



PALLISER REGIONAL SCHOOLS

SGF Procedure Manual

*\*revised 2014-2015*

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# Administrative Procedure

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## SECTION 1: GENERAL INFORMATION

### 1.1 Definition and Purpose of School Generated Funds

*\*see appendix 520*

School Generated Funds (SGF) are funds raised for school and student extra-curricular activities and resources. These funds are under the control and responsibility of the school Principal. The funds are collected, retained, and paid out at the school level.

### 1.2 Background

Alberta Education has directed that SGF must be included in the Division's financial statements for the following reasons:

- Throughout the province large amounts of monies are received and expended through school generated funds. There is a demand for efficient, thorough and safe management procedures to oversee these funds.
- There must be rules, regulations and procedures surrounding the accountability of SGF. The Board of Trustees is responsible for such funds.
- Extra-curricular activities are an integral part of a school's operation. Accordingly, they must be reflected in the financial statements.
- The student costs for extra-curricular activities are a component of the total student education costs.
- It is the public expectation that student extra-curricular activities and related funds are appropriately controlled by the school.

### 1.3 Requirements and Procedures

*\*see appendix 511*

- The schools will comply with generally acceptable accounting principles (GAAP) to record and present financial information. School Cash (by KEV Software) is the financial software program used for SGF (*see appendix 510*).
- The bookkeeping for SGF will operate on the same fiscal year as the school division (September 1 – August 31).
- The Principal is responsible for the administration and safeguarding of all SGF.
- Access to computer records should be limited to the SGF data entry person and the Principal. The SGF data entry person has a login and password to the School Cash program. The task of recording entries into the accounting system is assigned to the SGF data entry person only.
- Accounting information will be entered into the system on a regular basis. Monthly reports will be generated by the admin assistant and approved by the Principal. This will ensure the SGF funds are accounted for monthly.

- Money collected should ALWAYS have a dual checking process to verify the amount. This can be done through two ways;
  1. A teacher can collect funds using an SGF deposit envelope, which is then passed along and verified by the admin assistant, or
  2. The admin assistant can collect funds and the principal can verify the amount.
- Revenues are entered as credits and disbursements are entered as debits. Revenues are not to be netted against expenses.
- Curricular money collected on behalf of the school division, such as textbook and technology fees, will be recorded in a separate category and forwarded to the school division upon collection or request.

### 1.4 Donations to the School

When funds are donated to the school they will be entered into School Cash and be accounted for as SGF. If a charitable donation receipt is required for tax purposes, the donation cheque must be made payable to Palliser Regional Schools. If a cash donation is made, the school will receipt the donation into School Cash and issue Palliser a cheque from School Cash. Palliser will then issue a charitable donation receipt to the donor.

## SECTION 2: BASIC PRINCIPLES

*\*see appendix 510*

### 2.1 Bank Accounts

- Each school will have **one** bank account for SGF. All SGF bank accounts must be registered in the name of Palliser Regional Schools with the school listed as a secondary name on the account.
- All monies received will be deposited into the sole SGF account and all disbursements will be made by a cheque drawn on this account.
- Only SGF transactions may occur through the SGF bank account. Transactions controlled by other organizations (i.e. school council) cannot be processed through the SGF bank account.
- Schools are not permitted to enter into external debt of any kind.
- Bank deposits must be made at least once per week or when there is cash in excess of \$1,000 on hand at the school to ensure proper control over cash. Cash must be kept in a secure location on site at the school until it is taken to the bank.
- The interest earned on bank accounts will be set up as other income will be used for expenditures as approved by the Secretary Treasurer.
- Annual operating surpluses must be reported to the Secretary Treasurer with specific details indicating the future use of the funds and the school year in which they will be spent. Operating surpluses should not occur unless there is a specific reason for the operating surplus and the surplus has been approved by the Secretary Treasurer prior to August 31 of the current school year.

## 2.2 Source and Application of School Generated Fund

All SGF collected and disbursed is required to be recorded in separate categories for reporting purposes. This will ensure accurate financial reporting at the school level and the district level.

### **Revenues: Sources of SGF**

- Fundraising Activities
  - Includes bingos, casinos, raffles, pizza days, special events (concerts, dances), hot lunch sales, school clothing sales, specialty sales (magazines, cookies), walk-a-thons, vending machines, sponsorships and other similar activities which conform to school board policy. (*see appendix 520*).
  
