Internal Accounting Control Guidelines

DIOCESESAN CATHOLIC SCHOOLS

CATHOLIC DIOCESE OF ST. JOHN'S-BASSETERRE

This policy provides guidelines to all Principals and Directors of Diocesan School Boards for the effective management of financial resources and official records.

Office for Diocesan Catholic Schools
CATHOLIC CHANCERY | LANGFORDS, FRIARS HILL ROAD, ST. JOHN'S, ANTIGUA

Internal Accounting Controls for Diocesan Catholic Schools

1.00 Bank Accounts

1.01 All bank accounts must bear the name Bishop of St.John's-Basseterre/(Name of School). No bank accounts shall be in the name of an individual or group of individuals.

1.02 All school funds must be deposited only in accounts that bear the school's name.

1.03 Consistent with the diocesan financial rules, bank accounts in the name of the school may be opened or established only by decision of the Board and approved in writing by the Bishop or his designate. The Principal must be a signatory on school accounts.

1.04 The number of bank accounts held by a school should be kept at a minimum.

1.05 A list of all bank accounts must be reported to the Chancery.

1.06 Reconciliation should be performed each month by someone who does not have access to cash. In those instances where it is **impossible** to comply with this requirement, an **independent review** of the reconciliation shall be made by another member of that organization. Reconciliations may be reviewed periodically by the Chancery.

1.07 All unused cheques should be safeguarded in a safe or locked cabinet.

2. 00 Disbursements

2.01 All expenditures shall be consistent with and within the budget limits approved by the School Board. If possible, proposed significant expenditures beyond budget limits and non- budgeted items should be approved in advance by the School Board.

2.02 Pre-numbered cheques should be used and numerical control maintained.

2.03 Voided cheques should be accounted for in the monthly reconciliation.

2.04 All cheque disbursements require a minimum of two signatures, one of whom should be the Principal. Signature cards signifying the approved signatories must be on file in the school's/Board records. Please note that it is never advisable to pre-sign blank cheques.

2.05 Cheques shall be prepared from approved invoices or cheque requests. All cheque requests should be supported by receipts or other appropriate documents indicating the exact nature of the expenditure that was made. Some notation in writing should be made on the invoice or cheque request indicating that goods were received or services performed. Invoices should be reviewed for terms, prices, extensions and compared with the cheque request by the bookkeeper/burser and or administrative assistant.

2.06 Signatories should review the supporting data and approvals on the cheque requests/invoices prior to signing the cheques.

3.00 Receipts

3.01 Mail should be opened by someone other that the person responsible for recording cash receipts. Cheques received must be listed and endorsed before being turned over to the person responsible for deposit.

3.02 The person responsible for making the deposit (i.e. the person who prepares the deposit slip) should be someone other than the person responsible for recording receipts/reconciliation.

3.03 All receipts should be maintained in a locked file cabinet (preferrably fireproof) or safe until deposited. Only the Principal or his/her delegated agents should have the combination to this safe or the key to the locked file.

3.04 Cash receipts must be recorded and deposited as soon as possible. Copies of deposit slips must be maintained.

3.05.1 No cheques made payable to the school or any of its departments may be endorsed and converted into cash, nor deposited in accounts other than school's accounts.

4.00 Petty Cash Funds

4.01 Petty cash funds (up to a limit of $500) shall be maintained on an impress basis and periodically replenished for exactly the amount of expenditures from the fund. **Imprest basis means that at all times the sum of the cash on hand and the disbursement forms/invoices equals the total amount that is supposed to be in the fund.**

4.02 The fund shall be in the sole custody of a single person (preferrably the Principal or his/her delegate). The custodian should balance the fund on a monthly basis, and periodically, the Board Chair or his delegate(s) shall count the fund on a adhoc basis and maintain a record of the same.

4.04 Disbursements from the fund must be supported by petty cash disbursement forms which should be either typewritten or prepared in ink. All supporting data must be attached to the voucher. Upon reimbursement of the fund, every disbursement form (and supporting data) covered by the reimbursing cheque shall be reviewed for reasonableness and canceled in such a manner as to avoid reuse.

4.05 The petty cash fund shall be recorded as a cash account. Cash should be relieved and expense recorded when the petty cash disbursements forms are submitted and the fund is reimbursed.

