

Appendix B

Toronto Catholic District School Board (TCDSB) Guidelines for School Accounts and Catholic School Parent Councils (CSPC) Financial Operational Procedures

Origin, Nature of Role and Purpose

Catholic School Parent Councils (CSPC) evolved from parent councils in the mid to late 1990's in response to the Ministry's attempt to encourage increased parental involvement in our schools. Under the *Education Act, Ontario Regulation 612/00*, school boards in Ontario are required to establish a school council for each school within the board. These councils are advisory bodies that make recommendations to the school Principal or the board on any matter.

The *Education Act, Ontario Regulation 612/00* outlines the Purpose of a CSPC:

- (i) *Through active participation of parents, to improve achievement and to enhance the accountability of the education system to parents.*
- (ii) *Primary means of achieving this purpose is by making recommendations in accordance with this Regulation to the principal of the school and the board that established the council.*

Many school councils perform fundraising activities in the name of the school and as such are required to conform to the appropriate sections of **Regulation 612** that deal with fundraising issues. **The principal is ultimately responsible for activities related to the school and therefore is responsible for all school council activities.**

Ownership of Catholic School Parent Council Funds

The Ministry of Education's document, *School Councils a Guide for Members (2002)*, states that **"School councils should be aware that, because the school Board is corporate entity and the school is not, any funds raised by the school council (and any assets purchased with those funds) belong, legally to the board."** Fundraising for schools by school councils is a partnership between the school, the board and the fundraising group. This document can be viewed at <http://www.edu.gov.on.ca/eng/general/elemsec/council/>.

All fundraising activities and expenditures must be conducted in accordance with Board policies. This is clearly stated in *Regulation 612, s. 22 of the Education Act*. Under the TCDSB Policy Register, *Fundraising in Schools, S.M.04*, **all fundraising must be carried out under the jurisdiction and supervision of the principal and may be a joint project with the local Catholic School Parent Council.**

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Sources and Uses of School Generated Funds

Funds are generated in schools from a number of different sources and used in a number of different ways. As per *Regulation 612*, these funds are under the direction and control of the school principal.

Categories of School Generated Funds

1. **School generated fees for services, athletics, etc.**
2. **School generated fund raising for charities and /or specific events/initiatives.** In this category schools hold special fundraising drives to either assist a local or well known charity (i.e., Terry Fox Run) or to provide funds to support a specific event in the school, such as an excursion, or to support a specific initiative in the school, such as the purchase of playground equipment. In this category, the staff in the school organizes and runs the fundraising activity without the involvement of the CSPC.
3. **CSPC generated fund raising for charities and/or specific events/initiatives/activities.** In this category, funds are raised for the same purpose as in category# 2, however, the direct involvement of the CSPC is evident. This category is identified separately because board policy S.M.04 requires CSPC involvement in expenditure decisions and disbursements when funds are raised jointly.
4. **Funds raised through a board wide initiative.** In this category, funds are raised through board wide initiatives such as a beverage-vending contract.
5. **Funds raised through local school initiatives.** In this category, where approved by the board, schools raise funds from such things as cafeteria services. Any contracts entered into must conform to board's purchasing policy.
6. **Funds donated to schools.** This category deals strictly with donations made to a particular school either for a specific purpose or for general use. Such donations may be eligible for a charitable donation tax receipt.

Acceptable and Unacceptable Uses of School Generated Funds

All purchases made using school generated funds must comply with board policy and procedures. Relevant board policies with which to ensure compliance would include the *Fundraising in Schools Policy, S.M.04*, and the board's *Purchasing Policy, FP01*.

Funds raised for a specific purpose must be used for the intended purpose. For example, student activity fees charged for locks, yearbooks and agendas should be used for the purchase of these

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items. The accounting records must track each category separately

Funds raised for general purpose with no specific intent must be used for school related activities, at the discretion of the school principal, and as per category 3 above, may require CSPC input.

As a general principle, CSPC funds raised in a particular school year should be used to benefit the students in the same year unless they have been earmarked for a specific intent (i.e., the purchase of playground). In this case the carry-forward of funds should be a joint decision of both the principal and the CSPC.

