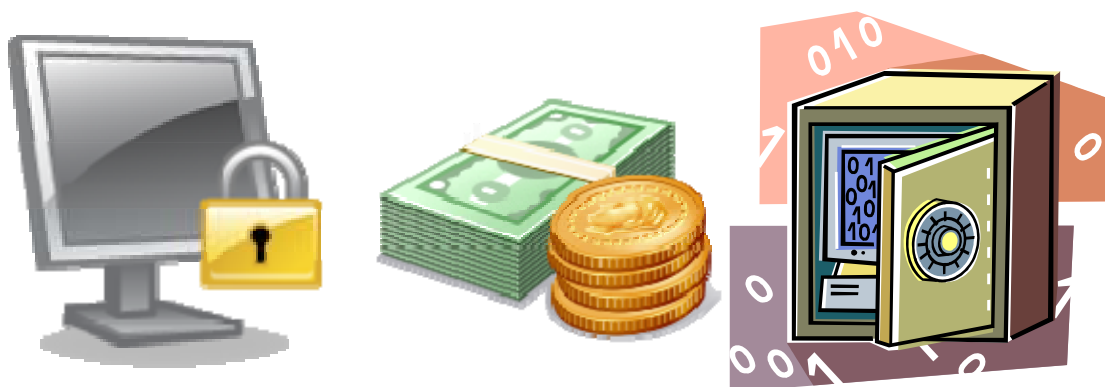




SCHOOL-BASED FUNDS HANDBOOK



APPROVED: MAY 2008

ACKNOWLEDGEMENT

The South Shore Regional School Board Finance Department expresses our appreciation to the Halifax Regional School Board Finance Department for providing much of the information implemented in this School-Based Funds Handbook.

Table of Contents

Purpose and Objective.....	6
Using this Handbook.....	7
Definition of School-Based Funds.....	7
Part One – Policy and Procedures.....	8
Chapter 1: Sources and Uses of School-Based Funds	12
Examples of School-Based Funds.....	12
Categories for Tracking Funds.....	13
Acceptable and Unacceptable Uses of Funds	13
Balancing the Funds at Year-End	14
Chapter 2: Banking, Receipts and Disbursements	15
Maintaining Controls	15
Establishing a Bank Account	15
Receiving Money	16
Making Payments.....	16
Handling Petty Cash.....	18
Chapter 3: Accounting Systems.....	21
Using the Recommended Software.....	21
Tracking Revenues and Expenditures.....	21
Reconciling School Accounts	22
Reconciliation Report.....	23
Chapter 4. Financial Reporting and File Management	28
Responsibilities	28
Monthly Reports	28
Itemized Category Reports.....	32
Monthly File Management.....	33
Monthly File Management.....	34
CHAPTER 5. Harmonized Sales Tax (HST).....	35
Tax Legislation and Regulations.....	35
Determining When to Charge HST.....	35
Collecting the GST/HST Rebate.....	38
Change in Rebate Allocation on Page 2 of Rebate Form.....	43
Chapter 6. Charitable Donations	44
Definitions and Conditions	44
Exclusions	44
Gifts in Kind.....	45
Inducements and Tokens of Appreciation.....	45
Receipts.....	45
Steps for Requesting Receipts.....	46
Donations and Gifts Policy # 415	47
Chapter 7. Student Councils.....	52
Considerations.....	52
Chapter 8. Change in Principal or Other Signing Authority.....	53
Communicating Financial Information.....	53
Changing the Signing Authority	54
Changes in Other Staff.....	54
Chapter 9. Year-End Reporting.....	55
Demonstrating Accountability	55
Timing.....	55
Types of Year-End Reports.....	55

School-Based Funds Summary	61
Additional Information:	63
Part Two - Appendices	66
Appendix A. Finance Department Contact List.....	66
Appendix B Suggested Sample Forms.....	67
Appendix C. Optional Suggested Sample Forms.....	77
Appendix D. Goods and Services Branch Numbers	81
Appendix E. Purchasing Policy	81
Appendix F. Food Policy	95
Appendix G. G300-4-3 Educational Services (GST 300-4-3)	98