- Student Fees
  - Includes fees collected for field trips, graduation, yearbook, locker rental, agendas, student unions, clubs, arts groups (drama, choir, band, etc.), athletic teams, uniforms and other non-instructional based fees.
  - Student fees includes fees collected at the school level which will be forwarded on to the Division (i.e. textbook and technology fees, Early Learning Program fees, After School Program fees, etc.). (*see appendix 502*).
  
- Donations and Grants to Schools
  - Includes unrestricted school donations (donations provided to the school without a specific purpose), contributions for graduation awards and scholarships, contributions from external groups, and contributions for the purchase of specific items (i.e. musical instruments, library books, school supplies, etc.)
  
- Other
  - Includes the revenue collected and deposited into your bank accounts that are an SGF but not related to students. Amounts deposited into this category must be approved by the Secretary Treasurer prior to the amounts being deposited. The following items are permitted to be categorized as other revenue without approval by the Secretary Treasurer:
  - Staff social fund monies collected
  - Interest income on bank accounts and GIC investments

**Related Expenses: Expenditures Directly Related to Generating the Revenues (listed above in the Sources of SGF)**

- Fundraising
  - Expenditures related to fundraising activities must be recorded as related expenses. This ensures that the net revenue generated from a fundraising activity is identified and properly recorded. For example, when a hot dog sale occurs and money is collected for the sale of the hot dogs, the expenditure for the hot dogs and buns purchased for resale reduces the money collected. The end result is the net revenue collected from the hot dog sale. *(see appendix 520)*.
  
- Student Fees
  - Expenditures related to student fees includes those fees collected at the school level which will be forwarded on to the Division (i.e. textbook and technology fees, Early Learning Program fees, After School Program fees, etc.). When the payment is made to the Division, the payment is recorded as a related expenditure in the student fees category. This should be the only related expenditure in the school fees category. If other amounts are being recorded as a related expenditure in the school fees category, the amounts must be approved by the Secretary Treasurer. *(see appendix 502)*.
  
- Donations and Grants to Schools
  - There cannot be related expenditures for donations and grants unless they are approved by the Secretary Treasurer. When a donation or grant is provided to the school, there are no expenditures incurred by the school. If there are, the revenue would not be classified as a donation or grant.
  
- Other
  - Includes the related expenditures incurred that are an SGF but not related to students. Amounts expended into this category must be approved by the Secretary Treasurer prior to the amounts being expended.

## **Expenditures: Uses of SGF**

- Extra-curricular activities
  - Includes expenditures incurred for students involved in extra-curricular activities. Some examples include band trips, choir events, fine arts events/trips, athletic programs, student recognition programs, ski trips, pizza parties, treats for school parties/events, and sports teams such as football, basketball, volleyball (bus, entrance fees, referee costs).
  - A number of school expenditures will be categorized as extra-curricular activities due to the fact that one of the main functions of SGF is to record the revenues and expenses for items that are not recorded within the school budgets.
  
- Field Trips
  - Includes expenditures incurred for a field trip for students. Some examples include bus costs, tickets for an event, entrance fees (for the zoo for example), and a drama production at a University.
  
- Other
  - Includes expenditures incurred that are an SGF but cannot be categorized as an extra-curricular trip expenditure or a field trip expenditure. Amounts expended into this category must be approved by the Secretary Treasurer prior to the amounts being expended.
  - Bank activity fees and service charges for NSF cheques
  - Staff Social Fund Expenses

## **2.3 Reconciliations**

Monthly financial reports are required to be submitted to the Finance Officer at Central Office via email and are **due on the last Friday of the month following the month the reconciliation is being prepared for**. The reports required to be submitted are:

- Monthly bank reconciliations signed by the school Principal and the corresponding monthly bank statement; and
- Monthly Reconciliation Overview Summary of all categories corresponding to the Monthly Bank Reconciliation provided (this is automatically generated through the bank reconciliation process in School Cash).

## **2.4 Annual Financial Statements**

Alberta Education requires SGF assets, liabilities, revenues and expenditures to be reported in the audited financial statements for the Division.

