### STUDENT ACTIVITY ACCOUNTS

### GUIDELINES

### FOR

### MASSACHUSETTS

### SCHOOL DISTRICTS

### Copyright 1997

***By***

***Massachusetts Association of School Business Officials***

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**MASBO STUDENT ACTIVITY ACCOUNTS GUIDELINES MANUAL**

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# DISCLAIMER

# The Massachusetts Association of School Business Officials (MASBO) has prepared these guidelines in order to assist and educate school committees and school officials relative to the establishment, operation and management of student activity agency accounts under the provisions of MGL c.71 § 47. These guidelines are not intended to provide legal advice regarding actual cases. Please consult local counsel for advice on specific issues.

# PREFACE

Student activities provide additional social and educational opportunities for young people. The availability of student activities provides choices for students to explore their interests and provide meaningful opportunities that enhance their classroom experience. Additionally, students who are involved in raising funds and transacting business in their communities gain valuable life experiences. All funds raised to support student activities belong to the students and are not public funds that belong to the city/town/region.

This document will deal with the financial aspects of student activities. Student Activity Accounts are governed by MGL c.71 § 47. Chapter 66 of the Acts of 1996 changed the way in which the statute was administered and prompted the need for guidance on this topic.

The Massachusetts Association of School Business Officials (MASBO) issued guidelines after the 1996 amendment to assist school systems in preparing their own policies and procedures. The development of these earlier guidelines began when a group of school business managers in western Massachusetts put together a document for their own use in administering these accounts. After researching guidelines from the Association of School Business Officials (ASBO), from several states, and from individual school systems, the original work of the western MA group was updated, approved and issued by MASBO’s Board of Directors.

In 2014 the audit community published an agreed upon procedures audit protocol to review student activity accounts.

In 2015 a MASBO committee was formed to re-issue these guidelines. As a result of this process, MASBO has updated the original guidelines to reflect the new audit protocol. We are hopeful that these guidelines will help your School Committee establish its own Policy and process for managing student activity accounts and will assist in the development of sound operational procedures for your local school system.

It is the committee’s intent that this document will be housed on the MASBO website (<http://www.masbo.org/>) in addition to best practice documents provided by the field.

1. **GENERAL INFORMATION**

It is MASBO’s belief that MGL c.71 § 47, as amended by Chapter 66 of the Acts of 1996 does not address internal controls and procedures related to student activity funds**.** The purpose of this document is to assist School Committees and school districts to adopt clear and consistent policies and procedures in order to achieve the proper safeguards necessary for implementing the student activity statute.

Each of the following sections lists items that should be included in any School Committee Policy. By combining these recommendations with specific references to your school system, it is our hope that your administration and School Committee can quickly develop a Policy and related procedures on student activity accounts.

In order to differentiate between the statute and MASBO recommendations, specific references to the statute ***are quoted and shown in bold italics****.*

**II. ORGANIZATIONAL MANAGEMENT**

## POLICY DEVELOPMENT

MGL c.71§ 47 does not require the adoption of specific policies or procedures but does require adherence to administrative procedures, as may be prescribed. As such, from an audit and control standpoint, MASBO recommends that the School Committee adopt a Policy that includes procedures for the creation, operation, control, and public reporting of all student activity accounts. The Policy should include the process that must be followed for a student activity to be recognized and the steps needed to have the student activity be approved by the School Committee. The Policy should also provide for adequate checks and balances to insure the protection of student monies. The Policy and all procedures should incorporate and reflect the concept of segregation of duties.

The Policy and embedded procedures should be reviewed periodically and amended by the School Committee, when necessary. (See Appendix E on “Checklist of School Committee Policy Information”)

1. RECOGNIZING A STUDENT ACTIVITY

*In accordance with the statute*

“. . . for the student activities authorized by the School Committee.”

MASBO RECOMMENDATIONS

Student activities come into existence in several ways. At the secondary level, most often student activity organizations have a semi-formal structure and an advisor who may or may not be receiving a stipend from the school department budget. At the elementary schools however, student activities are often school-wide or class activities coordinated and performed by staff, parents and volunteers without a stipend. The School Committee Policy relative to student activities should specify how such different types of student activities would be recognized by the School Committee.