A list of unacceptable uses of school generated funds would include:

- Items that are to be purchased from the board's budget (i.e., textbooks)
- Mileage reimbursements to staff
- Monetary payments to staff for services
- Gifts to staff
- Cell phones for staff
- Out of school parties for staff
- Principal professional membership fees
- Principal/vice principal conference fees

CAUTION

- **Expenditures made from school generated funds that do not directly benefit the students in the school are subject to greater scrutiny and may require further justification.**

i) **Roles & Responsibilities of the Principal**

The principal must:

- ensure that the guidelines relating to school accounts and Catholic School Parent Councils are implemented and in compliance with board policy;
- share budget and school account information (i.e., school block account, school ~~CSAC~~ CSPC account, school outside agency account, school main bank account, and student nutrition program account, if applicable) with CSPC's in the interest of accountability and transparency;
- be the approved signing officer on the school account;

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- be one of the approved signing officers on the CSPC bank account;
- ensure that processes are in place to adequately control the funds within the school including security over cash and records;
- review, sign and date the annual CSPC financial reports;
- distribute to CSPC committee and members and/or make available the annual financial reports as outlined in the financial reporting requirement section;
- notify the school superintendent and the senior business official immediately if funds are lost or stolen; and
- ensure that the CSPC chair and treasurer are aware and understand their roles and responsibilities.

ii) **Roles & Responsibilities of CSPC Chair and Treasurer**

The CSPC chair and treasurer must:

- work with the principal to ensure that the sources and uses of funds raised comply with Board policy and established guidelines;
- ensure fundraising activities involving the students and /or the school are in compliance with board policies and no direct or indirect benefit is derived by a member of CSPCthe School council;
- review, sign, and date the annual CSPC financial reports and CSPC meeting minutes;
- distribute and/or make available the annual CSPC financial reports as disclosed in the financial reporting requirement section;
- work with the principal to ensure that processes are in place to adequately control the funds and ensure security over cash and records of the school council;
- review, sign and date the bank reconciliation and CSPC meeting minutes on a monthly basis;
- ensure that the treasurer presents the financial reports and bank reconciliation at each CSPC meeting; and
- record the HST details for rebate purposes.

Banking Procedures

i) **Authorized Cheque Signatures for CSPC Accounts**

The TCDSB *Fund Raising in Schools Policy*, S.M.04, Regulation #6, is very specific:

When fundraising is a joint project with the local Catholic School Parent Council and/or Student Council, it is understood that the decision making as to the disbursement is also a joint

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responsibility. The following people shall be authorized to sign cheques (one person from each of groups (a) and (b) must sign each cheque):

- a) two parent/student representatives on the executive committee of the Catholic School Parent Council/Student Council – usually the treasurer and the chair; and
- b) Two staff representatives from the school, namely the principal and designate. The principal’s signature is required on all cheques and only in the absence of the principal will the vice-principal or superintendent sign.

Policy S.M.04 has been formulated around Public Sector Accounting Board (PSAB) guidelines and principles, and assumes that CSPC is under the control and influence of the board. Furthermore, the Ministry of Education’s document, *School Councils a Guide for Members* (2002), states that “School councils should be aware that, because the school board is a corporate entity and the school is not, any funds raised by the school council (and any assets purchased with those funds) belong, legally, to the board.”

ii) Procedures for School Banking Cheque Signatures

A report was approved at Education Council on March 5, 2007 that revised the procedures for cheque signing in the School Banking system. The following is a summary of the new requirements.

Cheque Amount	Required Signatures
Under \$5, 000	Principal
Over \$5, 000	Principal and Vice Principal or Superintendent Approval Form

Please note that our banks will accept one signature for all cheques including cheques which exceed \$5, 000. However, as an internal control measure if two signatures are not used, a copy of the cheque and invoice must be forwarded to the school superintendent. The superintendent will return the approval form ~~it~~ back to the school to be attached to the original cheque for audit purposes. Scanned documents will suffice.

