



CHICAGO PUBLIC SCHOOLS

Insider's Guide to School Business and Internal Accounts



SUMMER 2005 REVISION

Insider's Guide to School Business and Internal Accounts

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Letter from the CFO

Dear Colleagues:

Chicago Public Schools are not only faced with the daunting task of educating our students, but also with adhering to all Board policies, recommended business processes, and routine procedures. This user's guide attempts to assist schools with the required business functions and policies by providing schools with the most current information in one easy to use reference document. Additionally, we have changed the name of the internal accounts manual to reflect the expanded information it contains.

The Office of School Financial Services would like to thank all schools for their continued support in the completion of the annual Internal Accounts survey and fixed asset registers collection project. Each year, school participation and data accuracy increases. The survey is important, as current governmental accounting rules require CPS to disclose the status of all accounts in the Comprehensive Annual Financial Report (CAFR). Additionally, this data is used as the basis for many key financial initiatives, which help to reduce administrative costs.

As we continue to make progress in these areas, School Financial Services also will focus on the following areas: Kronos upgrades and training, Accounts Payable enhancements, and M.Y.O.B.™ training. A new web page design will make all financial policies and forms accessible on CPS' website. The Office of School Financial Services continues to research software and process upgrades to streamline schools' and Central Office units' business functions. These system-wide enhancements not only result in cost savings and better financial reporting, but also in moving the school district toward a paperless work place.

In summary, the Office of School Financial Services wants to assist schools with becoming savvy financial and administrative managers. The information we receive from you helps shape not only how we create programs for the schools and district, but also how CPS implements financial and business policies. This manual is one of the numerous tools provided to the schools to facilitate business functions. Please feel free to contact our office at 773-553-2710 for additional information, manuals, questions, or feedback.

Sincerely,



John Maiorca

Chief Financial Officer, Chicago Public Schools

Introduction

The Board of Education of the City of Chicago believes that the responsibility for each Chicago public school rests with its principal. Keeping with that policy, the Office of School Financial Services prepared this manual to help schools manage their Internal Accounts efficiently and effectively. The School Code of Illinois, Section 10-20.19 (3), gives the Board the authority to establish rules and regulations for collecting, spending, and safeguarding funds generated by the schools.

Furthermore, the Board of Education cites school Internal Accounts as a fund group in its annual report. We are required by GAAP (General Accepted Accounting Principles) to fully disclose the value of school Internal Accounts at the end of each fiscal year.

This manual is one in a series of documents being developed to help principals manage the business aspects of running a school.

Guiding Principles

Five guiding principles have been identified for the financial management of a Chicago public school:

1. Spend the money wisely. Purchase only those items or services that benefit educational programs and the student body.
2. Spend the money in the proper time frame.
3. Use the money for its intended purpose.
4. Follow the procedures approved by the Board of Education as stated in this manual, as amended.
5. Keep good records.

If you follow these principles and use the tools provided, you should have the information and control necessary to manage the business aspects of your school or unit.

What are School Internal Accounts?

Each school has two sources of funds to spend on its educational and extra-curricular activities: the school's budget line account and the school's Internal Accounts. Local, state, and federal governmental revenues primarily fund the school budget line account. The school's Internal Account is a cash management system to handle the cash that flows through each school from students, parents, and the community. The sources of this cash are varied: student fees, fundraising activities, special events, lease income, and gifts or grants. Good financial management, budgeting, and record keeping are necessary for both accounts.

What does it mean to spend funds wisely?

School funds should be spent on the best educational programs and for the benefit of the students.

Why should I keep good records?

As principal, you are responsible for protecting the interests of students and taxpayers. Time management specialists can demonstrate how much faster and more efficiently records can be maintained if information is tracked immediately rather than waiting several days or weeks. Tracking your spending on a regular basis lets you know how much money is available so that you do not over- or under- spend your budget.

Good documentation helps you and your LSC work effectively toward your goals and can keep you from being accused of mismanagement. Failure to keep accurate records can result in an audit exception, potentially placing your school on financial supervision. *Chapter 4* gives more specific instructions for good record keeping.

What records do I need to keep?

The management of school funds must follow the same business practices, including budgetary accounting and auditing procedures, that are used for regular Chicago Public Schools' funds. All funds received by the school must be receipted. The original invoices and receipts must support all disbursements. All records must be kept at your school.

As a rule, all schools must maintain paper copies of the following records, which should be updated on a monthly basis:

- Reconciliation Report
- Cash Receipts Journal
- Cash Disbursements Journal
- General Ledger
- General Journal
- Trial Balance Summary
- Monthly Bank Statement
- ***School Equipment and Furniture Register***

Chapter 6 provides specific details on this important task of record keeping.

What do you mean by “spend the money in the proper time frame and for its intended purpose”?

School funds must be spent only to benefit those students **currently in school** who have contributed to those funds. Fundraising projects must benefit the student body and the school program that collects the money. As a general rule, try to spend 95% of all funds credited to your Internal Accounts within the school year when they were raised.

Funds deposited in the school's Internal Accounts by the Board, such as teacher instructional supply funds, carfare and State Chapter I funds, must be spent during the year for which they were budgeted. Unspent funds should be returned to the Board.

Fees, gifts, grants, and advances collected for specific purposes must be spent only for their stated purpose. Funds from the student body must be spent to benefit the student body.

Finally, be aware of prohibited expenses. *Chapter 3 Section C - Prohibited Expenditures* lists expenditures that are prohibited by either Board rule or policy.

Will I be audited?

Internal and external auditors visit schools throughout the year. Most of the visits will be announced, but some will be unscheduled. Audits are an opportunity to show your community your good financial management skills. At the end of each section, School Financial Services reviews what is necessary to meet our auditors' standards for Internal Accounts. If you use these checklists and keep your books up-to-date, you will probably pass the audit process.

Please Note: Auditors can inspect other records and documents in addition to your Internal Accounts.

What is an audit exception?

When an auditor identifies a record-keeping error or incomplete records, the auditor prepares a written report documenting the problem and what policy or procedure has not been followed. This report is referred to as an "audit report" and any rule or procedural infraction is referred to as an "audit exception." If an audit exception is discovered at your school, you should prepare a written response to the Controller's Office, Internal Audit, and the area office. This response must include a plan to correct the problem and should identify new procedures, additional controls, and restitution, if necessary, to ensure that the problem does not occur again.

May I raise more money for my school?

The principal is responsible for approving each student activity fund. Funds may be raised in addition to the amounts provided in the Chicago Public Schools' budget. Permission to raise funds must be obtained in writing from the principal and approved by the LSC for outside fundraising organizations.

Additionally, area office approval is required for all fundraising activities regardless of the amount being raised. This is a change from the past practice when no area approval was necessary if funding did not exceed \$1000.

Fundraising projects should contribute to the educational experience of pupils in accordance with the School Improvement Plan (SIP). Long-range projects for which adequate funds cannot be raised in one fiscal year must be included in the SIP and approved by the principal and LSC. Projects of this type may include efforts to acquire new band uniforms, pianos, athletic equipment, or other items. More information on fundraising is included in *Chapter 5*.

What if I am a new principal or a new clerk?

New principals have resources available to help them understand and take charge of their school's finances. *Chapter 1 Section B - Changing Principals*, lists some of those resources and provides a checklist of actions to get a new principal started. If financial records are not available or are not in good order, call your Region Business Manager for assistance.

New clerks have training available in the areas of payroll, purchasing, budgeting, grant acceptance, Internal Accounts, and the Internal Accounts software, (M.Y.O.B.™). New principals and clerks can receive training on the Internal Accounts procedures by contacting their Region Business Manager. Training on the Internal Accounts software (M.Y.O.B.™) is available by contacting the Office of School Business Services.

What do the icons mean?

Throughout the manual, we have used the following icons to help you quickly locate information.



Mandatory Board policy



Important phone numbers



An idea from a colleague



Required record keeping



Best practices



Potential audit finding

What is the best way to use this manual?

Use this manual as a way to ensure your systems are up-to-date and in line with current Board policies. We have tried to identify only those requirements that are necessary for good financial record keeping. If you have ideas or methods that work for you, please inform us and we will try to pass along these ideas for the benefit of all.

If you are a new principal, this manual has practical suggestions for setting up your accounts and tracking your receipts and expenditures. This manual provides information on both manual and electronic bookkeeping. Schools are encouraged to use the Internal Accounts software (M.Y.O.B.™) to help manage their finances.

The Office of School Financial Services has purchased the M.Y.O.B.™ software and provides training to help you make the transition to electronic bookkeeping.

For more information about this software, please contact the Controller's Office, 773-553-2710.

Where can I locate this manual online?

The Insider's Guide to School Business and Internal Accounts may be located online at <http://www.cps.k12.il.us/AboutCPS/Departments/finance/IAmanual/>

Contact Information

This manual is a work-in-progress and can be used as a source of information with suggestions from colleagues and experienced managers. If you have a better way or more creative approach from which other schools can benefit, please inform us.



Any recommendations for revising or amending this manual can be submitted to the Bureau of General Accounting. This manual is reviewed periodically to ensure that it is as up-to-date and as informative as possible. We value your comments and encourage you to contact us at:

Bureau of General Accounting
125 South Clark Street, 14th Floor
Mail Run #125
773-553-2740



1. Administration

A. Roles and Responsibilities

The Board of Education of the City of Chicago (CBOE)

The Chicago Board of Education's mission is to ensure that the Chicago Public Schools educates the city children to their fullest potential as individuals so that they may be productive members of society. The Board sets broad policy to ensure that schools are properly managed and that sufficient financial controls are in place. For this reason, the Board must approve all biddable purchases in amounts above \$10,000 and above and professional service contracts in amounts greater than \$75,000. The Chief Purchasing Officer must approve professional service contracts in amounts between \$25,001 and \$75,000.

The Chief Financial Officer must approve the acceptance of all gifts and grants made to the schools.

Principal

The school principal is directly responsible for the conduct of all school financial activities in accordance with the rules, policies, and procedures. Authorizing staff to act in the principal's place does not negate the principal's overriding authority and responsibility.

Local School Council

For all Internal Accounts activities, Local School Councils (LSCs) have the authority to approve all receipts and expenditures over \$1,000 at elementary schools and \$2,500 at high schools for all CPS attendance centers. On a monthly basis, LSCs have the right to review and approve receipts, and expenditures for all school Internal Accounts. Each school should submit to its LSC a copy of the Internal Accounts Trial Balance Summary and a copy of the school's monthly bank reconciliation.

LSCs also approve all fundraising activities by non-school organizations using school facilities.

School Clerk/Treasurer

The school clerk, Treasurer, or other staff person designee is responsible for reporting and receipting all school funds, maintaining accurate financial records, and following money-handling procedures as stated in this manual. At the end of each monthly reporting period, it is the responsibility of the clerk, or designee, to make available to the area office the Internal Accounts records for each student activity.

Teachers

When teachers sponsor student activities or serve in a capacity that involves handling school Internal Accounts' monies, they are responsible to report to the principal and should follow the rules and procedures in this manual. Teacher-sponsors should reconcile the records of the activity with the Treasurer's monthly report.

Office of School Financial Services

The Office of School Financial Services is made up of the Departments of the Controller, General Accounting, Accounts Payable, Accounts Receivable, Treasury, School Business Services, Treasury and Debt Management, Payroll, and Risk Management. The Office of School Financial Services is under the direction of the Chief Financial Officer and has the responsibility and authority to implement all policies and rules pertaining to the supervision and administration of school Internal Accounts.

Controller's Office

The Controller's Office is responsible for the management and control of all financial matters of the Chicago Public Schools as well as providing direction and management of financial affairs in the schools.

Bureau of General Accounting

The Bureau of General Accounting is comprised of the Reporting and Revenue Divisions. The Reporting Division provides service to schools by: depositing all non-Internal Account related checks; answering questions and resolving issues related to Internal Accounts; providing accounting-related support for the M.Y.O.B.™ accounting software program; preparing checks; and processing requests for position numbers. The Bureau of Revenue supports schools by answering questions related to claims and grants.

Bureau of Accounts Payable

The primary responsibility of the Bureau of Accounts Payable involves paying vendors in a timely manner.

School Business Services

School Business Services develops top-quality business practices and measures that serve as models for individual units; coordinates workshops and training; educates business managers and principals to be accountable and fiscally responsible; and organizes monthly reports to the CFO. School Business Services provides a wide range of workshops that cover the following topics: Internal Accounts, M.Y.O.B.[™], Budget, AIMS, Purchasing, Accounts Payable, and Business Manager, clerk, and new principal training. In addition, SBS provides support and assistance in all areas of school finance. This support includes school visits when practical.

School Office Services

The School Business Support Services Program provides schools with troubleshooting assistance, one-on-one site based training, and support in all areas of school finance. This program ensures a school's financial compliance and greatly reduces audit exceptions. For more information please call 553-3278 or 553-2785.

Bureau of Treasury and Debt Management

The Bureau of Treasury receives all checks and letters of credit from government agencies. This bureau manages CPS treasury operations and debt financing activities to optimize cash flow and investment earnings and to obtain the lowest cost financing for capital projects.

Bureau of Payroll Services

The Bureau of Payroll Services provides correct, timely, and professional payroll services, including maintaining accurate earning reports, to the schools and employees at the Chicago Public Schools. Kronos support and training are also offered by Payroll Services.

Bureau of Risk Management

The Bureau of Risk Management is responsible for maintaining liability and property insurance, managing claims, establishing contractual insurance requirements, maintaining the field trip vendor list, and administering the extracurricular/athletic injury program.

Bureau of Real Estate

The Bureau of Real Estate falls under the Operations Department. This bureau prepares all Board reports related to the lease or permit income raised from the use of school property. Sale of real estate also is processed through the Bureau of Real Estate.

Office of Management and Budget

The Office of Management and Budget assist with handling, approving, and setting up all grants and gifts from both government and non-government sources.

This office also maintains a database of available gift and grant donors. This Office must be notified of all gifts and grants received directly by the school.

Department of Procurement and Contracts

The Department of Procurement and Contracts is responsible for the delivery of quality goods and services at the lowest cost from responsible vendors. This department also maintains a list of approved vendors and provides vendors with Vendor Identification Numbers. The Purchasing department also conducts specific iProcurement and other training.

Homeless Education Program

The Chicago Public Schools (CPS) provides an educational environment that treats all students with dignity and respect. Every CPS homeless student shall have equal access to the same free and appropriate educational opportunities as students who are not homeless.

This commitment to the educational rights of homeless children and youths applies to all the services, programs, and activities provided or made available by CPS. To create the appropriate educational environment and opportunities for CPS homeless students, CPS has a Homeless Education Program documented in the Homeless Education Program Manual.

Request for copies of this manual and any questions on the Homeless Education Program should be addressed to:

Chicago Public Schools
Office of Instruction and School Management
125 S. Clark Street – 8th Floor
GSR 125
Attention: Coordinator, Homeless Education Program
Phone: 773-553-2242
Fax: 773-553-2182

Inspector General

The Office of the Inspector General (OIG) is an independent body accountable directly to the Board. This group is charged with investigating allegations of waste, fraud, and financial mismanagement within the Chicago Public Schools. The OIG investigates allegations of employee residency, student residency (tuition fraud), employee misconduct, including theft, falsification of attendance records, misuse/unauthorized use of CPS property, misappropriation of funds, misuse of the internet, and any criminal activity engaged in by employees – on or off duty. Also, the OIG investigates allegations of vendor misconduct including breach of contract, over-billing, M/WBE fraud, etc.

Area Instructional Officers (AIOs)

Each area office is led by an instructional officer. Area Instructional Officers (AIOs) are in charge of two teams - an instructional support team and a management support team. Instructional Officers conduct regular instructional walk-throughs and meet regularly with leadership teams to evaluate progress on goals.

Region/Cluster Business Managers

The Region Business Managers provide administrative support to their schools. This support includes answering bookkeeping questions, advising on purchasing questions, and training of school personnel. The Region Business Managers are trained in M.Y.O.B.™.

School Business Managers and School Operations Managers

School Business Managers and School Operations Managers report directly to the principal. They are responsible for various administrative functions and duties. These positions provide the principals with additional support of their day-to-day functions. The individuals in these positions work with the school, area, and central office staff to deliver services to the schools.

Typical areas of responsibility include functions related to finances, contracts, facilities, food services, personnel management, information technology, security, transportation, and general school administration. Other responsibilities may include dealing with school Internal Accounts, budgets, purchasing, position control, payroll, inventory, subsidized meal applications, records maintenance, and other non-instructional related duties.

B. Internal Controls

Internal control should be built into the infrastructure of each school. When controls are integrated with operational activities, and a focus on controls has been instilled in all personnel, the result is better control with minimum incremental cost.



Schools may want to create written policies and procedures guidelines including formal job descriptions detailing responsibilities and describes management policies, standards of ethical behavior, acceptable practices, and conflicts of interest.

Implementation of Control Objectives

- Appropriate authorization (proper signatures and system approvals)
- Segregation of duties
- Adequate documentation and records
- Independent checks on performance

Documents and records

Documents should be designed to facilitate collection of all relevant information. They should provide space for proper authorizations, receipt of assets, etc. and should be prenumbered - account for all documents, reducing likelihood of fraudulent use

Records should create an audit trail, which creates path that a transaction traces through a system. This allows for verification and consistency of reference numbers, dates, etc.

C. Transition of Principals

Responsibilities for outgoing and incoming Principals:

The following items should be completed to ensure a smooth transition from one principal to the next. These items bring closure to the outgoing principal's tenure and assist the incoming principal with learning the school's Internal Accounts status as well as safeguarding the school's assets. Principals should call their Region Business Manager for assistance with these items. Any discrepancies must be resolved prior to the change in administration.

Outgoing Principal

- Ensure that the books of record are posted to date.
- Ensure that the Internal Accounts monthly reports are submitted for the most recent month and that the school is maintaining its records accurately and timely.
- Verify that the reconciled bank statement and the Trial Balance for the previous month are in agreement.
- Update **Concession Sales Accounting Reports** for all continuous sales.
- Review the **Concession Sales Accounting Reports** for all sales conducted during the past fiscal year to ensure the accounting of all money/merchandise.
- Ensure that approved **Ticket Accounting Reports** are on file for the activities in which tickets were utilized.
- Secure all outstanding **Teacher Receipt books**. All receipted money previously not submitted by teachers must be deposited immediately with the School Treasurer.
- On the date of the change of administration, **Treasurer's Receipts** must be reconciled with bank deposits and cash-on-hand to account for all money not deposited at the end of the previous month, but collected during the current month.
- The following documents must be reviewed and signed by the outgoing principal and the representative of the **Area Instruction Office** to indicate that the documents have been reviewed and are accurate:
 - Cash Account
 - Internal Accounts Trial Balance and Reconciliation reports
 - Reconciled Bank Statement
 - **Concession Sales Accounting Reports**
 - Fixed Asset Inventory

Incoming Principal

- Request a transition audit from the Department of Audit Services. Please call 773-553-1481 to schedule this audit.
- Study the financial statements and the most recent audit report. If the report is not available at the school, a copy should be requested from the Department of Audit Services. The principal should review the audit report and ensure that the audit exceptions have been corrected.
- As of the date that the administration changes, obtain signature cards from the school's depository institution prior to the transfer. The new cards must add the name of the incoming principal and delete the name of the outgoing principal as authorized check signatories. School Financial Services recommends having a minimum of three signers for bank accounts. **Schools are to have only one checking account.**
- Run an Activity Report to verify budget line balances and reconcile Board of Education budgets and Internal Accounts balances.
- Run a report on all open purchase orders to verify agreement with any funds to be spent and/or merchandise to be received. This information can be obtained using the iProcurement system.
- Change the passwords on all systems where the outgoing principal had access, such as the Student Information system and the iProcurement system. To change passwords on the online systems, complete the Oracle Access form located at http://appsmt.csc.cps.k12.il.us:8000/OA_HTML/US/Oracle_User_ID_Request_v3.doc or contact the Office of Technology Services (OTS) at 773-553-1300.
- Change password for Kronos Time and Attendance and Corrected Attendance Reporting (CAR) approvals.
- If necessary, ask the Bureau of General Accounting to verify the latest Assets inventory.
- Collect all keys to school door locks, and if necessary, change the locks.

D. Transition of Clerks, Treasurers, and Business Managers

All new school clerks, treasurers, and business managers have numerous training opportunities and resources available. The following is a list of these services providers.

- For Kronos training, please contact the Bureau of Payroll Services at 773-553-2660.
- For grant acceptance training, please contact the Bureau of Revenue at 773-553-2394.
- For requisition/iProcurement/receiving training, please contact the Department of Purchasing at 773-553-2280.
- For Oracle Public Sector Budgeting and Position Control (PC) training, please contact the Office of Management and Budget at 773-553-2560.
- For Internal Accounts and M.Y.O.B.™ software training, please contact School Business Services at 773-553-2712.
- For Student Information system (Project IMPACT) training, please contact the IMPACT help desk at 773-553-4672.

E. Schools Closing

When a CPS school closes, the closing school's Internal Accounts funds (from both checking and investment accounts) follow the students that had been attending the school. Given that the students from the closed school may be dispersed to various CPS locations, the internal account funds should be transferred to all of the schools where these children are sent. After all the closing school's outstanding debts have been paid, remaining funds should be dispersed at a percentage equal to the percentage of the closing school's students now attending the new school. For example, School X closes. After School X pays all outstanding debts, it has \$100,000 in its Internal Accounts. If 40% of School X's students go to School Y and 60% go to School Z, then School Y would receive \$40,000 and School Z would receive \$60,000. School X would provide School Financial Services all money and student disbursement information. School Financial Services will work with the Office of Management and Budget to ensure the money is allocated correctly.

Prior to a school closing, all Internal Account information must be balanced and verified. The online Internal Accounts assessment must be completed in full and supporting documents (bank statements and reconciliation reports) must be sent to the Office of School Financial Services. Please contact the Internal Accounts hotline at 553-4271(IAS1) or E-mail InternalAccounts@cps.k12.il.us for further information or assistance.

In compliance with Board Policy, closing schools must complete the **Asset Transfer/Disposal Form** (http://www.cps.k12.il.us/AboutCPS/Departments/finance/forms/Asset_Disposal_Transfer_Form.xls) when relocating any items valued at \$500 or more from the closing school to another location. Items valued at \$500 or more that will remain within the building must be documented on the **Asset Register** (http://www.cps.k12.il.us/AboutCPS/Departments/finance/forms/Asset_Register.xls) and submitted at the end of the fiscal year.

In addition to completing the asset information and Internal Accounts requirements, lunchroom seed money should be returned to the General Accounting Department at the end of the fiscal year.

F. Audits and Investigations

What is a school internal audit?

An internal audit is the process through which the Department of Audit Services examines a school's financial records and practices. A school audit is conducted to ensure that schools adhere to budgets previously submitted, Internal Accounts policies and procedures, and in some cases, federal, state, and local laws.

What is an Investigation?

In cases where allegations of financial improprieties exist, the Inspector General is contacted to investigate whether or not such allegations have merit.

Does the school receive notice prior to the audit?

Generally, advance notice is given for routine audits. If notice is not given, audit personnel will identify themselves upon arrival.

What constitutes an audit exception?

An audit exception is any information and/or material or transactions that are contrary to established policies, procedures, rules, regulations, and laws.

What if I am not prepared for the auditors?

A school should always be prepared for the auditors by following the procedures given in this manual. For example:

- The **Treasurer's Receipts** are recorded in the ledger.
- The checks written are recorded in the ledger.
- The Internal Accounts reports have been prepared through the most recently completed month.

If funds were misused or inadequate records and documentation were kept, financial restitution and penalties may be required. Depending on the circumstances, financial supervision, high-level monitoring, and punitive measures may be taken. For more information, please refer to the CPS policies Policy Regarding Financial Supervision and Policy Regarding Misuse of School Funds in *Appendix F*.

Please request a transition audit of school Internal Accounts of the outgoing administration. Review any corrective actions that need to occur. Focus on purchasing, cash receipts, disbursements, monthly reconciliations, payroll, and assets.

Fraud

Any instances of fraud should be reported immediately to the Office of the Inspector General (OIG) at 773-534-8711 or 773-48-FRAUD. Instances of fraud may include unauthorized reimbursements, submitting unauthorized receipts for reimbursements, theft or misappropriation of funds, undocumented expenditures, or any other financial improprieties. The OIG handles complaints in a confidential manner.

G. Financial Supervision

What is Financial Supervision?

According to Board policy, “A school may be placed on financial supervision for violating mandates governing Internal Accounts and the maintenance of proper documentation of school account activity”. Please refer to *Appendix F* for additional information.

What are the facts that may be considered in determining whether a school should be placed on financial supervision?

- “Whether the internal books of the school have been lost, destroyed or are significantly in arrears;
- Whether funds are missing, not properly accounted for, or inappropriately used;
- Whether funds received from federal, state, or locally funded programs were improperly used, documented or unaccounted for.”

“A school placed on financial supervision may be subject to one or more of the following measures:

- Mandatory training of appropriate staff
- Ongoing monitoring of Internal Accounts and financial activities
- Appointment of a financial receiver
- Issuance of a Warning Resolution
- Restitution

“The remedial measure imposed shall be reviewed periodically, but no less than every six months, and shall be progressively removed or abated as warranted by the school’s progress toward correcting the deficiencies identified.”

H. Educational Crisis

What is an educational crisis?

The Chief Executive Officer has the power to determine when a school is undergoing an educational crisis and to authorize immediate corrective action.

Many criteria are used to determine the existence of an educational crisis. Examples include: repeated failure by the principal to properly spend all school funds, including the budgeted, discretionary, and Internal Accounts funds.

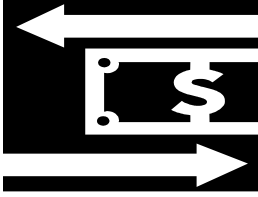
What happens if a school is declared to be in the midst of an educational crisis?

Should the Chief Executive Office declare a school in educational crisis, then “a plan shall be implemented to ensure educational stability at the attendance center, and alleviate the crisis.” Please refer to “Criteria Governing the Determination of Educational Crisis” for additional information.

Please refer to *Appendix F* for the CPS Policy on Educational Crisis.

I. Checklist and Chapter Review

- ❑ The Cluster or Region Business Manager should be contacted for assistance during the principal's transition.
- ❑ A new principal must ensure the signature cards and passwords are changed.
- ❑ The new principal must run a report on all open purchase orders to give consent for spending proposals.
- ❑ The new clerk should contact the School Business Services for training on Internal Accounts procedures.
- ❑ A school may be placed on financial supervision if it violates policies associated with maintaining the Internal Accounts.
- ❑ A school may be considered to be in the midst of an educational crisis if it fails to keep accurate Internal Accounts records.



2. Money Handling

General Guidelines

- All money collected from the students should be properly receipted using a ***Teacher's Receipt Book*** or ***Payor List***, and ***Treasurer's Receipt Book***.
- All money received by the school must be receipted and recorded by the School Treasurer in the Cash Receipts Journal.
- The School Treasurer, Business Manager, Operations Manager, or Clerk is responsible for handling all Internal Accounts transactions, cash, and paperwork.
- All money should be deposited in the bank as soon as possible for safekeeping. At a minimum, weekly deposits are required.
- Good receipting provides an audit trail and the necessary information to document all money that enters the school.

A. Money Handling Procedures

Collect money

Every time money is collected, the **Treasurer's Receipt** must indicate:

- Source of funds (*Who/How?*) (i.e., received from)
- Amount of collection (*What?*)
- Reason for collection (*Why?*)
- Date of collection (*When?*)
- General Ledger Sub Account (*Where?*) (i.e., to be credited to)
- **Teacher's Receipt** Number

All **Treasurers' Receipts** must be posted to the Cash Receipts Journal immediately.



Not properly receipting the collection of money, whether cash or check, is an audit exception.

How often should money be deposited with the School Treasurer?

All money collected from students should be counted and deposited with the School Treasurer daily. A **Treasurer's Receipt** shall be prepared immediately. A back-up plan should be established if a teacher collecting money is unable to transfer the money to the School Treasurer each day. Staff should not take money home with them and should not leave money in a place that is not secure.



Within the back-up plan, the assistant principal may be an appropriate substitute for the School Treasurer.

Prepare receipts

How can money be receipted?

Individuals other than the School Treasurer often collect funds from students for various purposes. In response, this manual presents different ways of receipting money.

Money collected *in any manner* must be deposited with the School Treasurer and a copy of the school **Treasurer's Receipt** must be provided to the person making the deposit.

The following is a list of guidelines for specific types of collections. Information on completing these receipts and sample forms are included in *Appendix B*. Tracking of concession sales and other fundraising activities is described in Chapter 5 - Revenue Generation.

Collections from Students

Teachers who collect money from students should prepare records indicating the amounts collected. Examples of collections are field trips, graduation fees, and activity fees. The teacher can use a **Teacher Receipt Book** or a **Payor List** to receipt the money. **Payor Lists** are recommended for collections that are the same or standard and have a nominal dollar amounts (i.e. under \$10).

Receipt books should be turned in after each activity and at the end of each year.



PLEASE NOTE: A **Teacher Receipt Book** should be used when a parent requests a receipt for the money given or when a significant amount of money is being collected from students (i.e., graduation fees). All **Teacher Receipt Books** must be returned to the School Treasurer at the end of the activity and of the school year.

A **Payor List** should be used when the teacher is collecting for the same and standard amount of money from all students (i.e., field trips). A **Payor List** is for a specific time period when the collections are made.

Reimbursements from Chicago Board of Education (CBOE)

All schools are required to participate in the Electronic Data Interchange (EDI) program in order to receive reimbursement from CBOE.

These reimbursements are for Board-related expenses. A **Treasurer's Receipt** is not required, as the money is automatically deposited in the school checking account.



Any and all budgeted amounts that are non-payroll related can be sent via EDI (Electronic Data Interchange). These include, but are not limited to, reimbursed expenses, payments to local school councils, teacher instructional supply monies, and reimbursements for purchase orders. To participate in the EDI program, please contact Accounts Payable.

How do I record EDI Transactions at my school?

The Board will notify the school by E-mail or other methods that the deposit has been made to the school's bank account. The E-mail will include the funds transfer date and list of EDI numbers that should be used to identify the budget line(s) charged in making the transfer to the school's account.

The school may also go to Administrative Mapper and type EDI in the upper left hand corner of the screen and press enter or scroll lock to get a list of dates of EDI deposits.