5.00 Budgets

5.01 Each school is required to prepare an annual revenue and expense budget for usage in guiding the institution for the coming fiscal year's financial transactions. All necessary maintenance items should be included.

5.02 A one-year and five-year capital budget should be prepared for all expected and planned capital improvements, including existing and planned sources of funds to be used to pay for such improvements.

5.03 All budgets must be completed and submitted for review and approval to the Board by April 30th. School Boards are then required to submit approved budget to the Chancery (**SEE BUDGET PREPARATION TIMELINES).**

5.04 All budgets should be balanced or result in a surplus. In those instances where it is not possible to balance the budget, the sources of funds (e.g. savings, loans) to be used to balance the budget should be identified and approved by the Board.

Notwithstanding the above, no loan agreements shall be entered into onbehalf the of the school, unless written approval has been obtained from the Bishop.

5.05 Final approval of all budgets is the responsibility of the Board after consultation with the Principal.

6.00 Financial Reports

6.01 Financial reports should be submitted on a monthly basis to the Board in order to keep them fully informed on the current financial condition of the school.

6.02 The financial reports should be prepared on a cumulative year-to-date basis and compare actual revenue and expense items to budgeted amounts. Significant variations from budget and any unbudgeted items incurred should be explained. The reports should also include the beginning and ending cash balances.

6.03 A copy of the school's annual financial report must be submitted to the Chancery Offices via the Executive Assistant for Catholic Schools by August 31st of each year.The report must be signed/stamped as approved by the School Board before submitting to the Chancery.

6.04 Financial statements and supporting records of all schools are subject to review and examination by the Chancery at their discretion.

7.00 Payroll

7.01 All school employees without exception, will be paid through the approved payroll system.

7.02 All statutory and tax deduction forms must be filed and a copy retained in each employee's personnel file

8.00 Counting

8.01 All funds collected should be counted and cheques endorsed for deposit as soon as possible.

8.02 A Counting Committee comprised of no less than two persons must be established to count funds as expeditiously as possible. In setting up the Counting Committee, the selection of members should be considered to ensure the integrity of the process.

8.03 Cash count procedures should be in writing and furnished to each member of the Counting Committee.

8.04 Money should be recounted by another member and they should agree on the total.

8.05 The count results should be written in ink onto a standard count form and the deposit slip forwarded directly to the principal and the bookkeeper/bursar.

9.00 Fund Raising Activities

9.01 Fundraising is an important part of the the school's funding programme. It allows for the building of community through a collaborative effort among parents, students, school staff and other stakeholders to raise funds to enhance the school program and support school initiatives. These activities may include sponsorships and donations. Most importantly, fundraising activities must be conducted in a manner that priorotizes accountability and transparency.

(a) Schools should use adequate control procedures for all fund raising activities.

(b) Fund raising activities should be included in the budget.

(c) Every employee or volunteer involved in fundraising activities on behalf of Diocesan Catholic Schools is required to act with integrity at all times. In this regard, a personal or business interest in the fundraising event must be declared so that appropriate management decisions can be made.

10.0 Collection of Funds

10.01 The normal procedure for counting funds shall be applied to fundraisers

10.02 The counting committee in this case may be comprised of members of the particular fundraising event committee.

10.03 It is preferrable that monies be deposited on the same day of the event. If after hours events are a common feature, it is advisable that schools secure a night depository facility from their bank.

10.04 Strict security shall be maintained at all times when transferring money to be deposited.

10.05 A register of all cash and cheques received in any fundraising activity is to be maintained. Copies should be made of all cheques received and receipts (numbered in numerical sequence from the start of the implementation of fundraising) should be issued for all monies received.

10.06 All monies received in cash or by cheques should be accounted for and deposited to the bank within two (2) working days.

10.07 As far as practicable, the responsibility for collecting, controlling and depositing funds should be segregated from the officer responsible for maintaining accounting records.

11.0 Donations and Sponsorship

11.01 Schools are allowed to accept donations, gifts, sponsorship or pledges of future commitments that are consistent with its mission. However, the school shall be careful to record all donations, gifts, sponsorship or pledges, and report the same to the Board.