Illustrations in this Handbook

Figure 2-1 Petty Cash Reconciliation	20
Figure 3-1A to 3-1D Bank Reconciliation Reports (using Quicken)	24
Figure 4-1 Monthly Financial Statement	29
Figure 4-2 Cash Flow Report (using Quicken).....	30
Figure 4-3 Transaction Report/Register Report (using Quicken).....	31
Figure 4-4 Itemized Categories Report (using Quicken).....	33
Figure 5-1 Taxable Sales Worksheet	36
Figure 5-2 HST Paid Out Support Report (using Quicken)	39
Figure 5-3 Application for GST/HST Public Service Bodies Rebate (side 1)	40
Figure 6-1 Donation/Gift Approval Form.....	51
Figure 9-1 Year-End Consolidated Report on School-Based Funds	57
Figure 9-2 Year-End Cash Flow Report (using Quicken).....	59

ABOUT THIS HANDBOOK

Purpose and Objective

This handbook describes how to manage school-based funds to ensure that your school meets the legal and accounting requirements of the South Shore Regional School Board (SSRSB), the Nova Scotia Department of Education, and the Canada Revenue Agency (CRA).

This handbook is intended for principals, vice-principals, principal designates, and school office staff; as well as student councils and fundraising volunteers.

To maintain high standards of accountability to the public, the South Shore Regional School Board requires schools to use generally accepted accounting practices to manage all the funds they collect.

Each school within the South Shore Regional School Board is a part of the South Shore Regional School Board; therefore, the school's financial records – including records of all funds raised in the name of the school – are part of the board's financial records and must be included in the board's annual audited financial statements as required under the PSAB (Public Sector Accounting Board) recommendations.

There are two parts:

- The **POLICY AND PROCEDURES** in Part One contains the complete text of the board policies and procedures on school-based funds ("School Based Funds, Policy 450", revised on February 22, 2006). Part One contains instructions to help you implement the board's policy. The procedures describe how to manage your school-based funds, including how to record, report, and review information about the funds. Where appropriate, the procedures refer to specific sections in the policy.
- The **APPENDICES** in Part Two provide additional resources, including sample forms and contact information.

The objective of this handbook is to assist the user with financial information in order to provide financial controls for the school's funds and to minimize the possibility of such things as inefficiency and possible fraud, etc.

Implementation of this policy will be monitored by the Finance Department in conjunction with the South Shore Regional School Board's auditors with appropriate action taken where non-compliance is observed.

Scope

This policy applies to all funds received, raised or collected in the name of the school or school group (e.g., student council, school teams or clubs, cafeterias, parent-teacher associations or organizations), including:

- Funds derived through contracts and service agreements
- School-based fees for services, various athletic activities, student agendas, yearbooks, etc.
- School-based fundraising for charities and/or specific events or initiatives
- Funds donated to schools.

The policy does not apply to operating activities or practices of School Advisory Groups, Home and Schools, PTA or Cafeteria Societies.

Using this Handbook

The procedures are designed to be as simple as possible, while still ensuring that schools remain accountable for the funds they handle.

It is important to read the whole handbook in order to understand how all the parts support the complete document. Do not read one section in isolation from the others.

All board policies and procedures are reviewed periodically and revised as needed. To ensure that you have a current copy of the policy and procedures for school-based funds, go to the SSRSB website.

www.ssrsb.ca, click on Document Depot under Contents/Regional Board Policies/ "School-Based Funds Policy # 450" found under Finances (Series 400's).

Definition of School-Based Funds

School-based funds are defined as all funds available to or managed by the school, other than funds provided by the approved budget of the board. They include a wide range of funds received or collected in the name of the school or a school activity for the benefit of the students of that particular school. They do not include funds - as per the School Funds Policy- such as Home and School or Cafeteria Society, as they are separate entities from the school.

PART ONE: POLICY AND PROCEDURES – School-Based Funds

Following is the complete text of the board policy on “School-Based Funds”. The policy was approved by the board on February 22, 2006.

SOUTH SHORE REGIONAL SCHOOL BOARD

POLICY # 450

POLICY & PROCEDURES

TITLE	REVISION DATE	PAGE
SCHOOL BASED FUNDS	February 22, 2006	Page 1 of 4

(This policy replaces SSRSB Policy # 450)

The South Shore Regional School Board wishes to safeguard the interests of the School Board, school principals, teachers and students, by establishing procedures for the administration of school based funds. Procedures shall be consistent with generally accepted accounting principles and Public Sector Accounting Board practices.