- Look at FIRS (F124) or a current FI60 Report to get a description of budget lines charged. Use the information to determine the account to be credited in the Internal Account system. (All funds from Board Funded programs should be recorded in the account series 2-7XXX. Write the name of the account and number to be credited on the EDI notification printouts. The printouts of the EDI notification, the individual budget lines, and the FI24 or FI60 are documentation for the EDI transaction and should be maintained as such. Record the transaction in the Internal Accounts System using the following steps:
 - Click the Checkbook Icon on the Command Center window
 - Click the Make a Deposit box
 - Enter the date of the transaction in the Date Box
 - Press TAB and enter the total transfer amount to your checking account in the Amount Box.
 - Press TAB and enter the words "Chicago Public Schools" in the Payor Box
 - Type "EDI" in the Memo Box
 - Press TAB and enter the account number and amount to be credited to each account number in the designated fields in the Allocation Account Box
 - Click the Record button to complete the process

If a check is written in anticipation of receiving reimbursement from a budget line, an account in 2-7XXX should be established to reflect that budget line and the check should be charged to that account.

Schools should make an effort to work with Accounts Payable in documenting and tracking the process. We appreciate any suggestions you submit on improving the systems.

If you have further questions, please contact your Region Business Manager.

Concession Sales

Concession sales or a continuous sale of goods do not require a receipt for each sale; however, the sponsor must record all collections. By tracking how much inventory or goods are sold, the school can determine if the cash received matches the amount of inventory sold. Sales activity is documented by comparing expected sales to actual sales.

The school can use a **Concession Sales Accounting Report** to do analysis. The sponsor must complete these for each sales activity. The money collected from these sales must be given to the School Treasurer and a **Treasurer's Receipt** must be prepared immediately. Please refer to Chapter 5 for further information.

Ticket Events

To ensure that all money collected is deposited with the School Treasurer, the school must use pre-numbered tickets and maintain a record of the number of tickets sold for an event. This record indicates the expected amount of receipts. The school can use a **Ticket Accounting Report** to determine whether the cash received matches the number of tickets sold. The **Treasurer's Receipt** must be completed immediately after funds are deposited with the School Treasurer. Please refer to Chapter 5 for further information.

Treasurer's Receipt

All receipts must be prepared immediately after the Treasurer receives any money.

- Receipts must be completed in numerical order. The original receipt is given to the person depositing money and the duplicate remains in the receipt book.
- The receipt must include the amount of money, the account name, the account number to be credited, the source of the money, and the date.
- The School Treasurer must sign the **Treasurer's Receipt**.
- If a mistake is made, the **Treasurer's Receipt** must have VOID written on both copies of the receipt and left in the receipt book.



The ***Treasurer's Receipt*** should be pre-numbered and include the name and address of the school.

*Note: **Treasurer's Receipt Books** may be ordered through the Purchasing system.*

Teacher's Receipt

Teacher's Receipts must be prepared for all money collected by school personnel who have authorization from the principal. However, when group participation is anticipated (i.e., field trips, workbooks, etc.), a ***Payor List*** of names is acceptable in lieu of duplicate receipts. Please refer to *Appendix B* for a copy of the ***Teacher's Receipt***.

Teacher's Receipts must show:

- The date the money was received.
- The amount of money received and whether it was cash or check.
- The purpose of the collection.
- The person from whom the money was received.
- The signature of the recipient on all receipts.

All receipts must be prepared in duplicate, with the original copy issued to the person from whom the money was received and the duplicate copy kept intact in the receipt book.

- Receipts within the book must be issued in numerical sequence.
- When it is necessary to void a receipt, VOID should be written across both the face of the original and the duplicate copies of the receipt. Both copies should be left intact in the receipt book.

What does the teacher/sponsor do with the Teacher's Receipts Book?

Regardless of amount, all money collected must be deposited **daily** with the School Treasurer. **Please note: If the deposit cannot be made to the School Treasurer on the day of collection, a back-up plan to store the funds safely must be established.** A written explanation must be prepared to the principal describing why the money was not deposited immediately. The ***Teacher's Receipt Book*** or ***Payor List***, as noted above, must be presented to the School Treasurer when deposits are made. The teacher must receive a written receipt from the School Treasurer for each deposit.

How does the School Treasurer keep track of Teacher's Receipts?

The reverse side of the last duplicate receipt in the ***Teacher's Receipt Book*** lists the receipts that are being deposited with the School Treasurer, and must be completed by the School Treasurer each time the receipt book is presented.

Receipt books must be returned to the School Treasurer after each activity and are to be re-issued for each following event. All receipt books must be returned to the School Treasurer at the end of the school year.

The School Treasurer must maintain a control sheet of the ***Teacher's Receipt Books***. This sheet should include such headings as Date Issued, Book #, Teacher Receiving Book, Reason for using the Book, and Date Returned.

How is a Payor List prepared?

If a ***Payor List*** is used, the list must contain the following:

- Purpose of the collection and/or the account to be credited
- Name of each student and amount collected
- Total amount collected
- Date of collection
- Signature of the individual who collected the money

The list must be submitted to the School Treasurer at the same time the money is submitted and a ***Treasurer's Receipt*** must be prepared immediately.

The School Treasurer must reconcile the money deposited with the total amount on the ***Payor Lists***, date deposit, and the ***Treasurer's Receipt*** number. The School Treasurer must maintain the ***Payor Lists*** on file.

*Note: ***Payor Lists*** should be used for nominal dollar amounts only.*

Tools to receipt (record money)

The following table presents tools used to record receipts. Sample forms are included in *Appendix B* in the manual.

FORM OR RECEIPT	PURPOSE	WHERE TO OBTAIN
Teacher's Receipt	To provide individual receipts for collections from students and to provide students with a copy of the receipt. Best used when students/parents desire a receipt or when amounts collected vary.	Receipt books can be purchased through the Purchasing system from any authorized Board vendor.
Payor List	To record money collected from students by using a student listing. Best used when amount collected is small or standard.	Please see <i>Appendix B</i> for a copy of a Payor List .
Treasurer's Receipt	To document all money collected or received by the school. These receipts are the primary form of control over school funds.	Receipt books can be purchased through the Purchasing system from any authorized Board vendor.
Pre-Numbered Tickets	To track the number of individuals attending an event.	Pre-numbered tickets books can be purchased from any office supply store.
Concession Sales Report	To track the amount of receipts and the amount of goods sold.	Please see <i>Appendix B</i> for a copy of the Concessions Sales Report . Photocopy the report for repeated use.
Ticket Accounting Report	To report the collections using tickets and explain any differences.	Please see <i>Appendix B</i> for a copy of the Ticket Accounting Report . Photocopy the report for repeated use.



Some schools have established Student Service Centers. At these centers, students can pay all fees and purchase certain items and tickets. A cash register or receipt book at this center can minimize teacher and sponsor involvement with cash and bookkeeping. Good record keeping procedures must be established and followed to track all income. These centers should have:

- A central location
- A posted list of hours of operation
- A complete set of forms and receipts
- Accountability for all money collected
- A reconciliation of money collected, recorded, and deposited to the bank
- Security

Please contact your Region Business Manager if you are interested in establishing a Student Service Center.

Deposit money in bank

How often are deposits required?



The most optimum business practice is to deposit money daily. However, money must be deposited at a minimum of once a week. The end of the week is an ideal time to deposit money. It is not good practice to leave money in the school over the weekend.

All money should be deposited in the bank if the school is closed for extended periods of time, such as holidays or vacation periods.



One principal indicated that he makes a deposit when the level of cash is greater than “what I would be willing to replace out of my own pocket”.

The longer money remains at the school, the greater the risk of loss and the less interest it earns.

How can money be deposited?

The principal can designate any staff member to take the money to the bank. If you have collected a large sum of money, you should request a security guard to accompany you to the bank. A deposit slip should be obtained from the bank to indicate the amount deposited and date of deposit.

- The amount of money deposited in the bank should equal the amount of money received by the School Treasurer since the last bank deposit.
- The amount of money recorded in the school ***Treasurer’s Receipt Book*** should equal the amount of money deposited in the bank.
- All money collected and deposited in the bank must be recorded in the Cash Receipt Journal.

Contact the Bureau of Treasury regarding armored car pick up service. Please note, that the armored car service does not deliver a bank deposit slip.



Lunch Room receipt deposits

The Board has contracted with an armored car company to pickup lunchroom receipts. Elementary schools generally will have one scheduled pickup day each week school is in operation, and high schools will have three scheduled pickup days each week school is in operation. Certain schools will have one monthly pickup on an on-call basis.

Cash Handling

The Board will provide bags and deposit slips. They may be obtained through either the armored car company or the Bureau of Food Services. Contact the Bureau of Food Services at 773-553-2830 for information on obtaining bags or deposit slips. Schools are required to prepare their coin and currency as follows:

1. Coin and currency must be tracked by each day of sale. A deposit slip indicating cash receipts (including both coin and currency) for each day of sale must be prepared.
2. Currency should be banded or bundled together with all bills facing the same direction.
3. Currency must be banded or bundled in an envelope or with a rubber band. **Do not tape, paper clip, or staple currency together.**
4. Envelopes may be used to separate each day of sale with a deposit ticket for that day. Multiple envelopes can be put into a single armored car pickup bag as long as another deposit ticket is prepared summarizing the days of sale and amounts of the envelopes placed in that armored car bag.
5. When rubber bands are utilized, bundled currency and coins must be place in an armored car bag along with a complete deposit slip for that day of sale.
6. The armored car bags may provide a compartment for the deposit slip. If so, please place the deposit slip in that compartment.
7. Identify any armored car bags, envelopes, and deposit slips with the school name, unit number, and sale date.
8. Personal checks from students, faculty, parents, or other Board employees may *not* be accepted as payment for lunches. Checks drawn on the school's internal accounts may be used for school-sponsored lunches, but this is not encouraged.

Change Orders

Schools may obtain change (both coin and currency) to use in their lunchroom operation. Change orders usually must be placed by submitting a written request on a form. The form can be obtained from the armored car company. Change order requests will be picked up and change orders deliveries will be made on regularly scheduled armored car pickup days. Schools pay for the change orders at the time of delivery on a Cash On Delivery (“COD”) basis. The Board will pay the cost of delivering the change.

Contact the Bureau of Food Services at 773-553-2830 with any additional questions your school may have on lunchroom cash processing.

Tuition-Based Preschool Program

The Chicago Public Schools (CPS) offers a Tuition-Based After-School program for interested elementary schools from September through June. Schools are required to remain open until 6pm to accommodate working parents’ schedules.

If your school participates in this program, operating procedures and tuition payment procedures may be obtained from the Office of After School and Community School Programs at 773-553-1499.

All tuition payments must be made by check or money order. Coupon books will be issued to parents. Monthly payments will be sent to a designated lockbox as noted on the coupon book. Schools will be responsible for managing their own budgets.

How are NSF checks handled?

To avoid the possibility of a check being written with non-sufficient funds (NSF), schools are encouraged not to accept personal checks from staff and parents. If a check is returned by the bank for non-sufficient funds (NSF), every effort should be made to collect the original amount of the deposit **PLUS the NSF fee of \$34.00**.

If a check is accepted, immediately stamp or write on the back of the check “**For Deposit Only**”.

The Chicago Public Schools must charge this fee according to Imposition of Charges on Return Payment Instruments Board policy. Please refer to *Appendix F* for additional information on this policy.

B. Banking

How is a bank chosen?



Any federally insured bank or savings and loan within the City of Chicago may be selected. This selection is at the discretion of the principal. The selected institution must return canceled checks or provide some copied form of the checks. Please request that your banking period conclude at the end of the month and that your school will receive a bank statement at this time.

What about municipal depositories?



Schools are not required to deposit funds in a municipal depository. In November 1996, the City Council voted to amend the article and section of the Chicago Municipal Code stating that any municipal funds, including local school funds, must be deposited in a municipal depository. The amendment passed allowing schools to deposit funds, raised by Internal Account activity, in neighborhood banks and savings and loan associations that may not be designated as “municipal depositories”.

The City Council made this decision based on the following factors:

The deposit of local school funds in local banks has the advantage of convenience and return of “good will” from the bank into which the funds are deposited.

The Board of Education had difficulty enforcing the past regulation of depositing all school funds, regardless of source and use of these funds, within a municipal depository as required by the City Treasurer’s Office.

This amendment legally allows schools to continue the practice of depositing local funds from Internal Accounts activity into neighborhood banks.

What should be considered when choosing a new bank?



- Confirmation that the Federal Deposit Insurance Corporation (FDIC) insures the bank.
- Location close to your school (for more convenient deposits unless armored car service is provided).
- Banking fees (many banks offer no-fee checking).
- Hours of service.
- Investment options offered.

- Other schools' experiences with the bank.
- Willingness to work with the school on financial service needs.
- Monthly statement format and closing dates.

Checking Accounts

How many checking accounts can a school have?



Only one checking account in the name of the school is permitted.

If a school has more than one checking account in its name, then that is considered an audit exception. Schools should not have more than one checking account.

The principal of each school should authorize two or more persons (in addition to the principal) to sign checks.



If other groups associated with the school wish to establish checking accounts, the accounts must be established **without** using the exact name of the school and **without** using the Chicago Board of Education's Federal Tax ID number. Please refer to *Appendix A* for a copy of the CPS Tax Identification and Exemption Letter.

However, intra-school organizations such as the LSC and the bilingual committee, should establish a sub-account within the school's Internal Accounts. These funds are contained in the school's checking account.



The school should maintain an updated signature card for its checking account. This is particularly relevant when an authorized person vacates. The signature card should include the signatures of all persons authorized to sign school checks.

Note: Because the FDIC insures deposits up to only \$100,000, if a school's checking account is over \$100,000, investment options should be considered.

Who should sign the checks?

The principal of each school should authorize two or more persons (in addition to the principal) to sign checks.

When ordering checks for Internal Accounts be sure to request at least two signature lines on the check.

C. Investments

Investment Accounts

When are investments appropriate?



If school funds are not needed immediately, schools may choose to invest money in interest-bearing accounts. Investments must follow the Chicago Public Schools Investment Policy. See *Appendix F* for a copy of the CPS Investment Policy.

Consult your bank for information on investments offered or talk to your Region Business Manager.



Many investments impose a withdrawal penalty or fee if money is withdrawn prior to the expiration date, so it is important to know exactly when the funds you are investing will be needed. A rule of thumb is to have enough cash available to cover two and a half months' expenses.

What types of investments are allowed?

Schools can place their Internal Accounts money in bank accounts that earn interest as long as these investments are consistent with the Chicago Public Schools' Investment Policy. Specifically, schools can consider savings accounts, insured money market accounts, Certificates of Deposit, and Treasury Notes. Riskier investments are prohibited.

School funds may be deposited in accounts of federally insured banks and savings and loans provided that the investment is not in excess of the maximum amount that is insured by the FDIC (\$100,000).

Savings Account

Schools may deposit funds in an interest-bearing savings account. Such accounts do not allow checks to be written from the account although withdrawals can be made.

Insured Money Market Account

A money market account is an interest-bearing account that pays interest based on current market conditions. Such accounts usually have a minimum balance requirement and a limited amount of checks that may be written per month. Should a school choose to open a money market account, the account must fall into one of two categories:

- A Money Market account with no check-writing privileges, strictly used as a savings instrument.
- The school's primary checking account with unlimited check-writing privileges.

A school cannot have both a checking account and a money market account with check-writing privileges.

Certificates of Deposit

School funds may be invested in certificates of deposit (CD) of any federally approved bank or savings and loan provided that the amount invested is not in excess of the maximum amount insured by the FDIC (\$100,000).

A CD is special type of time deposit. A CD is an investment instrument available at financial institutions generally offering a fixed rate of return for a specified period (such as three months, six months, one year, or longer). The depositor agrees not to withdraw funds for the time period of the CD. If the funds are withdrawn, a significant penalty is charged. The fixed rate of return normally increases with the length of the term of the investment.

U.S. Treasury Obligations

Treasury bills and notes are alternatives to investment vehicles with various maturity rates ranging from 3 months to 5 years.

What if school funds exceed the FDIC insured limit of \$100,000?

Municipal Code requirements state that City funds, which include those funds associated with the Chicago Public Schools, must be collateralized at 110% of the account balance. FDIC insurance covers up to \$100,000, which would allow schools to maintain accounts up to \$90,909 ($\$100,000 \div 110\%$). Any amounts that exceed this level would need to be covered by additional collateral.

Notify your bank of the requirement to set up the collateral. The bank should provide records to indicate the investments have been collateralized.



In order to maintain the safekeeping of investments, CDs and Treasury Notes should be held with the bank. Please refer to the CPS Investment Policy in *Appendix F* for additional information.



How should records of investments be maintained?

All appropriate bookkeeping entries must be made in the General Ledger and Cash Disbursements Journal for investments that are purchased using school checks. Schools are required to maintain bank statements to support the investments. Please refer to Chapter 4 - Bookkeeping for additional information.

Step 1 Set up a ledger account

Establish a ledger account for all investments in Account 1-3000.

Please make the following journal entry for recording original investment: in the cash disbursement journal:

Debit: 1-3XXX Investments \$X, XXX

Credit: 1-1100 Checking Account \$X, XXX

Step 2 Record interest

Record all interest received or credited to investments or savings accounts as interest income in Account 2-13XX.

Journal entry for recording interest received

Make a journal entry to allocate these funds to specific activity accounts by making the following entry:

Debit: 1-1100 Checking Account \$X, XXX

Credit: 2-13XX Specific investment Income Account \$X, XXX

Record all interest received or credited to investments or savings accounts as interest income in Account 2-13XX.

Journal entry for recording interest credited to an investment account

Make a journal entry to allocate these funds to specific activity accounts by making the following entry:

Debit: 1-13XX Specific Investment Account \$X, XXX

Credit: 2-13XX Specific Investment Income Account \$X, XXX

D. Loans and Accommodations from School Internal Accounts

- School funds may not be used for loans, credits, or personal use by employees of the Chicago Public Schools or any other persons.
- Loans for lunches, carfare, and similar items may be made to pupils at the discretion of the principal.
- Chicago Public Schools' employees and other persons may not make personal purchases through the school Internal Accounts to take advantage of purchasing price or state and federal tax exemption privileges. Please refer to *Appendix A* for a copy of the CPS Tax Identification and Exemption Letter.
- Accommodation checks may not be issued for personal transactions.
- Personal checks, postdated checks, or employee payroll checks may not be cashed as an accommodation for anyone.

E. Checklist and Chapter Review

- ❑ **Teacher Receipt Books** or **Payor Lists** must be used by teachers for collecting funds from students.
- ❑ **Treasurer's Receipts** must be prepared for all cash and check receipts and used in numbered sequence within the book.
- ❑ Money must be submitted to the School Treasurer on a daily basis. Any delays should be explained on the face of the **Teacher's Receipt** or **Payor List**.
- ❑ The School Treasurer must make deposits at least once a week (or more frequently as required).
- ❑ Concession and ticket sales reports must be completed for all concession sales and ticket sales. The expected receipts should be reconciled to the actual receipts.
- ❑ The school may have only one checking account.
- ❑ **Faculty and Staff should be aware that all persons collecting money from the students are held liable for the funds collected and are obligated to make restitution for unaccounted funds.**



3. Purchasing

General Guidelines

- All purchases must meet the requirements of the funding source.
- The principal is responsible for all expenditures of school funds.
- The school clerk must follow through with all approved expenditures.
- Expenditures from cash-on-hand are prohibited (except petty cash).
- The principal must approve all purchases. Additional approvals from Board Members must be obtained as required.
- If the principal does not approve a purchase, the principal is not obligated to reimburse the staff person who made the purchase. The principal approves all purchases by signing the ***School Expenditure Requisition Order***.
- A detailed receipt should support all purchases.
- All purchases should be made from General Ledger accounts with available funds. Purchases should not be made in anticipation of future funds.

A. Purchasing Procedures

Step 1 Identify vendors and get bids/quotations

The school can decide which vendors to use when spending its Internal Accounts money.

Vendors may be selected by price, location, past relationship, or recommendation. For some purchases, the Department of Procurement and Contracts has identified approved vendors.

Formal bids are required by the Illinois School Code for purchases \$10,000 or greater. Informal bids (telephone or direct inquiries) can be solicited for purchases under \$10,000.



For purchases less than \$10,000, the school must comply with the “3-bid rule”. The “3-bid rule” states that three bids must be obtained in writing for the purchase. The bids should be on the vendor’s letterhead and can be received via facsimile. The school is not obligated to take the lowest bid. However, for auditing purposes, the bids should be retained in a file labeled “Bids Received.”

Exceptions to this rule include copyrighted materials and consultant services.



For the procedures on how to prepare formal bids for purchases \$10,000 or greater, the school can contact the Bureau of Purchasing at 553-2280.



Remember to obtain multiple quotes for large purchases to ensure that the school is receiving a reasonable price for services or goods.

Step 2 Prepare a requisition order

The teacher/sponsor should prepare the **School Expenditure Requisition Order** to indicate what is to be purchased with Internal Account funds. Please refer to *Appendix A* for a copy of this form.



In order to control the distribution of **School Expenditure Requisition Orders**, please number the forms in numerical order. When writing a check related to a **School Expenditure Requisition Order**, the requisition number should appear in the memo field of the check.

Step 3 Obtain approval



All purchases from the school checking account must be PRE-APPROVED by the principal and, if necessary, the LSC and Board of Education. This allows the principal to monitor purchases and prevents schools from obligating themselves to prohibited purchases. Approval is documented by having the principal, LSC chairperson, or Board signature on the expenditure requisition.

Non-biddable Items:

- Under \$25,000, only PO required
- Between \$25,001 - \$75,000, Chief Purchasing Officer Approval (Level Three competitive procurement process required, which must include 3 price quotes which are secured by the User Group)
- Between \$75,001 - \$250,000, Board Report Required (Level Two competitive procurement process required, which must include 3 written proposals with price quotations which are secured by the User Group). A scope of services is required also.
- Above \$250,001, Board Report Required (Level One competitive procurement process required, which includes an advertised RFP/RFQ solicitation which is managed by the Department of Procurement & Contracts)

When is Board approval required?



Board approval is required when the purchase is:

\$75,001 or greater for any purchase

\$75,000 or greater for any personal service contract and consultants

Splitting purchase orders or requisitions or issuing multiple purchase orders to avoid these limits is illegal and prohibited by the Board.

To obtain Board approval, a Board Report must be completed. Please refer to *Appendix F* for guidelines on preparing Board Reports.

When is LSC approval required?

According to the Illinois School Code, the LSC has the right to approve, in accordance with Board rules and policies, receipts and expenditures for Internal Accounts activity.

For fundraising and graduation related expenditures, include approval of payments in minutes from LSC meetings. Fundraising by external organizations using school facilities, LSC approval also should be included in the minutes.

The principal or designee shall receive this approval by making “expenditure and receipt approvals” a monthly agenda item at the LSC meetings. The school must obtain the LSC’s approval *prior* to making purchases with Internal Accounts funds over the following dollar amounts:

Elementary schools Over \$1,000

High schools Over \$2,500

The LSC may increase the approval limit, but may not set a limit lower than the above listed amounts.

Additionally, the LSC shall receive a copy of the **Internal Accounts Monthly Trial Balance** (please see *Appendix A*). This report gives detailed information about the cash receipts, expenditures, and inter-fund transfers within the school’s Internal Accounts.

If the school is using an automated system such as M.Y.O.B.™ to record its Internal Accounts activity, copies of the computer-generated reports should be submitted in place of the **Internal Accounts Monthly Summary**. LSC members should review the following reports on a monthly basis:

- Internal Accounts Monthly **Trial Balance**
- Bank Statement
- Trial Balance Summary
- Reconciliation Report

LSC approval for the budget shall be obtained during the budgeting period or planning process, or as needed, during the school year.

If your LSC desires to increase (not decrease) these Internal Account approval levels, the school must maintain a copy of the formal approval on file in the minutes of the LSC meeting for audit purposes. This approval, with the proper vote, should be reflected in the minutes of the LSC meeting.

Who else can be consulted for advice on purchases?

The Department of Procurements and Contracts can be consulted if more information or further advice is needed. This department can provide further assurance that the purchase is appropriate.

Step 4 Place order for goods

After the purchase order has been approved, the order for the goods or services should be placed. If the cost of goods compared to the approved purchase order is greater than a **10% increase**, the price change must be re-approved by the Principal (and LSC and Board of Education, if applicable). For example, if a purchase order is approved for \$1,000 and the final price for the order is \$1,160, the price change will have to be re-approved because the price has increased more than 10%.

The approval for the price change should be shown on the face of the original ***School Expenditure Requisition Order***.

Auto withdrawal from checking account should be allowed only if as part of a one-year contract that requires periodic payments of a known dollar amount.

Phone orders for goods or services should be limited to emergency situations. Please note that money should be allocated to the vendor in these situations. Send payment upon good being received or once services have been rendered. If the order is not an emergency, please send a check to General Accounting for the amount of the goods or services. Those funds will be loaded to the designated budget line and paid for by Accounts Payable.



Other than the CPS issued Procurement cards, schools are **not** allowed to hold credit card or debit card accounts. Some schools may participate in the Procurement Card Program, in which schools are issued credit cards for the expenditure of small purchases. Outside of this program schools are **not** allowed to hold a credit card in the school's name.

Step 5 Acknowledge delivery

Keep track of the goods or services that have been received.

Goods or services should be received prior to paying for them.

The individual receiving the goods must acknowledge the receipt using an acknowledgment stamp or by signing and dating the invoice.



It is recommended that the principal assign a staff person(s) to receive and record the bill of lading or packing slip when the goods are delivered to the school. This person can then reconcile the goods ordered against the goods received, allowing proper payment to be remitted. For auditing purposes, please maintain all proofs of delivery.



If the payment is to reimburse staff for a purchase, the staff member receiving payment should not sign the check. For example, principals should not sign checks made payable to themselves. Receipts for the reimbursement should be submitted prior to release of payment.

Schools are encouraged to use the M.Y.O.B.™ check-writing feature. Once a vendor is in the system, the system automatically prints the address and records the transaction in the appropriate account. Envelopes with clear windows for the vendor address can be purchased to save typing or printing a label. Computer-printed checks are available from office supply companies and M.Y.O.B.™.

Step 6 Write a check

The school should pay the vendor only when the following three criteria have been met:

- The purchase has been approved by the principal (and LSC and Board, if necessary) and a requisition order has been issued.
- Goods and services have been received.
- A paid receipt or invoice is provided.

The school clerk processes all payments. Payments can be made by manually writing a check or preparing a check using an automated check-writing feature. In either case, two authorized people must sign the check. To write a check using M.Y.O.B.™, please refer to *Chapter 4-Bookkeeping* for additional information.

Step 7 Maintain records of payment

Match the purchase order to the receipt. Indicate the check number on the requisition and write "PAID" on the receipt. File this with other paid bills.

What are the responsibilities of the parties involved in a purchase?

Teacher/Sponsor

- Identify the need for a purchase.
- Identify a vendor to be used (obtain multiple quotes if appropriate).
- Prepare a purchase request using ***School Expenditure Requisition Order***.
- Receive approval from the principal before making the purchase.

School Treasurer

- Determine whether the sponsor has funds available.
- Check clerical accuracy of expenditure requisition.
- Assist sponsor in getting the principal's approval.
- Process invoice for payment, including possibly signing the check.

Principal

- Approve request (***School Expenditure Requisition Order***) prior to purchase. For reimbursements, the formal approval should be made prior to the staff person making the purchase.
- Approve any changes to the request.
- Sign check when payment is to be made (or delegate to another staff member) after ensuring proper support for payment exists.

Local School Council

- Approve Internal Account purchases **over \$1,000** for Elementary Schools and **over \$2,500** for High Schools.

Chief Financial Officer

- Accept all gifts, grants, and donations.

Board of Education

- Approve purchases **\$75,001 or more**.
- Approve personal service contracts **\$75,000 or more**.

B. Approved Expenditures

Approved expenditures are those that directly benefit the students for which the funds were collected or are used according to the funding source's instruction. Funding source guidelines usually take precedence over other requirements.



Reasonable expenditures to transport money to the bank are appropriate, such as cab fare.



Through the PAYOUT system, elementary schools and high schools can be reimbursed up to \$5,000 a month for school-related expenditures. The PAYOUT system reimburses a school from the school's budget line. Please refer to the PAYOUT manual for limits on certain object codes. To receive a copy of the PAYOUT manual, please contact the Department of Purchasing at 553-2280.

C. Prohibited Expenditures

While all prohibited expenditures warrant an audit exception, some prohibited expenditures are considered greater infractions than others. A number of prohibited expenditures may warrant disciplinary action against the staff member(s) who committed the violation.

Prohibited Expenditures Resulting In An Audit Exception

1. Expenditures that are not for the benefit of the students.
2. Expenditures for which no documentation exists (i.e., approved **School Expenditure Requisition Order**) or the documentation is incomplete. Phone orders are prohibited.
3. Expenditures that have not been approved by the principal, LSC, CPO, and/or Board of Education, as required.
4. **Payments to consultants or outside vendors (Oracle account 54125) must receive online purchase orders in order to comply with Federal Internal Revenue requirements. Examples of these expenditures include payments to disc jockeys, mascots, and janitorial services (part time employees are not to be paid from this budget line). Please contact the Bureau of Purchasing for more information on these procedures.**
5. Personal insurance protection (The Chicago Public Schools carries broad insurance protection coverage; for information please contact the Bureau of Risk Management at 553-3310.)
6. **Compensation to staff members and/or qualified personnel to regulate and maintain order at school-sponsored events. With the exception of sports officials, all payments to personnel must be processed through the Board payroll systems.**
7. Professional books and magazines for an individual's personal use.
8. Expenses incurred through personal choice regarding attendance at educational functions unless the educational functions are reimbursed through the school budget line.
9. Floral pieces and other remembrances for members of the Board of Education, personnel of the Chicago Public Schools, or members of their families. An exception to this rule is allowed if students collect funds specifically for the remembrances of staff members, students, and/or their family members.

-
10. Personal or non-school related travel expenses and parking fees for students or staff except for expenses incurred to take money to the bank.
 11. Membership or payment of dues for professional organizations that are a direct benefit to an individual.
 12. Luncheons, refreshments, or reservations which are not for the benefit of the students or the school program, such as promotions and retirement, Board of Education and Chicago Public Schools outings, staff development activities, school socials, and other similar functions.

Prohibited Expenditures Resulting In Disciplinary Action

1. Expenditures that are contrary to the Code of Ethics of the Board of Education. *(Please refer to Appendix F for additional information.)*
2. Contributions to fundraising drives or charitable organizations not authorized by the Chicago Board of Education. *(Please refer to Chapter 5 – Revenue Generation for additional information.)*
3. Gratuities or gifts which relate to one's work assignment or for services which have been or may be rendered by members of the Board of Education, personnel of the Chicago Public Schools, and individuals, organizations, or firms with whom the schools have business dealings.
4. Expenditures for the direct benefit of staff that are not taken from funds collected by staff for staff purposes, or expenditures that do not directly benefit the students.