Please note that school secretaries are no longer authorized to sign cheques for a CSPC or school generated bank account. In most schools the secretary is preparing the deposits, preparing the cheques for signature and preparing the bank reconciliation. By also signing the cheque there is

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not a clear segregation of duties and this puts both the secretary and principal at risk.

iii) Receipts

- For the security of funds and to protect anyone handling money raised through CSPC activities, all money needs to be counted and kept in the school for prompt deposit into the bank account.
- All money received at the school is to be stored on site in a designated locked and safe location as soon as possible (i.e., same day).
- All money collected is to be deposited intact to the bank account promptly. This means that expenditures must not be paid from the cash collected. The total funds are deposited to the bank account and a cheque is written to pay for expenditure.
- All staff or CSPC members collecting money must complete the attached “Funds Received Form” and forward both to the designated individual for deposit.
- The forms must be filed with bank deposit form.

iv) Disbursements

- All disbursements should be recorded promptly.
- All cheques require 2 signatures (see authorized cheque signatures above).
- Pre-signing of cheques is not permitted. Signature stamps are not permitted.
- Payments should only be made upon the presentation of an invoice, receipts or other appropriate supporting documentation.
- Cheques made payable to cash is not permitted.

CAUTION

- Deviation from the above guidelines will leave the school and CSPC vulnerable to potential problems. The need to have guidelines in place is often not recognized until something goes wrong.
- The goal is to have controls that ensure money is handled appropriately, that staff are protected and that records are accurate, up to date and useful. The controls are only as good as their enforcement.

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Financial Reporting Requirements

To enable the CSPC to manage and monitor school council funds and fundraising activities, current financial information is required. To achieve this goal, monthly reports outlining the sources and uses of the funds and the current financial position of the CSPC are required.

The fiscal year for CSPC is June 1 to May 31st of the following year in order to meet the Principal's reporting responsibilities as outlined in the Ontario Regulation 612. Annual financial reports shall reflect the activities undertaken during this timeframe. Sample budget, monthly and yearly financial recording templates can be found at <https://tcdsbcec.sharepoint.com/teams/Parents-CSPC>

Annual - Budget

1. A Treasurer's Budget
 - Opening Balance (Same as previous year's closing balance)
 - Planned Revenue Activities (Funds Collection)
 - Planned Expense Activities (Funds Disbursements)
 - Planned Funds Surplus
 - Due at the start of the school year

Monthly Financial Reports

1. A Treasurer's Report
 - Opening Balance (Same as the previous month's closing balance)
 - Revenue Received (Funds Collected)
 - Expenses Paid (Funds Disbursed)
 - Closing Available Balance
 - Copy to be included in the monthly minutes
2. A Bank Reconciliation
 - The bank balance on the bank statement
 - Identifying outstanding deposits, including details of deposits
 - Less outstanding cheques, including a detailed listing of all cheques
 - The balance shown in the treasurer's records
 - Copy to be included in the monthly minutes

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Yearly Financial Reports

1. A Treasurer's report to the board and to the principal
 - Opening Balance (June 1st)
 - Revenue Received (Funds collected between June 1st and May 31st)
 - Expenses Paid (Funds disbursed between June 1st and May 31st)
 - Funds Committed but Not Yet Paid
 - Closing Balance (May 31st)

It must be noted in the CSPC meeting minutes that the treasurer's report has been received and approved.

Regulation 612, s. 24, School councils states that **“every school council shall annually submit a written report on its activities to the principal of the school and to the board”**. It further states **“If the school council; engages in fundraising activities, the annual report shall include a report on these activities.”** This annual report should be the sum of the monthly treasurer's reports received by the council ending on May-31st.

Financial Review/Audit

Regular reviews/audits of CSPC financial records help to ensure compliance with the TCDSB policies and procedures. A review/audit is an independent examination of specified activities, which is used to assist management in the assessment of whether the organizations plans are carried out; policies and procedures are observed; and accounting is accurate for assets, liabilities, revenues and expenses and reporting is done on a timely basis.

Scope of Review/Audit

The scope of the review/audit includes:

- Evaluate the adequacy and application of financial and other operating controls;
- Review compliance with related Board policies;
- Evaluate the timeliness, accuracy, and usefulness of the school's records and reports;
- Ensure that the CSPC funds are properly accounted for and safeguarded from loss; and
- Comment on the extent to which funds raised are used efficiently, effectively, and for the

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purpose stated prior to the funds being raised.