Admin Assistants will be required to complete all outstanding bank recs up to and including August 31<sup>st</sup>. All bank statements should be submitted to the Finance Officer by September 30<sup>th</sup>; this deadline also applies to additional reports and documents requested by the Secretary Treasurer.

Year End rollovers of SGF will be performed at Central Office.

## SECTION 3: CASH RECEIPTS

Cash is an item of monetary value that can be deposited into a bank account: physical cash, a cheque, a money order or a bank draft. Funds collected by Palliser staff within the school are to be remitted to the school office immediately.

Physical cash is subject to theft, loss and fraud and must be controlled. Internal control procedures are required to protect the physical cash assets and to ensure the persons handling cash can properly secure the cash.

- During school hours, cash is required to be kept in a lockable drawer or locked cash box, and access must be restricted to individuals designated by the Principal. After hours, cash remaining in the school is required to be locked in the vault or in as secure location within the school. Cash must not be taken out of the school (for example, to a home) for safeguarding unless it is being taken to the bank to be deposited into the bank account.
- A receipt will be prepared immediately by the person receiving the cash. Receipts must be prepared in duplicate and issued in numerical sequence. All cancelled or voided receipts must be kept.
- If the SGF data entry person was not the person who initially received the cash, the SGF data entry person must count the cash being deposited and obtain a list of persons who paid the cash. A receipt for each individual that is included in the cash being provided to the SGF data entry person will be prepared by the SGF data entry person. The individual receipts will be provided to the recipients either by the SGF data entry person or the person who initially received the cash.

## SECTION 4: DEPOSITS

Deposits must be **made at least once per week or when there is cash in excess of \$1,000** on hand at the school to ensure proper control over cash. The amount of cash on hand at the school should be limited to minimize any losses which could result from theft, fire or vandalism.

All cheques, money orders, or bank drafts must be endorsed with a rubber stamp on the back side prior to being deposited as follows:

### **FOR DEPOSIT ONLY**

**Name of School**

**Account Number**

The following information must be indicated on the bank deposit slip:

- A listing of each cheque in the deposit showing the payor's name and cheque amount. When it is impractical to prepare a detailed list of all cheques in the deposit due to volume of cheques, an adding machine tape may be attached showing each individual cheque amount.
- The cash receipt numbers issued in support of the bank deposit for the cheques received. For example, cash receipts numbered 500-525 inclusive are included in the deposit. The total amount of the supporting cash receipts must agree with the amount of the bank deposit.
- The date of the bank deposit.
- A breakdown of the total amount of cash deposited, including cheques, money orders, bank drafts and coins.



## SECTION 5: DISBURSEMENTS

Disbursements are payments from the SGF account for invoices/payment vouchers relating to services incurred or supplies purchased by the school. (*see appendix 510*). All disbursements MUST be claimed through completed and approved disbursement voucher.

- Funds are not permitted to be disbursed without the written approval of the Principal. The Principal is responsible for ensuring that SGF expenditures are used for their intended purpose(s).
- Each bank account must have 3 authorized signatories. All cheques must be signed by the Principal **and** any one of the following: Vice Principal, teacher, or an administrative assistant (for example, a secretary).
- Payment vouchers (requests for payment) must be approved by the Principal and must be used in situations where an invoice or document in writing requesting a payment is not provided. This will ensure adequate controls on SGF disbursements.
- All disbursements provided to the principal for approval must contain adequate back up documentation regarding the payment **prior** to the cheque being generated. The principal must sign the backup documentation indicating approval for payment of the expenses and generation of the cheque.
  - Examples of back up documentation include: the original invoice from the vendor, a payment voucher, an email or other written documentation indicating the amount to be paid, whom it is to be paid to and what the payment is for.
- All payments are to be made by cheque; payments are not permitted to be made from cash on hand at the school (for example, physical cash collected from students for school fees on hand at the school cannot be used to pay the courier driver for a package that has arrived at the school).
- The cheque stub must reference the invoice number(s), date(s), description, and amounts of each invoice as well as the total amount of the cheque being issued.
- Under **no** circumstances can blank cheques be pre-signed. A cheque cannot be signed until the cheque has been prepared and all items on the cheque – date, payee, amount, memo description – have been completed.
- 3 part receipts should be used at every school.
- Blank cheques are to be stored in a secure location with limited access to those authorized by the Principal.
- The SGF data entry clerk must initial, date and note the cheque number on the back up document when preparing the cheque to indicate the invoice was paid with a certain cheque number. This will prevent duplicate payments (for example, not knowing if the invoice has been paid if there is no reference to a cheque number, and paying it again).
- If a capital asset in excess of \$5,000 is to be funded in part or whole with SGF, the asset must be purchased at the school division level. **The Secretary Treasurer must approve all capital asset purchases in excess of \$5,000.** Once the capital asset is approved for purchase, the Finance Services Supervisor at Central Office will arrange for payment of the asset by the school back to the school division.