Violating *any item* on the Prohibited Expenditures List is an audit exception. Depending upon the materiality of any exception(s), disciplinary action may occur.

D. Contracts

With the principal's approval, the school may enter into contracts for the purchase, lease, or rental of equipment, supplies, or services valued at less than \$10,000 for A PERIOD NOT TO EXCEED ONE YEAR. Schools may be permitted to enter into multi-year leases pursuant to Board policy. Please refer to *Chapter 5 - Revenue Generation* for specific requirements on permits and leasing.



The following departments can be contacted if the school has questions on contracts and leases.

- 3 Bureau of Treasury for current approved leasing companies and procedures at 553-2790.
- 3 Law Department for general terms and conditions at 553-1700.
- 3 Bureau of Real Estate for leases and permits to use school property at 553-2950.
- 3 Bureau of General Accounting for status of lease and processing payments at 553-2720.
- 3 Department of Procurements and Contracts for approved vendors at 553-2250.

E. Board Reports

Board reports are required for the following purchases or financial dealings:

- Student participation in a school trip outside of the border of the U.S. or for trips using discretionary funds in an amount over \$10,000 in accordance with the school trip policy. Please refer to *Appendix F* for more information on the Student Travel Policy.
- Acceptance of any grant, gift, or donation.
- Hiring professional services in excess of \$75,000.
- Purchasing any item or service in excess of \$10,000.

Please refer to the Chicago Public Schools website, http://www.csc.cps.k12.il.us/purchasing/board_report_templates.html for the most current Board Report templates and forms.

Detailed information on completing the paperwork is included in *Appendix F*.

Step 3 Document a change in the sport official schedule

If a sport official does not attend a game, or if any other change in the sport officials' schedule occurs, the school should complete the **School Sport Officials Form** found in *Appendix A*.

It is important that the **School Sport Officials Form** be submitted to the Department of Sports Administration so that the department can track the number of games worked by each sport official accurately.

Please complete and submit the **School Sport Officials Form** within three (3) school days of the scheduled contest. The Department of Sports Administration will make the appropriate changes to its sport officials' database and, if appropriate, credit the school's sport officials' account.

Step 4 Receive payment for playoff games

The Department of Sports Administration and Facilities Management will not know the playoff schedule in advance so, consequently, funding for these games cannot be transferred electronically at the start of the sports season.

Schools involved in playoff games should pay school sport officials from their Internal Accounts. Once the playoff schedule is completed, the Department of Sports Administration and Facilities Management will send the schools reimbursement for the playoff games.

Step 5 Reconcile the school's sports official account

All school sport officials' accounts must be reconciled at the end of each school year. The Department of Sports Administration and Facilities Management will notify schools of the reconciliation process by the end of the school year.

All questions regarding school sport officials should be referred to the Department of Sports Administration and Facilities Management.

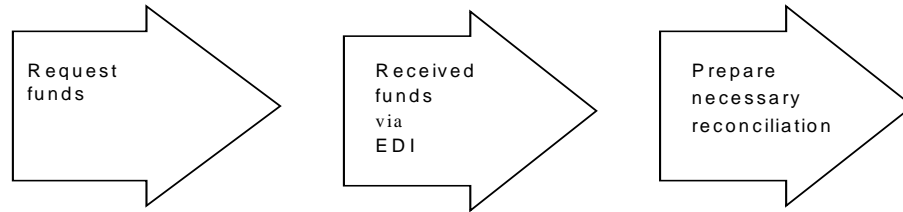


The school sports officials' payment process allows for the deduction of proper payroll taxes/deductions.

If a school sport official is a non-Board employee and earns over a certain dollar amount, then the Bureau of Accounts Payable will give this person a Form 1099 to file with the Internal Revenue Service.

If a school sport official is a Board employee, then the Bureau of Payroll Services will adjust the employee's earned income to reflect these earnings.

G. Reimbursement and Advances from School Budget Line



This section describes specific requirements for the most common reimbursements from a school budget line. A separate sub-account should be established for each funding source and purpose. These sub-accounts may include state funds for field trips and transportation, and teacher's instructional supplies. These sub-accounts must be separate accounts to make tracking reimbursements and expenses according to each activity easier.

Schools should remember to spend their Supplemental General State Aid funds (Oracle fund 225). Please note ANY unspent money goes back to the budget line.

The online system for receiving reimbursements and advances for expenses from the school budget is PAYOUT. If applicable, LSC and Board approval of the expenditures should be obtained prior to requesting these funds.

This system allows the school access to their school budget line. When a school submits a request using the system, the funds are deducted from the budget line. PAYOUT has lower dollar limits but allows the school faster access to cash advances and reimbursements. Schools should retain the purchase orders, invoices, and receipts.

Reimbursements for expenses can only be made to the school or a CPS employee who has spent personal finances for CPS expenditures. Vendors cannot be paid through PAYOUT. School cash advances can be made payable only to the school. *Please refer to the PAYOUT manual for specific limits and procedures.*

Checks made payable to the school are deposited into the school's Internal Accounts. The school's checking account is used to pay the vendor or reimburse employees.

Consultants and personal services providers paid from the school's budget line should be issued purchase orders directly through the online iProcurement system, **not through school Internal Accounts**. iProcurement requires the school to create online requisitions, purchase orders, and receipts. Invoices should be address to Accounts Payable. If a reimbursement is required through iProcurement, a letter explaining the circumstances should be submitted to Accounts Payable along with supporting paperwork and documentation. The iProcurement reimbursement process cannot be used to avoid CPS restrictions on the use of consultants and personal service providers.

Step 1 Request funds using PAYOUT

Using PAYOUT allows for receipt of reimbursement funds without needing to submit supporting documentation to Accounts Payable for pre-approval. All backup documentation such as receipts, original invoices, and canceled checks must be retained at the school.

Reimbursement is limited to:

\$500 (per person per month)

\$500 per transaction (\$5,000 per month)

Note: Please refer to the PAYOUT manual for the latest dollar amounts

Reimbursements cannot be used for Oracle account codes 54105, 54125, 54130, 51XXX, 52XXX (all services and salary and salary related expenditures).

Any requests in excess of the limits outlined above must be processed through iProcurement and supporting documentation submitted accordingly. *Purchasing monitors \$500 expenditures. Units in violation of the \$500 limit will be cut off.* Please refer to *Appendix F* for the CPS policy on reimbursement for work-related expenses.

Cash advances are limited to:

- Travel cash advances for students and parents only
- Schools and area offices only

Elementary & High Schools

\$2,000 per month per account code - *Please refer to the PAYOUT manual for account codes and current dollar limits.*



When requesting money through PAYOUT, keep track of each request and the activity account. The reimbursement you receive will be one amount for all recent requests. Please use the **School Cash Advance Reconciliation** form to record this reimbursement.

Timeliness in requesting these reimbursements will keep your accounts from having negative balances and will make reconciliation easier.

Step 2 Prepare Treasurer's Receipt when funds are received by check

A school **Treasurer's Receipt** must be completed when the school receives a check. The receipt should indicate the check number, in the "Received From Section".

Step 3 Record receipt in Ledger

The receipt should be recorded in the ledger using a pre-established account in the Board of Education Funded **Account 2-7XXX**.

Step 4 Prepare year-end reconciliation

For all cash advances requested by the school, please use the **School Cash Advance Reconciliation** form in *Appendix A*. Additionally, any remaining funds over \$10 must be sent to the Board with the reconciliation and the **Check Transmittal Form**. These documents should be sent to:

Bureau of Accounting and Revenue
125 South Clark, 14th Floor
Chicago, IL 60603
GSR 125
773-553-2710

Should the remaining balance be less than \$10, for audit purposes, the requisition form should be retained at the school.



It may be easier to track the status of reimbursements if sub-accounts are established for the specific funding source. This enables a school to monitor both the program and required reporting.

H. Electronic Data Interchange - EDI

Electronic Data Interchange (EDI) is a system whereby funds are transferred electronically (via wire transfer) directly into your school's checking account from CPS' checking account. Using EDI accelerates the availability of funds by eliminating the need for checks to be issued, thereby eliminating the waiting time for checks to arrive and clear while also eliminating the possibility of check loss or theft.

Use of EDI is mandatory for all schools.

Any and all budgeted amounts that are non-payroll related can be sent via EDI. These include, but are not limited to, reimbursed expenses, payments to Local School Councils, teacher instructional supply monies, and reimbursement for purchase orders. To participate in the EDI program, please contact Accounts Payable.

If you have additional questions, please contact your Area Business Manager.

I. Web Inquiry

The CPS Web Inquiry application in Oracle provides current purchasing and budget information. This tool also performs the following functions:

- Account translations from Legacy combinations to Oracle and vice versa
- Funds Lookup
- CPS Chart of Accounts
- PO/Invoice/Requisition Inquiries
- Vendor Inquiries
- CPS Location Inquiries
- Budget Inquiries

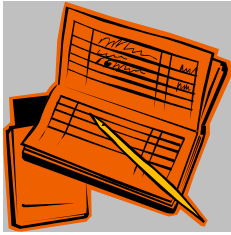
To obtain Oracle Access for Web Inquiry Tool, go to the Oracle Applications Website at

https://erp.csc.cps.k12.il.us:8443/OA_HTML/cps_portal_doc/index.html, or contact the Office of Enterprise Financial Systems at 3-4101.

Please refer to *Appendix D* for additional information regarding the Web Inquiry tool.

J. Checklist and Chapter Review

- ❑ ***School Expenditure Requisition Orders*** for **all** purchases must be approved (signed) by the Principal and LSC (if applicable).
- ❑ The school clerk or designee must document all expenditures (except petty cash).
- ❑ All checks must be posted to the Cash Disbursements Journal.
- ❑ Detailed receipts must be maintained for all purchases.
- ❑ Acknowledgment of delivery of goods or services should be indicated on the receipt and, if applicable, receipted in the online purchasing system.
- ❑ A school must not violate articles of the prohibited expenditures list.
- ❑ Expenditures are for the benefit of the students.
- ❑ Contracts must be approved (signed) by all necessary parties.



4. Bookkeeping

General Guidelines

- The **School Treasurer, as designated by the principal, is responsible for recording** all receipts, disbursements, and other transactions in the General Ledger.
- The **following books of record are required for bookkeeping:** Cash Receipts Journal, Cash Disbursements Journal, General Journal, General Ledger, and ***School Equipment and Furniture Register***.
- The school **must use M.Y.O.B.**TM software or another comparable automated accounting package.
- According to the Chart of Accounts, **separate ledger accounts must be established for school collections.** Schools must use the basic format of the Chart of Accounts as shown in *Appendix A*. This Chart of Accounts is flexible and can be customized by each school by adding accounts. Accounts already established should not be removed.
- The school must **maintain permanent paper copies of the books of record** (Cash Receipts and Disbursements Journals, General Ledger, and General Journal). The automated packages will allow the user to print paper copies of the required records with the exception of the school ***Equipment and Furniture Register***.
- When an automated accounting system is used, **a monthly back-up data diskette or CD MUST be maintained.** Every three months, a copy of the back-up data diskette/CD along with the printed monthly reports should be sent to the Area Office.
- **Each month the books must be reconciled to the bank statement.** A copy of the bank statement must be attached to the monthly reports and forwarded to the Region Business Manager.

-
- **All school financial records must be kept at the school in a secure location.** A secure location is defined as a locked, fire-resistant cabinet or vault. This includes electronic media such as diskettes or CDs containing the Internal Accounts records. Original records such as invoices and receipts must remain at the school at all times.
 - Consultants hired to work on school Internal Accounts must not remove original documents and books of record from school grounds.

What bookkeeping procedures are required each month?

The accounting cycle is a complete sequence of procedures that are repeated every month. There are four aspects:

- Recording information about each transaction on a business form
- Recording the daily transactions in a journal
- Transferring data from a journal to a ledger
- Preparing monthly financial reports

The monthly financial statement must be sent to the Area Office and made available to the LSC.

What are an “Asset” and a “Liability”?

- **Asset**

An **asset** is a property or property right of a school that has monetary value. Assets are further divided into liquid assets, those that can be readily converted to cash, and non-liquid assets, which can be defined as all assets other than liquid assets.

Examples of liquid assets include, but are not limited to checking accounts, cash on hand, certificates of deposits, and other investments. Examples of non-liquid assets include, but are not limited to, assets, donated assets, and prepaid items that cannot be readily converted to cash.

- **Liability**

A **liability** is a debt or other legal obligation arising from previous transactions that must be paid, renewed, or refunded at some future date. Examples of liabilities include, but are not limited to, amounts owed to vendors for items purchased for Internal Accounts purposes and amounts (i.e., graduation fees) that are to be refunded to students.

What are a “Debit” and a “Credit”?

- **Debit**

For an **asset** (i.e., cash, investments), a debit is **adding value to that account**. For a **liability** (i.e., class and school accounts), a debit is **removing value from that account**.

- **Credit**

For an **asset**, a credit is **removing value from that account**. For a **liability**, a credit is **adding value to that account**.

What are “books of record”?

- A **journal** is a chronological listing of all transactions, such as deposits, withdrawals, and transfers. A record must be made in the proper journal every time cash is received or a check is written. Schools must keep a Cash Receipts Journal and a Cash Disbursements Journal.
- A **ledger** contains the account balances for all the accounts at each school. The journals show the daily transactions for all accounts, but the ledger shows the total changes affecting each account and the account balance in one place. Transferring data from a journal to the ledger is referred to as *posting*.
 - A school must keep a **General Ledger**. In a ledger, the debit items on the left side of the balance sheet must always equal the credit items on the right side of the balance sheet.
- A **trial balance** is a listing that proves total debit balances equal total credit balances in the General Ledger. This is also part of the monthly financial statement required of all schools.

In accounting, each financial transaction is recorded as a **double entry**. This means that each transaction affects at least two accounts. For example, buying a computer means that the cash account is decreased and the asset account is increased.

Section A of this chapter provides additional information on basic accounting procedures and records.

A. Accounting Basics

1. Set up your Chart of Accounts

Schools should set up accounts based on their individual financial requirements. This Chart of Accounts was created designating a few key accounts. This allows the freedom to create the necessary accounts at each school and the opportunity for an outsider to quickly understand the accounts.

The Chart of Accounts is based on five digits

- The **first digit** is always 1, 2, or 3.
 - **Use 1 for Assets, 2 for Revenue/Expenses, and 3 for Equipment**
- The second digit can be used to provide greater levels of detail, particularly in the revenue accounts.
 - For example, account code 2-2000 is the general category for income and disbursements for class activities.
- The third digit can be used to identify a specific group, such as 2-2100 for science.
- The fourth and fifth digits can provide greater detail, such as 2-2110 for biology and 2-2111 for freshman biology.

This Chart of Accounts is used with the M.Y.O.B.™ software. The Chart of Accounts can be modified and adjusted to accommodate each school's specific requirements.

Your Chart of Accounts has this basic structure and can be modified to include your specific activities and categories. The Chart of Accounts is shown in *Appendix A*.

Assets (1-0000) - An asset is **anything of monetary value that a school owns**. This major category includes all of the school's resources including cash, investments, and fixed assets. The sub-categories are included to further identify usable types of assets.

Cash (1-1000) - This category includes **all assets that are readily available to the school and are liquid**. Cash-on-hand, the school checking account, and petty cash are all included in this category.

Investments (1-3000) - This includes **all other non-liquid cash investments**. Items such as savings accounts, certificates of deposit, money market accounts, and money market funds are investment items.

Fixed Assets (1-4000) - This category includes any item purchase that has a useful life of at least a year **that is purchased using student money and/or school-generated money**. The fair value of any donated furniture or equipment is also included in this category.

Revenue/Expense Accounts (2-0000) - This category is **used to record cash receipts by their source** (i.e., fundraising or lease income) and/or the group entitled to use the funds (school specific accounts).

General School Accounts (2-1000) - Internal Accounts listed under this classification are used to record not only receipts in the **General Fund (2-1101)** but also other funds raised with or without student participation but intended for student use. All expenditures recorded in this account must be for the general benefit of all students. This account does **not** allow expenditures to benefit any particular individual, group, or organization.

Investment Income (2-1300) and **Lease/Permit Income (2-1200)** - This classification records income that must be allocated to a specific school account for disbursements.

Class Accounts (2-2000) - Internal Accounts listed under this classification are used to record the receipt and disbursement of money directly related to the classroom such as biology, chemistry, music, etc. **Please Note: This account does not include fundraising activities.**

Specific Activity Accounts (2-3000) - This classification is used to record the receipt and disbursement of money related to extracurricular activities such as Graduation, Student Council, ROTC, Honor Society, etc.

Fundraising - One-Time (2-4000) - Internal Accounts listed under this classification are used to record the receipt and disbursement of money for one-time fundraising events (i.e., one-time candy sales).

Fundraising - Continuous (2-5000) - This classification is used to record the receipt and disbursement of money for continuous sales and fundraising events (i.e., school stores, gym uniform sales, locks, etc.).

Vending Machine (2-6000) - Internal Accounts listed under this classification are used to record the receipt and disbursement of money for continuous vending machine sales. This classification does not include vending machines used by teachers only. **Teacher-only vending machine money should be recorded in 2-9000 (Non-student use money).** Students should be restricted from using teacher-only vending machines.

Board of Education Funded Programs (2-7000) - Internal Accounts listed under this classification are used to record the receipt of funds from the Board of Education (i.e., federal and state-funded accounts). This classification also is used to record disbursements for which a reimbursement or advance has been requested. Please note, money collected for student and family aid should be recorded in this classification.

- **This classification of accounts is the only one in which negative balances are acceptable for a short period of time** (i.e., the time it takes to receive the reimbursement). Using the PAYOUT system, reimbursements are generated in approximately 3-5 days.

Gifts, Grants, and Donations (2-8000) - This classification is used to record all gifts and grants received and held by the school. All disbursements from gifts, grants, and donations should be made directly from these accounts.

Non-Student Money (2-9000) - Internal Accounts listed under this classification are used to record all non-student purposes (i.e., teacher's social fund to which teachers contribute **their own money** or proceeds from teacher-only vending machines).

Non-Depreciated Equipment (3-1000) - This account is used to balance the entry when furniture and equipment is purchased. This account should always be the same amount as **Fixed Assets (1-4000)**.

2. Record cash receipts

The approved **Treasurer's Receipt** format may be located in *Appendix B*. As money is deposited with the Treasurer, a **Treasurer's Receipt** must be prepared immediately. The original copy is given to the remitter and the duplicate remains in the receipt book.



The deposits indicated in the **Treasurer's Receipt Book** should be recorded in the journal at least once a week.

How is a Treasurer's Receipt recorded?

- A ***Treasurer's Receipt*** is prepared immediately upon receipt of all monies by the School Treasurer. All receipts must be completed showing the current date, cash amount, check amount, account to receive credit, the name of the person making the deposit, ***Teacher's Receipt*** numbers or ***Payor List***, and the School Treasurer's signature.
- All receipts must be **completed in duplicate**. The original receipt is issued to the person from whom the funds were received and the duplicate is kept intact in the receipt book.
- All receipts must be **issued in numerical sequence**.
- When it is necessary to void a receipt, the word **"VOID"** should be written in **BOLD letters across the face of the original** and the duplicate copy left intact in the receipt book.

3. Record interest income (checking/investment accounts)

If your school receives interest income as a credit to the investment, please make the following journal entry:

Debit: 1-3XXX Investment \$X, XXX

Credit: 2-13XX Interest Income - Investment \$X, XXX

If your school receives interest income from an interest-bearing checking account, please make the following journal entry:

Debit: 1-1100 Cash \$X, XXX

Credit: 2-1310 Interest Income - Checking \$X, XXX

4. Record disbursements (write checks)

All disbursements using the school checking account must be recorded in the journal at least weekly. The school must ensure that the funds are available in the bank in the specific activity account. Accounts must not be overspent creating negative balances unless these accounts are awaiting reimbursement from budget lines.

Note: *Per Board Policy, with the exception of sports officials, no personnel or consultant should be paid from Internal Accounts.*

What about petty cash?

For the best control and documentation of all Internal Account money, cash transactions should be limited. **When it is not practical to use checks, schools are permitted to use petty cash accounts.** Examples of petty cash usage include postage stamps, student carfare, reimbursements for money lost in vending machines, etc. The amount of money in this account should be limited and based on your school's need, but must not exceed \$100 at any time. Writing a check from the school's Account 1-1300 to the person responsible for the petty cash fund or to "Cash" starts petty cash funds. **The money is deposited in a safe place, such as a locked cash box or drawer.**

An accounting of all money in the petty cash fund must occur. **Receipts must be submitted for cash reimbursement or a voucher must track the use of the funds.** The amount of cash on hand and the amount of receipts and vouchers must be equal to the amount of money originally used to start the petty cash fund.

When the amount of cash on hand is sufficient, the vouchers and receipts should be totaled. The amount of vouchers and receipts must be equal to the amount of the cash spent. **A check should be written for the total amount of cash spent.** The vouchers and receipts should be removed from the petty cash box and filed with the other receipts when the new cash is added. The cash on hand must be equal to the original amount. Please refer to *Appendix A* for the ***Petty Cash Reconciliation*** form.

5. Record fixed asset purchases

What fixed asset records should the school maintain on the Equipment and Furniture Register?

Schools must maintain an inventory of all equipment and furniture regardless of the funding source. Permanent items costing **\$500** or more and having a useful life of more than one year must be recorded. For example, movable or fixed furniture, an instrument, copiers, video equipment, computers, or any article costing **\$500** or more must be included. Please refer to *Appendix F* for the CPS policy on the Maintenance and Disposal of Assets.

The fixed asset inventory can be maintained using either the **School Equipment and Furniture Register** or a spreadsheet with the following information included:

- Tag number
- Item description
- Purchase Order number
- Serial number
- Model or style
- Make or vendor
- Date purchased
- Funding source(s)
- Item condition
- Cost
- Location in school
- Donated From

What should be recorded in the Internal Accounts records?

Internal Accounts money is all money in the checking account that did not come from school's appropriated budget.

Assets/equipment purchased with Internal Account monies or received as a donation must be recorded in the school's ledger for the amount of purchase or the fair value of the assets donated. The amount recorded should be:

- Total purchase price paid from school Internal Accounts money

or

- The portion of the total purchase price paid by school Internal Accounts money if a combination of sources is used. Only the amount funded through student money is recorded in the ledger.

or

- The estimated fair market value of the donated item

When writing a check, transactions posted to M.Y.O.B.™ should be as follows:

Debit: 2-XXXX X, XXX

Credit: 1-1100 Checking Account X, XXX

Additionally, the following entry should be made to record the amount of the purchase funded through Internal Accounts.

Debit: 1-4100 Fixed Asset or 1-4200 Donated Asset \$X, XXX
Credit: 3-1000 Non-Depreciated Fixed Asset \$X, XXX

Please Note: If a school purchases equipment using money received as an advance or reimbursement from the school budget line, the equipment should **not** be recorded in the ledger but only on the **School Equipment and Furniture Register**. Detailed information on this register is included in *Appendix E*.



Why is a school level asset inventory important?

An asset inventory:

- Provides the necessary information to complete a police report if equipment is stolen
- Allows the Principal or other administrators to monitor inventory in the school
- Alerts other school personnel that assets are being monitored and they are responsible for these items
- Provides a basis for planning future purchases

What are the criteria for removing obsolete, stolen, unneeded, or broken equipment from the register?

For equipment that is obsolete, unneeded, or broken and is no longer needed by the school, this procedure must be followed:

- Step 1** Complete an **Asset Transfer/Disposal Form**. (Please refer to *Appendix E* or http://www.cps.k12.il.us/AboutCPS/Departments/finance/forms/Asset_Disposal_Transfer_Form.xls for a copy of this form.)
- Step 2** Arrange for pick-up of obsolete/broken equipment by a qualified refuse hauler.
- Step 3** Keep the **Asset Transfer/Disposal Form** at the school.

What are the procedures if damage or loss to a building and equipment occurs?

- Step 1** The principal must report instances of damage and/or loss to the building or equipment on the **Burglary/Theft/Property Destruction Report**. A copy of this form is included in *Appendix E*.
- Step 2** Contact the police to report a theft or criminal damage of goods.
- Step 3** The principal, with the assistance of the Bureau of Safety and Security, must investigate the damage and determine assessment of cost.

Step 4 Risk Management assists schools in replacing school content items in excess of \$2,500 following a loss. Please send a copy of the Burglary/Theft/Property Destruction Report to:

**The Bureau of Risk Management
125 S. Clark – 14th Floor
GSR 125
Fax: 773-553-3326**

Step 5 Any money collected by the school from the person(s) who caused the damage must be deposited in the school account 2-1104 - Damage to Building and Equipment. These funds may be expended to replace or repair equipment or to repair the building.

An asset that has been assigned to a teacher (such as a laptop) should be handled the same as any other property that is lost or stolen. An incident report should be completed and the report should be sent to the Bureau of Safety and Security. This asset should have been recorded on the **Asset/Equipment Register**. An **Asset Transfer/Disposal Form** should be completed to remove the asset.



Creating a logging in and out system as to who is in possession of school assets and equipment for items that are removed from school property will not only provide easier tracking, but also allows for more accurate records. This log is especially helpful if the items cannot be located or are broken or stolen. Additionally, the log can aid with the scheduling of resources, equipment, and assets.

6. Transfer between accounts (general journal entries)

Journal entries are used to make inter-account transfers, adjustments due to posting errors, and recording of furniture and equipment on the books of record. The principal's approval is required to make an entry, but the approval of activity sponsors must be obtained when transferring or making loans between activity accounts.

The specific record keeping requirements are covered in this chapter.

7. Avoid negative balances

Negative balances occur when an activity sponsor overspends his/her available funds. For example: if an English teacher has \$500 in an account and a disbursement is to be made for \$700 for supplemental educational materials, a transfer of funds is required to avoid the ensuing negative balance.



Activity accounts must not be overspent. By creating a negative balance in a liability account, the activity is spending another activity's money. LOANS or transfers between activity accounts are acceptable as long as both activity sponsors have approved the transfer. However, loans should be repaid within the same school period. Frequent loans indicate that the allocations may not be appropriate and may require review.

Negative balances may occur in reimbursable Board of Education accounts (2-7XXX). This may occur when a school is awaiting reimbursement from the Board of Education. **The same negative balance in Board of Education accounts must not continue for two consecutive months.**

Negative balances in non-student fund accounts represent unauthorized subsidizing of non-student activity, and are prohibited.

How do I prevent negative balances?



If the principal requests, the School Treasurer should determine the available balance as provided on the **School Expenditure Requisition Order**. This ensures that money is in the account prior to the expenditure. This may prevent making disbursements out of General Ledger accounts when funds are not available.

8. File reports monthly

The following reports are required monthly:

- Balance sheet
- Summary Trial Balance
- Cash Disbursements Journal
- Cash Receipts Journal
- Reconciliation Report

The following reports are to be sent to the area monthly:

- Balance Sheet
- General Journal
- Summary Trial Balance
- Reconciliation Report with a copy of the bank statement

9. Keep financial records

The school must maintain paper copies of the monthly reports. Additionally, if using M.Y.O.B.™ or another automated system, a monthly back-up data disk/CD (NOT ON THE HARD DISK DRIVE) must be maintained in a safe place.

A back-up data disk or CD should be sent to the area every three months with the monthly report. The disk/CD should be labeled with the following:

- School Name
- Month beginning date – month ending date
- Treasurer's name and phone number

All financial records must be kept at the school. If a school uses an automated accounting system, the school must print hard copies of the monthly reports and cash journals.

The school must make back-up copies of the electronic files periodically to ensure all data is secure. Security is provided by password access to the system, a session back up, and the area's offsite copy of the monthly reports.



Lack of electronic back-up files and hard copies of financial records will result in an audit exception.

B. Procedures using M.Y.O.B.™ (7.0)

How to Install M.Y.O.B.™

1. Install the M.Y.O.B.™ Version 7 Program.
 - A. Click **Start** then highlight **Settings**.
 - B. Click the **Control Panel Icon**.
 - C. Click the **Add/Remove Programs Icon**.
 - D. Follow the on-screen instructions.

Note: If you are using M.Y.O.B.™ for the first time, follow the instructions in #2A. If you are already using M.Y.O.B.™ Version 6 or lower, follow the instructions in **#2 only**.
2. Upgrade the data file used in a previous version of M.Y.O.B.™ to record Internal Accounts in version 7.
 - A. Click **Start** then highlight **Programs**.
 - B. Highlight **Bestware** then click **M.Y.O.B.™ Plus Upgrade**.
 - C. Click the **Yes** Button.
 - D. Double click the **C:** Folder in the **right window**.
 - E. Highlight the **M.Y.O.B.™ 6** Folder in the **right window** and Click the **OK** Button.
 - F. Highlight the **Internal Accounts** data file in the **left window** and Click the **OK** Button.
 - G. Type the name of your data file in the highlighted box as shown in the window below the highlighted box and add the number **7** after the last character in the name. (If your file name is **MY SCHOOL.DAT**, change it to **MY SCHOOL7.DAT**.)
 - H. Double click the **C:** Folder, highlight the **MYOB Plus Folder**. Click the **OK** Button. Click the **OK** Button again.
 - I. Click the **NO** Button.
- 2A. Copy the data on the **Chicago Public Schools Disk/CD** into the **M.Y.O.B.™ Plus** Folder.

-
- A. Place the Disk/CD in the **appropriate drive**.
 - B. Click the **Start Button** then highlight **Programs**.
 - C. Click **Windows Explorer** then click the **Floppy Disk** Icon.
 - D. Click the **MYSCHOOL. Data** Icon.
 - E. Click **Edit** then click **Copy**.
 - F. Click the **M.Y.O.B.™ Plus Folder**.
 - G. Click **Edit** then click **Paste**.
 - H. Click **File** then **Close**.
3. Start M.Y.O.B.™ and open the **MYSCHOOL.DATA** file.
 4. Click Setup then Company Information.
 5. Type the school name and address in the boxes shown.
 6. Make a note of the fiscal year and last month of the fiscal year shown on the screen.
 7. Change the fiscal year to the current fiscal year and change the last month of the fiscal year to June.
 - A. From the Command Center click **File** then click **Start A New Year** and start a New Fiscal Year.
 - B. Click the **Continue Button** click **Continue Again**.
 - C. Click the **Month Box** then click **June**.

Note: This screen shows the new fiscal year in process of change **Do not type a year in the box**. This is the year the system is changing. The process will not be complete until steps **D** and **E** listed below are completed.