Review/Audit

The review audit consists of the following elements:

- A meeting with the school principal, CSPC chair and CSPC treasurer
- Gathering of relevant records from the school, banking institutions and CSPC
- Examination of financial records
- Preparation of review/audit report outlining the findings and results of the review/audit

CSPC Record Retention

Regulation 612, s. 16, states that “(1) a school council shall keep minutes of its meetings and records of all its financial transactions.” It goes on to state that “(2) the minutes and records shall be available at school for examination without charge by any person.”

As a matter of consistency with other financial record retention requirements, all records are to be maintained on board premises for a period of seven years.

Issue:

- The Board recognizes the hard work and long hours CSPC volunteers put in to achieve their goals. Volunteers have expressed a concern that they be able to work out of their homes and create their own hours to balance their volunteer activities with family and work responsibilities.
- The Board must also maintain custody of the documentation that supports our reports to the community and the year over year continuity from one CSPC executive to the next or from one principal to the next

Recommendation

In the interest of supporting both the volunteers and the Board’s responsibilities the following guidelines should be considered:

1. The ~~CSAC~~ treasurer should be able to work from home in the preparation of CSPC financial records. At some point, interim reports will be prepared and bank statements and

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accounts will be reconciled. At this point the historical records and analysis that supports this work must be filed and stored at the school for future reference and audit. The Principal, in consultation with the CSPC executive, should have the final say as to what the reasonable time periods should be. As a guideline, the maximum period for an un-reconciled account must not exceed three (3) months.

2. All CSPC financial documents including blank cheques and bank books must be stored at the school when it closes for the summer, usually mid-July. There should be no petty cash. All cash and cash receipts should be deposited in the bank account and there should be no purchase activity from the account until the school opens in the fall.
3. The Board's external auditors and the Finance Department will select 15 - 20 locations each year to audit their school banking, CSPC and nutrition accounts. If your school is selected, all relevant financial documentation must be brought to the school on the agreed upon date for the visit.
4. If for any reason the historical records need to be removed from the premises then the principal should be aware of this fact and should have a timetable for their return. This may be done using a sign out system or any other method the principal feels is appropriate to remain accountable.

Change in School Principal/CSPC Chair/CSPC Treasurer

Changes in principal and CSPC members at schools are frequent and should not impact on the day to day administration of the school generated funds.

In order to ensure that when the principal changes or when there are changes in the CSPC chair and/or treasurer, basic information is transferred to the new principal/staff, the following form should be completed:

- The accompanying form is to be completed by the exiting principal and CSPC treasurer.
- The new principal or the new CSPC Treasurer should verify its accuracy. Any discrepancies should be clearly identified.
- The new principal should arrange for the signing authorities to be updated with the financial institution.

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Cash Donations

Please note that CSPC cannot issue tax receipts. They are not registered charities.

The Toronto Catholic District School Board (TCDSB), which is a charitable organization, accepts donations that are used for educational purposes (i.e., board programs, school-raised funds etc.). The donation cannot be reverted back to an organization or individual outside of the TCDSB (e.g., CSPC, Alumni Associations etc.).

A donation (gift) is a voluntary transfer of property without valuable consideration. Generally a gift is made if all three conditions listed below are satisfied:

- Some property - usually cash – is transferred by a donor to a registered charity;
- The transfer is voluntary; and
- The transfer is made without expectation of return. No benefit of any kind may be provided to the donor or to anyone designated by the donor.

Tax receipts are issued for the donations subject to all applicable income tax laws, regulations. Interpretation bulletins, brochures and guides, and newsletters under the Canada Revenue Agency (“CRA”).

The preferred method of making a donation is using “Making a Donation” on KEV. Using this method offers schools the many advantages.

1. It is convenient and easy to use
 - Anyone can secure donations 24/7 from the comfort of their home using various payment methods
2. It is student safe and it reduces risk
 - Children will not have to carry cash or a signed cheque to school
 - Reduces risks associated with cash handling
3. Tax receipts
 - Tax receipts are issued automatically directly to the donor and may be reprinted
 - No minimum required to receive a tax receipt
4. Saves Time
 - No school involvement in the process
 - Board electronically transfer donation funds directly to the account identified by the donor

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Tax receipts will only be issued for individual donations of \$10.00 or more. Cash donations must be in the form of a cheque made payable to TCDSB, except when there is more than one donor. If there is more than one donor, it is then best to have the cheques made payable to the school and deposited in the school bank account. Then, the school submits one cheque for the total amount to the Board, accompanied by an electronic excel spreadsheet outlining the donor's name, address and amount of donation.

