended use of the donated funds or merchandise.

HOLD HARMLESS AND INDEMNIFICATION AGREEMENT

The _____ hereby acknowledges that the School
(Independent organization)

Board of Broward County, Florida, has agreed to permit it to place collection boxes on
its school properties. The _____ agrees to place

(Independent organization)

such boxes subject to the conditions for the location of the boxes and their size and
appearance as may be required by the school principal. The _____

(Independent organization)

acknowledges and agrees that the School Board of Broward County, Florida, its officers,
directors, agents and employees, disclaim any responsibility for the security of the boxes
or the security of the contents of such.

In light of the above agreements and/or understandings, the _____
(Independent organization)

and its successors and assigns, hereby agrees to save, hold harmless and indemnify THE
SCHOOL BOARD OF BROWARD COUNTY, FLORIDA, its employees, agents, and officers
from all cost, injury and damage incurred by any person or property whatsoever caused
by the activity mentioned above. Any costs, injuries, or damages shall include, in the
event of a legal proceeding, court costs, expenses of litigation and reasonable attorneys'
fees.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands this

_____ Day of _____, 20_____.

Independent Representative*

*This person signing this document represents he/she
has the authority to sign it.

PLEASE NOTE

THE SCHOOL BOARD AND STAFF OF

_____ (SCHOOL)

ARE NOT RESPONSIBLE FOR ANY MONEY OR OTHER
PROPERTY PLACED IN THIS COLLECTION/DEPOSIT BOX.

THE _____ IS SOLELY RESPONSIBLE FOR IT.
(Independent Organization)

ANY QUESTIONS CONCERNING THE USE OF THIS BOX SHOULD BE
DIRECTED TO _____
(Independent Organization Representative @ ____-____-____)

SCHOOL'S LETTERHEAD

(Copy contents of agreement below on school letterhead)

INDEPENDENT SCHOOL RELATED ORGANIZATION

LETTER OF AGREEMENT

We will notify the principal/designee of all fundraising activities by completing this form for each activity.

Name of Organization _____

Type of Activity _____

Location of Activity _____

Date of Activity _____

Benefit to School _____

As an Independent School Related Organization our purpose/mission is to:

We will conduct all business in such a way as to clearly distinguish Independent School Related Organization activities from School/Student activities. All public announcements, programs, tickets, etc., will clearly indicate that the function is sponsored by our organization.

We will not involve the school or any School Board employee in the purchase and sale of merchandise.

As an Independent School Related Organization, we are informed that our organization must obtain our own Federal ID number and Florida Sales Tax Exemption Number.

Principal _____ School _____

Organization Representative _____ Contact Number _____