 - D. Click the **Continue Button**. Click the **Continue Button** again.
 - E. Click the **Start A New Fiscal Year Button**.
 - F. Repeat steps **A, B, C, D**, and **E** until the proper fiscal year is processed.
 8. From the Command Center click the **General Ledger Icon**.
 9. Click the **Chart of Accounts** box then click the **Print Icon**.

-
10. Use the **Printout** to **renumber** the accounts listed on the last report from the old system.
 11. Add the new accounts created to complete the Chart for your school.
 12. Enter the **Opening Balances** into M.Y.O.B.™

M.Y.O.B.™ is a basic accounting software package for small businesses. *The Office of School Financial Services encourages all schools to use this software.* Each M.Y.O.B.™ package includes software diskettes, a user's manual, and a video. M.Y.O.B.™ also has an on-line help function built into the software.

The Business Managers are trained in M.Y.O.B.™ and can answer accounting-related questions. The Office of School Financial Services also schedules hands-on training on a regular basis.

1. Getting Started

How are existing balances transferred from a manual system (or other software) to M.Y.O.B.™?

Please Note: Begin this process only after closing out the fiscal year or reconciling with the bank at the end of the month. Some reconciling items might be outstanding at the time of your transfer to M.Y.O.B.™. Any adjustments can be entered into the M.Y.O.B.™ system as an adjusting journal entry. Consolidating some accounts to conform to the new chart of accounts may also be necessary. **When modifying your Chart of Accounts, please try to maintain the account numbers as presented.** This will facilitate uniformity and assist the Board's software support team in responding to questions and/or problems.

- Step 1** In Command Center, place the arrow over General Ledger, then click the mouse once.
- Step 2** Select Chart of Accounts.
- Step 3** Select Asset, Liability, or Equity tab to show all current accounts and categories.
- Step 4** Once inside a tabbed area, choose an appropriate account for input by placing the arrow over the account line (anywhere) and clicking the mouse twice. You can only input amounts in accounts labeled "detail".
- Step 5** When you are in the Account Information screen, input the beginning balance of the selected account.
- Step 6** Place the arrow over "OK", click the mouse once, and proceed to the next account. Repeat the process until all accounts have been entered.

Step 7 In the event that an adjusting journal entry is required, press **Escape** to return to the Command Center. Place the arrow over “General Journal Entry” and click the mouse once. Once inside the General Journal, place the arrow over the first blank “**Acct #**” and type 1. Then press **Enter**.

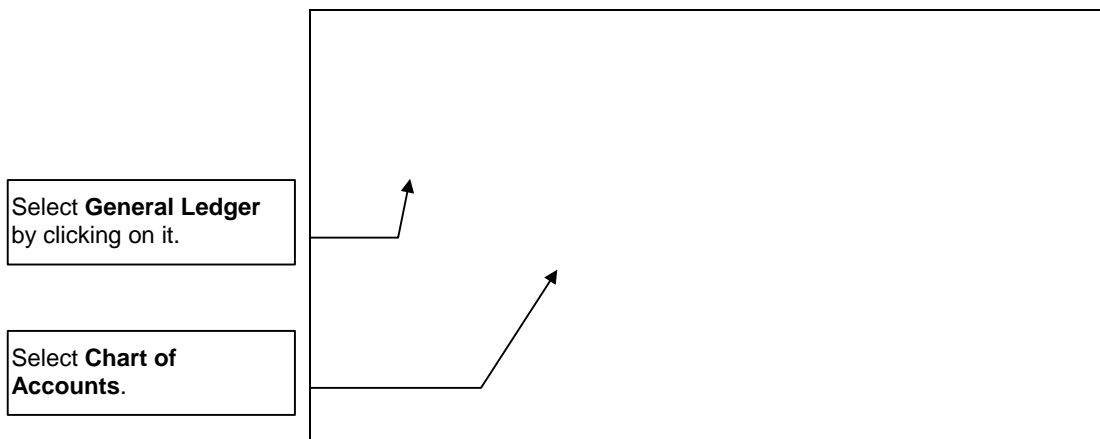
All of the account names and numbers will be shown. Select the proper account by placing the arrow over it and clicking the mouse twice. The account number and name will be inserted onto the General Journal. To complete the entry, input the amount of the adjustment and the offsetting account by repeating the above process. After all pertinent information has been input, place the arrow over “Record” and click the mouse once.

2. Update the Chart of Accounts

How is a school account created?

Step 1 In Command Center, select **General Ledger** by clicking on it.

Step 2 Select **Chart of Accounts**.



Step 3 Select the **Liability** tab to show all current accounts and categories (see next screen).

Step 4 Determine which category should include the account. Use the category descriptions contained in this chapter. For example, if a new class account is desired, use **Account 2-2200** and create a specific account (such as **Account 2-2235**).

Step 5 Select **New** to open Account Information.

M.Y.O.B. Accounting - [Accounts List]

File Edit Command Centers Setup Reports Window Help

Asset **Liability** Equity Income Cost of Sales Expense Other Income Other Expense

Account Name	Type	Linked	Balance
2-0000 Activity Accounts	Header		\$1,250.00
2-1000 General School Accounts	Header		\$1,100.00
2-1100 General Funds	Detail		\$900.00
2-1150 Student Fees	Detail		\$200.00
2-1200 Investment Income	Header		\$0.00
2-1210 Checking Account Interest	Detail		\$0.00
2-1220 Savings Account(s) Interest	Detail		\$0.00
2-1230 Money Market Account(s)	Detail		\$0.00
2-1240 CD Interest	Detail		\$0.00
2-1300 Lease Income	Header		\$0.00
2-1310 Parking Lot Income	Detail		\$0.00
2-1320 Building Lease Income	Detail		\$0.00
2-2000 School Specific Accounts	Header		\$0.00
2-2200 Class Accounts	Header		\$0.00
2-2210 Science	Detail		\$0.00
2-2220 Language	Detail		\$0.00
2-2230 8th Grade Math	Detail		\$0.00
2-2500 Activity Accounts	Header		\$0.00
2-2510 Graduation	Detail		\$0.00
2-2520 Student Pictures	Detail		\$0.00

Up Down History Print New Edit Close

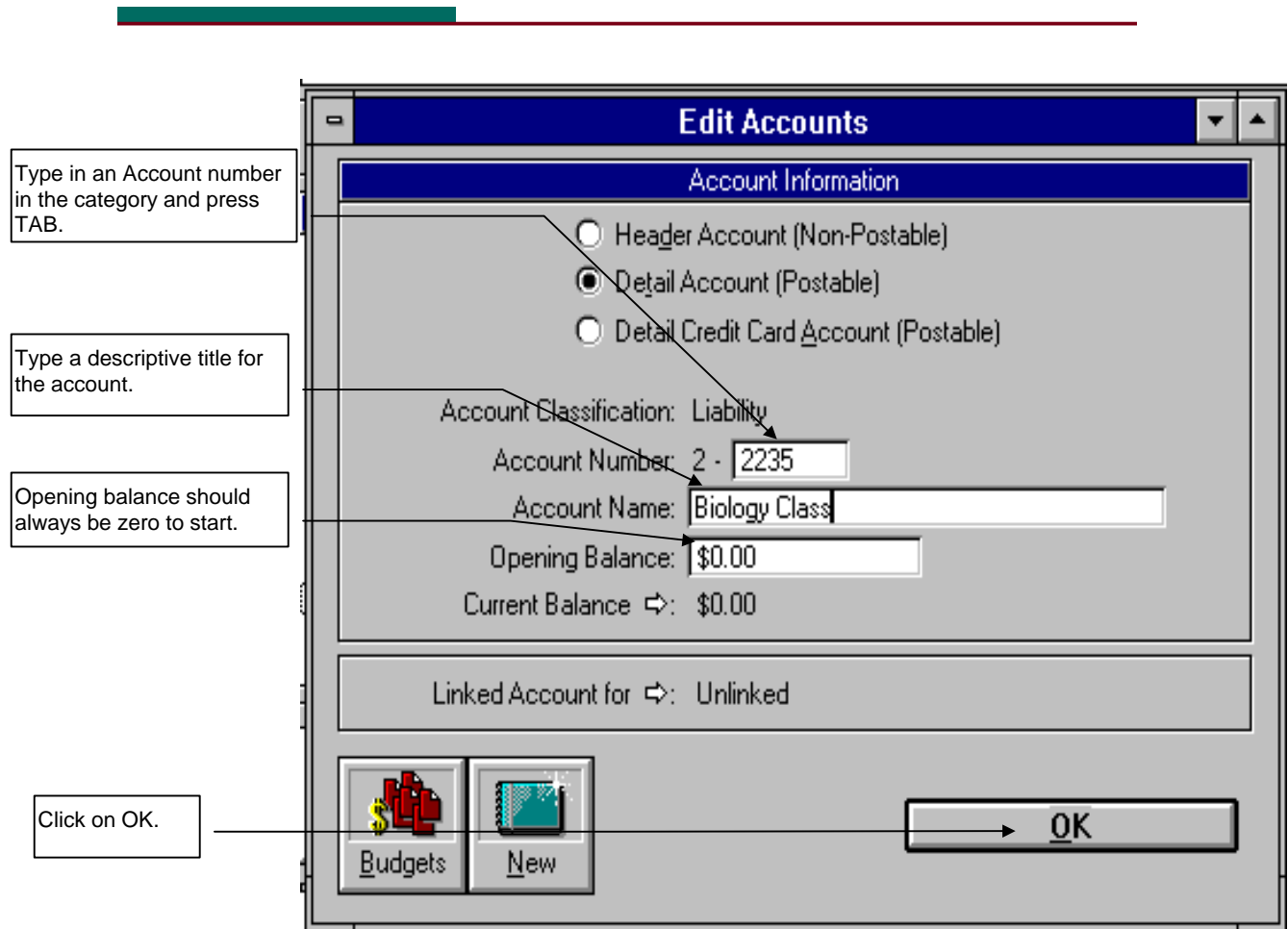
Select **Liability** tab to show all current accounts and categories.

Determine which category the Account should be included in.

Select **New** to open Account Information.

After all accounts have been established, click on **Close**.

- Step 6** Type an Account number in the category and press TAB. *Example: 2-2235.*
- Step 7** Type a descriptive title for the account. *Example: Biology Class.*
- Step 8** Click on **OK**. The new account name should show in the accounts list.
- Step 9** When all new accounts have been created, click on **CLOSE**.



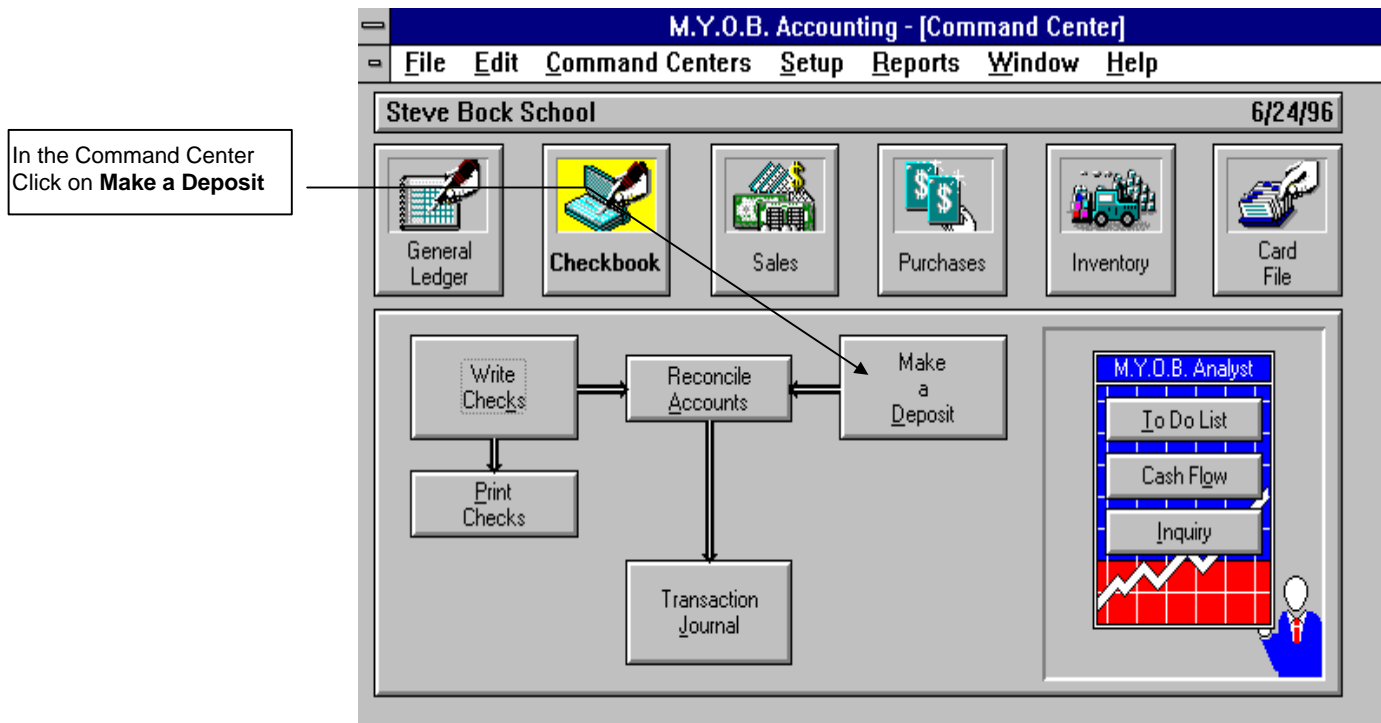
How is an account edited?

- Step 1** In **Command Center**, select **General Ledger** by clicking on it.
- Step 2** Select **Chart of Accounts**.
- Step 3** Select **Asset** or **Liability** tab to show all current accounts and categories.
- Step 4** Select the **Account** you want to edit. The account is highlighted.
- Step 5** Click on the arrow to show the account information.
- Step 6** Click on the **Account Name** to edit. **Example: Math**
- Step 7** Type in the new account name and click on **OK**. **Example: 8th Grade Math**. The changed account name should show in the Accounts List.
- Step 8** When all changed accounts have been edited, click on **Close**.

3. Record income (receipts from teachers and deposits to the bank)

How are receipts deposited from the Treasurer's Receipt Book?

Step 1 In the Command Center, click on **Make a Deposit**.



Step 2 Switch Account from **Checking Account** to **Cash on Hand** (Cash on Hand will be deposited into Checking when bank deposit is made.)

Step 3 In ID# field, enter the **Treasurer's Receipt** number.

Step 4 Enter the **date** of deposit and **amount** from the **Treasurer's Receipt**.

Step 5 Enter the name of the person making the deposit. If the person making the deposit is new, create a card. The system will try to find the person in the list "**Select from List**". See **Creating a Card**.

Step 6 In the **Payor** field, use the scroll bar to select the person by highlighting the person and click on **Use Card**.

Step 7 In the **Memo** field, indicate the purpose of the collection, and press TAB.

Step 8 In the **Allocation Account** field, press TAB to see list of available accounts or type in the desired account number if known. Select the appropriate account to deposit funds. If the account does not exist, click on **New** and see **Creating a New General Ledger Account, Steps 6-9**.

Step 9 Review the entry, ensuring all information is correct and the deposit is made to **Cash on Hand**.

Step 10 Record the deposit by clicking on **Record**. If additional deposits should be recorded, repeat the preceding steps.

Make the deposit into cash on hand.

Enter the date of the deposit.

Enter the name of the person making the deposit.

In Memo field indicate the purpose of the collection; press TAB.

In the Allocation Account field press TAB (this will give a list of available accounts) or type in the desired account number, if known.

Record deposit by clicking on Record.

The screenshot shows the 'M.Y.O.B. Accounting - [Make a Deposit]' window. At the top, it displays 'Cash on Hand' with a balance of \$224.67. Below this, there are input fields for ID #: 933657, Date: 7/30/98, Amount: \$45.67, Payor: Jones, Keith, and Memo: deposit for field trip to museum. A table below these fields is titled 'Allocation Account' and has columns for 'Allocation Account', 'Amount', and 'Job'. The first row shows '2-2500 Science' with an amount of '\$45.67'. At the bottom of the window, there are buttons for 'Journal', 'Save', 'Use', 'Record', and 'Cancel'. Callout boxes on the left side of the image point to these various elements with arrows.

Allocation Account	Amount	Job
2-2500 Science	\$45.67	

How are bank deposits recorded in the ledger?

These procedures are similar except the deposit is always from the Cash-on-Hand account to the Checking Account.

- Step 1** In Command Center select **Checking Account**.
- Step 2** Make sure Checking Account is selected.
- Step 3** Enter the **date** of the bank deposit.
- Step 4** Enter "SCHOOL" in the **Payor** section. The first time the school makes a deposit a card must be established. This indicates that your school is making a deposit.
- Step 5** In **Memo** field type the purpose of the collection; press TAB.
- Step 6** In the **Allocation Account** field, type 1-1200 (Cash on Hand).
- Step 7** Review the entry, making sure all information is correct and the deposit is made to **Checking Account**.
- Step 8** Record deposit by clicking on **Record**.

The screenshot shows the 'Make a Deposit' window with the following fields and callouts:

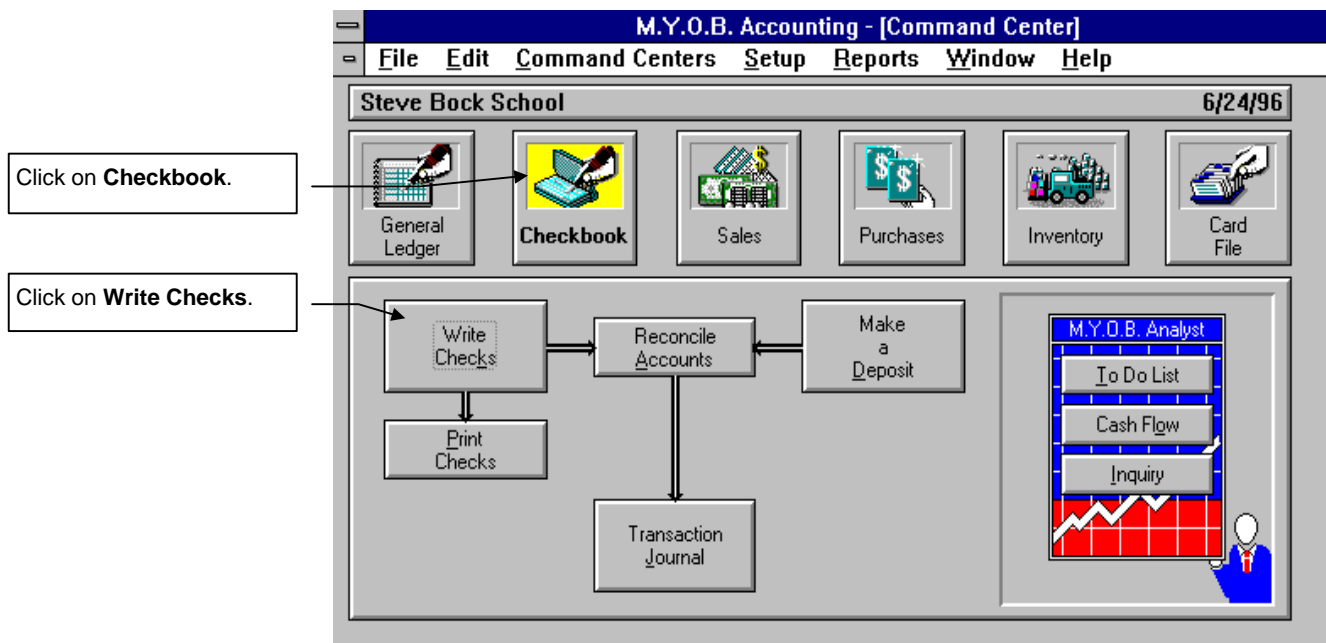
- Checking Account** (selected): Callout: "Make sure Checking Account is selected."
- Balance**: \$0.00
- ID #**: CR000001
- Date**: 8/3/98
- Amount**: \$500.00
- Payor**: SCHOOL (dropdown menu): Callout: "Enter 'SCHOOL' when making bank deposit."
- Memo**: TR# 933654-933730: Callout: "Enter the range of the Treasurer's Receipt numbers that cover the deposit."
- Allocation Account** table: Callout: "Enter Account #1-1200 for deposit."

Allocation Account	Amount	Job

Buttons at the bottom: Journal, Save, Use, Record, Cancel.

4. Record disbursements (write checks)

- Step 1** In Command Center, select **Checkbook**.
- Step 2** In the flowchart click **Write Checks**. This will display the Write Checks window.
- Step 3** If the **Checking Account** is not indicated, click on the window and hold down the mouse button and select Checking Account. The checking account is the only account from which disbursements are made.
- Step 4** If the school uses computer-generated checks, make sure the Handwritten box is NOT checked. If the school handwrites checks, the box should be checked.
- Step 5** The payee can be indicated by using the card feature (Please refer to *Creating Cards in Section 9*), or by entering the payee directly into the payee window.
- Step 6** If the cards are set up, type a few letters of the payee's name or company name until the payee's name appears.



If the Checking Account is not indicated, click on the window, hold down the mouse button, and select Checking Account.

If the school uses computer-generated checks, make sure the "Handwritten" box is **NOT** checked. If the school writes manual checks, the box should be checked.

The payee can be indicated by using the card feature (see Creating Cards), or by entering the payee directly into the payee window.

Type in the exact amount of the disbursement.

Indicate the Account number. If you don't know the Account number, press TAB.

Insert the Requisition Number in the Memo Field.

Record the payment by clicking on **RECORD**.

When all payments have been recorded, the checks will print (if the check writing feature is used).

Step 7 In the Amount box, type the exact amount of the payment.

Step 8 Select the account for payment by clicking the first box of Allocation Account and typing the account number. If you do not know the account number, press TAB. This gives a listing of all available accounts. Select the appropriate account by clicking it (highlighting it) and clicking Use Account.

Step 9 The amount as entered on the Check in Step 7 should automatically show in the amount column.

ADVANCED: If multiple accounts will be used to fund the payment, type the amount to be used from the first account and proceed to type the account and amount for the other accounts.

Step 10 Record the payment by clicking on **OK**.

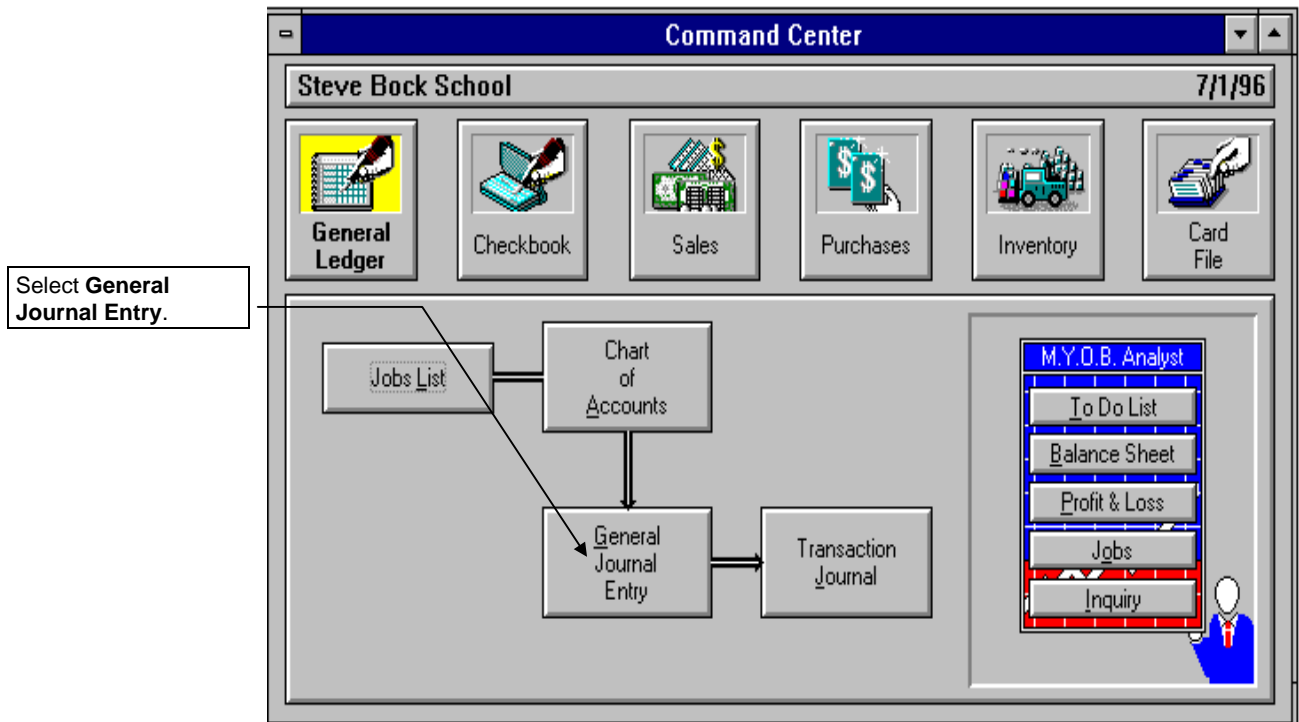
Step 11 Complete additional payments.

Step 12 When all payments have been recorded, the checks can be printed if the check-writing feature is used.

Step 13 Click on **Save** when all checks have been recorded.

5. Transfer money between Internal Accounts

Step 1 Select General Journal Entry in the Command Center.

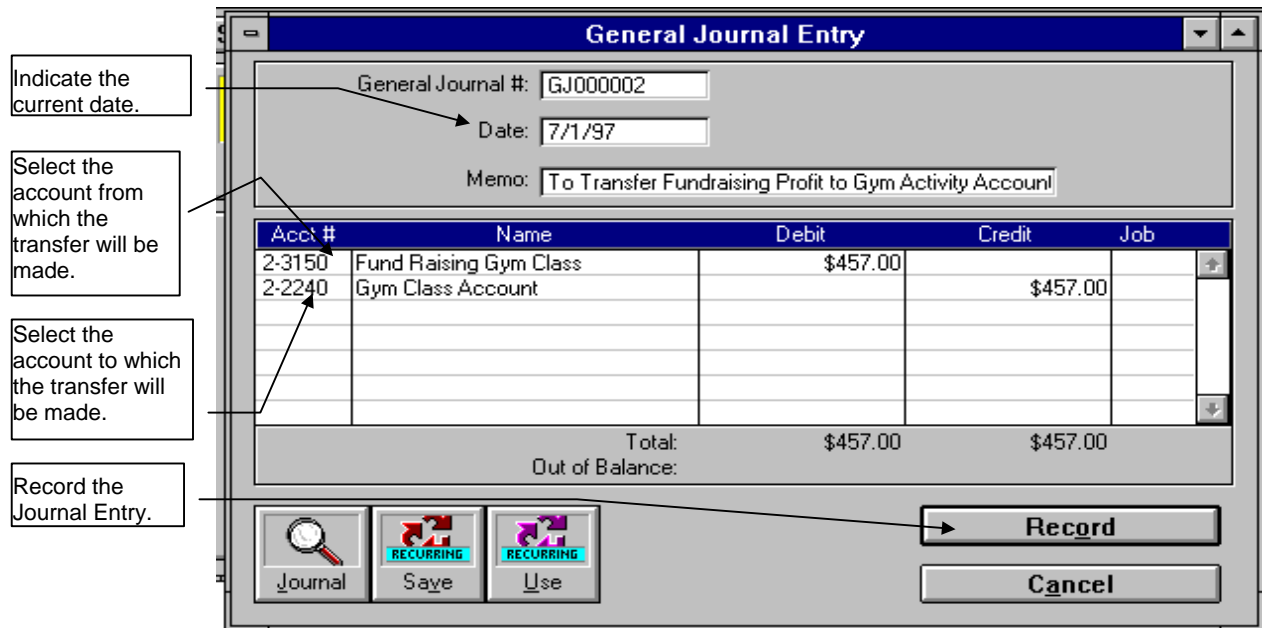


Step 2 Indicate the date of the Journal Entry (M.Y.O.B.™ automatically defaults to the current date).

Step 3 Indicate first the account from which you are transferring the money by either typing in the exact account number or positioning the cursor in the **Acct. #** column and pressing TAB. Once the account is selected, type in the transferred amount.

Step 4 Indicate the account to be transferred to and the amount.

Step 5 Review the transaction for accuracy and, if correct, record the transaction.



How do I know the journal entry was made correctly?

- In Command Center, select Transaction Journal
- Change the date range to include the date of the transactions you want to view
- Click the Folder Tab that describes the type of transaction
- Use the scroll bar to locate the transaction

In the General Ledger's **Command Center**, select **Chart of Accounts**. This displays the current balances in all of the established accounts. By scrolling down to the accounts that were affected by the journal entry, you should see that the balance in the account receiving the transfer should be larger. The opposite should be true for the account from which the transfer was made.

If the journal entry was completed incorrectly and the account, which was supposed to decrease, has now increased, the journal entry must be canceled or reversed. If you have not exited M.Y.O.B.™ since the transaction was posted, the transaction can be deleted and it will never appear in the ledger. If the transaction was completed in a previous session, the transaction must be reversed. Please refer to *Reversing Transactions or Deleting Current Transactions* in the next section.

After the incorrect entry has been reversed, the correct entry should be made using the previous steps.

6. Avoid Negative Balances

In M.Y.O.B.™, the balances in the ledger accounts should be reviewed prior to writing a check to ensure sufficient funds.

- Step 1** In Command Center, select General Ledger.
- Step 2** Select Chart of Accounts, and the screen bellow appears.
- Step 3** Select the Liability tab to display the account and the available balance.

Select Liability to display accounts.

This is the amount available to be spent from the account.

Account Name	Type	Linked	Balance
2-1300 Lease Income	Header		\$0.00
2-1310 Parking Lot Income	Detail		\$0.00
2-1320 Building Lease Income	Detail		\$0.00
2-2000 School Specific Accounts	Header		\$830.67
2-2200 Class Accounts	Header		\$830.67
2-2210 Science	Detail		\$45.67
2-2220 Language	Detail		\$100.00
2-2230 8th Grade Math	Detail		\$385.00
2-2400 Spanish Class	Detail		\$300.00
2-2500 Activity Accounts	Header		\$0.00
2-2510 Graduation	Detail		\$0.00
2-2520 Student Pictures	Detail		\$0.00
2-2530 Yearbook	Detail		\$0.00

7. Create the following monthly reports

Create the following reports each month:

- Summary Trial Balance*
- Balance Sheet*
- General Ledger*
- Cash Disbursements Journal
- Cash Receipts Journal
- The Reconciliation Report*

* An asterisk indicates reports must be submitted to the area office by the third Monday of the month along with a copy of the bank statement signed by the principal.