PROCEDURES

Definition

School based funds are those raised by a school. They include proceeds from various fund raising efforts, fees, collections, donations, cafeteria/canteen sales, etc. Fund raising methods shall be in keeping with the general objectives of public education and shall be consistent with any laws governing fund raising methods. School based funds do not include the funds of School Advisory Councils, Home and School Associations, other School Parent Support Groups or any Society of the School Board governed by a Society Agreement.

1. It is the responsibility of the School Board to examine all school funds/accounts on a regular basis, through internal audit.
 - a. The Director of Finance shall provide a schedule for the audit of school accounts to the Finance and Operations Committee by October 31st of each year.
 - b. The Audit Report, including any recommendations for change, shall be forwarded to the School Principal with a summary report provided to the Finance and Operations Committee.
 - c. The School Principal shall ensure that an annual statement of all school based funds is prepared for the fiscal year April 1st to March 31st. In addition, this report shall also include a bank reconciliation report for each bank account in the school as of March 31st of each year. These reports shall assist in ensuring that appropriate procedures and controls are in place.

1. The statement and all bank reconciliations shall be for the past fiscal year (April 1st – March 31st) and is to be forwarded no later than April 15th of each year.
 2. The statement shall be in a standardized format as provided by the Director of Finance and shall list the opening balance, all revenues (by standard categories prescribed), all expenditures (by standard categories prescribed) and closing balance as of March 31st, balanced to bank account balances.
 3. Standard categories, as prescribed by the Director of Finance shall be provided to schools on an annual basis by March 1 of every year for the next fiscal year.
 4. An Itemized Category report, a Register listing (showing splits), and a Transaction Detail report (showing splits) for April 1st to March 31st shall also be included for each school account/fund and sent with the other reports by April 30th of the current year.
 5. An itemized listing of any Accounts that are receivable by the school and any invoices remaining unpaid by the school as of March 31st shall also be included in the reports to be submitted by April 30th of every year.
-
2. The School Principal shall oversee the administration of school based funds and ensure that accurate records are kept of receipts and disbursements of all money collected, raised, or donated to the school. The School Principal shall be responsible for any and all school funds and must approve any account opened in the school's name. The Director of Finance shall have the right to limit the number and purpose of bank accounts that are opened or are planned to be opened for each school.
 3. The School Principal shall annually, at the beginning of the school year, approve all proposed fundraising activities by the school, students and/or student governments. A listing of the fundraising activities shall be forwarded to the Superintendent by September 30th of each year. The Superintendent shall review such plans for the school year and forward a summary by school to the Board by October 31st of each year, for information purposes. The Board and /or the board designate (usually the Superintendent) shall have the right to deny any of the fundraising proposals, at any time.
 4. All money collected by a school shall be deposited to an account or accounts set up in a financial institution.
 - a. In most cases, a chequing account shall be used for this purpose.
 - b. When a school carries a large cash balance for an extended period of time, consideration shall be given to make deposits in interest bearing accounts, or other non-risk financial instruments with transfer made to the chequing account when required. Other types of acceptable investments include: Term Deposits or GICs of financial institutions.
 - c. Any investments shall have prior written approval of the Director of Finance before such investments are made.
 5. School accounts shall have at least two signing officers, and two authorized signatures shall appear on each cheque issued. One of those signatures must be the Principal or designate. If the Principal appoints a designate, then the school must maintain written approval authorization of such designation.