11.02 Donations in excess of $10 000.00 **MUST** be reported to the Chancery in writing, indicating the name of the doner and the purpose for which the funds will be designated.

11.03 School Boards must ensure that appropriate due deligence is done before accepting "large donations" from unfamilar donors.

12.0 Donor Recognition

12.01 This is a critical part of maintaininng a successful fundraising programme. Donor recognition could range from a simple personalized '*Thank You'* letter or a prominent place on the Donor/Partner Display Wall.

12.02 Schools shall also offer the Bishop an opportunity to recognize and thank major donors (contributions of $10,000.00 or more).

12.03 Significant donations made to schools will be recognized at the Chancery Level. The Principal shall inform of the school's interest in recognizing major donors. Such recognition may take the form of a formal thank you letter or card from the Chancery/Executive Assistant For Catholic Schools. In the case of the naming of a building or room, expressed written permission must be obtained from the Bishop.

12.04 Where a public ceremony is to be held for the purpose of recognizing a major donor, the school is required to collaborate with the Chancery to ensure that sufficient visibility is achieved and honour accorded.

Annex 1: Budget Preparation and Timelines

Phase 1: Preparation

The annual School Budget will be prepared for a period of one fiscal year, beginning July 1, and ending June 30 and submitted to the School Board and Chancery for approval and verification before the school year begins. The adminstration has a responsibility for preparing a budget that reflects the actual cost of operating and maintaining the school. The preparation team shall comprise the Principal, Vice Principal, Accountant/Bursar and the Board member responsible for finance.

Phase 2: Approval
A draft budget must be submitted to the School Board for review, recommendation, and eventual approval. The budget must then be submitted to the Chancery for verification.

Phase 2: Amendments

The administration has a responsibility to ensure that the school is operated within the limits of the approved budget. Should there be a need to deviate form the approved budget, written authorisation must be obtained from the School Board, and the Chancery must be notified of the same in writing

<u>Budget Timeline</u>

January

- The School Board must eview the proposed budget and actual income and expenditures of the preceding year

February

- The Budget Team must begin to prepare the budget for the following school year.

March

- The school board must review and give recommendation(s) for the proposed budget
- The Budget Team must make the adjustment(s) according to the recommendations from the school board.

April

- The School Board must approve the budget and send the approved budget to the Bishop and Diocesan Finance Committee.
- Student/Family registration Packages/ Tuition agreements must be distributed

May

- Student/Family registration Packages/ Tuition agreements must be returned
- Student/Family must be invoiced for tuition.
- Teachers must be issued “Intent to Return” forms at the beginning of May for submission by May 31.

June and July

- School begins accepting school payments
- July 1, the approved budget must be implemented.

Annex 2: Document Retention

All financial records documenting transactions should be available to the school and or Chancery, as needed. Records must not be kept off-site at the residence of employees or other locations where access to the records is limited.

All financial records are the property of the school and by extension, the Diocese of St. John's-Basseterre and should be kept on the premises at all times. Records must be protected from destruction or misuse in compliance with the Diocesan Policy for the storage and management of official records.

Retention/Safekeeping.

Record Type	**Retention Period**	
Tuition and Fees Ledger	Current year + 5 previous years	
Payroll Records	Current year + 5 previous years	
Income Tax From	Current year + 5 previous years	
Voided Cheques	Current year + 5 previous years	
Official Purchases		
Invoices	5 years	
Purchase Orders	5 years	
Supporting paperwork	5 years	
Banking Records		
Bank statements	Current year + 3 previous years	
Cheque book counterfoil	Current year + 3 previous years	
Pettycash patyments/receipts	Current year + 3 previous years	
Other Records		
Monthly Financial Statements	Current year + 5 previous years	
Accounting Ledgers	Current year + 5 previous years	
Records of Cheque and Cash	Current year + 5 previous years	
Asset Inventory	Current year +3 previous years	

Important note.
Bank accounts and all financial records shall be balanced monthly and be maintained in a state of readiness for the purpose of inspections and or internal audit at all times.

Approved by: Most Rev. Robert A. Llanos

Bishop of the Diocese of St. John's-Basseterre

Date: April 2, 2024, St. John's, Antigua