## SECTION 6: AUDITS & ACCOUNTING RECORDS

An audit involves the examination of financial records and procedures to ensure adequate internal controls exist over these funds. SGF shall be subject to *internal audit* at least once in a three (3) year period, and these audits are completed during the second half of the school year.

During the *annual audit* for Palliser Regional Schools, the external auditor's will also conduct an internal audit on one or more of the school SGF bank accounts. Any issues or concerns noted will be identified in the management letter for Palliser Regional Schools and presented to the Board of Trustees during the annual audit presentation. All records must be kept current, retained for 7 years and be available for review at any time

All receipts and expenditures must be accounted for properly and accurately. The following documents/records will be maintained at the school level and be available upon request:

- Cash receipt books/records
- Deposits and Bank Statements
- Disbursement Vouchers including; filed invoices or payment requests that have been paid including adequate back up to trace back to the cheque the expense was paid with

Internal audits will be completed by the Palliser's Finance Officer and Financial Services Supervisor on a rotational basis. The results of the internal audits will be presented to Palliser's Audit Committee each year by the Secretary Treasurer. Follow up audits will be completed on those SGF bank accounts that were subject to an internal audit in the previous school year by Palliser's Financial Services Supervisor. All recommendations identified in the audit report provided to the Principal are to be implemented by the timelines identified in the report and will be reviewed during the follow up audit.

Palliser's Finance Officer, under the direction of the Secretary Treasurer, is responsible for monitoring and overseeing the implementation of all SGF processes and to ensure compliance across the schools within Palliser. Please direct any questions and/or concerns with respect to the implementation of these processes directly to Palliser's Finance Officer. (*see appendix 521*).

## APPENDIX

### Administrative Procedures

#### AP 502 - School Fees

**Background** – The division may establish fees with respect to instructional supplies and materials.

**Procedures** –

1. Fees for instructional supplies and materials fees to be charged at the school level will be set in consultation with the school council as part of the annual budget development process. These will include both division-level and school-level fees.
2. Schools are authorized to establish school-level fees for a course, activity, project or item on a cost-recovery basis only. The schedule of proposed fees shall be submitted to the Superintendent by May 1 prior to the next school year. Approval or non-approval will be part of the regular budget cycle.
3. Schools will collect and be credited the fees as part of their revenue.
4. The revenues generated from one course should not be used to offset expenditures of another course. Fees generated for a course must be spent on that course in the year in which the revenues are generated.
5. Revenues generated from the resale of projects for CTS courses may be carried over from year to year.
6. Students who register after the commencement of the school year or semester or who leave prior to the end of the school year or semester will be charged or refunded the fee on a prorated basis.

#### **References**

*School Act*, Section 60

Cross Reference: Administrative Procedure 500 – Annual Budget Development Process

## AP 510 - Division Accounting Procedures

**Background** – All funds received and expended by the division, including school-generated funds, will be accounted for in a manner consistent with generally acceptable accounting principles.