# A student activity account may be used for monies raised by student organizations and expended to benefit those students. MGL c.71 § 47 governs monies deposited to a student activity account. Monies governed by any other laws which specify other ways in which the money must be handled cannot be deposited to a student activity account. (See Appendix D on "Relevant Laws")

1. STUDENT ACTIVITY AGENCY ACCOUNTS

*In accordance with the statute*

***“The School Committee of a city, town or district may authorize a school principal to receive money in connection with the conduct of certain student activities and to deposit such money with the municipal or regional school district treasurer into an interest bearing bank account, hereinafter referred to as the Student Activity Agency Account…”.***

All monies collected through student activities must be deposited into a student activity agency account. The student activity agency account acts as a “control account” for all recognized student activities throughout the entire district.

1. CHECKING ACCOUNTS

*In accordance with the statute*

“***The School Committee may authorize the municipal or regional treasurer to establish a checking account, herein referred to as the student activity checking account, to be operated and controlled by the school principal*.**”

MASBO RECOMMENDATIONS

The checking account under the control of the school principal shall have a maximum balance approved by the School Committee. The funds to establish or replenish the checking account must be supported by appropriate documentation and must come from the student activity agency account specified above.

The principal has the direct responsibility to insure that the statute, School Committee Policies, and administrative procedures are fully adhered to in all aspects of operating the student activity checking account.

## DETERMINING RESPONSIBILITY OF STAFF

Good internal controls require segregation of duties, so that one person cannot control an entire process from deposit to payment to reconciling. The School Committee policy should specify a level of segregation that is appropriate for the size of the district.

For example:

The reconciling of the checking and agency accounts could be assigned to an individual who is not involved in depositing funds or making payments from either account.

## BONDING

*In accordance with the statute*

“The principal designated to operate and control such Student Activity Checking Account shall give bond to the municipality or district in such amount as the treasurer shall determine to secure the principal’s faithful performance of his duties in connection with such account.”

MASBO RECOMMENDATIONS

School systems should review their insurance coverage to be sure that all employees who handle student activity monies are covered; either by an endorsement to a liability policy or through a separate bond issued by an insurance company.

The options available for coverage include the following:

1. a specific position(s) bond;
2. a blanket employee dishonesty bond; or
3. public employee honesty coverage through a general liability insurance policy (this is usually what covers food service employees).

A school system should review the options and work with it’s treasurer to determine which is best suited to its needs.

1. AUDITS

*In accordance with the statute*

**“*There shall be an annual audit of the student activity funds which shall be conducted in accordance with procedures as agreed upon between the School Committee and the auditor based upon guidelines issued by the department of education.”***

##### MASBO RECOMMENDATIONS

The Superintendent or the School Business Administrator shall arrange for the annual audit, not the bookkeeper or the principal involved with the student activity account. The audit may be an internal audit performed internally by someone completely independent of the process or an independent third party if so approved by the School Committee; the internal audit must be documented. At least one time every three years, however, an independent audit firm must perform the audit. The School Committee may elect to have all annual audits done by an independent audit firm.

The dissemination of all audit reports should follow School Committee policy.

The cost of the independent audit may be paid by the School Committee from its budget or from the interest earned on the student activity account. The School Committee should specify in its Policy how the cost of the audit will be paid.

In addition to the annual audit, there should be on-going internal reviews by the School Business Administrator or another designee of the Superintendent. These internal reviews should involve reviewing the monthly reports prepared by the individuals having daily oversight over the accounts.

## TRAINING SESSIONS

##### MASBO RECOMMENDATIONS

The services and/or guidance of the Superintendent's Office, the School Business Administrator’s Office, or the Superintendent's designee should be made available to the Principal's Office to review laws and the essentials of good bookkeeping procedures to ensure accurate and auditable books/accounts.

Ann annual meeting should be conducted for advisors and student officers/treasurers in early September to review these principles of the student activity accounts system. Training should be made available on the necessary procedures, forms, and authorizations needed, and the books and records to be kept to accurately systematize an audit trail and prepare the proper reports.

## TAX EXEMPT STATUS

All student activity account purchases will be under the tax exempt number of the regional school district treasurer's office, or the city/town tax exempt number through the city/town treasurer's office, in the case of a city/town school department.