- a. For Student Government accounts, the Student Government President or Treasurer and the School Principal or his/her designate shall be designated as signing officers, both of whom shall be required to co-sign cheques in order for them to be payable.
6. Bank deposits shall be made on a regular basis, intact, with deposits being made within 48 hours of funds receipt. Under no condition shall funds be removed from the deposit for payment of expenses or shall any funds be deposited to personal bank accounts.
 - a. School Principals shall ensure that significant amounts of cash are not left in the school over night.
 - b. Cash in excess of \$250.⁰⁰ shall not be left in the schools on weekends or holidays.
 - c. All schools shall establish a priority to have a fire-rated safe installed and properly secured by June 30, 2007.
 - d. All deposits shall be supported by a bank deposit slip copy as well as any documentation pertaining to a breakdown of the deposit. Such documentation shall include receipts for money collected.
 - e. All receipts shall be recorded on a computer accounting program, i.e. "Quicken" with all pertinent information, i.e. receipt number, date, amount, source and purpose. All cash receipts shall be recorded and classified to standard categories as provided by the Director of Finance.
7. All purchases of supplies, equipment, material, services, transportation etc., shall be supported by invoice or proper documentation. All such purchases must be made in compliance with the School Board purchasing policy, with no exceptions.
 - a. All disbursements shall be recorded on a computer accounting program, i.e. "Quicken" with all pertinent information, i.e. cheque number, date, amount, payee name and purpose. All disbursements shall be recorded and classified to standard categories as provided by the Director of Finance.
 - b. All disbursements shall be supported by documentation and the cheque number shall be placed on the original invoice or appropriate documentations submitted for payment. All invoices shall be reviewed by the respective signing officer and signed for approval indicating the cheque number and date of payment. They shall be filed monthly for easy access by cheque number.
 - c. A voucher that contains vendor name, date, description of payment and a signature of the party requesting a cheque shall support any disbursement issued to individuals.
 - d. All expenditures shall be paid on a timely basis.
 - e. HST Rebates are to be claimed on a monthly basis, with the rebate paid directly to the School, as a branch of the School Board.
 - f. All expenditures shall not only be reasonable in nature, for school purposes but shall not be in a conflict of interest situation.
 - g. Any items purchased from school funds shall remain the property of the school and/or School Board.
8. The computer accounting program shall be kept up to date with both deposits and disbursements done on at least a weekly basis for all bank accounts.
9. Schools shall have chequing accounts that provide both a bank statement and cancelled cheques on a monthly basis with preferably a bank monthly statement date as the last day of

the month.

- a. Upon receipt, cancelled cheques shall be placed in numerical order and a reconciliation with the bank balance done, on a timely basis, on each account bimonthly.
- b. A Reconciliation Report shall be printed within one week of receiving the monthly bank statement.
- c. The Reconciliation Report, monthly bank statement and appropriate cheques shall be given to the School Principal for review and filing. The reconciliation report shall be signed and dated by the Principal.
- d. A petty cash fund may be maintained at the school level to pay for small expenditures if supported by receipts. The petty cash fund shall not exceed \$250⁰⁰. The receipts and the balance on hand, shall equal the petty cash fund total at any time and shall always be subject to audit and reasonableness of expenditures.

10. Each school shall have an Audit Committee comprised of three members other than the School Principal.

- a. The Chair of the School Advisory Council shall appoint three members from the Schools' Advisory Council.
- b. When a committee of three cannot be formed, the Chair shall appoint members from the school's Home and School Association, Parent Support Group or school staff.

11. The duties of the Audit Committee are:

- a. To receive the budget for school accounts from the school principal.
- b. To receive the Annual Statements of all school based funds (as outlined above) that shall be forwarded to the Director of Finance by April 15th of each year.
- c. To receive the Reconciliation Report for the months of April to March for each school bank account.
- d. To receive the School Funds Audit Report(s), when completed for the applicable school, from the Director of Finance.
- e. To review any items for recommendations and ensure timelines are set for implementation of such guidelines as indicated on the School Funds Audit Report(s).
- f. To advise the school principal, based on the information provided, on:
 1. Improving the budget development process.
 2. Improving the accountability for money spent.

12. Trust funds, such as Scholarship funds that are maintained at the school level, shall be also subject to the guidelines noted above and subject to audit.

Chapter 1: Sources and Uses of School-Based Funds

The board policy provides a broad overview of the acceptable sources and uses of school-based funds. This chapter expands on the policy by offering some specific examples of acceptable sources and uses of the funds, and by identifying a minimum list of categories for tracking the funds.

Examples of School-Based Funds

Following are the five types of school-based funds, identified in the definition part of the board policy (proceeds from **fundraising, canteen/cafeteria sales, fees, collections, and donations**), with some examples of what they might include.