To create the reports:

- Click on Reports
- Click Index to Reports
- Choose the report to be created
- Click Filters icon
- Enter the desired date(s)
- Put an "x" in the zero balances box by clicking the box
- Click Display to view the report or click Print to print the report

Select Index to Reports.

Click the tab for General Ledger.

Select Trial Balance (Summary).

Optional - Click on display to view on-screen the report.

Click on the Print button to begin the process of printing.

M.Y.O.B. Accounting

File Edit Command Centers Setup Reports Window Help

Index to Reports Ctrl+I
Report Batches

Command Center

Steve Bock School

Index To Reports

General Ledger Checkbook Sales Purchases Inventory Card File Custom

Displays only the (debit or credit) piece of any transaction that is attached to the selected account, in the selected source journal and within a date range. It does not display the entire transaction.

Name	Command Center
Profit & Loss [Budget Spreadsheet]	General Ledger
Profit & Loss [with Year to Date]	General Ledger
Profit & Loss [with Last Year]	General Ledger
Profit & Loss [% Sales Analysis]	General Ledger
Profit & Loss [Last Year Analysis]	General Ledger
Profit & Loss [Budget Analysis]	General Ledger
Recurring General Journal Entries	General Ledger
Session Report	General Ledger
Trial Balance [Summary]	General Ledger
Trial Balance [Detail]	General Ledger

Print Disk Filters Design Format

Display

Close

How is bank reconciliation prepared using M.Y.O.B.™?

The Reconcile Accounts window looks like the check register in a checkbook. A few of the features of the Reconcile Accounts window are shown in the following illustration:

The screenshot shows the 'Reconcile Accounts' window with the following fields and controls:

- Account:** 1-1200 Cash on Hand
- Current Balance:** \$0.00
- Last Reconciled:** (empty)
- Date of Bank Statement:** 7/30/98
- Out of Balance:** (\$500.00)
- New Balance from Statement:** \$500.00
- Table:** A table with columns for 'Mark All Cleared Transactions', 'Deposits', and 'Withdrawals'. A callout box points to the 'Mark All Cleared Transactions' column with the text: 'Enter last day of the month (may not be date of bank statement)'. Below the table, it says 'Total Cleared: \$0.00 \$0.00'.
- Buttons:** Print, Date, ID#, All, None, Reconcile, and Cancel.

Callout boxes provide the following instructions:

- Enter the account you want to reconcile in the Account field.
- Enter the balance that appears on your bank statement.
- Click this column next to all transactions that appear on your bank statement.
- Click Date to sort the transactions in the list by date.
- Click All to mark all transactions in the list.
- Out of balance amount should equal zero after all of the above steps.
- Click ID# to sort the transactions in the list by transaction number.
- Click None to unmark all transactions in the list.
- Click Reconcile after marking your cleared transactions to attempt to match your M.Y.O.B.™ records with your bank records.

8. Keep accurate, complete records

The school must maintain paper copies of the monthly reports submitted to the area office. A back-up data disk/CD (NOT THE HARD DISK DRIVE) should be maintained in a safe place in case of a system crash.

A back-up data disk/CD must be sent to the area every three months with the monthly report. The disk/CD should be labeled with the following:

- School Name
- Month beginning date – month ending date
- Treasurer's name and phone number

9. Other bookkeeping procedures specific to M.Y.O.B.™

M.Y.O.B.™ allows the user to establish “cards” or user profiles for vendors and depositors. These are useful when recording multiple deposits of money from individuals or making multiple payments to vendors. Additionally, *M.Y.O.B.™* allows transactions to be easily reversed if necessary.

How is a card for depositors or payees created?

- Step 1** In Command Center, select Card File.
- Step 2** Select Cards.
- Step 3** Select New.
- Step 4** Indicate the Card Type (the depositor). Teachers are “Employees” while outside depositors such as the Board of Education or Grantors are “Customers.”
- Step 5** Type the person’s last name, press TAB, then type the first name.
- Step 6** Type any other optional information including mailing address for vendors. (Notes may be useful, such as teacher’s room number, activities sponsored by the individual, etc.)
- Step 7** Click OK.

The screenshot shows the 'M.Y.O.B. Accounting - [Card File Entry]' window. The 'Card File' dialog box is open, showing the 'Card Type' set to 'Employee'. The 'Individual' radio button is selected. The 'Last Name' field contains 'Clay' and the 'First Name' field contains 'Harold'. The 'Address' field contains 'School'. The 'City', 'State', and 'ZIP' fields are empty. The 'Phone #1', 'Phone #2', and 'Fax #' fields are empty. The 'Identifiers' field contains 'T'. The 'Salutation' field is empty. The 'Notes' field is empty. The 'Track Sales History' checkbox is checked. The 'New' button is highlighted. Callouts from the text on the left point to various fields and buttons in the dialog box.

Indicate the Card Type.

For vendors include address so checks can be mailed if desired.

Type in the person's name.

Optional Information such as Room #.

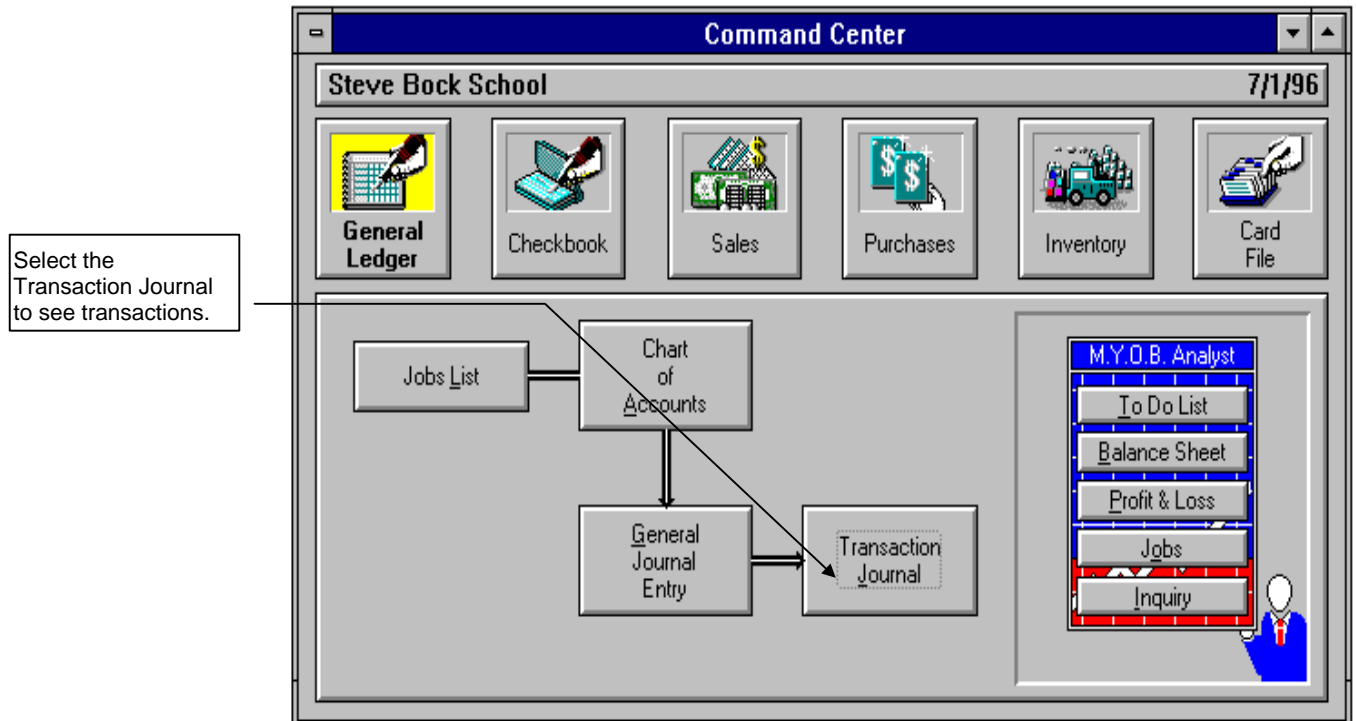
Select **New**.

Click **OK** all information is correct

How is a transaction deleted or reversed?

Deleting transactions is necessary if a mistake is made when posting an entry to an incorrect account or the amount entered is incorrect. The following steps must be followed to complete these journal entries. Please note that M.Y.O.B.™ does not allow deleting a transaction after the program is exited. The transaction must be reversed.

Step 1 Select Transaction Journal.

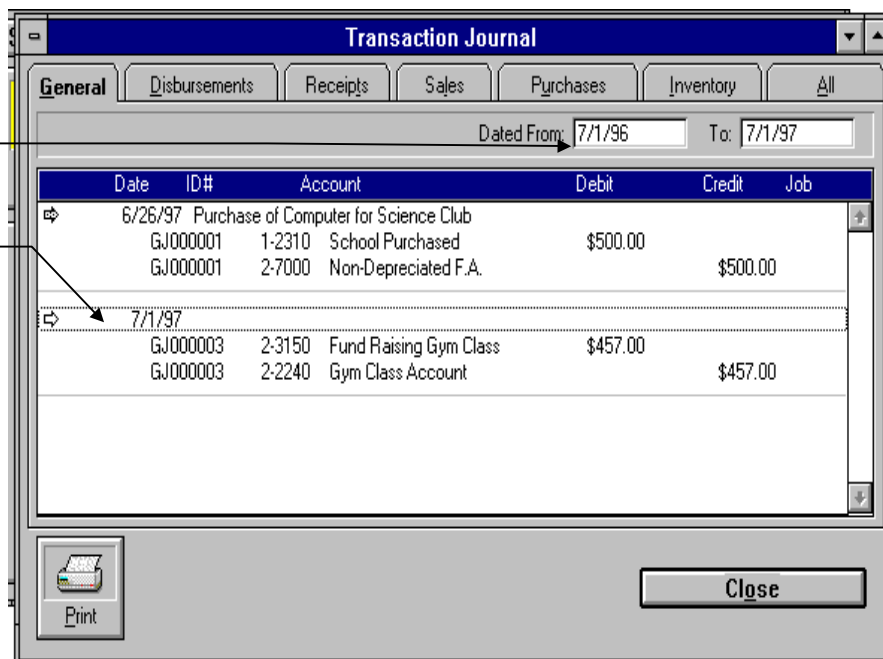


Step 2 Display the period that the transaction occurred by typing the correct range of dates.

Step 3 Select the incorrect transaction by clicking the arrow at the left of the date.

Display the period for which the transaction occurred.

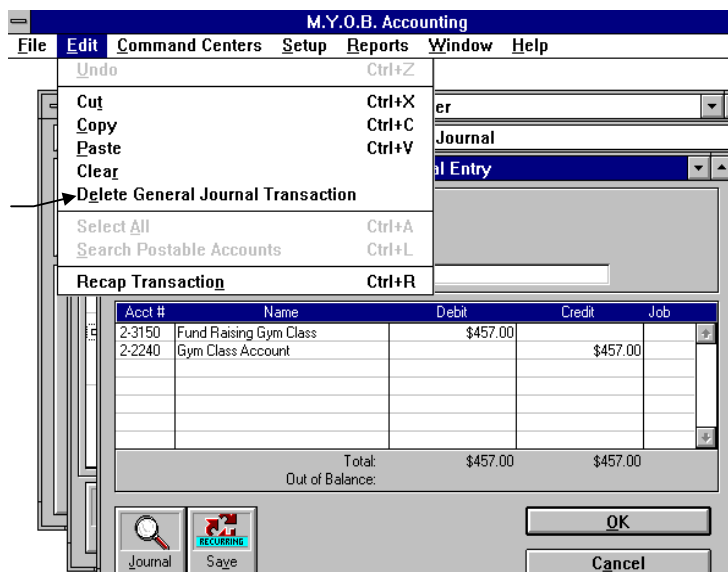
Select the transaction.



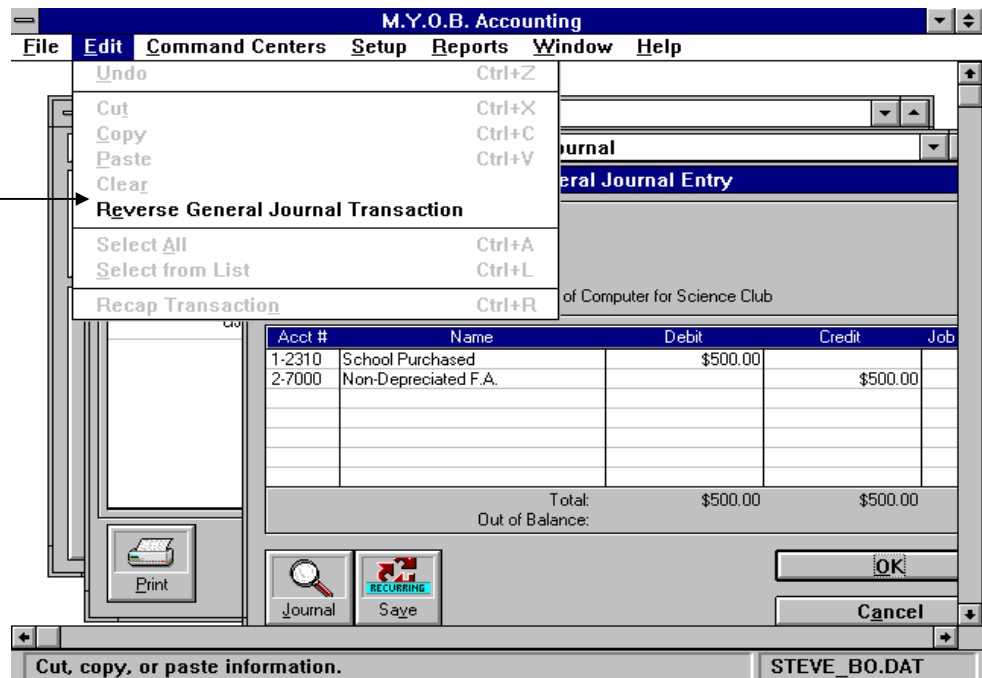
Step 4

- Option 1** Select the Edit menu to remove the transaction. If the transaction was entered during the current session of M.Y.O.B.™, Delete General Journal Transaction will appear. By selecting this, the transaction will be deleted.
- Option 2** Select the Edit menu to remove the transaction. If the transaction was entered during a previously saved session of M.Y.O.B.™, Reverse General Journal Transaction appears. By selecting this, a reversing transaction is prepared automatically. Click on Record to make the reversing entry.

Delete ...will be displayed if the transaction has been made in the current session.



Reverse...will display if the transaction was made during a prior session.



How do I record NSF checks?

Non Sufficient Funds (NSF) checks and bank fees are recorded in M.Y.O.B.™ using general journal entries. (Please refer to the *Money Handling* Section for additional information.)

For example, assume an NSF check was written to your school for a given activity, such as the French Club. The entry to record the receipt of that check would be to debit “Cash on Hand” and credit the “French Club” liability account. The purposes for recording an NSF check are: (1) to reduce the cash balance in the checking account to its proper amount, and (2) to reduce the French Club liability account to its proper amount. This allows the school clerk to monitor the spending of the teacher in charge of the French Club and preventing overspending.

- Step 1** At the Command Center, select the **General Ledger** icon with your mouse and click it once. Then select the **General Journal Entry** icon to gain access.
- Step 2** The date defaults to the current date. Change the date to reflect the date of notification or the last date in the month of notification.
- Step 3** The next item input is the Memo, or reason you are making the journal entry. Assume someone other than you will review this transaction. Enter a concise and precise description making sure you include the payor’s name. Then press **ENTER**.

-
- Step 4** You are ready to input the general journal entry. Your cursor should rest at the box labeled “Acct #.” Press the TAB key to display a listing of accounts. Use the example and select “French Club” liability account and press **ENTER**.
- Step 5** The cursor should rest on the debit column, awaiting an amount for input. Input the amount of the NSF check and press **ENTER**. Your cursor should rest at the box labeled “Acct #.” Press the TAB key to display a listing of accounts and select Checking Account; press ENTER. The cursor should rest on the debit column. Use your mouse and place the arrow on the corresponding credit column and press ENTER. The amount will automatically appear.
- Step 6** To record the transaction, use your mouse and place the arrow on the **RECORD** icon on the bottom right hand side of the page; click it once.

For other returned checks, follow the above procedure.

How do I record bank charges?

Banks charge fees for services. To properly reflect these fees, a general journal entry must be prepared.

Using the same procedures as above in recording NSF checks, select the **General Fund** account being debited and the **Checking Account** being credited.

Debit 2-1101 (General Account)

Credit 1-1100 (Checking Account)

How do I remove a stale check (check outstanding over six months)?

These steps should be performed after reconciling the Checking Account for the most recent month, **but before final reports have been printed**. A separate journal entry has to be made for each stale-date check.

- From the **Command Center** window, click the **General Ledger** icon
- Click the **General Journal Entry** button
- Change the date to the last day of the month being reported
- Enter the check number and the words “Back to Cash” in the **Memo** section
- Debit the Checking Account (1-1100) for the amount of the check
- Credit the account charged at the time the check was issued or credit the

General Fund Account (2-1101) for the amount of the check

- Click **Record**
- Repeat the steps above until you have entered all of your stale-dated checks
- From the **Command Center** window, click the **Checkbook** icon
- Click **Reconcile Accounts**
- Enter 1-11000 in the **Account** field
- Change the **Bank Statement Date** to the last day of the month of the reconciliation
- Enter the ending **Bank Statement** balance in the **New Statement Balance** box and press **Enter**
- Click on each stale-dated check
- Click on each corresponding **Journal Entry Deposit** amount
- The **Out of Balance** amount should equal zero
- If so, click **Reconcile**
- Click **Reconcile** again

C. Other Bookkeeping Methods

The Bureau of General Accounting fully supports the use of M.Y.O.B.™ in the Chicago Public Schools. It is required by all CPS schools to use electronic accounting software. If a school uses a different software program, the school must maintain paper copies of the books of record as indicated in the manual bookkeeping section.

D. Accounting/Bookkeeping Service

If the school Internal Accounts records are incomplete and/or not up to date, the school may use an accountant or bookkeeping service to prepare the books and records.

E. Auditing

Each school may elect to have its Internal Accounts records audited by a Certified Public Accounting or Audit Management firm.

F. Checklist and Chapter Review

- ❑ A clear connection must be established between the ***Treasurer's Receipts*** and the ***Teacher Receipt, Payor List***, or other receipting method.
- ❑ All Treasurers' Receipts must be recorded in the ledger.
- ❑ All checks written must be recorded in the ledger.
- ❑ The standard Chart of Accounts must be used to create individual school accounts.
- ❑ All assets purchased with student money must be recorded in the ledger.
- ❑ The books must be reconciled to the most recent bank statement on a monthly basis.
- ❑ The required reports must be submitted to the area office (with a copy maintained at the school) for the most recently completed month.
- ❑ Electronic media back-up files and system access security must be kept in a secured place.
- ❑ If Internal Accounts records are incomplete or out of date, then a school may elect to utilize an accountant or bookkeeping service for assistance.
- ❑ Schools may elect to have an independent audit of Internal Accounts records.



5. Revenue Generation

General Guidelines

- Every fundraising event must have a completed **Local School Fundraising Proposal** and a **Local School Fundraising Accounting Report**.
- The Bureau of Real Estate is available to help schools realize opportunities to lease their property.
- A **Ticket Accounting Report** must be prepared for all school events where tickets are sold.
- Schools must retain the proceeds from sales of school pictures in their Internal Accounts until the photographer delivers the product and properly invoices the school.
- Any non-governmental grant, gift, or donation must be reported to the Chief Financial Officer.
- A **Perpetual Inventory Card** and a **Concession Sales Accounting Report** must be maintained for all continuous sales.

Schools are encouraged to find new sources of revenue. School funds should be used during the period the funds are raised and for the purpose intended. Excessive fund balances at the end of the school year indicate that more funds were generated than were needed by the school. School administration should develop a written plan, to be approved by the LSC, for the use of these additional funds.

The plan should include the following items:

- Source of the funds
- Proposed use of the funds such as the purchase of new band uniforms, cabling for networks, computers, etc.
- General estimate of the cost for which the funds are being raised
- Time frame for the use of the funds

A. Permit Fees and Leasing School Property

Permits are required for the **ONE-TIME OR OCCASIONAL** use of the school building or the school grounds by a non-Board of Education entity. These permits must be obtained prior to the scheduled activity. Continuous, repetitive use of the building or grounds (including all Chicago Park District programs) requires Board approval and **must be documented by a license agreement, a lease agreement, or an inter-agency agreement.**

The principal and the LSC, in accordance with the procedures and requirements specified on the back of the permit, approve permit applications. See *Appendix B* for an example of the ***School Usage Permit***.

When collecting permit fees, the following procedures must be followed.

Step 1 Obtain approval

The school must obtain the following documents or approvals to lease a portion of the school building or school grounds:

- A completed ***School Usage Permit***. The back of the permit indicates the lease requirements.
- A copy of the **licensee's insurance certificate**. The licensee must agree to provide (at its own expense) a standard commercial general liability insurance policy naming as an additional insured "The Board of Education of the City of Chicago, a body politic and corporate; and its employees". The minimum amount of the insurance policy must not be less than \$1,000,000, and the minimum insurance requirement is \$3,000,000 if the lease is subject to special requirements.

Special requirements:

- Swimming pool usage - In addition to issuing a ***School Usage Permit***, the school must obtain specific **approvals from the Board of Education (in the form of a Board Report) and the Chief Operating Officer.**
- Carnival operations - The carnival operator must obtain a license from the **City of Chicago, Department of Revenue** to operate a carnival or special event. The applicant must provide to the Board's Bureau of Real Estate Management their application for a ***School Usage Permit and/or License***. This includes a copy of the license documenting the operator's compliance with all City of Chicago ordinances.
- In cases where school property is leased for conducting any type of amusement for the lessee's organization or where the proceeds do not directly benefit the school's students, the amusement may be taxable under the current City of Chicago's Amusement Tax Ordinance and the current Cook County's Amusement Tax. The current tax rate for the City's tax is 7% and the current rate for the County's tax is 3%, for a combined rate of 10%. Be aware that the ultimate responsibility for both taxes rests with the lessor of the property, (i.e., the school). For more information, contact the Chicago Department of Revenue at 312-744-6146 and the Cook County Department of Revenue at 312-603-3723.

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- **Copies of the *School Usage Permit*, insurance certificate, and special requirements must be sent to the Department of Operations, Bureau of Real Estate.**



Not receiving the proper permit and insurance coverage for leasing purposes is considered an audit finding.

Step 2 Receive Revenues from Permits

The School Treasurer should receipt all permit revenues using the *Treasurer's Receipt Book*. Permit income must be recorded in General Ledger **Account 2-12XX**. The revenue may be allocated to activity accounts at the school's discretion.

Step 3 Staff the event as necessary

When a school leases its facilities to an outside organization, the unit administrator must ensure that the building is adequately staffed to ensure the safety of both staff and visitors.

Staffing for the event may be provided as follows:

- Chicago Public Schools' employees
- Contractors providing privatized services to the school
- Parents and community members

A. Chicago Public School Employees

The unit administrator has two methods of staffing the building using Chicago Public School personnel:

- Adjust employees' regular work schedules to meet the school's needs without incurring additional overtime expense.
- Maintain employees' regular work schedules and provide an overtime position to compensate employees for additional hours worked.

If the school decides to open a position to cover the cost of salaries of employees who work these special events, the school must do the following:

- Using Oracle Position Control, open an overtime or extended day bucket position, prepare a position-opening request ("**Request for Position**"). For an overtime bucket position, please contact the Office of Management and Budget, 553-2560.
- Prepare a school check to the Board for the anticipated amount of overtime paid to staff.
- Submit to the Bureau of Revenue the following documents for processing:

-
- ✓ A copy of the "Request for Position" request
 - ✓ A school check to cover anticipated personnel expenditures
 - ✓ A check transmittal form indicating the budget lines to be loaded
 - ✓ Any additional documentation indicating source of funds, reason for request, and other pertinent information
 - ✓ Starting in early FY2005, schools will be able to add money to Fund 280/124 by completing the Special Income Fund transaction form via Oracle. Details of this new process will be provided in the future.



Once the position is opened, it may be used for future events in that fiscal year. If additional funding is required, the school has to remit a check to the Bureau of Accounting cover the amount of additional overtime.

Special Note: Standard Cost Accounting methods should be used to calculate what fees are charged. Schools can charge users for indirect costs such as overhead, heating, lights, etc. Other actual costs may be charged such as staff salaries when leasing school property to outside groups.

B. Contractors Providing Privatized Services to the School

When a private company handles the school's custodial functions, the normal working hours are the responsibility of the Chicago Public Schools. When additional hours are needed to cover an event, such as auditorium rental, the additional hours worked by the private company's employees are the responsibility of the school. **The additional hours must be paid from rental fees collected from the event.**

The school should pay the private company from the Internal Accounts only when the company has provided to the school an original invoice detailing all charges for the event.



A common misunderstanding: paying an individual who provides a service versus a company with an employee who provides the service. Please ensure that you pay the correct party from Internal Accounts.

C. Parents, Community Members, and Students Being Paid Through Miscellaneous Payroll

The school administrator may choose to use parents and other community members to work an event. The administrator must adhere to all current guidelines pertaining to payroll standards.

Effective as of the summer of 2005, all student stipends will be paid through an electronic card (E-Card) and not via paychecks. As CPS moves towards a paperless environment, transferring all student stipends to an E-card is part of

the process. The E-card allows money to be loaded automatically to the card and accessed much like an ATM debit card. A physical check is not printed and distributed. Other benefits of the card include quicker payment reconciliation and correction methods. Misplaced cards can be replaced by contacting the Payroll Services. Program supervisors should approve and retain all student timesheets.



Effective with 1998 summer programs, the Bureau of Payroll Services pays all non-board/non-student employees through the miscellaneous payroll system. All questions regarding miscellaneous payroll should be directed to the Bureau of Payroll Services at 553-2660.

For additional payroll information, please visit the Payroll links:

- [Budget Handbook for Schools](http://www.csc.cps.k12.il.us/omb/BudgetHandbook/) (<http://www.csc.cps.k12.il.us/omb/BudgetHandbook/>) and [Payroll guidelines](http://www.csc.cps.k12.il.us/omb/BudgetHandbook/revD/payroll.pdf) (<http://www.csc.cps.k12.il.us/omb/BudgetHandbook/revD/payroll.pdf>)
- [Beginning of School Year Resource Manual](http://cps.k12.il.us/programs/bosy/index.html) (<http://cps.k12.il.us/programs/bosy/index.html>) and its [Payroll Services section](http://cps.k12.il.us/programs/bosy/pdf/sect5.pdf) (<http://cps.k12.il.us/programs/bosy/pdf/sect5.pdf>)
- [Planning Your Summer Program](http://cps.k12.il.us/programs/sp/index.html) (<http://cps.k12.il.us/programs/sp/index.html>) and its [Payroll Processing section](http://cps.k12.il.us/programs/sp/pdf/payroll.pdf) (<http://cps.k12.il.us/programs/sp/pdf/payroll.pdf>)

Step 4 Reimburse the Board for the increased cost associated with the use of the building and/or grounds.

- Send to the Bureau of General Accounting permit fees used for salaries and stipends, with any remaining fees retained in the Internal Accounts.
- Make a school check payable to the “Board of Education of the City of Chicago” and submit the check to the Bureau of Revenue to cover the personnel costs associated with the event.
- Use the **Check Transmittal Form** as shown in *Appendix B* and prepare a memo indicating the amount to cover each position number or budget classification used.
- Indicate the position number and/or budget classification on the face of the check to ensure the proper position is funded.
- Monitor the overtime position to ensure that the expenditures taken from it do not exceed the funding provided for the position. This is the unit administrator’s responsibility.
- Reimburse the Board of Education for any excess expenditure from the overtime position.



Not paying the Board of Education for additional staffing is considered an audit exception.

Lease Income (recurring)

All income generated from the lease of school property should be deposited in the school Internal Accounts. School property consists of the school grounds and any building partially or primarily located on the land.



In January 1996, the Board of Education amended the policy on lease income empowering the school principal and LSC to **spend lease income at their discretion as long as the income benefits the school's facility and/or educational program**. This discretionary expenditure should occur after the school has designated any lease income towards the maintenance of the leasing property.

Step 1 Identify an opportunity to lease school property

Step 2 Contact the Bureau of Real Estate at 553-2950



The Bureau can provide assistance with proposal development, contract negotiations and Board Report requirements. The Bureau of Real Estate prepares the Board Report and a contract with the assistance of the Law Department.

Step 3 Obtain Board approval

The Board President signs the final contract with the lessee.

Step 4 Receive lease income from Lessee

Lease income is sent directly to the school from the lessee.

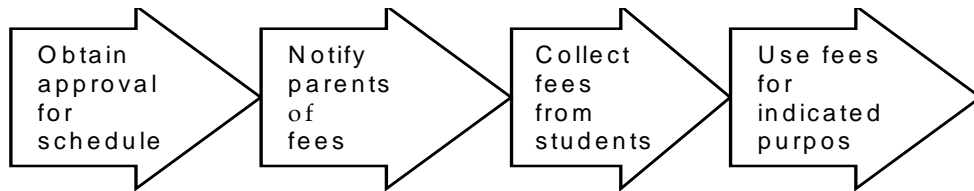
Deposit all lease income into the school's Internal Accounts and record the revenue in the appropriate General Ledger Account. The school can decide how to use the funds within appropriate guidelines.

If the lease activity requires school personnel, follow the steps outlined for additional staffing.

Step 5 Send Verification of Receipt of Revenue to the Bureau of Real Estate.

After the school receives rental income for the month, within three (3) business days remit to the current real estate management company a **Receipt Memorandum** acknowledging receipt of rental income (Please refer to *Appendix E* for a copy of the **Receipt Memorandum**.)

B. Student Activity Fees



Schools may collect activity fees from students to cover educational costs exceeding their school-based budget. Activity fees for required events may be waived for students who qualify and completed the ***Student Fee Waiver Form*** (Please refer to *Appendix A* for a copy of the ***Student Fee Waiver Form***).

The school should form a committee to determine the amount of the fees and the dates of collection. The composition of the committee should be based on the nature of the student fees (i.e., activity fees, graduation fees, club fees, etc.). When appropriate, the committee should include representatives from the LSC, parents, teachers and the Student Council. The school principal should always approve the suggested fees.



For example, in the case of graduation fees, a committee should be formed with representatives from the parents of the graduating students, the teachers from the graduating class, and the LSC. The principal is responsible for approving the graduation fees.

