

Appropriate Fiscal Management of Non-CRCSD Bank Accounts
Revised: May 20, 2012

This document is designed to provide appropriate guidelines for the proper fiscal management of “unofficial” non-CRCSD bank accounts used primarily by building principals. These accounts are not to use the District’s tax ID and as such any contribution that from the donor’s standpoint is to be considered a tax deductible donation to the CRCSD, is technically not deductible for tax purposes.

From an internal control stand point, it would be preferable that bank accounts used for unofficial District business not be used at all. Recognizing however, that non-CRCSD bank accounts may constitute a value to those buildings that use them, the following guidelines have been established to ensure improved controls over non-CRCSD funds are provided.

1. No one is allowed to open any type of bank account using the District’s Tax ID for depositing school district funds without authorization from the Board Treasurer.

Non-CRCSD bank accounts used by District principals as well as parent fund accounts such as PTA’s, PTO’s or Boosters are considered private and not to be deposited into any bank account using the District’s Tax ID. Any monies deposited into a bank account using the District’s Tax ID become public funds owned by the Cedar Rapids Community School District and subject to use of public funds rules governed by the Code of Iowa. Public purpose guidelines are provided below.

Any checking account using the District Tax ID that has been opened without authorization of the Board Treasurer must be closed. There are three available options listed below in the event an account must be closed.

- a. You may close the account and send the cash balance to the Accounting Department. The Accounting Department will increase your building controlled budget by the amount of the check. This will be handled as a donation is generally handled. This money will then only be available to be used for allowable expenditures of the District. Allowable expenditures do not include staff pop purchases, staff parties, retirement gifts, etc.
- b. You may close the account and open a new account using an individual’s social security number. This person will be the owner of the account and will have the responsibilities that this entails, including reporting interest, paying fees, etc. Do not use the name of the school in the bank account name so that there is no connection or association with the School District to this bank account.
- c. You may apply for an employer identification number (EIN) for your group, then close the account and open a new account using the new employer identification number. You can apply for an EIN at www.irs.gov. There are detailed instructions included to help you through this process.

It is necessary to ensure proper controls are in place for all District funds. Please contact the Manager of Accounting for additional assistance.

2. Two individuals should be registered as official signatures on the non-CRCSD bank account. Two signers provides additional oversight on the transaction activities within the account.
 - a. The second signer would likely be a District employee within your building.
 - b. Contact your local bank and request the addition of another signer on the account.
3. Receipting monies into a non-CRCSD bank account
 - a. Provide a “restrictive endorsement on all checks prepared for deposit. Writing “For deposit only –ACCOUNT NAME” on the backside signature line of the check provides for a restrictive endorsement and ensures that all checks must be deposited into the bank account and may not be converted to cash.
 - b. Keep accurate records of all deposits into your account. Deposits should be backed with records that would include payer, date, amount and purpose for all checks and cash deposited.
4. Disbursing monies
 - a. Two authorizing signatures on each check are highly recommended. Contact your bank and ask for new checks to be printed bearing two signature lines. Signatures on all subsequent checks should be only from the two individuals who are registered at the bank as official signers on the account.
 - b. Never write a check to yourself for any reason. If cash is needed, write the check payable to the bank in which the account exists and then cash.
 - c. It would be preferable to avoid writing checks for cash by paying all vendors directly for materials and services.
 - d. Always ask for and keep receipts for all disbursements made whether for direct payment to a vendor or for cash.
 - i. At a minimum, write the check number on each vendor receipt so that all checks written have receipts to back them up.
 - ii. If cash is provided to any one for any reason, always request a written receipt from the recipient of the cash. A receipt should always include the name of recipient, date, amount, specific purpose/use of cash monies. This can be as formal as a signed letter from the recipient or as informal as a piece of paper containing the same information and signed. If the recipient is not capable of providing a receipt, then document the cash transaction appropriately including, name of recipient, date, amount, specific purpose/use of cash monies for your records.
 - e. All receipts related to cash transactions should be retained with no additional checks written for cash until all monies from the previous check for cash have been spent.
5. Reconciliation: Always reconcile your non-CRCSD bank account on a monthly basis. It is recommended to have both account signers review the bank statement each month and reconcile the bank statement to checking ledger.

Following these common sense steps in the routine management of your non-CRCSD bank account will serve to protect you and the interests that you serve in your school community.

Public Purpose

District funds are to be expended only for legitimate public purposes and not for private personal gain for which services of comparable value have not been rendered to the District. This is a requirement of the Iowa Constitution.

All funds received by the District are considered public funds and must be used to support the educational mission of the District. The best test to use when determining whether the expenditure is appropriate is called the “public scrutiny test.” The test is simple and merely asks whether the tax-paying public would view the expenditure as necessary to support public education. **If you are already questioning whether the expenditure is appropriate, it may very well not be appropriate.** Contact your supervisor if you have any questions about appropriate expenses.

Expenditures of District funds for District officers, directors, employees, and volunteers for the following purposes, as these are commonly granted benefits for employees and volunteers in public and private organizations which aid in recruitment of personnel, promote improvement of staff morale and cooperation, and assist in building a commitment to the District, thus assisting in creating a more productive learning environment.

1. mementoes for employee recognition for service to the District
2. retirement appreciation function to recognize retiring employees
3. recognition item upon the retirement of an employee
4. recognition item upon the end of service by a Board member
5. volunteer appreciation
6. food items and refreshments for Board members and staff during Board meetings and / or work sessions
7. food items and refreshments for Board committees or superintendent committees during meeting

District awards or tokens of recognition shall be determined by the School Board and/or the Superintendent or designee in advance and shall be paid for with “central” District funds under the control of the Superintendent or designee. **Public funds should not be used for the purchase of department or building level staff awards or tokens of recognition.**

The District’s Appropriate Use of Public Funds Policy may be found at:
<http://www.cr.k12.ia.us/services/businessServices/Accounting/index.html>

Do not hesitate to contact Sherry Luskey – Manager of Accounting, 558-3218 or Steve Graham – Executive Director, Business Services 558-1237, for assistance with any questions related to the appropriate accounting of non-CRCSD bank accounts.