### **Procedures** –

1. Secretary Treasurer shall establish procedures for appropriate handling of money in the division. These shall include, but are not limited to, the following:
  - a. Two (2) signatures are required on cheques.
  - b. The two (2) signatures approved from four will be:
    - i. The principal or designate; and
    - ii. One (1) of two (2) authorized representatives of a fund-raising group.
  - c. Receipts and invoices are to be maintained and retained for a minimum of seven (7) years at the school.
    - i. Pre-numbered receipts issued for income, where practical, and all funds are to be deposited in the bank.
    - ii. Paid invoices or supporting documents are to be marked with cheque number and filed in cheque number sequence.
    - iii. Invoices, receipts or cheques must be retained.
  - d. Accounting records are to be maintained in sufficient detail that the bank can be reconciled and a statement of receipts and disbursement prepared as of June 30 each year and submitted to the Secretary Treasurer before September 30 of the same year.
2. There shall be an annual review/audit of a selection of school accounts, including review of the adherence to the procedures and reasonableness of the statement of receipts and disbursements. A review determines that the statement of receipts and disbursements is plausible in the circumstances but does not constitute an audit. This annual review shall be done as directed by the Secretary Treasurer, with the concurrence of the principal on a mutually agreed upon date.
3. Approval by the Secretary Treasurer is required to open any bank account for which the school has responsibility. The account name should include the name of the school.
4. Balances of school-based accounts are to be reported to the Secretary Treasurer annually in time to be included in the general ledger of the division.
5. Written procedures for handling cash in a school will be established under the direction of the principal. These shall include:
  - a. When cash is counted, there will be two people present, with a cash count sheet being signed and the deposit being completed at the same time;
  - b. Money collected shall never be kept in a student's locker; and
  - c. Money shall be deposited in the bank as quickly as possible.
6. Principals shall ensure that the established procedures are implemented at the school.

### **References**

*School Act*, Section 145, 149

## **AP 511 - Cash in School Buildings**

**Background –** Principals are charged with the responsibility of ensuring that all school funds are handled with appropriate business procedures. All money collected shall be receipted, recorded, accounted for and directed as soon as possible to the proper location of deposit. The following procedures are established for the safekeeping of money on school property and the deposit of such funds.

### **Procedures –**

1. The principal shall accommodate to making time for bank deposits as frequently as possible, in order to avoid leaving money in school overnight.
2. During school hours:
  - a. Cash shall be kept in a cash register, lockable drawer or lockable cashbox and access must be restricted to individuals designated by the principal.
  - b. Cashboxes shall be kept out of sight in a secure place when not in visual custody of the person responsible for the money.
3. After normal school hours:
  - a. Cash remaining in the school shall be locked in the vault or in as secure a location as possible within the school.
  - b. Cash shall not be taken home by staff members nor carried on staff members' persons for safekeeping.
4. All money collected for school purposes shall be counted, recorded and turned over to the school office so that a formal record of all funds received can be prepared. In this way, any differences between the teachers' and office's totals can be resolved immediately.
5. All money collected by schools, while in the school or in transit to the bank for deposit, is insured against theft subject to a deductible. This means the school would absorb the deductible of any loss of cash. Losses due to theft beyond the deductible shall be reimbursed upon application to the division and proper documentation of the circumstances of the theft. This normally requires a police report.
6. All employees will keep personal money, purses and other property in a safe place during working hours.
7. Under no circumstances will money be left in an employee's desk.
8. No refunds will be made for losses as a result of failing to adhere to this procedure.

### ***References***

*School Act, Section 60*

## **AP 512 - Petty Cash**

**Background** – It is recognized that schools will incur minor miscellaneous expenses from time to time and processing of these expenses by the division is neither practical nor efficient. Therefore, the establishment of a petty cash fund for schools will be approved subject to the following procedures.

### **Procedures** –

1. Funding Provisions -  
Purchase cards (such as Palliser issued VISA cards) are to be used for all incidental purchases. In the event of exceptional circumstances, petty cash may be used as a “float” to support counter transactions.
2. Security -  
It is the responsibility of each principal to provide adequate security for all petty cash funds received in accordance with the security provisions outlined in Administrative Procedure 511 – Cash in School Buildings.
3. Exclusions -  
School petty cash funds cannot be accessed for the purchase of any type of equipment (by definition, a unit value in excess of one hundred dollars (\$100)). Exclusions within the site budget policies and procedures represent exclusions applicable to this procedure also.

### ***References***

*School Act*, Section 60

Cross Reference: Administrative Procedure 511 – Cash in School Buildings

## **AP 520 - School Fund-Raising**

**Background** – Palliser Regional Schools recognizes that schools may raise monies in addition to those allocated in their school budgets for special projects or items. Subject to certain conditions, it is acceptable to provide limited opportunities for commercial advertising on division buildings, grounds, school buses, webpages and in other circumstances and locations as approved by the Superintendent of Schools.