Step 1 Obtain approval for the fee schedule

The principal should approve the fee schedule. The fee schedule should be sent to the Area Instructional Officer. Please refer to *Appendix F* for the policies pertaining to the establishment of fees and fee waivers.

Step 2 Notify parents of fees

The fee schedule should be sent to parents well in advance of collecting the fees. General fees and their proposed uses should be indicated and itemized in the notification.

Step 3 Collect fees from students

Teacher Receipts or ***Payor Lists*** should be used to receipt money from students.

Specific fees collected from students must be deposited into the class or activity account for which the fee was collected.

Any general fees collected must be allocated and deposited into a specific class or activity account, ***Account 2-2XXX or 2-3XXX*** (i.e. English, Science, graduation, etc.) in accordance with the student fee schedule approved by the principal.

Step 4 Use fees for indicated purposes

Collected fees must be used for indicated purposes. Parents should be notified if a dramatic change in the proposed usage of fees is to occur.



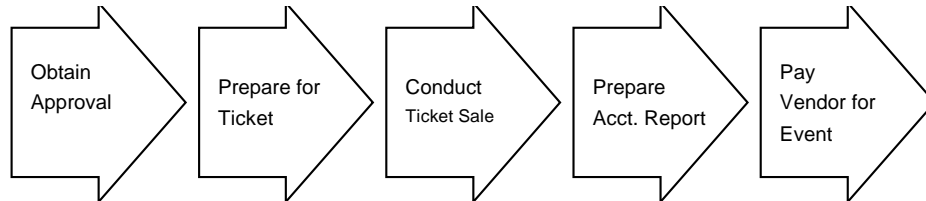
Many schools collect their entire school activity fee at the beginning of the school year instead of collecting smaller fees throughout the year. A one-time collection process can make it easier on the students, teachers, and school clerk. Below is a list of expenses that can be incorporated into a one-time student activity fee. (Please note, each fee must have its own account.)

- Open Houses
- Registration Fees
- Summer Bulletins
- Student Handbooks/Folders
- Student Council Fees
- Attendance Awards
- College/Career Days
- Yearbooks
- School Newspapers

C. Entertainment and Athletic Fees

All admittance tickets and cash receipts received from ticket sales can be accounted for by using the ***Ticket Accounting Report***. (Please refer to *Appendix B* for a copy of the ***Ticket Accounting Report***.)

Use the following procedures when conducting ticket sales for an entertainment/athletic event.



Step 1 Obtain the Principal's approval

The faculty/sponsor of the event must complete a ***Local School Fundraising Proposal*** and obtain the principal's, LSC's and Area Instructional Officer's (AIO) signatures as an indication of approval. (Please refer to *Appendix C* for a copy of the ***Local School Fundraising Proposal***.)

If an outside performer is to be used, the faculty/sponsor is responsible for completing a ***School Expenditure Requisition Order*** form as well. (Please refer to *Chapter 3* for purchasing instructions.)

Step 2 Prepare for ticket sale

- Tickets for all functions must be pre-numbered. (Please refer to *Chapter 2* regarding where you can obtain pre-numbered tickets.)
- Each group of tickets is provided to the teacher/sponsor in a numbered sequence.
- All tickets purchased from an outside firm or printed by the school must be delivered to the School Treasurer.

Step 3 Conduct ticket sale

- The School Treasurer is responsible for maintaining physical control of all admittance tickets. This responsibility can be delegated to an administrator as long as the duties are not assigned to individuals or departments that utilize the tickets. It is a good practice to have different people collecting the money, selling the tickets, and reconciling the account.
- The teacher/sponsor(s) is responsible for maintaining records on how much money is collected for the event. This can be done by using pre-numbered tickets:
Example: 100 tickets were sold at an event. Each ticket cost \$1.00; therefore, \$100.00 must be submitted to the School Treasurer.
- In the event of a discrepancies or revenue shortfalls, the teacher/sponsor is responsible for making up any difference.

Step 4 Prepare *Ticket Accounting Report*

- The teacher/sponsor prepares the ***Ticket Accounting Report*** for each activity.
- The report and any unsold tickets must be delivered to the School Treasurer immediately after the event. Prepare a statement explaining lost and unaccounted for tickets. Keep a copy for your records.
- The School Treasurer is responsible for verifying the information contained on the ***Ticket Accounting Report***, reviewing it with the principal and securing his/her signature for approval. Any discrepancies/shortages must be clarified and/or explained in writing and attached to the report prior to its approval.
- The School Treasurer must retain on file the original copy of the ***Ticket Accounting Report*** as well as a copy of the ***Local School Fundraising Proposal*** with the unsold tickets. A duplicate copy can be returned to the teacher/sponsor.

Step 5 Pay outside vendor for event (if applicable)

- Write a check to the outside vendor.

D. Graduation

The key to planning a successful graduation is to begin with a solid budget and stick to it. Ensure that enough is collected to cover all expenses. Any over-expense (optional or mandatory) will be an audit exception.

- Fees for graduation should be established well in advance of graduation day.
- Mandatory graduation fees must cover only those items *required* for participation in the actual graduation day ceremony.
- Due to student fee waivers, separate the mandatory and optional graduation activities. Students are entitled to receive waivers for the mandatory fees but are still responsible for optional fees.



Mandatory graduation fees could include items such as cap, gown, ribbon, auditorium, printing, music, flowers, and speaker fees.

All other activities connected with graduation shall be priced separately and made **OPTIONAL** to the student. These optional fees may include class gift, class luncheon, yearbook, or other special activities.

Remember: Do Not Overspend.

Step 1 Plan the graduation ceremonies

A committee should establish graduation ceremonies and graduation fees. The committee should be formed with representatives of the Student Council, parents of the graduating students, teachers of the graduating class, the school principal, and the LSC.

All uses of fees should be specifically identified. Collection for the activities should not be more than the expected costs of the graduation activities.



Consider charging more to cover students that may not graduate to ensure total mandatory costs are covered.



The basis for the current year's plan may be the prior year's ceremony (assuming the ceremony was a success in terms of budgeting, planning, and delivery).

Step 2 Obtain approval for ceremony and other events

As expenditures may exceed approved payment limits, obtain Principal and LSC approval for the ceremony.



If the graduation ceremony is planned for a non-CPS facility, determine if the facility will require a Certificate of Insurance and/or written agreement from the Board.

Requests for Certificates of Insurance should be directed to Risk Management at 773-553-3310 as soon as the agreement is approved and no later than 14 days prior to the event.

Written agreements should be sent to the CPS Legal Department for review.

Step 3 Arrange for vendors to supply services and supplies

The school should contact the vendors that have provided acceptable services in years past. Other schools can be contacted to suggest other vendors.

Step 4 Prepare graduation announcement letter and send to parents

The graduation letter should show how the fee(s) would be used, including the explanation and breakdown of mandatory and optional fees.

Step 5 Collect graduation fees from students

Receipt money using a *Teacher's Receipt Book* or *Payor List*. Because the graduation fee is usually a larger amount than normal student collections, parents are more likely to desire a receipt for collections. This requires using a *Teacher Receipt book*.

Step 6 Record collections in general ledger accounts

The standard chart of accounts uses:

Account 2-3110 Graduation Fees - Mandatory

Account 2-3120 Graduation Fees - Optional

Step 7 Pay for events

All expenditures must meet the expenditure guidelines by having a completed *School Expenditure Requisition Order* and original invoices. All events should be paid from the graduation ledger accounts (assuming adequate funds are available).

E. Photographs

School picture taking is an annual tradition many schools use as an opportunity to raise funds. Typically, the school and the photographer agree on the photographer's costs, with the school receiving a percentage of the gross sales.

Because school picture taking is a fundraising activity, fees collected for school pictures **should be recorded in the school's Internal Accounts**. This requires school personnel to accompany the photographer's staff in collecting photography fees in order to ensure that the amount of fees collected is recorded accurately. The school is responsible for depositing the fees collected in the school's Internal Accounts. The school must retain the fees collected **until** the product (i.e., the school pictures) is delivered to the students and a proper invoice is submitted.

Once the product has been received, the school retains its percentage of the sales revenue and remits to the photographers the proper percentage of the fees collected.

The school should not submit the total amount of fees collected to the photographer before the product is delivered. Doing so gives the school little recourse for guaranteeing the product is delivered in full in a timely manner.

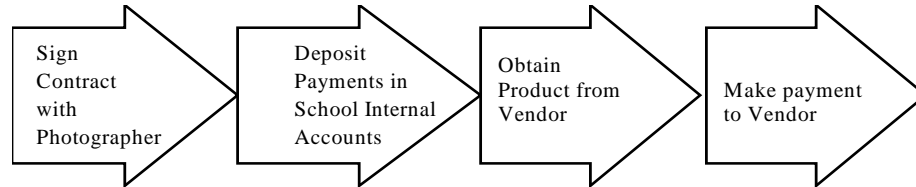
All schools must adhere to the following guidelines when taking school pictures. The school is responsible for the money collected if the photographer fails to produce the pictures.



The most important thing to do when conducting a photography sale is to be comfortable with the expenses paid to the photographer. Obtaining detailed invoices from the photographer and comparing that to the anticipated participation by the students will assist analysis.

Schools may want to competitively bid photography services each year to ensure competitive prices.

All Photographers



Step 1 Obtain written bid/proposals from photographers



Obtain a minimum of three (3) written Bid/Proposals from photographers.

Step 2 Award the contract and obtain a signed contract

This contract should indicate the division of profits between the school and photographer and any other specific requirements identified by the school. A contract may not be entered into for more than one year.

Specifically, the contract should include the following:

- A detailed description of the fees being charged by the photographer
- The percentage of sales the school will receive (if the school is using picture sales as a fundraising activity)
- Wording that states the school will retain the collection of student fees in its account until the photographer has delivered the product

Step 3 Use a *Payor List* to record collections from students

A copy of a *Payor List* can be found in *Appendix B*.

Step 4 Deposit collections in the school Internal Accounts

The school should **not** remit any portion of the collections to the photographer until the pictures are delivered and a proper invoice is submitted.

The school must establish a sub-account in the Internal Accounts for the photography collections.

Step 5 Pay photographer

Payment to the photographer should be made based only from a detailed invoice provided by the photographer.

The school should handle any dispute with the photographer. If disputes cannot be resolved, please contact the Bureau of Purchasing at 553-2280.

F. Grants, Gifts, and Donations

The Amended Board Rule

To ensure the continued uniform implementation and management of all school-based grants, gifts, or donations from the governmental and non-governmental agencies in accord with the Illinois School Code, the following Policy for the Acceptance of Grants, Gifts, and Donations has been amended to streamline the reporting process.

Effective, November 1, 2004, the Board adopted a new grant acceptance policy (403.3). The amendment to the Board Rules has given the responsibility of accepting all grants, gifts and donations to the Office of the Chief Financial Officer on behalf of the Board. Benefits of this change include the ability to process documents as they are received and shortened timelines for acceptance. Additionally, the CFO prepares monthly informational reports for the Board listing these grants, gifts, or donations noting reasons for refunds or returns. Any school, area, or central office unit that receives a grant, gift, or donation of funds or equipment must obtain approval from the CFO prior to using the funds.

Please refer to *Appendix F* for Copy of CPS Grant Acceptance Policy.

The Purpose

This policy shall establish an acceptance process for all grants, gifts, and donations received by any central office, area, or school unit. Establishing the administrative requirements in this policy ensures uniform implementation and management of all grants, gifts, and donations, and also ensures that the Board meets its responsibilities as the grant, gift, or donation recipient.

The Policy for the Acceptance of Grants, Gifts, and Donations

All CPS units must request approval to accept all grants, gifts, and donations of **any** amount by utilizing the Oracle web based application. Not only does this process allow the user to view the requests statuses, but also it provides E-mail notification of grant acceptance status.



Failure to adhere to the requirements could result in violation of Board Policy and prevent access to the funds.

The principal of the local school is responsible for the reporting, implementation, and management of all school-based grants, gifts, and donations from non-governmental agencies. When a local school receives a grant, gift, or donation the principal is responsible to report this information to the Chief Financial Officer through the grant acceptance process. In addition to ensure adherence with all CPS policies, the principal is also responsible for expending the funds in accordance with the terms, budget, and liquidation requirements of the grant.

*Please refer to Appendix B or the following website for the **Grants, Gifts, and Donations Access Request Form**:*

http://www.cps.k12.il.us/AboutCPS/Departments/finance/Grant_Gift_Donation_Application_Request_Form.pdf

Benefits of the Process

- An E-mail is sent automatically with a Request Number to acknowledge entry once the application is completed in Oracle.
- CFO reviews all required documents and then accepts or rejects request.
- Another E-mail is automatically sent to the requester at the time the grant, gift, or donation is accepted. When the CFO enters the status of the Acceptance in the system this E-mail also is sent to the Offices of Management and Budget and External Resources.
- The receiving unit should confirm that OMB has an agency approved budget and has enough information to correctly load the funds.
- A third automatic E-mail is sent to the requester, Finance, and External Resources when OMB enters the lines have been budgeted. The receiving unit then reviews their budget lines that have been loaded and begins implementation.

For complete instructions on how to enter information into Oracle, please refer to the website link for Grants, Gifts, and Donation User Document at
http://www.cps.k12.il.us/AboutCPS/Departments/finance/Grants_Gifts_Donations_User_Document.pdf

Fiscal Responsibility

Governmental grants are administered through the Central Office. The grant administrator is responsible for ensuring all activities and encumbrances are completed by the end-date of the grant. Delivery of goods and services must occur before the end-date of the grant. Payment for all goods and services encumbered for the grant must be paid within the timeframe established by the funding agency. The acceptance of a grant, gift, or donation does not supersede any federal, state, local, or CPS policies and regulations during the implementation of the grant.

Fund 280

The procedures for the loading of Fund 280 (Legacy)/124 (Oracle) Special Income Funds has not changed. For a complete description, procedures for use of the funds, and forms please see the website link.

http://cps.k12.il.us/AboutCPS/Departments/management/Fund_280.pdf

G. Single Fundraising Activities

The purpose of school fundraising is to generate non-budgeted funds for extracurricular activities. These activities must **enhance the school's ability to provide a well-rounded learning environment for the students**. With the principal's and Area Instructional Officer's permission, policy allows all formal groups consisting of students and a faculty sponsor to conduct fundraising activities.

A policy adopted in February 1997 by the Board of Education states that, "...**within certain boundaries, Local School Councils (LSC's) have the authority to raise funds at the school which they serve...**" for LSC incidental operating and legitimate educational-related expenses. Please refer to *Appendix F* for the CPS policy on Local School Council Fundraising.

The following procedures provide clear instruction on how funds collected during fundraising activities must be handled and recorded to ensure that the funds solicited from the students and school personnel are not abused or misrepresented.

Furthermore, these procedures shall be followed for all sales of tangible property conducted by the schools, groups raising money for the schools, or groups raising funds using the school name and involving school personnel or students. Fundraising activities conducted by informal groups or groups not following these procedures are prohibited.



Limiting all types of school fundraisers (school, LSC, Parent Teacher Organization, etc.) to three per year is not overburdening to students, school, and outside groups.

Always ensure clarity as to who is in charge of each fundraiser (LSC, PTO, combination, etc.) so that funds may be collected, deposited, and managed by the correct organization.



When required by the LSC, always remember to complete a **Local School Fundraising Proposal** for all fundraising activities. Please review individual LSC policy for applicability.

A **School Expenditure and Requisition Order** form must be completed and approved by the LSC, if applicable. Disbursements related to fundraisers need approval if the disbursement exceeds the amount requiring LSC approval, i.e. \$1,000 for elementary schools.

A fundraising proposal must be prepared and approved by the principal, REO and LSC, if applicable, for all fundraising activity *prior to the beginning of the activity*. The **Local School Fundraising Proposal** must be used. (Please see *Appendix C* for a copy of the **Local School Fundraising Proposal**.)

This proposal requests information such as:

- Time frame for the sale
- Items to be sold
- Selling price
- Anticipated revenue, cost, and profit
- Appropriate signatures and approval
- Intended use/distribution of the profits

For fundraising performed through concession sales, a concession sale plan must be prepared by the faculty sponsor. This concession sales plan must be approved by the principal and LSC at the beginning of the year. The three different types of concession sale agreements schools can enter include: a one-time sale, continuous sales, or vending machines.

One Time Sales

For each type of one-time sale, requirements differ depending on the following situations:

- The school exclusively conducts the sale.
- The school and an outside organization jointly conduct the sale.
- An outside organization exclusively conducts the sale.
- The LSC exclusively conducts the sale.

1. Fundraising Conducted Independently by the School



An entire school or formal group of students with a faculty sponsor has the option of hosting fundraising activities for school-related events. Such fundraising activities should benefit the student body in the same school year the funds are collected. The following procedures should be followed when a school decides to independently conduct a fundraising activity.

These procedures present the basic steps that should be followed when conducting any school fundraising activity regardless of whether this activity is independent, held jointly with another organization, or sponsored by the LSC. Later subsections explain in greater detail how these procedures change slightly to accommodate specific fundraising situations.

Step 1 **Prepare a *Local School Fundraising Proposal***

Prior to commencing the fundraising activity, the ***Local School Fundraising Proposal*** must be completed and presented to the Principal, AIO, and LSC, if applicable, for approval.

The proposal requests the following information:

- Type of items being sold
- Quantity of items being sold
- Anticipated cost of items being sold
- Anticipated revenue from selling items and an estimate of the profit
- Inclusive dates of sale / duration of sale
- Proposed use of profits

The faculty member designated as the sponsor of the fundraising event should prepare this proposal.

Required copies of the ***Local School Fundraising Proposal*** must be maintained at the school. Another copy must be sent to the area office for final approval *prior to the activity*.

Step 2 **Complete a *School Expenditure Requisition Order* for purchasing sale items**

- Upon receiving approval(s), the fundraising group must complete the appropriate ***School Expenditure Requisition Order***. This form should be presented to the School Treasurer regarding the items to be sold.
- Prior to delivery, adequate physical safekeeping must be arranged for all goods ordered.

Step 3 **Obtain products for sale**

- All purchases of goods for sale must meet the guidelines for disbursements through Internal Accounts.
- Expenditures for purchases must be made based on a detailed receipt from the vendor. (Please refer to *Chapter 3* for specific payment guidelines.)
- When possible, money for the fundraising merchandise should be collected *prior* to the delivery of the goods in order to lessen the expense of unaccounted merchandise. Often merchandise is unaccounted for when it is purchased prior to collecting the money for its expense.

Step 4 Conduct sale and deposit collections with School Treasurer

- The record of inventory and sales for fundraising activities must be maintained on the **Concession Sales Accounting Report**. (Please refer to *Appendix B* for a copy of the **Concession Sales Accounting Report**.)
- All collections from the sale must be submitted to the School Treasurer on the day of collection.
- Any event that prevents the teacher/sponsor from submitting the receipts to the School Treasurer on the day of collection must be explained in writing.
- All collections must be receipted and recorded in a category specific to the fundraising activity **Account 2-4XXX**.
- For all fundraising activities, it is mandatory that an accurate record of all funds generated be maintained in the school's Internal Accounts.

Step 5 Finish sale and prepare final accounting reports

- Within 10 school days of the last date of the fundraising activity, the School Treasurer must submit to the area office a completed **Local School Fundraising Accounting Report** and the **Concession Sales Accounting Report**. These reports give an appropriate accounting record along with an inventory of any remaining items. The activity sponsor completes the reports.
- All missing inventory items must be explained in a written statement signed by the principal and activity sponsor and attached to the **Local School Fundraising Accounting Report**.
- All funds generated from the fundraising activity should be deposited in the appropriate fundraising account.
- The School Treasurer must verify the ending inventory and the sales receipt.
- An original copy of the **Local School Fundraising Accounting Report** and the **Concession Sales Accounting Report** must be maintained at the school.
- Any significant discrepancies must be reported to the Region Business Manager for review and possible action.



Remember to always complete an accounting reconciliation report at the completion of each fundraiser. Keep all documentation for school records.

Step 6 Transfer profits to activity accounts

Once all of the receipts have been collected and invoices paid, the remaining profit should be transferred to a specific activity account.



If a school finds that misuse or misappropriation of funds has occurred, the school should notify the Inspector General so that the case can be researched more thoroughly. Misusing and misappropriating school funds violates the Chicago Board of Education's Code of Ethics. Restitution of funds is strictly enforced.

2. Fundraising for the School Conducted with an Outside Organization

Schools have the option of hosting a fundraising activity with an outside organization. This may occur if an outside organization (i.e., the Parent Teacher's Association/Organization) has initiated the solicitation and the school has consented to this request. **Each organization should have its own tax ID number, exemptions, and bank accounts.**

A written agreement between the principal and the organization indicating the division of profits (and expenses) must be executed and maintained on file.

If the school and the outside organization are sharing the profits, then the fundraising activity should be recorded in the Internal Accounts. Otherwise, the fundraising activity is being conducted exclusively by the outside organization (please refer to the following subsection).

Schools should adhere to the following steps when conducting fundraising activities with an outside organization:

Step 1 Prepare a *Local School Fundraising Proposal*

- The school principal and organization should establish a written agreement indicating the division of revenues (and expenses). This agreement should be maintained on file.
- The *Local School Fundraising Proposal* specifies the percentage of profits the school will receive from the fundraising activity.
- The *Local School Fundraising Proposal* should have the signed approval of the principal, LSC and REO.

Step 2 Obtain products for sale

Step 3 Conduct sale and deposit collections with School Treasurer

- School officials must collect money from the sale of fundraising goods in conjunction with the outside organization in order to ensure proper receipt and record of money collected from student purchases.
- A proper record of the collections must be maintained at the school site.
- All funds collected must be deposited in the school's Internal Accounts.

Step 4 Finish sale and prepare final accounting reports

- A summary of the funds collected and the school's share of the revenue must be reported in the school's Internal Accounts.
- A *Local School Fundraising Accounting Report* and the *Concessions Sales Accounting Report* must be completed and submitted to the area office no later than 10 school days after the last date of the fundraising activity.

Step 5 **Transfer profits to activity accounts**

- Division of the profits should take place once both parties agree with the financial account of the funds collected and the expenses incurred.
- Once the school has properly accounted for the fundraising sales, the school should submit a check to the outside organization for its share of the revenue.

3. Fundraising Conducted Exclusively by Outside Organizations

(Requests for Charitable Drives, Walk-A-Thons, Read-A-Thons, Math-A-Thons, PTO/PTA, Friends of Schools, etc.)

The Payroll Deductions Campaign Resolution (98-0128-RS8) authorizes three separate charitable solicitations during the year: the United Negro College Fund, the Hispanic Scholarship Fund, and Combined Charities. In addition, our system supports two other fundraisers: the Children First Walk for Funds and the School Children's Aid Society. Each of these solicitations has been assigned a separate and distinct timeframe for its activities so that CPS employees, in theory, are spared continual requests for charitable giving.

The reality, however, is that principals are approached many times throughout the year by well-known organizations for permission to host various "thons" for charitable purposes. While principals have the authority to approve or disapprove these requests, the Executive Committee for the Payroll Deductions Campaigns urges principals to consider carefully demands on staff and student time.

Hundreds of these well-known, established, and worthy charities are represented already in the Combined Charities, UNCF, and HSF drives. The authorization of additional numerous campaigns at schools can be additional burdens imposed on CPS employees.

Organizations Which Have Not Received District-Wide Approval for Their Campaigns

If the Chicago Board of Education has not approved a district-wide campaign for an outside organization, then prior approval needs to be obtained from the principal, LSC and Area Instructional Officer regarding the appropriateness of the activity. If an organization cannot demonstrate an acceptable correlation between the fundraising activity and its benefit to the students, then denying the activity's access to the school or students is strongly recommended.

The following procedures should be adhered to when an outside organization (i.e., PTA/PTO) exclusively conducts a fundraising activity on the school's premises by soliciting school personnel and students.

Organizations must be accredited groups or agencies in order to raise funds at the school. These groups and organizations are accountable fully for the funds generated and the expenses incurred. The principal, the LSC, and the Area Instructional Officer must approve all fundraising activity conducted by an outside organization. A copy of the agreement for the use/distribution of profits should be included with the fundraising proposal when submitted for approval to the AIO.

Step 1 **Prepare a *Local School Fundraising Proposal***

- If the principal is uncertain about the organization's fundraising status at the Chicago Board of Education, the principal should contact the Office of School Instruction Management.
- If satisfactory, then the organization may host the fundraising activity during the established time of the district-wide campaign as approved by the Chicago Board of Education. In this case, an organization is **exempt** from completing a ***Local School Fundraising Proposal***.
- If not, then the organization must obtain the approval of the principal, LSC, and Area Instructional Officer by completing a ***Local School Fundraising Proposal***.

Step 2 **Upon approval, conduct the fundraising activity**

An organization is fully accountable for the funds generated, the expenses incurred, and, if it applies, the delivery of the agreed-upon goods and services to students and faculty in a timely and acceptable manner.

Step 3 **The outside organization submits a completed *Local School Fundraising Accounting Report***

This report should be submitted to the School and the Office of School Instruction Management no later than ten school days after the last date of the fundraising activity.

4. Local School Council Fundraising

Local School Councils (LSCs) may conduct fundraising activities for legitimate educational activities that benefit the students of the school the LSC serves or for the LSC's incidental operating expenses. **All financial activities related to LSC fundraising must be recorded in the school's Internal Accounts.**

(a) Fundraising for Educational Activities

- The LSC can raise funds to purchase uniforms, band uniforms, band equipment, and for other educational purposes for students.
- All fundraising activities that are ongoing in nature, such as vending machines and school supplies, cannot be administered by the LSC.

(b) Fundraising for Operating Expenses

- The value of the fundraising profits generated for LSC operating expenses shall not exceed a cumulative total of \$1,500 per school (fiscal) year if the school population is under 1,000 students, nor shall it exceed a cumulative total of \$3,000 per school if the school population is 1,000 students or more. Any excess profits should be transferred to the General Fund.
- Fundraising at the end of the year will roll over to the next school year. LSCs cannot operate at a deficit. LSC funds may not exceed above listed amounts.

Note: LSC fundraising budget for fiscal year is reduced by the dollar amount of the rollover funds.

(c) Permissible Operating Expenses

The LSC is permitted to raise funds for its own operating expenses. These expenses may include:

- Advertisements for Principal Vacancies
- Stationary and general office supplies
- Copying/reproduction services and postage
- Reasonable expenditures for transportation to LSC/school meetings or workshops
- Reasonable expenditures for refreshments at meetings
- Reasonable expenditures for registration fees for workshops, seminars, and conferences attended by LSC members

(d) Impermissible Operating Expenses

The LSC cannot raise funds for the following operating expenses:

- Costs associated with seminars, workshops and conferences other than registration fees
- Meals and travel expenses beyond the reasonable expenditures for transportation to LSC/school meetings or workshop
- LSC campaign-related expenditures
- Stipends to LSC members for services rendered
- Any payments made in violation of the CPS Code of Ethics

(e) Guidelines for Conducting LSC Fundraising Activities

The following procedures must be followed by LSCs when fundraising for educational activities and incidental operating expenses:

Step 1 Prepare *Local School Fundraising Proposal*

Step 2 Obtain proper approvals

Step 3 Conduct fundraiser and deposit collections with School Treasurer

- Any event that prevents the LSC from remitting the receipts to the School Treasurer on the day of collection must be explained in writing.
- All collections must have a receipt and be recorded in a sub-account specific to the fundraising activity for the LSC.

Step 4 Finish fundraiser and prepare final accounting reports

- Within 10 school days of the last date of the fundraising activity, the School Treasurer must submit to the area office a completed ***Local School Fundraising Accounting Report*** and the ***Concession Sales Accounting Report***. These reports give an appropriate accounting record along with an inventory of any remaining items.
- All missing inventory items must be explained in a written statement signed by the LSC and the principal, and then attached to the ***Local School Fundraising Accounting Report***.
- All funds generated from the fundraising activity must be deposited in the appropriate fundraising account.
- The School Treasurer must verify the ending inventory and the sales receipt.
- An original copy of the ***Local School Fundraising Accounting Report*** and the ***Concession Sales Accounting Report*** must be maintained at the school.
- Any significant discrepancies must be reported to the Region Business Manager for review and possible action.

H. Continuous Fundraising Activities and Concession Sales

A school may conduct its fundraising through continuous sales such as the use of a vending machine or selling concessions at school-related events.

Requirements for a continuous sale are the same as the one-time sale *with a few exceptions*.

Step 1 **Prepare *Local School Fundraising Proposal***

Because the fundraising activity is continuous, if required, a fundraising proposal must be submitted and approved at the beginning of the year.

Step 2 **Obtain proper approvals for sale**

Step 3 **Conduct sale and deposit collections with School Treasurer**

The ***Concession Sales*** or ***Ticket Accounting Reports*** must be completed and turned into the School Treasurer at least two times per year, preferably November and May.

Step 4 **Maintain a *Perpetual Inventory Card***

In order to maintain control over inventory for continuous sales, ***Perpetual Inventory Cards*** are required along with the ***Concession Sales Accounting Report***. (Please refer to *Appendix B* for a copy of the ***Perpetual Inventory Card*** and the ***Concession Sales Accounting Report***.) ***Perpetual inventory Cards*** should be updated at least two times per month.

Step 5 **Reconcile the fundraising account on a semi-annual basis**



If various selling prices are used to sell goods, a difference will arise when computing the ***Concession Sales Accounting Report***. Differences should be explained on this report.

What if discrepancies between sales and receipts occur?

All discrepancies must be documented on the accounting form. If unexplained discrepancies occur, a report must be made to the LSC and the area office.

Depending on the situation, appropriate action will be taken (such as an investigation by the Inspector General to determine if criminal activity took place that may result in restitution by individuals involved or disciplinary procedures). A written plan should be prepared to identify controls and procedures to ensure that discrepancies do not occur again.

I. Vending Machines - Beverages

The Chicago Board of Education enters into a vending machine contract for the entire district. Research is performed to ascertain the level of compensation each school is entitled to receive as part of standardized fund management and payment procedures. All “hold-harmless” compensations are to be made via EDI.

Chicago public elementary and high schools were surveyed to obtain data pertaining to their respective vending machine services activity as well as associated revenue streams. The revenue streams are utilized to establish each school’s “hold-harmless” compensation amounts.

Ongoing contact will be maintained with vending machine suppliers to ensure that timely responses to each school’s needs and to any Board of Education concerns.

The following procedures must be followed to consolidate vending machine operations in Chicago Public Schools:

Schools Compensation - In the late summer/early fall, the Department of Operations - Vending Services will communicate the exact commission structure and payment process to the schools. Schools will receive a lump sum compensation in the fall of each school year that reflects the commissions for the full year based on last year’s sales.