Monies not under the control of the school system (ex. PTO, Booster Clubs, staff monies, etc.) are not considered student activity monies and are not eligible to use the tax-exempt number.

## STAFF FUNDS

*In accordance with the statute*

“. . . the Student Activity Agency Account, duly established by vote of the School Committee, to be used for the express purpose of conducting student activities.”

##### MASBO RECOMMENDATIONS

The Student Activity Accounts authorized by MGL c.71 §47 are for student monies only.

Any monies belonging to staff (ex. Sunshine funds, staff vending machines) cannot be maintained in such accounts. Should staff wish to maintain such an account(s), they must establish a bank account in their own name, and cannot use the municipal/district tax exempt number for such accounts.

## GIFTS

*In accordance with the statute*

“. . . the School Committee . . . may authorize a school principal to receive money in connection with the conduct of certain student activities and to deposit such money with the municipal or regional school district treasurer, into an interest bearing account, hereinafter referred to as the Student Activity Agency Account . . ..”

##### MASBO RECOMMENDATIONS

It is MASBO’s opinion that gifts to recognized student activities can be deposited into the student activity account and expended in accordance with the local School Committee’s Policy for expenditures from such student activity account.

A recommended Policy is to have gifts under a specific amount accepted by the Superintendent, while gifts exceeding the specific amount shall be accepted by the School Committee.

Gifts to other than student organizations are governed by Section 53A of Chapter 44 of the General Laws of Massachusetts, and shall be processed in accordance with such, including deposit of monetary gifts with the treasurer of the city/town/regional school district.

If no specific purpose was indicated, the monetary gift shall be expended in accordance with the overall intent of the gift.

## SCHOLARSHIP FUNDS

Under the provisions of MGL c.44 §53A and c.71 §37A all grants and gifts for educational purposes shall be deposited with the treasurer and held as a separate account. It would seem that scholarships would be considered a gift for educational purposes and therefore be governed by either of these two laws.

All scholarship monies would be under the jurisdiction of the School Committee, in accordance with the guidelines under which the scholarship was established.

## CLASS ACCOUNTS AT GRADUATION

##### MASBO RECOMMENDATIONS

Student activity accounts established in accordance with MGL c.71 §47 are for student activity monies.

It is MASBO’s opinion that, because graduates are no longer students, monies for classes that have graduated cannot legally be kept in student activity accounts.

The School Committee should approve a Policy that specifies how these monies shall be disposed of upon a class’ graduation. Such a Policy should specify how long the class account should remain active after graduation, e.g., ninety days, to allow time for outstanding bills to be received and paid. After this waiting period, the Policy should specify if and how the remaining monies will be transferred to the graduates and include whether the monies will revert to the incoming senior class, or other specific disposition instructions. In addition, class officers should be informed of this Policy upon establishment of the class account.

III. OPERATING PROCEDURES

Except as otherwise noted, the following are procedural RECOMMENDATIONS proposed by MASBO.

## ACCOUNTING SYSTEMS, FORMS AND RECORD KEEPING

A critical point to keep in mind with all record keeping is that each person involved should protect themselves from charges of wrongdoing by keeping detailed records with appropriate backup documents. A clear audit trail shall be left at all times. This would include the following:

1. Pre-numbered tickets should be used with an inventory system for monitoring the use of such;
2. Standardized forms (for deposits, disbursements, etc.) should be used whenever possible;
3. All disbursements should require a bill or some type of receipt;
4. All deposits should require a school deposit slip stating source of the monies, total amount being deposited, and signature of the person making the deposit;
5. Bank reconciliations and account reconciliations should be done at least quarterly with a copy of each to the School Business Administrator. Copies of the account reconciliation shall also be sent to the student officer/treasurer or advisor of each organization and to the School Committee.
6. Periodic financial reports should be made in accordance with School Committee policy.
7. Other reports shall be prepared as required by the School Business Administrator, Superintendent and/or School Committee.

Sample forms are shown in Appendix A

## SUBSIDIARY ACCOUNTS

The principal shall maintain subsidiary accounts within the student activity control account, in order to match receipts and expenditures to the appropriate recognized student activity organization. Subsidiary accounts should be balanced each month to the control account.