If a CSPC wishes to provide a tax receipt for a donor, the council should follow the same procedures above. A cheque and electronic spreadsheet should be submitted to the Board. Reference should be made to the CSPC. The donation will then be deposited into the revenue cost centre for the applicable school (either Outside Agency or CSPC). The school may then use the related expenditure cost centre to make purchases against the revenue received. The cheque should be sent directly to the Toronto Catholic District School Board, 80 Sheppard Avenue East, Toronto, On, M2N 6E9, Attention: Finance Department.

The Finance Department issues an official tax receipt, with a thank you acknowledgement, and mails it out to the donor, unless there are numerous donations and then the official receipts and acknowledgements will be returned to the school for mailing.

Funds may be accessed by:

- a. A SAP purchase order to purchase an item through the board; or
- b. A cheque requisition signed by the principal made payable to the school for reimbursement of an item purchased (original invoice must be attached to cheque requisition).

Crime Insurance

School councils are involved in fundraising for their schools and collect a great deal of money. The question has come up regarding insurance coverage if those funds were to be stolen or disappear from the school. School boards purchase crime insurance to cover the board's losses of money and securities. Coverage would only be extended to monies owned by the CSPC's in situations where the school and/or board are holding the funds in trust. In order to be considered "held in trust", funds need to be in the care, custody and control of the principal or secretary.

- Example 1

The school council has a bake sale and generated \$2,000. The money is given to the school

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secretary on Friday to put in the school safe to hold over the weekend. When the secretary goes to retrieve the funds on Monday, she finds that the money is missing. A claim is forwarded to the board's insurance provider and paid subject to the deductible amount because the funds were held in trust by the school.

- **Example 2**

Same scenario as above except that the school council member takes the \$2,000 and makes their way to the bank to make a deposit. The council member has the money stolen from their vehicle on their way to the bank. In this situation, coverage would not be extended as the funds are no longer held in trust by the school and/or board.

Recommendation

To maximize crime insurance coverage, funds should be stored securely at the school location under the care, custody and control of the school principal or school secretary wherever possible and financial records must be in place to support any loss claim.

Liability Insurance

The Board's liability insurance coverage for events held away from board property is the same as the coverage for events held on Board property provided that the event is authorized/approved by the principal of the corresponding school.

OSBIE's Board Liability coverage is \$27 million per occurrence with no deductible and also includes coverage for volunteers.

Requests for a Certificate of Insurance or for a Confirmation of Coverage Certificate

- Many outside facilities will request proof that adequate insurance is in place before they will allow a group to occupy their premises.
- These certificates can be obtained from the Finance/Risk Management Department and are usually available within two days.

Supplemental CSPC Liability Insurance

Supplemental liability insurance for CSPC may be purchased at their own expense through the board's insurer (OSBIE). This insurance would be purchased only where in the out of the ordinary situation that CSPC activities will be undertaken that are not typically considered normal educational activities and are not endorsed or approved by the principal of the school. This

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insurance will only be made available at the beginning of each school year and if the CSPC decides later in the year that they would like to purchase supplemental insurance then they will unfortunately be required to find their own source.

Ministry of Education -Parent Involvement Committee (PIC) Funding

The Ministry of Education has made the goal of increasing parental involvement in education a key strategy towards improving student achievement. To support this strategy, the Ministry continues to provide school councils with \$500 base funding from the Grants for Student Needs (GSN) school boards receive every year. This allocation is intended to assist school council's communication and engagement activities with parents and their local school community.

Typical activities listed by the Ministry that may be funded as part of this base allocation include the following:

- Broadening the number of school events that include parents and the number of parents who attend;
- Diversification of communication tools (e.g., translation of existing materials) to meet the varied needs of parents.

The PIC funds are provided to the school councils on an annual basis (Ministry funding permitting) through the CSPC account (CC Loc 333) with the Toronto Catholic District School Board's financial system. Funds can be expended by following established purchasing procedures and/or submitting cheque requisitions with appropriate back-up and signatures for payment processing. The school council is responsible for keeping records, receipts and submitting an annual report detailing how the \$500 base funds were expended in each school year, as prescribed by the Ministry of Education.