- **Funds raised through sales of goods AND canteen/cafeteria sales (including contracts and service agreements.)** This assumes **there is no school cafeteria society**. Where approved by the board, schools may raise funds from activities and agreements involving cafeteria services, vending machines, etc. The school normally receives a portion of the revenues from this type of contracted service. Any fundraising entered into must conform to the South Shore Regional School Board's Purchasing Policy # 420. All board policies and procedures are reviewed periodically and revised as needed. To ensure that you have a current copy of the Purchasing Policy, go to the SSRSB website and click on Document Depot under Contents/Regional Board Policies/"Purchasing Policy # 420"
- **School-based fees for services, athletics, student agendas, etc.** Generally at the secondary level, the school collects a fee at the beginning of the school year to cover costs for such things as the use of lockers and sports equipment, or the purchase of yearbooks. Often these are referred to as student activity fees. In some cases, these fees may be reimbursed at a later date (e.g., in the case of deposits for books or sports uniforms).
- **School-based fundraising for charities and/or specific events or initiatives** Schools may hold special fundraising drives-for example, to help a charity (such as the Terry Fox Run), or to provide funds to support a specific event in the schools (such as a school trip), or to support a specific initiative in the school (such as the purchase of computers). In cases like these, the staff in the school organizes and manages the fundraising activity. The school principal must be advised of all fundraising activities that will take place in the school's name, before they begin. The principal has the authority to deny activities that do not comply with board policies and are deemed to be inappropriate, such as activities that interrupt instructional time or that are high risk.

- **Donations.**

Donations may be made to a particular school either for a specific purpose or for general school dedicated use. Such donations may be eligible for a charitable donation tax receipt (see Chapter 6, “Charitable Donations”).

Categories for Tracking Funds

Financial Services has identified a minimum set of categories that schools must use to record inflows and outflows of school-based funds. The accounting records must track each of these categories separately for both revenue and expense. Schools may add subcategories if they wish, but should include the following at a minimum as categories:

- Administration – General (student fees, locker, agenda, postage, donations, collections, scholarships, etc)
- Cafeteria (milk, hot lunch, commissions, receipts, canteen expenses, etc)
- Classroom (classroom supplies, trips, books, other instructional expenses not covered by board-allocated funds)
- Fundraising (yearbook, student council, athletic, clubs, dances, car washes, etc)
- HST (rebate cheques, HST part of school purchases)
- Bank Charges (cheque reorder, interest, service fees, bank charges)

Acceptable and Unacceptable Uses of Funds

All purchases made using school-based funds must comply with the board’s policy and procedures in this handbook. They must also follow the guidelines in the board’s Purchasing Policy 420.

Funds raised for a general purpose must be used for the intended purpose. For example, athletic fees and graduation fees must be used for their intended purpose and recorded as dedicated programs accordingly.

Funds raised for a general purpose with no specific intent must be used for school-related activities, at the discretion of the school principal but may, at times, require consultation with other parties such as SAC, school staff or SSRSB office administrative personnel.

Unacceptable uses of school-based funds would include (but are not limited to) the following listed items; mileage and travel reimbursement to employees to and from work, payments to employees for services, payments for items tendered through the board’s purchasing office and personal items or other non-school related expenditures.

NOTE: If school-based funds are spent on something that may not have the appearance of directly benefiting the students in the school, be sure to carefully justify the expenditure and keep the justification on file. For example, include notes on your receipts or other supporting documentation.

Balancing the Funds at Year-End

The following controls help to ensure that school-based funds are appropriately managed and reported, especially at school year-end:

- ✓ If the category is of an ongoing nature or for a future project, and there is a positive year-end balance in that category at the end of one school year, then the balance must be rolled forward to the next year, and not be used for another purpose.
- ✓ Any negative balance at the end of the year must be paid off from other school funds before the year-end is completed.
- ✓ Year-end balances in one-time categories should be disclosed as such, if they are to be transferred to other categories.
- ✓ Do not permit deficits for any category, unless these are subsidized by other general fundraising activities. If there is a dedicated activity deficit that it is to be carried forward to the next year, then there must be a written plan as to how this deficit will be eliminated. This must be a plan no longer than one year to eliminate the activity deficit.

For more information see Chapter 9, “Year-End Reporting”.

Chapter 2: Banking, Receipts and Disbursements

All schools must have a bank account for all school-based funds, and a process for recording transactions. It is essential that controls be in place to safeguard the school's assets and to help in the management and record-keeping of these school funds. The procedures in this chapter should simplify banking practices as much as possible for school staff, while ensuring that funds are secure and records are adequate.

Maintaining Controls

It is important that school administrators support and follow the established procedures outlined in this handbook. If the procedures are not followed, the school is vulnerable to potential problems. The goal of the procedures in this chapter is to ensure that money is accounted for properly and that records are accurate and current. However, the procedures are only as good as their enforcement.

Controls help a school by entering data into the accounting software package, completing bank reconciliations, and generating reports. The principal and/or designate must still apply the use of proper procedures for receipts and disbursements.

