



Approved 08/03/2018
Amended none

FREEDOM PREPARATORY ACADEMY Cash Receipts Policy

Policy No. 43

A. Purpose: To establish LEA policy and procedure for the handling of all cash receipts, to include currency, coin, checks, ACH transactions, and credit card transactions.

B. Scope: This policy applies to all administrators, licensed educators, staff, students, organizations, and individuals that handle cash receipts or accept payment in any form on behalf of the school. The scope includes all activities at the school(s) and in all locations where school activities take place and public funds are collected.

C. Segregation of Duties: Wherever possible, duties such as collecting funds, maintaining documentation, preparing deposits and reconciling records should be segregated among different individuals. When segregation of duties is not possible due to the small size and limited staffing of the school, compensating controls such as management supervision and review of cash receipting records by independent parties should be implemented.

D. Definition: "Public funds" are defined as money, funds, and accounts, regardless of the source from which the funds are derived, that are owned, held, or administered by the state or any of its political subdivisions, including schools or other public bodies [Utah Code 51-7-3(26)].

E. Model Policy for Cash Receipts:

1. The school will comply with all applicable state and federal laws.
2. All receipting of funds at the school should be done with the front office secretary, lunchroom secretary, and/or the finance office. No receipting is to be done in other offices or in unapproved off-site locations. Employees shall instruct payers to take all cash, checks, and credit card transactions to the above listed people for a receipt. Provisions should be made for cash receipting/collection at approved off-site activities or functions. Please refer to the Fundraising Policy.
3. School employees should not open bank accounts, outside of the control of the school, for the receipting or expending of public funds associated with school-sponsored activities. The Director of Finance's office must approve all checking and savings accounts used by the school.

4. All funds shall be kept in a secure location controlled by the secretaries and/or finance office until they can be deposited in a school-approved fiduciary institution. Funds should be deposited daily or within three days after receipt, in compliance with Utah Code 51-4-2(2)(a), in a school approved account. Employees should never hold funds in any location for any reason.
5. If the secretaries and/or finance personnel have left for the day or funds are receipted on the weekends, administrators should be available to lock cash receipts or cash boxes in the finance office closet until the next business day. Cash receipts should not be taken home by employees or volunteers, or left in offices.
6. All checks should be made payable to Freedom Academy or Freedom Preparatory Academy and restrictively endorsed upon receipt. Checks should not be made payable to an employee, a specific department, or a program.
7. Appropriate internal controls and segregation of duties should be implemented for all cash activity. Cash should always be verified. Where verification is difficult, cash should be counted by two individuals.
8. All funds (cash, checks, credit card payments, etc.) received must be receipted and recorded in the school's accounting records. A pre-numbered receipt will be issued for each transaction. Passwords should be established on the accounting system computers and changed periodically.
9. Documents should be available and should demonstrate that proper cash controls are in place (signatures for approval, tally sheets, reconciliations, etc.).
10. Under no circumstances are disbursements to be made directly from cash receipts (i.e., for purchases, reimbursements, refunds, or to cash personal checks).
11. All payments of fees shall correspond with the approved fee schedule, as required by Board Administrative Rule 277-407.

F. Model Petty Cash/Change Funds Policy:

1. Petty cash and change funds must be authorized by the Director of Finance. Change funds will not exceed \$5000 on any one campus.
2. All petty cash and change funds will be reflected on the school's accounting records and reconciled monthly.
3. These funds should not exceed amount designated by the business office.
4. All petty cash funds and change funds should be kept locked, in a secure location.
5. Checks may not be made payable to "cash" or "bearer" and cashed by school or school employees to create change funds or petty cash funds outside of the approved petty cash and change fund accounts.
6. Reimbursements to petty cash accounts will be made only when supported by receipts and approved by the principal.

7. Expenditures should not be paid out of change funds. Change funds will be included in all tally forms or on deposit count sheets and accounted for with each use.

8. Funds are subject to unannounced counts by school personnel at any time.

G. Model Procedures for Cash Receipts:

1. Mail should be opened by an individual independent of the cash receipt process, and funds received should be documented on a cash receipts log.

2. The front office's cash drawer should be locked and secured at all times.

3. The front office should receipt all funds immediately (cash, checks, credit cards, etc.) by student name, if applicable; provide customers with a pre-numbered receipt; and retain a duplicate copy in the daily receipt or register detail.

4. Cash count sheets will be used for cash receipts at games and other school-sponsored activities after hours or off-site. These sheets will be completed by two individuals, signed by a member of school administration on the day of the collection, and retained for verification in the daily receipt or register detail.

5. Funds received shall be recorded in the school's accounting records. A daily receipt or register detail report shall be printed; reconciled to the actual deposit, the receipt book, and the cash receipt log; and retained for verification by administration, along with the copy of the deposit slip in the daily receipt or register detail.

6. The deposit shall be placed in a secured, locked location until it can be deposited in a school-approved fiduciary institution.

7. Funds should be deposited daily or within three days after receipt, in compliance with Utah Code 51-4-2(2)(a), in a school-approved account.

8. A school employee independent of the cash receipting process shall verify that the daily receipt or register detail reconciles to the validated deposit slip.

9. Monthly, bank reconciliation(s) should be performed on all school-approved accounts.

10. Monthly, bank statements and bank reconciliations should be reviewed and approved by school administration.

11. Monthly, the board or audit committee should review and approve the bank statements, the bank reconciliations, and monthly journal entries.

12. No collecting or receipting of funds is to be done in other offices or at unapproved offsite activities or functions. Employees should never hold funds in any location for any reason.

13. Detailed activity budget vs. actual statements should be reviewed by program directors, coaches, teachers, etc. on a quarterly basis for accuracy and reasonableness.