Product Mix – As of the 2004-2005 school year, the Chicago Board of Education developed a policy on vending machines to offer a healthier selection of products in all schools. CPS vending machines no longer will contain any carbonated soft drinks. The Board approved vendor will be authorized to distribute non-carbonated products as follows:

- In elementary schools, juices containing 100% fruit juice, and in high schools, juices containing no less than 50% fruit juice
- Waters
- Non-carbonated sports drinks

This policy applies to all school vending machines, including teacher’s lounges and administrative buildings.

Vending Prices - Prices for vending machines will be range from \$1.00 for cans to \$1.25 - \$1.50 for non-carbonated plastic bottles beverages.

Refund funds - Each school must complete a ***Refund Form*** every time for each refund. Forms will be submitted to vending machine supplier for reimbursement.

Exclusivity - The vending machine contract is an exclusivity agreement. All Chicago Public Schools requesting a vending machine must use the approved Board vendor’s products only. No school should have any beverage vending machine from any provider other than the approved Board supplier.

Board Policy when outside parties, such as PTAs, etc., use CPS facilities -

When outside parties use school facilities for various activities, these groups cannot sell beverages that compete with the Board approved vending machine supplier. However, any beverage brand may be brought into a facility for personal use.

Machines accessibility - Timers on all elementary and middle school student-access vending machines must be on each machine. In accordance with all-applicable State and Federal Guidelines, these timers must be set to turn on upon the conclusion of classes. Vending machines located in all high schools or teacher's lounges (non student areas) will be left on 24 hours a day.

Machines placement - Vending machines must be placed at least thirty (30) feet from any school cafeteria or sporting venue. If this is not practical, the vending machine supplier, the Board of Education, and the principal will determine the best placement of the equipment. Principals must submit a written request for exemption to the CPS Food Services Bureau explaining the reason for exemption from this regulation.

Number of machines at schools - The principal will determine the number of vending machines placed at any school. Each principal can opt not to have a vending machine. In this case, the school that has received an EDI pre-payment for the previous school year, these funds will have to be returned to the CPS Accounts Payable department.

For any questions regarding this project, please contact the Manager of Vending Product Services for the Chicago Public Schools at 773-553-2942.

Vending machines maintained by the school – Non-beverage machines

- If the school does not own the machines, the school must obtain a signed lease contract for the machines.
- The school must comply with the following guidelines for continuous sales:
 - Obtain approval for activity
 - Prepare a ***School Expenditure Requisition Order*** to purchase vending items
 - Deposit funds in school Internal Accounts
 - Maintain inventory
 - Prepare ***Concession Sales Accounting Reports***

Vending machines maintained by the vendor

Step 1 Obtain signed contract from the vendor

This contract must indicate the profit sharing arrangement and services to be provided by the vendor as well as establish a payment schedule. Vendors must be required to make sales data available to the principal in terms of number of products sold and money collected.

Schools must not enter a vending machine lease that exceeds one year.

Step 2 Verify collections to school

School personnel should verify the amount of money removed from the machine. This should be done by counting funds with the vendor or using machines with automatic counters. Whenever possible a school representative should be present when money is removed from the vending machines. If a school representative cannot be present for money removal, random checks should be made to make sure the school is getting its fair share.

Step 3 Deposit profit in *Account 2-6XXX*

Note: If vending machine funds are from a staff only vending machine and that money is to be used for staff related expenditures, please deposit funds in **Non-Student Money (2-9000)**.

How will school acquire vending machines, and who is in charge of them after they are delivered?

The CPS Board vendor will supply the vending machines to the schools, and be solely responsible for the maintenance and repairs of the machines. However, the schools are responsible to notify the vendor of any need for service or maintenance to the equipment. The vendor will be responsible for repairing, replacing, relocating, moving or removing any equipment.

Can we add different beverages to the machines?

Only the Board vendor's beverages may be distributed in vending machines. CPS has approved vendor sets. No variations will be allowed.

Who incurs the cost, if any, for vending machine installation?

The Board vendor is responsible for contracting and providing all electrical hook-ups required for the equipment at its sole cost. This includes responsibility for obtaining any and all permits for the work.

How often is maintenance performed on the vending machines?

The Board approved vendor should provide the following routes sales delivery call ratio for the schools:

- Elementary/Middle Schools 1 time per week minimum
(may be adjusted as needed)
- High Schools 1 time per day, 5 days a week

What should schools expect during a vending machine delivery call?

During service calls the vendor will provide the following maintenance:

- Update all brand labels/decals
- Check acceptance of coin mechanisms
- Check acceptance of dollar bill validator
- Ensure vendor is cooling vendor's products to 36 degrees
- Clean refrigerator condenser
- Clean surrounding area of any debris resulting from the service/delivery call

Remember, drivers *MUST* sign in every time vending machines are serviced.

How quickly should schools expect to receive vending machine assistance when problems occur?

Every call for service made by a school should be responded to within 24 hours, Monday through Friday. This timeframe excludes weekends, holidays, school vacations, school closings, and other occasions when the building is not accessible. Additionally, the vendor will monitor all machines, and keep a log on the number of service calls per vending machine. On a monthly basis, the vendor will provide the Board with a summary of all service calls detailing:

- Vending machine location
- When calls were placed by the school
- When the call was responded to
- What problems were repaired
- Service technician responding to the call

Vending Machine *Guarantee of Service*

All concerns, problems, issues, etc., with your vending machines should be formally documented on the Service Repair/Refill Form. Please contact the Manager of Food Services at 773-553-2942 for this form. Along with the above, please be aware that the project provides for servicing all vending machines installed at your school. Such services, however, require that your school adequately document each service request. Therefore, please ensure that your school maintains this record and utilizes it for all service requests.

How can my school get a vending machine?

If you would like to order a vending machine for your school, please contact the CPS Manager of Vending Services at 773-553-2942.

J. Other Revenue Sources

Instructional Materials

How are lost and damaged instructional materials handled?

At the discretion of the principal, the student must pay all payments for loss or damages to instructional materials directly to the School Treasurer or the classroom teacher. The student shall be furnished with an individual receipt.

All money collected is to be credited to the Lost and Damaged Instructional Materials **Account 2-1108**.

After completing an **Expenditure Requisition Order**, purchases may be made from the Lost and Damaged Instructional Materials Account. Lost or damaged items do not have to be replaced; however, purchases from this account should be restricted to instructional materials.

If the principal does not wish to make direct purchases, the money may be remitted to the Bureau of Revenue. Checks should be made payable to "Chicago Public Schools" with the designation "Lost Instructional Materials" on the face of the check and a **Check Transmittal Form** attached. The school's Instructional Materials budget appropriation will be credited with the amount remitted and requisitions for instructional materials may be drawn against the account.

Scholarship Funds

Scholarship funds can be established to assist students for study in an institution of higher education. College scholarship funds may be established by a donation from individuals or groups other than the school's current student body.

- Each award should be supported by a written agreement detailing conditions of the award. One copy shall be maintained at the school.
- All disbursements of scholarship money should be made directly by the school to the institution of higher education or directly to the student to reimburse the student for tuition paid.

The School Treasurer should establish a ledger account for each scholarship recipient to show the amount of the original award, the disbursement to date, and the remaining balance on a monthly basis. Once all funds in the scholarship account have a zero balance, then either add additional funds or close the account.



The safest way to make payments for scholarships is to pay directly to the institute of higher learning. This will ensure the money is used for its intended purpose.

K. Checklist and Chapter Review

- ❑ If leasing school property, a lease agreement and the proper insurance papers must be obtained.
- ❑ If additional staffing is needed for a leasing event, the school must contact the Office of Management and Budget to open a position and submit a check for the position's expenses.
- ❑ The Principal and LSC must understand that they may spend lease income in a manner they determine to be most beneficial to the school and its students.
- ❑ For recurring lease income, the payment from the lessee must be sent directly to the school.
- ❑ A **Local School Fundraising Proposal** must be completed for every fundraising activity.
- ❑ The school must receive approval from the area office and the principal before hosting any fundraising activity.
- ❑ The school must receive LSC approval before hosting a fundraising activity with an outside organization.
- ❑ Money collected for school pictures must be deposited directly into the school's Internal Accounts.
- ❑ A **Concession Sales Accounting Report** must be completed twice a school year for continuous fundraising activities and concession sales to give an account of the school's vending machine sales.



6. Records Management, Retention, and Disposal

The Chicago Public Schools (“CPS”) Records Management Program addresses records management issues in the schools, administrative offices, and departments located throughout the system. All CPS administrative offices, departments, and schools should be familiar with the CPS Records Management Policies and with the CPS Records Management Procedures, Forms, and Record Retention Schedule to ensure compliance with local, state, and federal requirements for records maintenance and retention. The CPS Records Management Staff is available to assist the schools, administrative offices, and departments in complying with the applicable Board, local, state, and federal requirements.

Please remember, policies are being updated constantly. Therefore, please ensure you are using the correct policy version. All Policies will be enforced in accordance with the certified versions of the Policies. In the event of a discrepancy or a perceived discrepancy, individuals should refer to the certified Policies, which are available from the Secretary of the Board. The Secretary of the Board can be contacted at the Chicago Board of Education, 125 South Clark Street, 6th Floor, Chicago, IL 60603, 773-553-1600.

CPS Records Management Policies

- Retention and Management of Business Records [01-0725-PO3]
- Guidelines for Maintenance of Student Records [01-0328-PO2]
- Parent and Student Rights of Access to and Confidentiality of Student Records [04-0623-PO3]
- Compliance with Freedom of Information Act Requests [00-0524-PO1]

Please visit the CPS Policy Website at <http://policy.cps.k12.il.us/> for the Records Management Policies and all CPS policies. The above policies may also be located in *Appendix F* of this manual.

A. Schools

1. General

- A. To help the schools follow CPS policies on records maintenance, retention, and disposal, the CPS Records Management Program has issued **Records Management Procedures, Forms, and Retention Schedule**. Please contact the Records Management Staff for the most current copy of this information.
- B. Each school principal is required to appoint a school employee to act as records custodian. This individual is responsible for the maintenance, care, and security of school records.
- C. Schools maintain both student records and school business-related records. Both student and business-related records should be stored in the school while the records are active. Active records should be maintained so that others may use and find them. All required information and dates should be completed on all records.
- D. Each school should maintain information listing records that are transferred to offsite storage, requested, and disposed.

2. Records Storage

- A. Once student and business-related records become inactive, records may be stored using the Board-approved offsite storage facility.
- B. Sending inactive files to offsite storage will relieve schools of the burden of storing inactive records and help ensure compliance with Board, local, state, and federal requirements.
- C. To store records offsite
 - 1. Contact CPS Records Management Staff for a copy of the **Records Management Procedures, Forms, and Retention Schedule** and request records management supplies (boxes and barcode labels) for packing records.
 - 2. Review the records currently being stored in your school.
 - 3. Pack records and label boxes according to the procedure regarding transferring records to offsite storage.
 - 4. Complete the **Business Records Data Input Form** and/or **Student Records Data Input Form** and maintain this information as required.
 - 5. Provide CPS Records Management Staff with a copy of the completed form(s) by Fax or through CPS Distribution.
 - 6. CPS Records Management Staff will make arrangements with CPS Distribution for picking up boxes of records.
- D. To access records sent to offsite storage, call the CPS Records Management Staff.

3. Records Disposal

- A. CPS has a record retention schedule that has been approved by the Illinois Local Records Commission of Cook County. This schedule lists how long CPS is required to maintain both student and business-related records and is updated from time to time.
- B. Records cannot be destroyed before their retention period is over. Once the retention period for a record has expired, the record is eligible for proper records disposal.
- C. **Schools may not throw away or shred any student or business-related records.**
- D. CPS is required by law to obtain approval from the Illinois Local Records Commission of Cook County prior to disposing records. **Destroying any records prior to obtaining this approval is a Class 4 felony.**
- E. The CPS Records Management Staff will obtain all necessary approvals for records to be disposed of properly.
- F. To dispose of records
 - 1. Contact CPS Records Management Staff for a copy of the **Records Management Procedures, Forms, and Retention Schedule**.
 - 2. Review records and verify that records can be disposed pursuant to the most current approved **Record Retention Schedule**.
 - 3. Pack records and label boxes according to the procedure regarding disposal of records.
 - 4. Complete the **Record Disposal Form** as required.
 - 5. Provide CPS Records Management Staff with a copy of the completed form(s) by Fax or through CPS Distribution.
 - 6. CPS Records Management Staff will make arrangements with CPS Distribution for picking up boxes of records.
- G. Please notify Records Management Staff if records found in your school are not currently listed on the approved **Record Retention Schedule**.

B. Administrative Offices and Departments

1. General

- A. To help the CPS administrative offices and departments follow CPS policies on records maintenance, retention, and disposal, the CPS Records Management Program has issued **Records Management Procedures, Forms, and Retention Schedule**. Please contact the Records Management Staff for the most current copy of this information.
- B. Each administrative office and department should have an appointed employee to administer and coordinate records management functions.
- C. Active records should be maintained so that others may use and find them. All required information and dates should be completed on all records.
- D. Each administrative office and department should maintain information listing records that are transferred to offsite storage, retrieved from offsite storage, and disposed. The appointed records coordinator should review this information on a regular basis to ensure that information is accurate and that records are disposed as soon as they are eligible.

2. Records Storage

- A. Once administrative/business records become inactive, records may be stored using the Board-approved offsite storage facility.
- B. Sending inactive files to offsite storage will provide more storage space onsite for active records and help ensure compliance with Board, local, state, and federal requirements.
- C. To store records offsite
 1. Contact CPS Records Management Staff for a copy of the **Records Management Procedures, Forms, and Retention Schedule** and request records management supplies (boxes and barcode labels) for packing records.
 2. Review the records currently being stored in your office.
 3. Pack records and label boxes according to the procedure regarding transferring records to offsite storage.
 4. Complete the **Business Records Data Input Form** and maintain this information as required.
 5. Provide CPS Records Management Staff with a copy of the completed form(s) by Fax or through CPS Distribution.
 6. Arrange for a pickup of boxes of records to offsite storage.

3. Records Disposal

- A. CPS has a record retention schedule that has been approved by the Illinois

Local Records Commission of Cook County. This schedule lists how long CPS is required to maintain both student and business-related records and is updated from time to time.

- B. Records cannot be destroyed before their retention period is over. Once the retention period for a record has expired, the record is eligible for proper record disposal.
- C. **CPS employees may not throw away or shred any student or business records.**
- D. CPS is required by law to obtain approval from the Illinois Local Records Commission of Cook County prior to disposing records. **Destroying any records prior to obtaining this approval is a Class 4 felony.**
- E. The CPS Records Management Staff will obtain all necessary approvals for records to be disposed of properly.
- F. To dispose of records
 1. Contact CPS Records Management Staff for a copy of the **Records Management Procedures, Forms, and Retention Schedule**.
 2. Review records onsite and/or those previously sent to offsite storage. Verify that records can be disposed pursuant to the most current approved **Record Retention Schedule**.
 3. Pack onsite eligible records and label boxes according to the procedure regarding disposal of records.
 4. Complete the **Record Disposal Form** as required.
 5. Provide CPS Records Management Staff with a copy of the completed **Record Disposal Form(s)** by Fax or through CPS Distribution.
 6. Once CPS Records Management Staff approve completed **Record Disposal Form(s)**, arrangements will be made for onsite records eligible for the disposal to be delivered to the Student Records Services warehouse where disposal will take place. Records eligible for disposal currently stored at offsite commercial storage will be disposed at the storage facility after the disposals have been approved.
- G. Please notify Records Management Staff if records found in your office are not currently listed on the approved **Record Retention Schedule**.

4. Retrieval of Records from Offsite Storage and Returning Records to Offsite Storage

- A. Administrative offices and departments with a need to retrieve records previously sent to offsite storage should refer to their department's storage records for required box and barcode information and to the procedures for retrieval of records from offsite storage and procedures for returning records to offsite storage.
- B. To retrieve records from offsite storage, complete the **Record Request Form** as required to document records being requested.
- C. Arrange for offsite commercial storage to deliver required records.
- D. Once records retrieved are no longer needed, records should be returned to offsite storage as soon as possible.
- E. Following up with individuals using retrieved records may be required until the records have been returned.
- F. To return records to offsite storage, refer to the procedure regarding returning records to offsite storage and update departmental records and/or the **Record Request Form** as required to document when records have been returned to offsite storage.
- G. Arrange for offsite commercial storage to pickup records and return them to offsite storage.

To obtain the most current information regarding records management policies, procedures, forms, and record retention, and for all records-related questions, please contact the Records Management Staff in the Law Department:

773-553-1700

Enterprise Records Manager

773-553-1679

Records Systems Administrator

773-553-1593



Appendix A – Internal Accounts

- Chart of Accounts
- Trial Balance Sample
- School Sport Officials Form
- Petty Cash Reconciliation
- Student Fee Waiver Form
- Tax Identification and Exemption Letter



Chart of Accounts

http://cps.k12.il.us/AboutCPS/Departments/finance/forms/CPS_Chart_of_Accounts.xls



Trial Balance Sample

http://cps.k12.il.us/AboutCPS/Departments/finance/forms/Trial_Balance_Sample.xls



School Sport Officials Form

http://cps.k12.il.us/AboutCPS/Departments/finance/forms/School_Sport_Officials_Form.xls



Petty Cash Reconciliation

http://cps.k12.il.us/AboutCPS/Departments/finance/forms/Petty_Cash_reconciliation_school_form.xls



Student Fee Waiver Form

http://cps.k12.il.us/AboutCPS/Departments/finance/forms/Student_Fee_Waiver_Form.xls



Tax Identification and Exemption Letter

http://www.cps.k12.il.us/AboutCPS/Departments/finance/forms/Tax_Exempt.pdf

Appendix B – Cash Receipts/Revenue

- Treasurer’s Receipt
- Teacher’s Receipt
- Payor List
- School Usage Permit
- Concession Sales Accounting Report
- Ticket Accounting Report
- Perpetual Inventory Card/Report
- Check Transmittal Form
- Grants, Gift, and Donations Access Request Form
- Receipt Memorandum



Treasurer's Receipt

http://cps.k12.il.us/AboutCPS/Departments/finance/forms/Treasurers_Receipt.xls

INSTRUCTIONS FOR PREPARATION OF SCHOOL *TREASURER'S RECEIPT*

A school *Treasurer's Receipt* is to be prepared immediately upon receipt of all monies by the School Treasurer.

1. All receipts should be completed in ink showing the current date, cash amount, check amount, account to receive credit, the name of the person making the deposit, *Teacher's Receipt* number or "List of Names on File," and the treasurer's signature.
2. All receipts must be completed in duplicate, with an original issued to the person from whom the funds were received and the duplicate kept intact in the receipt book.
3. All receipts must be issued in numerical sequence.
4. When it is necessary to void a receipt, the word **VOID** should be written in **BOLD** letters across the face of the original and the duplicate copies of the receipt and both copies left intact in the receipt book.
5. The reverse side of the last duplicate school *Treasurer's Receipt*, covering those funds that are being deposited, should be completed in its entirety when the School Treasurer is making a deposit.



Teacher's Receipt

http://cps.k12.il.us/AboutCPS/Departments/finance/forms/Teachers_Receipt.xls

INSTRUCTIONS FOR PREPARATION OF *TEACHER'S RECEIPT*

Teacher's Receipts must be prepared for all monies collected by school personnel who are authorized by the Principal to make such collections. However, when group participation is anticipated, (i.e. charitable contributions, field trips, graduation, workbooks, etc.) a list of payor names will be acceptable in lieu of duplicate receipts.

1. *Teacher's Receipts* should be prepared in ink and must show the date the money was received, the amount received, cash or check, the purpose of the collection, and the person from whom the money was received. The person receiving the money must sign all receipts.
2. All receipts must be prepared in duplicate, with the original copy issued to the person from whom the money was received and the duplicate copy kept intact in the receipt book.
3. Receipts must be issued in numerical sequence.
4. When it is necessary to void a receipt, the word **VOID** should be written in **BOLD** letters across the face of the original and the duplicate copies of the receipt left intact in the receipt book.
5. All money collected must be deposited daily with the School Treasurer. The *Teacher's Receipt* book or a list of payor names, as noted above, must be presented to the School Treasurer when deposits are made.
6. Each time the receipt book is presented, the School Treasurer must complete the reverse side of the last duplicate receipt in the *Teacher's Receipt Book* covering deposits with the School Treasurer.
7. Receipt books must be returned to the School Treasurer after each activity. These receipts books are to be reissued for the next event. All receipt books must be returned to the School Treasurer at the end of the school year.



Payor List

http://cps.k12.il.us/AboutCPS/Departments/finance/forms/Payor_List.xls



School Usage Permit

http://cps.k12.il.us/AboutCPS/Departments/finance/forms/School_Usage_Permit.xls



Concession Sales Accounting Report

http://cps.k12.il.us/AboutCPS/Departments/finance/forms/Consession_Sales_Accounting_Report.xls



Ticket Accounting Report

http://cps.k12.il.us/AboutCPS/Departments/finance/forms/Ticket_Accounting_Report.xls



Perpetual Inventory Card/Report

http://cps.k12.il.us/AboutCPS/Departments/finance/forms/Perpetual_Inventory_Card.xls

INSTRUCTIONS FOR PREPARING PERPETUAL INVENTORY CARD (AUDIT 160-A)

Sales of a continuous nature, i.e. locks and other items sold by a school, require the use of **Perpetual Inventory Cards**. This card is an additional record keeping aid used in conjunction with the **Concession Sales Accounting Report**. Teacher-sponsors conducting periodic sales; i.e. candy taffy apples, etc. may elect to use **Perpetual Inventory Cards** in addition to the **Concession Sales Accounting Report** when numerous transactions are anticipated controls are needed.

TEACHER-SPONSOR:

1. Complete the information required at the top of the report.
2.
 - a. The beginning inventory withdrawn from the School Treasurer on the Internal Accounts Monthly Trial Balance or the quantity of sale items on hand per physical count, from previous semi-annual reporting period is entered in columns (2) and (5). Enter the appropriate date in column (1).
 - b. Inventory data transferred from one inventory card to another (due to additional space requirements) at any time other than at the end of a periodic sale or semi-annual reporting period, is posted from the total line for columns (2), (3), (4), (5), and (8) of the previous card. Enter the appropriate date in column (1).
3. As additional inventory items are withdrawn from the School Treasurer on form Internal Accounts Monthly Trial Balance, enter the date and quantity withdrawn in columns (1) and (3) respectively.
4. As sales are made, the summary of sale activity is entered in column (1) and (4) respectively.
5. Column (5) is increased by the amount posted to column (3) and decreased by the amount posted to column (4).
6. As cash receipts are deposited with the School Treasurer, complete columns (6), (7), and (8).
7. At the conclusion of the sale or at the end of the reporting period (November or May), total all columns except columns (5), (6), and (7).
8. Indicate whether the totals are being carried forward to a new card and/or if they are being recorded on a **Concession Sales Accounting Report** by checking the appropriate box(es) on the **Perpetual Inventory Card**.

NOTE: If the totals pertain to the end of a periodic sale or semi-annual reporting period, the MUST be posted to a **Concession Sales Accounting Report**.

Perpetual Inventory Cards must be attached to the original copy of the **Concession Sales Accounting Report** to support the information reported.



Check Transmittal Form

http://www.cps.k12.il.us/AboutCPS/Departments/finance/forms/Check_Transmittal_Form_and_Sample.pdf




Grants, Gift, and Donations Access Request Form

http://www.cps.k12.il.us/AboutCPS/Departments/finance/Grant_Gift_Donation_Application_Request_Form.pdf



Receipt Memorandum

http://cps.k12.il.us/AboutCPS/Departments/finance/forms/Receipt_Memorandum.doc



Appendix C – Fundraising

- Local School Fundraising Accounting Proposal
- Local School Fundraising Accounting Report



Local School Fundraising Accounting Proposal

http://cps.k12.il.us/AboutCPS/Departments/finance/forms/Local_School_Fundraising_Accounting_Proposal.xls

Procedures for Conducting Fundraising Activities in the Schools

For all fundraising activities

1. Complete the ***Local School Fundraising Proposal***.
2. Obtain the prior written approval of the principal. This approval is required for all fundraising activities regardless of anticipated receipt value.
3. Obtain the prior written approval of the Area Instructional Officer. This approval is required for all sales.

For all school and LSC-sponsored fundraising activities as well as fundraising activities conducted with an outside organization.

1. Ensure the entire school or formal group is hosting or co-hosting the fundraising activity. A formal group must be a pre-defined group of students, such as a class or club, with a teacher or faculty member sponsor. A random group of students or partial collection of students from a class or club does not legitimize a formal group.
2. Complete steps (1-3) outlined for all fundraising activities.
3. Note: The Office of School Financial Services recommends that if an entire school or a large student body is conducting a fundraiser, then the school pre-sell fundraising merchandise before delivering the product (i.e. catalog ordering). This recommendation is made to prevent the school from losing profits because fundraising merchandise is lost or unaccounted for without receiving proper payment.
4. Deposit fundraising sales daily with the School Treasurer. This policy also applies to fundraising activities sponsored by Local School Council. At the conclusion of the sale, should an out-of-school organization be involved, their share of the profits will be paid out of the Internal Accounts by the school.
5. Complete the ***Local School Fundraising Accounting Report***. This form requests a financial account of the actual money collected, expenses incurred and profit made from the fundraising activity. This report is due no later than 1 week from the closing date of the fundraising activity.

For fundraising activities conducted by an outside organization (i.e. College Fund/UNCF, United Way, National Hispanic Scholarship Fund)

1. Ensure the organization is an accredited group or agency approved by the Chicago Board of Education to host a fundraising activity in the schools. You may call the Bureau of General Accounting to verify this fact.
2. School personnel may serve in a capacity to collect the funds. Checks should be made payable directly to the organization. If cash is received, it should be deposited with the School Treasurer who will write a school check payable to the organization for the same amount of cash received.



Local School Fundraising Accounting Report

http://cps.k12.il.us/AboutCPS/Departments/finance/forms/Local_School_Fundraising_Accounting_Report.xls

Appendix D – Cash Advances, Payables, and Purchasing

- School Expenditure Requisition Order
- Requisition Worksheet
- School Cash Advance Reconciliation
- Web Inquiry
- Oracle Budget Transfer Tool
- Reimbursement Form
- Letter of Funds Distribution Request



School Expenditure Requisition Order

http://cps.k12.il.us/AboutCPS/Departments/finance/forms/School_Expenditure_Requisition_Order.xls



Requisition Worksheet

http://cps.k12.il.us/AboutCPS/Departments/finance/forms/Requisition_Worksheet.xls



School Cash Advance Reconciliation

http://cps.k12.il.us/AboutCPS/Departments/finance/forms/School_Cash_Advance_Reconciliation.xls

Web Inquiry

With the Oracle Web Inquiry Tool, you may translate between legacy and Oracle chart of accounts, check your budget balances, look up purchase orders and invoices, perform vendors, and review CPS locations.

Please access the Web Inquiry Tool via the Oracle applications login page at http://erp.csc.cps.k12.il.us:8000/OA_HTML/US/ICXINDEX_appsprod_erp.htm

Chart of Accounts Translator

From the **COA/Funds** tab, you may translate budget lines and check funds.

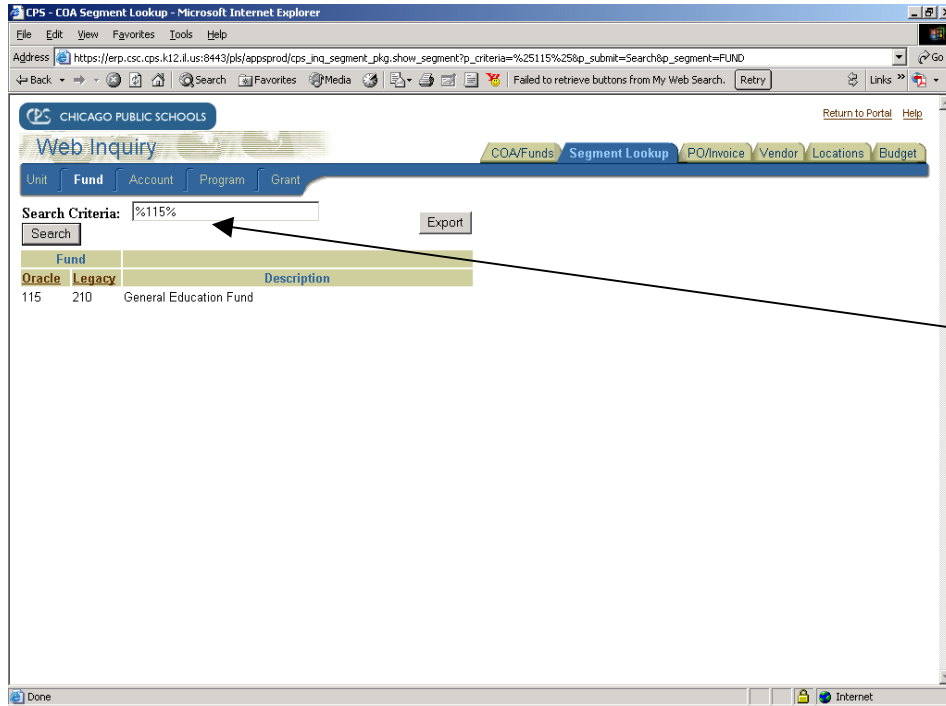
Enter either legacy or Oracle account information.

Click on the arrow buttons to perform account translation.

Click on the **Funds Lookup** button to review funds available, budget and expenditures.

Segment Lookup

From the **Segment Lookup** tab, you may search on any chart of account segment (Unit, Fund, Account, Program, or Grant). Enter either the legacy or Oracle segment to translate.



Select the appropriate segment to review. Type the value in the **Search Criteria** box.

PO/Invoice

From the **PO/Invoice** tab, you may search on invoices, purchase orders, requisitions.

For Purchase Orders, narrow criteria by entering PO number or status (open or closed), dates, vendor name or number, Board Report number, or budget line.

The screenshot shows a web browser window titled "PO Inquiry - Microsoft Internet Explorer". The address bar contains a URL from the Chicago Public Schools system. The page header includes "CHICAGO PUBLIC SCHOOLS" and a "Web Inquiry" section with tabs for "COA/Funds", "Segment Lookup", "PO/Invoice", "Vendor", "Locations", and "Budget".