## RECEIPTS

**The area most susceptible to abuse is the receipts process, since cash is collected by many individuals (often students). MASBO strongly recommends that school systems implement strict procedures for control of all receipts.**

* Any student organizations receiving monies from any source (fund-raisers, donations, etc.) should turn over such money to the principal or the principal’s designee within twenty-four hours for subsequent deposit to the student activity account.
* The principal or principal’s designee should deposit into the student activity account all monies received from student activity organizations no later than forty-eight hours of receipt by the principal’s office.
* Any money not deposited on the same day it was received shall be kept overnight in a safe or other secure, locked area.
* If money is received on a weekend, it shall be turned in on the first business day to the principal's office. Money received over the weekend shall be deposited to a night depository, secured in a locked vault, or safeguarded by other means.
* No student shall take money home at any time.
* All money turned over to the office by a student organization (student officer/treasurer or advisor) shall be accompanied by a school deposit slip indicating the source of the monies, the amount of money being deposited, and the signature of the person turning over the money to the office.
* All monies turned into the office by students must be co-signed by the advisor or a teacher.
* The advisor or student officer/treasurer should keep a duplicate of the school deposit slip submitted to the office with the money.

## 

## EARNINGS

**INTEREST EARNINGS**

##### *In accordance with the statute*

“Interest earned by such Student Activity Agency Account shall be retained by the fund and the School Committee shall determine for what purpose such earnings may be used.”

##### MASBO RECOMMENDATIONS

A separate record shall be maintained on all interest earnings.

The School Committee Policies shall specify the use and disposition of all interest earned, which shall be for the benefit of the students participating in activities:

1. Interest earnings may be expended for costs related to the operation of the student activity account. This includes (but is not limited to) bank charges, audits, specialized bonds for employees handling student activity monies (if not covered under general liability policies), forms and tickets, and bookkeeping costs.
2. Interest earnings not used for operational costs of the student activity account may be turned over to the clubs, classes and organizations having monies in the student activity account. A distribution system shall be specified by the School Committee that treats all organizations equitably in such distributions.

**COMMISSIONS**

Any monies paid to the school or to a student activity organization as commissions to the students (ex. school pictures, yearbooks, class rings, and candy sales) shall be deposited into the student activity account. Such monies shall be expended in accordance with School Committee Policy for the benefit of students and shall never be used to benefit staff.

**OTHER EARNINGS**

The School Committee should adopt a Policy that specifies how any other undesignated earnings will be distributed for student benefit. Such earnings related to student activities will be deposited into the student activity account.

## PURCHASES

##### MASBO RECOMMENDATIONS

* No purchases will be made without prior approval of the principal.
* The up fronting of personal monies should be avoided whenever possible. If it is anticipated that up fronting of monies may be necessary, prior approval shall be obtained from the principal.
* Equipment and supplies purchased with student activity account monies are the property of the organization, not of any individual student, advisor, or other interested party.
* Student advisors, or others involved in purchasing through the student activity account, shall not in any way benefit personally from the purchase.
* Student activity monies shall not be used for any purpose unrelated to student activities or for the benefit of any staff person.

## F. EXPENDITURES/DISBURSEMENTS/CHECKS

##### MASBO RECOMMENDATIONS

All expenditures/disbursements from student activity accounts shall be made by check.

No check shall be made payable to cash.

* Checks shall be signed only after they are completely prepared.
* Check signature authority shall be in accordance with School Committee policy. Consideration should be given to requiring two signatures on checks issued over a certain dollar threshold.
* No checks shall be issued without bills or receipts to document the disbursement. Vendor statements alone (i.e., without any supporting documents) should not be used for the issuance of checks.
* A record of all checks issued will be maintained.
* All checks shall be accounted for, including voided checks (which shall be mutilated to avoid re-use but not destroyed).
* Checkbook reconciliations to bank statements and account reconciliations should be done at least quarterly. The principal should review and approve the reconciliations.
* A standardized form should accompany all requests for check issuance. This form shall accompany the invoice and/or receipt and/or all supporting documents and must state to whom the check shall be payable, the reason for the payment, the amount of the check, the account to be charged, and the approval signature of the student officer/treasurer and/or advisor.

Sample forms are shown in Appendix A.