Establishing a Bank Account

The school should have only a minimum number of bank accounts for school-based funds. The Financial Department may limit the number of accounts per school. All bank accounts must meet these requirements:

- Each bank account must be in the name of the school.
- The number of bank accounts must be kept to a minimum. The optimum number of bank accounts is two, one for the main school account and one for the student council (if applicable).
- No account may be opened in the school's name without prior knowledge and approval of the school principal.
- Cheques must be pre-numbered, have two signature lines, and provide a detachable record or cheque stub with the following payment details:
 - the payee
 - the date
 - the amount of the cheque
 - the purpose of payment (expense category, invoice number)

- The account must require two signatures on all cheques.
- It is acceptable to have up to four signing officers. The principal must be one of the four. If a cheque is payable to any one of the signing officers, that person must not sign the cheque.
- Account statements must be issued by the bank on a monthly basis, along with the cancelled cheques returned to the school. The cut-off date on bank statements must be the last day of the month.
- Internet banking and debit cards are strictly prohibited for any school bank account.

Receiving Money

All staff and volunteers must follow these requirements for collecting money:

- Complete a deposit form, recording the amount collected and the intended use. (See Appendix B-1, Page 68)
- Give the money and the deposit form to the designated individual in the school office who is responsible for counting the money. Take all money to the office on a daily basis.

Designated staff must follow these requirements for receiving, counting, and depositing money:

- When money is received at the school, store it at the school in a designated locked and safe location that has limited access, until it can be deposited.
- Always count money in the presence of two individuals and give a receipt to the individual or group who submitted the money.
- Complete a Log of Funds Collected by Cash and/or a Log of Funds Collected by Cheque (See Appendix B-2 and B-3, Page 69 and 70), which are optional. Ensure that the total on the deposit log matches the amount of the daily deposit.
- Promptly deposit all money intact to the appropriate bank account, the same day you collect it, unless there is a safe onsite. In that case, funds should be deposited within 48 hours of collection. Remember that funds not deposited are always subject to the risk of loss by theft, fire, etc.

Making Payments

Following are a range of procedures for requesting, documenting, approving, paying, and controlling expenditures. If there is any uncertainty about a payment procedure, consult the Finance Department for clarification.

General Requirements:

- Never pay expenditures from the cash collected. Instead, deposit the total funds to the bank and write a cheque to pay for expenditures.

- Record all expenditures and pay them promptly. Prompt payment of invoices will avoid service charges and interest charges which is an unnecessary expense of the school funds.
- Make all payments by cheque, except those of a minor nature, which may be paid from a petty cash fund. (See “Handling Petty Cash”, later in this chapter.)
- Items that are normally purchased using board-allocated funds should be paid directly from the Board.
- Never use Internet banking or bank debit cards for school bank accounts.

Documentation and Approvals:

- Ensure that all requests for payment are supported by *original* invoices, receipts, or other appropriate documentation. (*Note:* Do not make payments from a company statement; instead contact the vendor for the detailed invoice.) Paying from photocopied invoices increases the risk of an invoice being paid twice so always pay only from original invoices.
- Consider using a Cheque Request Form Voucher (such as the one in Appendix B-4, Page 71) to capture all the relevant information, including the principal’s approval.
- Before payment, ensure that the principal signs the documentation to indicate approval and to cancel the document. (Reimbursements to principals in excess of \$200 from the school bank account must be approved by the Superintendent).
- Before payment of staff-parent group expenditure, a designated approval authority from the staff-parent group must sign the documentation, in addition to the principal, to indicate approval for payment.
- Do not make cheques payable to “CASH”.
- Do not give payments in advance to employees.
- When a cheque is issued:
 - Mark the invoice paid.
 - Record the invoice number on the cheque
 - Record the cheque number and date on the original documentation.
 - Attach the cancelled invoice to the cheque stub.
 - File the documentation by month (see Monthly File Management, in Chapter 4)

Cheque Controls:

- Do not pre-sign cheques or use a signature stamp
- Maintain a record of all cheque numbers to account for all cheques and to prevent missing cheques. Keep voided cheques and include them in your monthly file.
- Store unused cheques in a designated, locked location to prevent loss or theft.
- There should only be one sequentially numbered book of cheques at all times.