The "Search Criteria" section contains the following fields:

- Search For: PO
- PO Status: All
- Vendor Number: 14360
- Vendor Name: OFFICE DEPOT
- PO Number: (empty)
- From Date: 03/01/2005
- Board Report No: (empty)
- To Date: 03/05/2005

The "Budget Line" section contains a table with the following data:

Unit	Fund	Account	Program	Grant	Year
12410	115	53405	252502	000000	

Buttons for "Search" and "Reset" are located below the budget line table. Below the search criteria are buttons for "Requisition", "Invoice", "PO Detail", and "Export".

The "PO Search Results" section displays a table with the following data:

PO Num	Image	PO Date	Status	PO Amount	Open Amount	Closed	Cancelled	Vendor Name
892454		03/01/2005	APPROVED	16.70	0.00	CLOSED	N	OFFICE DEPOT
Total				16.70	0.00			

For Invoices, narrow criteria by entering vendor name or number, invoice or PO number, dates, or budget line.

The screenshot shows the 'PO Inquiry' web application interface. The 'Search Criteria' section is configured as follows:

- Search For:** Invoice
- Invoice Number:** (empty)
- Vendor Number:** 14360
- Vendor Name:** OFFICE DEPOT
- PO Number:** (empty)
- From Date:** 03/01/2005
- To Date:** 03/05/2005

The **Budget Line** table is populated with the following data:

Unit	Fund	Account	Program	Grant	Year
12410	115	53405	252502	000000	

For Requisitions, narrow criteria by entering vendor name or number, requisition or PO number, dates, or budget line.

The screenshot shows the 'PO Inquiry' web application interface. The 'Search Criteria' section is configured as follows:

- Search For:** Requisition
- Requisition Number:** (empty)
- Vendor Number:** 14360
- Vendor Name:** OFFICE DEPOT
- PO Number:** (empty)
- From Date:** 03/01/2005
- To Date:** 03/05/2005

The **Budget Line** table is populated with the following data:

Unit	Fund	Account	Program	Grant	Year
12410	115	53405	252502	000000	

From the **Vendor** tab, narrow criteria by entering vendor name, number, status or type.

The screenshot shows a web browser window titled "Vendor Inquiry - Microsoft Internet Explorer". The address bar contains the URL: https://erp.csc.cps.k12.il.us:8443/pls/appsprod/cps_inq_vendor_pkg.show_vendor_inquiry?p_vnd_nbr=&p_vnd_name=Office+Depot&p_vnd_type=VND&p_status=ACT&p_submit=5. The page header includes "CHICAGO PUBLIC SCHOOLS" and "Web Inquiry". Navigation tabs include "COA/Funds", "Segment Lookup", "PO/Invoice", "Vendor", "Locations", and "Budget".

Vendor Search Criteria

Vendor Number:
Vendor Name:
Vendor Type:
Vendor Status: Active Inactive All

Vendor Search Results

Vendor Num	Vendor Name	Vendor Address	Type	Status	Inactive Reason
14360	OFFICE DEPOT	515 KEHOE BLVD., CAROL STREAM, IL, 60188	Vendor	Active	

Locations

From the **Locations** tab, view CPS locations by using search criteria such as unit or location name, Oracle or legacy unit number, address information, or location status.

Ship-To Locations Search Criteria

Unit Name: Location Name:
 Oracle Unit: Address Line:
 Legacy Unit: Zip Code:
 Region: Location Status: Active Inactive All

Region	Unit (Legacy)	Unit Name	Location	Address
	01000 (1000)		Instruction-Dup	125 South Clark Street, Chicago, 60603
01	05011 (0501)	Area Elementary Instructional Office 1	Area Office 1	6323 North Avondale 228, Chicago, 60631
01	05021 (0502)	Area Elementary Instructional Office 2	Area Office 2	6323 North Avondale Avenue, Chicago, 60631
01	05031 (0503)	Area Elementary Instructional Office 3	Area Office 3	6323 North Avondale Avenue 228, Chicago, 60631
02	05041 (0504)	Area Elementary Instructional Office 4	Area Office 4	2021 North Burling Street, Chicago, 60614
05	05051 (0505)	Area Elementary Instructional Office 5	Area Office 5	2021 North Burling Street, Chicago, 60614
02	05061 (0506)	Area Elementary Instructional Office 6	Area Office 6	2021 North Burling Street, Chicago, 60614
03	05071 (0507)	Area Elementary Instructional Office 7	Area Office 7	1750 W. Warren Blvd, Chicago, 60612
03	05081 (0508)	Area Elementary Instructional Office 8	Area Office 8	54 N. Hermitage, Chicago, 60612
03	05091 (0509)	Area Elementary Instructional Office 9	Area Office 9	1750 W. Warren Blvd., Chicago, 60612
04	05101 (0510)	Area Elementary Instructional Office 10	Area Office 10	4655 S. Dearborn 4th Floor, Chicago, 60609
05	05111 (0511)	Area Elementary Instructional Office 11	Area Office 11	6533 South Stewart Avenue, Chicago, 60621
04	05121 (0512)	Area Elementary Instructional Office 12	Area Office 12	4655 S. Dearborn 4th Floor, Chicago, 60609
04	05131 (0513)	Area Elementary Instructional Office 13	Area Office 13	4655 S. Dearborn 4th Floor, Chicago, 60616
05	05141 (0514)	Area Elementary Instructional Office 14	Area Office 14	6533 South Stewart Avenue, Chicago, 60621
05	05151 (0515)	Area Elementary Instructional Office 15	Area Office 15	6533 South Stewart Avenue, Chicago, 60621

Budget

From the **Budget** tab, check original and current budgets, commitments, obligations, expenditures, and funds available.

The screenshot shows a web browser window titled "Budget Inquiry - Microsoft Internet Explorer". The address bar contains the URL: https://erp.csc.cps.k12.il.us:8443/pls/appsprod/cps_inq_budget_pkg.show_inquiry?pCookie=R. The page header includes the Chicago Public Schools logo and navigation tabs for "COA/Funds", "Segment Lookup", "PO/Invoice", "Vendor", "Locations", and "Budget". A tip message states: "Tip The search results are based on data refreshed last night." The main content area is divided into three sections: "Search Criteria", "Group Criteria", and "Display Criteria".

Search Criteria

Fund Type :	All
Unit :	12410
Fund Ranges :	115 to 115
Account Ranges :	52140 to 52140
Program Ranges :	252502 to 252502
Grant Ranges :	000000 to 000000

Group Criteria

First Segment :	Unit
Second Segment :	
Third Segment :	
Fourth Segment :	
Fifth Segment :	

Display Criteria

Show Subtotal :	<input checked="" type="checkbox"/>
Show Inbound/Outbound :	<input type="checkbox"/>
Show Segment Description :	<input type="checkbox"/>

At the bottom of the form are "Search" and "Reset" buttons.

Oracle Budget Transfer Tool

To transfer funds on Oracle budget lines, use the Oracle Budget Transfer Tool. Access this tool through the Oracle applications login screen http://erp.csc.cps.k12.il.us:8000/OA_HTML/US/ICXINDEX_appsprod_erp.htm and then selecting the “CPS PSB Budget Transfer” responsibility. Please refer to the Office of Management and Budget’s budget manual for addition information.

The screenshot shows the Oracle Budget Transfer Form in a Microsoft Internet Explorer browser window. The browser title is "CPS - Budget Transfer - Microsoft Internet Explorer". The address bar shows the URL: https://erp.csc.cps.k12.il.us:8000/OA_HTML/US/ICXINDEX_appsprod_erp.htm. The page header includes "CHICAGO PUBLIC SCHOOLS" and "Budget Transfer".

The form is titled "Budget Transfer Form" and contains two main sections: "Favourite From Budget Lines" and "Favourite To Budget Lines".

From Budget Line Table:

Unit	Fund	Account	Program	Grant	Year
12410	115	53405	252501	000000	2006
Available :					3,421.05

To Budget Line Table:

Unit	Fund	Account	Program	Grant	Year
12410	115	53405	254902	000000	2006
Available :					0.00

Below the tables, there is an "Amount" field with the value "250.00" and a note "(No comma's. Example 10000.00)". A "Justification" field contains the text "Supply money needed for XXXX". The "Status" is "INCOMPLETE" and the "Transfer Number" is empty.

At the bottom of the form, there are several buttons: "Show Funds", "Submit Request", "Submit Request & Copy", "Save Request", "Upload Doc", and "Reset".

Callout boxes on the right side of the screenshot provide instructions for each field and button:

- Enter Oracle budget line to transfer **FROM**.
- Enter Oracle budget line to transfer **TO**.
- Enter amount to be transferred.
- Enter reason for budget transfer request.
- Show funds available.
- Click the **Submit Request** Button to complete the budget transfer request.



Reimbursement Form

http://cps.k12.il.us/AboutCPS/Departments/finance/forms/AP_Reimbursements.pdf



Letter of Funds Distribution Request

http://cps.k12.il.us/AboutCPS/Departments/finance/forms/AP_Letter_of_Funds_Distribution_Request.pdf



Appendix E – Assets and Equipment

- Furniture and Equipment Register
- Asset Transfer and Disposal Form
- Instructions for Completing the Asset Register and the Asset Transfer/Disposal Forms
- Burglary and Theft Report



Furniture and Equipment Register

<http://www.cps.k12.il.us/AboutCPS/Departments/finance/forms/Asset Register.xls>



Asset Transfer and Disposal Form

<http://www.cps.k12.il.us/AboutCPS/Departments/finance/forms/Asset Disposal-Transfer Form.xls>



Instructions for Completing the Asset Register and the Asset Transfer/Disposal Forms

http://www.cps.k12.il.us/AboutCPS/Departments/finance/forms/Asset_Register-Disposal_Instructions.pdf



Burglary and Theft Report

http://cps.k12.il.us/AboutCPS/Departments/finance/forms/Buglary-Theft-Property_Destruction_Report.xls

Appendix F – Policies and Procedures

- Policy Regarding Financial Supervision
- Policy on Educational Crisis
- Amend Resolution 86-0625-RS1, Resolution Concerning Misappropriated or Misused School Funds
- Imposition of Charges on Returned Payment Instruments
- Investment Policy
- Debt Management Policy
- Student Travel
- Reimbursement for Work-Related Expenses
- Purchasing Board Report Procedures
- Code of Ethics
- Maintenance and Disposal of Assets
- Guidelines for Establishing Elementary and High School Student Fees
- Policy Regarding Waiver of School Fees
- Acceptance of All Grants, Gifts, and Donations
- Policy on Local School Council Fundraising
- Retention and Management of Business Records
- Guidelines for Maintenance of Student Records
- Parent and Student Rights of Access to and Confidentiality of Student Records
- Compliance with Freedom of Information Act Requests
- State Chapter 1 Expenditure Guidelines



Policy Regarding Financial Supervision

<http://policy.cps.k12.il.us/documents/401.10.pdf>



Policy on Educational Crisis

<http://policy.cps.k12.il.us/documents/302.1.pdf>

Amend Resolution 86-0625-RS1, Resolution Concerning Misappropriated or Misused School Funds

<http://policy.cps.k12.il.us/documents/406.1.pdf>

Imposition of Charges on Returned Payment Instruments

<http://policy.cps.k12.il.us/documents/403.7.pdf>



Investment Policy

<http://policy.cps.k12.il.us/documents/403.1.pdf>



Debt Management Policy

<http://policy.cps.k12.il.us/documents/404.1.pdf>



Student Travel

<http://policy.cps.k12.il.us/documents/604.3.pdf>



Reimbursement for Work-Related Expenses

<http://policy.cps.k12.il.us/documents/507.1.pdf>



Purchasing Board Report Procedures

http://www.csc.cps.k12.il.us/purchasing/board_reports.html

http://www.csc.cps.k12.il.us/purchasing/ppts/Board_Rule_Changes_11-01-04.ppt



Code of Ethics

<http://policy.cps.k12.il.us/documents/503.1.pdf>



Maintenance and Disposal of Assets

<http://policy.cps.k12.il.us/documents/401.9.pdf>

Guidelines for Establishing Elementary and High School Student Fees

<http://policy.cps.k12.il.us/documents/408.2.pdf>

Policy Regarding Waiver of School Fees

<http://policy.cps.k12.il.us/documents/408.1.pdf>

Acceptance of All Grants, Gifts, and Donations

<http://policy.cps.k12.il.us/documents/403.3.pdf>



Policy on Local School Council Fundraising

<http://policy.cps.k12.il.us/documents/401.7.pdf>



Retention and Management of Business Records

<http://policy.cps.k12.il.us/documents/203.2.pdf>



Guidelines for Maintenance of Student Records

<http://policy.cps.k12.il.us/documents/706.1.pdf>

Parent and Student Rights of Access to and Confidentiality of Student Records

<http://policy.cps.k12.il.us/documents/706.3.pdf>

Compliance with Freedom of Information Act Requests

<http://policy.cps.k12.il.us/documents/203.1.pdf>



State Chapter 1 Expenditure Guidelines

<http://policy.cps.k12.il.us/documents/401.5.pdf>

Appendix G – Frequently Asked Questions

Controller's Office/General Accounting

Q: What departments are under the Office of School Financial Services?

A: The Office of School Financial Services includes the Chief Financial Office, Controller's Office, General Accounting, Risk Management, Account Payable, Treasury & Debt Management, School Business Services, Payroll Services, and Revenue.

Q: What is the website for the Office of School Financial Services?

A: The website for the Office of School Business Services is:
<http://www.cps.k12.il.us/AboutCPS/Departments/finance/index.html>

Q: What is the procedure for obtaining Oracle access?

A: For iProcurement, Budget Transfer or Gift/Grants/Donation access forms, go to the Oracle Applications Website at https://erp.csc.cps.k12.il.us:8443/OA_HTML/cps_portal_doc/index.html, or contact the Office of Enterprise Financial Systems at 773-553-4101 for iProcurement and Budget Transfer form, and For the Grant/Gift/Donation Application access request form, go to the Office of Management and Budget website at https://erp.csc.cps.k12.il.us:8443/OA_HTML/cps_portal_doc/user_req_forms/Grant_Access_Request.doc

Q: What is a FEIN (or EIN)?

A: Federal Tax ID Number

Q: What is Chicago Public Schools' FEIN?

A: 36-6005821

Each Chicago Public Schools unit shares the same FEIN as the Central Office and should never report a different number.

Q: How does the Department of Food Services calculate school vending machine funds?

A: Vending machine payments represent an advance payment for the next fiscal year that is estimated at 50% of previous year's earnings and the reconciliation of earnings from the prior fiscal year.

Q: When and how are a school's beverage funds distributed?

A: Food Services reconciles the beverage fund earnings in August/September and provides the Controller's Office a file for distribution. Payments are sent electronically to school bank accounts for units that have complied with the Internal Account Survey requirements – online Internal Accounts Survey, May general ledger reconciliation, May bank statement, and Asset/Equipment Register.

Q: How does the Chicago Public Schools report its financial condition?

A: Each year, School Financial Services produces an annual report. The report is distributed in a comprehensive format (CAFR) and in a popular version (PAFR). These reports include audited financial numbers for the entire district for the one-year fiscal period dated July 1 through June 30 of each year.

Q: How may I get a copy of the Insider's Guide to School Business and Internal Accounts Manual?

A: Contact the Controller's Office at 773-553-2710. You may also get a copy of the manual on-line at <http://www.cps.k12.il.us/AboutCPS/Departments/finance/IAmanual/>

Q: What is a CAFR?

A: The Comprehensive Annual Financial Report (CAFR) is the official report for government agencies and includes combined statements of revenues, expenditures, and changes in the financial position. This report also provides supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a statistical section that gives more detailed information on Chicago Public Schools and the local environment.

Q: What is a PAFR?

A: *The Popular Annual Financial Report (PAFR) presents the financial information in a way that is more understandable to parents, taxpayers, and civic leaders.*

Q: Where are the CPS annual reports published?

A: *The annual reports may be located online at http://www.cps.k12.il.us/AboutCPS/Financial_Information/CAFR/cafr.html*

Copies of the CPS annual report are available by contacting the Controller's Office at 773-553-2710.

Accounts Receivable

Q: Where are Central Office payments sent?

A: *The Central Office has one payment center - Accounts Receivable 125 South Clark, 14th Floor, GSR 125. General interoffice mail routes are effective, safe, and fast for sending payments - personal visits are not required. All payments should be identified by check number, account, or dollar amount to verify deposit dates.*

The Central Office bank account accepts AR endorsement of payments made payable to any school unit name or Central Office name. It is acceptable to send the Central Office a check made payable to a school for a deposit.

Q: If a payment is sent to the Central Office for deposit, who is the contact to request and verify funds are loaded to a specific budget line?

A: *Because of a separation of powers between Finance and the Office of Management and Budget, the Office of Management and Budget is the only CPS department authorized to load funds to a budget line. (This process provides for a check and balance system between depositing and loading funds to budget lines to exist.)*

Q: What are 280 funds?

A: Fund 280 is the Special Income Fund. This fund includes monies received from grants and donations from various foundations, individuals, charitable/civic organizations, and private corporations, as well as rental income of school areas (parking lots, auditoriums, classrooms, etc.). Fund 280 balances are carried over from year to year. Please refer to http://www.cps.k12.il.us/AboutCPS/Departments/management/Fund_280.pdf for additional information.

Q: What department do I contact for fund 280 requests?

A: Please contact the Office of Management and Budget for fund 280 requests.

Q: How are non-sufficient funds (NSF) check handled in our internal accounts?

A: Pursuant to Board Policy 403.7 (<http://policy.cps.k12.il.us/documents/403.7.pdf>), a CPS unit should charge a return payment fee of \$34.00 in addition to the original amount due from the payer. Please post signs to inform parents and others of the NSF fee.

Q: What is procedure for rental income?

A: Rental income should be deposited into the school's internal accounts. These funds may be used at the school's discretion. For most rentals, an engineer or security officer may need to be present. A portion of the rental funds may be used to cover the salaries. A school should deposit the entire check into their internal accounts and then issue CPS a check for any estimated funds to be added to a bucket position. Please refer to the Office of Management and Budget's Fund 280 procedures for further clarification.

Contact the Department of Real Estate before signing any rental agreements.

Q: What is the current rate for Non-Resident Tuition?

A: The Illinois State Board of Education (ISBE) calculates the non-resident tuition rate for school districts in Illinois. This information is based upon school district expenditures and attendance records. This information is disseminated by ISBE in April for the preceding year.

Any non-resident student wishing to attend a CPS school must pay 110% of the non-resident tuition rate and gain the principal's permission prior to attending the school. Non-resident students are not allowed to attend any magnet schools. The current rate is \$6,772.47. The Board rule may be referenced in Section 5-17 of the Board Rules:

http://www.cps.k12.il.us/AboutCPS/Board/Board_Rules/Chapter_V.pdf

Any student that becomes a non-resident during the course of a school year shall not be charged non-resident tuition for the remainder of the year. However, the student shall not be allowed to attend the CPS school the following year.

Q: What happens if I do not promptly deposit checks issued to our school from the State Comptroller's Office on behalf of a state agency?

A: All funds received should be promptly deposited. Many schools receive reimbursement from state agencies (such as prom or graduation fees from DCFS or substitute reimbursements from ISBE). The Accounts Receivable unit completes a quarterly review of all checks issued and not deposited. If a check has not been deposited, the Receivables Department will request the state void the payment instrument and reissue the payment to the Central Office for deposit.

Grant Acceptance

Q: How do schools accept grants?

A: Any CPS unit that receives any type of grant, gift, or donation from a parent/teacher organization or private entity must gain approval from the Chief Financial Officer (CFO) prior to using these funds. An Oracle based grants, gifts, and donations system has been developed to obtain quick and easy approval. This database includes imaging and a permanent record available to the school. Effective November 2004, to comply with state laws, the Board passed policy 404.3 (<http://policy.cps.k12.il.us/documents/403.3.pdf>) related to the acceptance of grants.

Donations are to be itemized in the school's internal account survey.

Grant Acceptance questions may be directed to the Grant Acceptance E-mail address at grantsacceptance@cps.k12.il.us or by contacting the Grant Acceptance Department at 773-553-2394.

Q: Who should sign the agreement for governmental grants at CPS?

A: The Chief Financial Officer (CFO) is authorized to sign grant agreements from governmental agencies on behalf of CPS. Following the grant acceptance process, please contact the Grant Acceptance Department to obtain CFO approval for the execution of any agreements in which CPS will receive funds.

Grant Reporting

Q: Who performs the financial reporting for a received grant?

A: The Grant Reporting Unit is responsible for reporting all financial expenses related to governmental grants, including federal funds that flow through third parties such as university. Any narrative reporting is required to be completed by the “hands-on” grant administrator who is expensing the funds. The Grant Reporting Unit ensures that governmental grant funds are appropriated to the appropriate unit prior to receiving the funds. The Grant Reporting Unit ensures collection and proper expenditure reporting and also maintains a file to satisfy audit requests. Periodic notices from the Grant Reporting Unit will be sent to schools/units if missing documentation has not been obtained.

Examples of governmental funding agencies include: Illinois Art Council, Department of Commerce & Economic Opportunity, and Northeastern Illinois University. Governmental funding agencies for Central Office grants include: US Dept. of Education, US Dept. of Human Services, Illinois State Board of Education, Illinois Dept. of Public Aid, City of Chicago, and sister agencies.

Private foundation and donations may require financial reporting. This reporting responsibility lies with the unit receiving the funds. If funds are deposited internally, this money should be kept in an independent account and expenditure invoices should be maintained. To prevent fund commingling with legacy project 432 (citywide miscellaneous), funds sent to the Central Office to be loaded to a budget line (for example, salaries), should be segregated by program number.

***New Schools for Chicago** funds are being loaded into separate project numbers. Principals are required for all expenditure reporting. Detailed Expenditure Reports are available in Oracle.*

Accounts Payable

Q: What is the procedure if a Central Office or school unit purchase order has been canceled?

A:

- 1. Return the goods or merchandise, **or***
- 2. Pay for the goods from the unit’s internal accounts, **or***
- 3. Identify a non-grant funding line to request a new requisition.*

Q: What is a grant/project value end date and how does this affect units?

A: The Oracle purchasing system has program controls to read end dates and liquidation dates of a grant numbers. Grant numbers in Oracle correspond with the Legacy Project Numbers in the budget lines. Each grant has a specific time frame in which goods/services must be delivered. All purchase orders must be paid in full by the liquidation date. Most grant timelines terminate at the end of the fiscal year. State grants and most federal grants end in August and September.

Q: How long is a purchase order valid?

A: Non-grant related purchase orders are valid for a maximum of one year. Grant related purchase orders have a Central Office pre printed final acceptable delivery date and date of cancellation, usually sixty days after the grant ends. If all invoicing and receipting is not completed by the cancellation date, the responsibility for payment falls upon the unit for identifying a new budget line from which to make the payment. Please avoid these issues by spending early and ensuring vendors follow CPS Purchasing procedures. (If a unit waits until the final days of a grant before completing a requisition, the PO will state that goods/services must be delivered within a potentially short time frame, the vendor may choose not to fulfill the order.)

Q: What is the colored notice my unit received from Accounts Payable?

A: Accounts Payable periodically sends out notices of cancellation to CPS units. These notices are printed on color paper for attention purposes. The notice indicates which of purchase orders will be canceled in sixty days. Vendors receive the same notice. Unpaid invoices from a canceled purchase order are the responsibility of the CPS unit to resolve. Additional funding will not be provided.

Internal Accounts Survey

Q: Schools are required to submit what Internal Accounts information?

A: Each year, all schools are required to submit four pieces of information: the Internal Accounts Survey (completed online), May bank statement, May M.Y.O.B.TM Bank Reconciliation Report, and the Asset Register. If applicable, Asset Transfer/Disposal Forms should be submitted to The Bureau of General Accounting. All information should be sent to Bureau of General Accounting, 125 S. Clark, 14th-Floor, GSR 125.

Q: When are the required pieces of Internal Accounts information due?

A: Every year, all information is due by **June 30th** (the end of the CPS fiscal year).

Q: What does this survey have to do with a school's vending machine money?

A: Each school's vending machine money is released upon acceptable submission of all four pieces of information (online Internal Accounts Survey, May bank statement, May M.Y.O.B.TM Bank Reconciliation Report, and Asset Register).

Q: Do I have to complete the survey even if my school does not receive vending machine money?

A: Yes, every school must complete the Internal Accounts Survey. Current governmental accounting rules require CPS to disclose the status of all accounts in the Comprehensive Annual Financial Report (CAFR) completely. In addition, federal grants require schools to track all grant expenditures and fixed assets over \$500.

Q: What happens to the Internal Accounts information submitted to School Financial Services?

A: Each year, the financial information schools submit is analyzed and then compiled into the district-wide CAFR. Furthermore, a sample of surveys is selected and audited for financial accuracy. Schools not in compliance may be subject to an internal audit.

Q: What if I forgot my unit's Internal Accounts Survey password?

A: Your unit's password may be obtained by E-mailing InternalAccounts@cps.k12.il.us or calling 773-553-4271 (IAS1).

Q: I am working on the online survey. Why am I unable to move on to the next section?

A: In the bank accounts sections, the system will not allow you to proceed to the next section unless the bank statement balances with your book statements. For all other sections, you cannot proceed if an unacceptable item populates one of the fields.

Q: How do I view my school's asset register from last year?

A: If your school has an asset register on file from a previous year, you can access it through the online survey by clicking on the **Fixed Asset File** button from the Main menu. This survey section has a "**Fixed Asset Files**" area. Here, previous asset registers will be listed and available for download. To download, follow the instructions under the file.

Q: What if my school purchases an asset after I have already submitted the Asset Register to Internal Accounts?

A: Upon purchasing new assets, you should update your asset register immediately. Afterward, please E-mail the updated version to Internal Accounts at InternalAccounts@cps.k12.il.us so Finance can upload the updated register to the online survey.

Q: How do I handle asset/equipment disposal?

A: Please follow the procedures in the Maintenance and Disposal of Assets Board Policy (<http://policy.cps.k12.il.us/documents/401.9.pdf>). As part of the procedures, please complete the Asset Transfer/Disposal Form and send it to General Accounting. Also, remember to delete the item off the Asset Register.

Q: Does the survey have to be completed all at once?

A: No. Every page you complete can be saved individually. If you need to quit while you are working, simply save the page you have been working on and then log off. The next time you log in, the saved information will be available for you to continue work.

Internal Accounts Manual

Q: How do I get training for Internal Accounts?

A: School Business Services offers Internal Accounts training as well as training in other fiscal areas. Please visit the training website at:

<http://www.quia.com/pages/sbstraining.html>

In addition, fiscal training manuals are located on the web at

<http://www.cps.k12.il.us/AboutCPS/Departments/finance/schoolbusiness.html>

Q: Why do I have to keep paper copies of all the reports as well as back-up diskettes or CDs?

A: The current Internal Accounts manual requires schools to maintain a paper copy of reports and a backup diskette of the data file as of the reporting period. A backup diskette/CD should be sent to the Region Office quarterly. The paper copies and diskettes/CDs serve as mutual backups of Internal Account Financial Records as of the Reporting period. Each month, prescribed copies of the printed monthly reports should be sent to your Region Office. A backup diskette/CD of the data file as of the end of each quarter must be sent to your Region Office. This process ensures that a copy of that information is on file if it is needed.

Q: Why do I have to document every purchase and receipt?

A: Every purchase and receipt must be documented to verify that funds are being used appropriately.

Q: How can I learn how to use M.Y.O.B.™?

A: School Business Services offers M.Y.O.B.™ training. In addition, an M.Y.O.B.™ Training Manual is located on the web at

<http://www.cps.k12.il.us/AboutCPS/Departments/finance/myob.pdf>

Q: Is my school required to use M.Y.O.B.™?

A: No, however, every school must use an automated accounting package. M.Y.O.B.™ is the recommended accounting software for the Chicago Public Schools.

Q: Will I know before my school is audited?

A: Most audits are announced. Some, however, may be unscheduled. Thus, schools must always be prepared for an audit.

Q: What should I do if my school receives an audit exception?

A: You must prepare a formal written response that includes not only plans to correct the issues but also plans for new procedures to prevent future occurrences. This should be sent to General Accounting and to the Region Office.

Q: When and how often should I deposit money?

A: Money should be deposited at least once a week. It is best to do this at the end of the week so that money is not left in the school over the weekend.

Q: How do I get Receipt Books?

A: To order receipt books, call All Printing and Graphics at 773-553-3048.

Q: How is M.Y.O.B.™ installed on my computer?

A: Contact 3-HELP and put in a job ticket. Please note that OTS should install MYOB 7 Plus - not MYOB 7.5. If this is a first installation and initial use of MYOB, please call 773-553-2712 or 773-553-2714 and request the data disk that includes the CPS chart of accounts.

Q: What documents should I maintain for all purchases?

A: Packing slips and original receipts must be kept on file at the schools.

Q: How should goods be received at my school?

A: Each school should have a central location where all goods are received. Once the packing slip has been matched with the items delivered, the items should be receipted in the Purchasing system within three days. Then the goods may be delivered to their final destination(s).

Q: How do I calculate benefits for positions?

A: *The following table provides all benefit rates that are needed to apply when opening a position. For additional information, please refer to the Budget Handbook for Schools, Section D.*

Benefit	Legacy Object	Oracle Account	Local	SGSA	Federal	State
General Liability Insurance	5490	54530	XXXX	0.20%	0.20%	XXXX
Teacher Retirement Pension	5620	57135	7.00%	7.00%	17.57%	7.00%
Unemployment Compensation	5640	57505	XXXX	0.20%	0.20%	XXXX
Worker's Compensation	5650	57605	XXXX	0.70%	0.70%	XXXX
Education Support Personnel Pension	5670	57205	7.00%	7.00%	17.63%	7.00%
Hospital/Dental/Life Insurance*	5680	57305	\$5,800	\$5,800	\$5,800	\$5,800
Medicare Tax**	5681	57405	1.45%	1.45%	1.45%	1.45%
Social Security***	5681	57405	6.20%	6.20%	6.20%	6.20%

(Medicare and FICA are Social Security taxes and equal 7.650%)

The gross cost per employee for the fiscal year for health and dental insurance is \$5,800; \$5,800, less an employee's contribution. The group life insurance cost is included in the amount. Cost is estimated by fund and is subject to change.

All CPS employees hired after March 31, 1986, are required by federal law to pay 1.45% of their earnings. CPS is mandated to match the same 1.45% for the eligible employees.

Employees who are not covered by one of the CPS' pension plans are required by federal law to have Social Security deductions. This includes non-board employees and high school students working under a "B" bucket (Oracle Account 52140 or legacy Object 5214).

These benefit lines are automatically calculated for new positions during the lump sum budget process. After the lump sum budget the school must calculate salary and benefit costs.