## G. CASH BOXES

##### MASBO RECOMMENDATIONS

Consideration should be given to establishing a policy regarding maintenance of a cash box for the purpose of having a change fund, with a specified dollar limit. If the school system chooses to have such, the following guidelines are recommended:

1. A check may be made to open a cash box at the beginning of each fiscal year. This will be done via a voucher "to open cash box for fiscal year 20XX". This check shall be cashed for change and placed in a locked cash box, which shall be kept in a safe or other secure locked location.
2. A cash box (es) may be needed during the year to make change during fund-raising activities. **At no time shall a cash box be used as a petty cash fund.**
3. The cash box shall be signed out to student organizations as needed for fund-raising. A log book shall be kept which records which group is using the cash box, the date signed out, the amount in the cash box, and the signatures of both the person signing it out of the safe and the person receiving it. Upon return of the cash box, the log shall also record the date returned, amount returned (which shall be equal to the amount signed out), and signatures of both parties again.
4. The cash box shall be closed out at the end of the fiscal year by depositing the money back to the main account. The amount deposited back must equal the amount originally withdrawn to establish the cash box.

A sample log form is shown in Appendix A.

## H. FUND-RAISERS

##### MASBO RECOMMENDATIONS

* Fund-raising projects should be held in accordance with School Committee Policy.
* Results of fund-raisers shall be reported to the principal within one week of the close of the fund-raising activity on an approved form.
* All monies received through fund-raisers shall be deposited in accordance with the preceding section on "Receipts".
* Expenditures related to fund-raisers must be handled in accordance with the guidelines and policies for all other student activity account expenditures (see "Purchases" and "Expenditures /Disbursements/Checks").

## INACTIVE ACCOUNTS

##### MASBO RECOMMENDATIONS

Any student activity organization inactive for a period of three (3) years or more, and for which there has been no receipts or disbursements recorded on their behalf, shall require the following actions to close the student activity account:

1. Written notification by the advisor or student officer/treasurer to the principal or other authorized administrator that the particular activity will cease to be a viable account. If an advisor or student officer/treasurer is not available, such discontinuance shall be by vote of the School Committee.
2. All assets of the recognized student activity organization shall be determined and stated in writing.
3. Any disposition of assets of an inactive recognized student activity organization shall be determined by the School Committee, but in no case shall the disposition benefit specific individuals. (The primary goal in disposition should be to benefit the student body.)

## APPENDICES

**STUDENT ACTIVITY ACCOUNT  
Event Financial Report**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **To be completed for all fund raisers, activities, etc., after the event.** | | | | | | | | | | | | | | |
| **Club/Class:** | |  | | | | | | | **Date:** | | | |  | |
| **Event:** |  | | | | | | **Event Date(s):** | | |  | | | | |
|  | | |  |  | | | | | |  |  | | | |
| **Deposit Date:** | | |  | **Source:** | | | | | |  | **Amount:** | | | |
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|  | | |  | **TOTAL INCOME** | | | | | | $ |  | | | |
| **Expenditures:** | | | | | | | | | | | | | | |
| **Item:** | | | | |  | **Check Number:** | | | |  | **Amount:** | | | |
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|  | | | | |  | **TOTAL EXPENSES** | | | | $ |  | | |
|  | | | | |  | **PROFIT/LOSS** | | | | $ |  | | |
|  | | | | | | |  |  | | | |  | |
| Submitted By | | | | |  |  |  | Date | | | |  | |
|  | | | | | | |  |  | | | |  | |
| Reviewed By | | | | |  |  |  | Date | | | |  | |

**STUDENT ACTIVITY ACCOUNT  
Deposit Slip**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Class/Club: |  | | | | Date: | |  |
| Source of Money: | |  | | | | | |
|  | | | | | | **Deposit Information** | |
| Bills: | | | | | |  | |
| Coins: | | | | | |  | |
| Checks: | | | | | |  | |
| **TOTAL:** | | | | | |  | |
|  | | |  |  | | | |
| Faculty Advisor Signature | | |  | Date | | | |
|  | | |  |  | | | |
| Student Treasurer Signature | | |  | Date | | | |
|  | | |  |  | | | |
| Bookkeeper Signature | | |  | Date | | | |