### **Definitions** –

- *Controversial Issue*: An issue of public importance which has a significant impact on society or its institutions and as to which there is a current public debate with substantial portions of the community taking opposing positions.
- *Unacceptable Behaviour*: Behaviours that are criminal, violent, pornographic, sexist, racist, prejudiced or obscene.
- *Social Advertising*: Specific, non-controversial advertisements that deliver a positive social message. Examples may include reading, Block Parents, physical fitness, recycling, non-profit municipal or provincial attractions and events, messages of anti-racism, anti-drugs, anti-smoking and anti-violence.

### **Procedures** –

1. Fund-raising activities that have a risk exposure of five thousand dollars (\$5,000) or greater must be submitted to the Superintendent for approval.
2. All other fund-raising activities that have a risk exposure of less than five thousand dollars (\$5,000) may be approved by the principal subject to the following:
  - a. Prior to approval being granted for any fund-raising activity, a written plan must be submitted to the principal. The plan must contain a budget of projected revenue and expenditures and a statement of intent projecting the expenditure of any residual funds.
  - b. The principal may grant approval for fund-raising events. Lotteries and bingos may be conducted provided they are operated in accordance with the provincial gaming laws.
  - c. All school fund-raising activities must be supervised by a member of the school staff and all monies collected be processed through the school accounts, in accordance with the Accounting for School-Generated Funds Handbook.
  - d. A final statement of revenue and expenses, certified correct by the supervising staff member, must be submitted to the principal upon completion of the project.

3. Advertising is considered a fund-raising activity. Commercial advertising represents products or services that are sold within our communities. Commercial advertising must follow these regulations:
  - a. Advertisements must use methods that do not distort or exaggerate the characteristics or performance of the product or service advertised. Advertising may not distort or exaggerate the differences between competitive products or provide misleading information or perceptions about competitors' products.
  - b. Advertising must not demean or discriminate against any group. Advertising must be appropriate to and reflect the values of the school community and Palliser Regional Schools.
  - c. Advertising which takes a position on controversial issues of public importance is acceptable.
  - d. Advertising must not promote or glamorize unacceptable behaviour.
  - e. Social advertising is acceptable.
  - f. Installations for purposes of advertising must meet applicable safety standards and guidelines as determined by Palliser Regional Schools and legislation or regulation.

### **References**

*School Act, Section 60*



## **AP 521 - School-Generated Funds**

**Background** – The division supports the use of school-generated funds to supplement the non-instructional operations of the school program. All school-generated funds are assets of the division and subject to this administrative procedure.

### **Procedures** –

1. School-generated funds (SGF) are defined as funds collected and disbursed at the school level that are subject to the control and significant influence of a division employee at the school level. Funds include all student association operations and school council funds if any division employee has control or influence over the expenditure of the funds.
2. SGF should only be considered for specific purposes and must be used only for the purpose for which they were raised. Secondary uses should be designated at the outset of the fund-raising program to be applicable in the event that the funds raised may exceed requirements.
3. Schools must account for SGF and report in the format prescribed by the Secretary Treasurer or designate. Schools must maintain full SGF records and keep them on file for seven (7) years.
4. SGF shall be subject to internal audit at least once in a three (3) year period.
5. All SGF bank accounts must be registered in the name of Palliser Regional Schools with the school listed as a secondary name on the account. All bank accounts must provide for two (2) signatures on all cheques, one (1) of which must be the principal.
6. All purchases must be made in accordance with Administrative Procedure 514 – Purchasing.
7. All capital assets purchased with SGF are assets of the division and must be purchased through the division financial system.
8. Schools must provide detailed analysis of all surplus SGF including details of the specific purposes that the SGF will be used. In general, SGF surpluses should be kept to a minimum amount required for cash flow. SGF should be used only for the purpose they were intended.
9. SGF must not be used to provide salary or expense reimbursement to any division employees, including casual employees. All employees' salaries and expense reimbursement must be processed through the division financial system.
10. Funds received through donations (including scholarships) and grants must be processed through the division financial system as must all purchases made with these funds.
11. Failure to adhere to this administrative procedure may result in removal of the offending school SGF privileges.

### ***References***

*School Act*, Section 60, 61