**To be prepared in duplicate copies: 1 to office with deposit; 1 to class/club**

**STUDENT ACTIVITY ACCOUNT  
Withdrawal Slip**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Club/Class: | |  | | | | | | | | | | Date: | | |  | |
|  | |  | | | |  | | |  |  | | | |  | |  |
| Make Check(s) Payable To: | | | | | | |  | | | | | | | | |  |
| Amount: | $ |  | | | | | | |  | | | |  |  | |  |
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| Address: |  | | | | | | | | | | | |  |  | |  |
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| Which of the following is attached: | | | | | | | | | Bill (not yet paid) | | | |  |  | |  |
|  |  | |  | | | | | | Receipts (paid by above individual) | | | | | | | |
| Requested By: | | | | Faculty Advisor: | | | | |  | | | | | | | |
|  |  | | Student Treasurer: | | | | | |  | | | | | | | |
|  |  | | Approved By: | | | | | |  | | | | | | | |
| **\* \* \* \* \* \* \* \* \* \* \* \* \* \* \* \*** | | | | | | | | | | | | | | | | |
| Check#: |  | | | | Check Date: | | |  | | | OR | | | Pay from Agency Acct | | |
| Issued By: | |  | | | | | | | | | | |  |  | |  |
| Comments: | |  | | | | | | | | | | | | | | |

**STUDENT ACTIVITY ACCOUNT  
Cash Box Log Book**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Sign Out: |  | | | | | |  | | Sign In: | |  | | | | | | |
|  |  |  |  |  |  |  | |  | |  | |  |  |  |  |  |  |
| Date Out |  | Organization |  | Amount |  | Advisor Signature | |  | | Date In | |  | Amount |  | Advisor Signature |  | Office Signature |
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APPENDIX B

**CHAPTER 71, Section 47**

*The following is an excerpt from the law:*

Notwithstanding the provisions of the preceding paragraph or section fifty-three of chapter forty-four, the School Committee of a city, town or district may authorize a school principal to receive money in connection with the conduct of certain student activities, and to deposit such money with the municipal or regional school district treasurer, into an interest bearing bank account, hereinafter referred to as the Student Activity Agency Account**,** duly established by vote of the School Committee to be used for the express purpose of conducting student activities. Interest earned by such Student Activity Agency Account shall be retained by the fund and the School Committee shall determine for what purpose such earnings may be used. In addition to such Student Activity Agency Account the School Committee may authorize the municipal or regional school district treasurer to establish a checking account, hereinafter referred to as the Student Activity Checking Account to be operated and controlled by a school principal and from which funds may be expended exclusively for student activity purposes for the student activities authorized by the School Committee. Such account shall be used for expenditures only and funds received for student activities may not be deposited directly into such account.

The School Committee shall vote to set the maximum balance that may be on deposit in such Student Activity Checking Account. The principal designated to operate and control such Student Activity Checking Account shall give a bond to the municipality or district in such amount as the treasurer shall determine to secure the principal's faithful performance of his duties in connection with such account. To the extent that the funds are available in such Student Activity Agency Account, funds up to the maximum balance set by the School Committee shall be transferred from the Student Activity Agency Account through the warrant process to initially fund such Student Activity Checking Account.

Periodically, to the extent that funds are available in such Student Activity Agency Account, the municipal or regional school district treasurer shall reimburse such Student Activity Checking Account, through the warrant process, to restore the limit set by the School Committee. The principal shall adhere to such administrative procedures as the municipal or regional school district treasurer or accountant may prescribe. There shall be an annual audit of the student activity funds which shall be conducted in accordance with procedures as agreed upon between the School Committee and the auditor based upon guidelines issued by the department of education.

**APPENDIX C**

**IMPLICATIONS of CHAPTER 30B of the GENERAL LAWS OF MASSACHUSETTS**

It is MASBO’s opinion that Chapter 30B of the General Laws of Massachusetts (The Procurement Law) does not pertain to purchases made with student activity account monies because Chapter 30B does not apply to trust funds. Appendix C includes an opinion from Attorney Robert Ritchie to the Amherst-Pelham Regional School District detailing this position. His opinion was rendered after discussions with the Inspector General’s Office and has been sent to the Inspector General.

*Ritchie, Seewald, Collins & Jankowski, P.C.  
 Attorneys at Law*

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| Robert W. Ritchie  Alan Seewald  James G. Collins  Deborah Toble Jankowski  Robert J. Spencer | Five East Pleasant Street  Amherst, Massachusetts 01002-1501  (413) 549-0041 (Telephone)  (413) 549-3818 (Fax) |

October 18, 1996  
  
Mr. Paul Carlson  
Treasurer/Business Manager  
Amherst-Pelham Regional School District  
170 Chestnut Street  
Amherst, MA 01002

Re: Chapter 66 of the Acts of 1996

Dear Paul:  
  
 You have asked whether Student Activity Agents Accounts ("SAAA") established pursuant to Chapter 66 of the Acts of 1996 are subject to the provisions of General Laws, Chapter 30B.

Chapter 66 authorizes the school principal to receive money and deposit the amounts received into both interest bearing and checking accounts, subject to the fiduciary provisions of the chapter and being for the express purpose of conducting student activities authorized by the school committee. The provisions of the chapter are fiduciary in character and function, and impose in practical effect a statutory trust upon the funds therein for the exclusive benefit of the students of the school for the limited purposes set forth in the chapter.

Chapter 30B, on the other hand, bears directly upon the funds and assets of the school, governing both the acquisition and disposition thereof. There is then a fundamental distinction between (a) the acquisition and disposition of funds and assets that were, are, or will be those of the school **and** (b) the acquisition and disposition of funds and assets that are held in a fiduciary capacity for the benefit of another. It is my opinion that Chapter 30B applies to (a) but not (b), and that therefore the SAAA is not subject to the provisions of Chapter 30B.

Even if Chapter 30B were to govern, the SAAA is to be understood as being established pursuant to a trust, and that contracts funded thereby are expressly exempt. In this instance the provisions of Chapter 66 constitute a statutory trust for the benefit of the students.

Please feel free to contact me with any further questions you may have in this matter.

Very truly yours,

Robert W. Ritchie,  
 Town Counsel

**APPENDIX D**

## RELEVANT LAWS

MASBO recommends that all school districts be aware of the Conflict of Interest statute and the statutes listed below. This list is for information only; it is not intended to be all-inclusive.

* Chapter 66 Acts of 1996 - Student Activity Accounts. (see Appendix B)
* Section 53 of Chapter 44 of the General Laws of Massachusetts - Lost Textbook Revolving Account.
* Section 53A of Chapter 44 of the General Laws of Massachusetts - Grants and Gifts
* Section 53E 1/2 of Chapter 44 of the General Laws of Massachusetts -Revolving Funds
* Section 17A of Chapter 71 of the General Laws of Massachusetts – Revolving Funds for Culinary Arts Programs
* Section 37A of Chapter 71 of the General Laws of Massachusetts – Acceptance of Grants or Gifts
* Section 47 of Chapter 71 of the General Laws of Massachusetts - Revolving Funds for Athletic Programs and School Organizations
* Section 71C of Chapter 71 of the General Laws of Massachusetts - Community school programs revolving account.
* Section 71E of Chapter 71 of the General Laws of Massachusetts - Adult Education and Continuing Education Revolving Accounts.
* Section 14B of Chapter 74 of the General Laws of Massachusetts - Culinary Arts and other vocational technical revolving funds
* Chapter 268A of the General Laws of Massachusetts - Conflict of Interest
* Chapter 548 of the Acts of 1948 - School Lunch Revolving Account.

**APPENDIX E**

**CHECKLIST OF**

**SCHOOL COMMITTEE POLICY**

**INFORMATION**

**Mandatory actions to establish student activity accounts:**

* School Committee must vote to authorize principals to accept money for recognized student activity organizations
* School Committee must vote policy authorizing agency account(s) on the treasurer’s books; such policy must include:
  + approved uses of interest earnings
  + annual audit procedures
* School Committee may vote to authorize checking accounts for use by the principal(s); such policy must include:
  + maximum balance
* If checking account is authorized, principal must provide bond to the treasurer.

**Additional recommended actions:**

* School Committee policy should also address the following:
  + how to recognize student activities
  + requirements for periodic financial reports
  + check signature authority
  + procedures for fund raisers
  + procedures for the disposition of assets of inactive student activity organizations
  + procedures for the disposition of class accounts not closed out after graduation
  + segregation of duties