Purchasing Policy:

- Follow the board’s Purchasing Policy when procuring all goods and services, whether you are using school-based funds or board funds.
- Except for school trips, do not use a school’s bank account for any individual transaction over \$15,000.

- All items purchased from the school bank account, including staff-parent groups, remain the property of the school.
- Do not use school-based funds to purchase items or services if the school expects to be repaid with board funds. If an item is to be charged against a board account, it must be processed through the board's Accounts Payable departments, rather than paid through the school's chequing account. This ensures the proper Board Budget Account is charged and the HST Rebate is received by the board on behalf of the school; thereby reducing the expense.

Tax Regulations:

- Disbursements requiring the issuance of T4 or T4A tax slips must be processed through the board's Payroll Department and reimbursed at the board office.
- The board is required to issue tax slips to individuals who provide service in an employer-employee relationship to the board or to any school. This requirement also applies when paying for services such as substitutes or lunch supervision staff. To ensure that the required tax slips are prepared, these transactions *must* be processed through the board's Payroll Office, and not through school bank accounts. If the school will be using school-based funds to pay for these services, the school would then reimburse the board office from their school-based account based on invoices received from the Finance Department of the board.
- Payments to individuals who submit an invoice for services rendered, and who have a valid business number, can be made from school bank accounts. Tax slips are not required since their Business Number indicates they are registered with the Canada Revenue Agency (CRA).
- Schools may apply to CRA to receive a rebate of 68% of any HST paid on school purchases made through their school-based accounts (see Chapter 5, Harmonized Sales Tax).

Handling Petty Cash

Petty cash funds must be accounted for through the school's general account, and replenished with a cheque from that account. It must never be replenished with cash from a deposit. As is noted in the section on documentation and approvals, cheques must not be made payable to "CASH" but should be made payable to the person cashing the cheque (ex. Principal, Administrative Assistant).

A float limit must be established, up to a maximum of \$250. When replenishment of funds is required, the replenishment amount must equal the total of the disbursements since the last replenishment. At any point in time, the sum of the receipts and cash on hand must always equal the float limit.

Original receipts or petty cash vouchers must be used for every transaction, and you must track who the money was paid to, its purpose, and the expense category to which it relates. Petty cash should be reconciled on a regular basis (no less than weekly), and discrepancies should be reported

immediately to the principal. Figure 2-1 shows a sample Petty Cash Reconciliation. (For a blank form, see Appendix B-5, Page 72).

Figure 2-1. Petty Cash Reconciliation

Figure 2-1. Petty Cash Reconciliation

Petty Cash Reconciliation											
Petty Cash Float											
Reciepts			\$100.00 [A]								
<u>Paid to</u>	<u>Purpose</u>	<u>HST</u> <u>Category</u>									
Mr. Riley	Postage	0.73 Office Expense	\$5.95								
Sure Currier	Delivery Service	2.87 Office Expense	\$23.40								
Ms. Smith (VP)	Binder/File Folders	4.20 Office Expense	\$34.20								
Total HST			8.01 Total <u>\$63.55</u> [B]								
Cash											
	x20=										
1	x10=		10.00								
3	x 5=		15.00								
4	x 2=		8.00								
3	x 1=		3.00								
	Coin		0.45								
	Total		\$36.45 [C]								
<div style="float: right; text-align: right;"> <table style="margin: 0 auto;"> <tr> <td>Receipts [B]</td> <td style="text-align: right;">\$63.55</td> </tr> <tr> <td>Cash [C]</td> <td style="text-align: right;">\$36.45</td> </tr> <tr> <td>Total B + C</td> <td style="text-align: right;">\$100.00 [D]</td> </tr> <tr> <td>Difference A-D</td> <td style="text-align: right;">\$0.00</td> </tr> </table> </div>				Receipts [B]	\$63.55	Cash [C]	\$36.45	Total B + C	\$100.00 [D]	Difference A-D	\$0.00
Receipts [B]	\$63.55										
Cash [C]	\$36.45										
Total B + C	\$100.00 [D]										
Difference A-D	\$0.00										
Amount required to reimburse Petty Cash			\$63.55								
Please make cheque payable to			<div style="border-bottom: 1px solid black; width: 100px; margin: 0 auto;">NAME</div>								

Chapter 3: Accounting Systems

This section identifies the minimum information that should be recorded in the school's accounting system in order to:

- Safeguard school-based funds
- Maintain thorough records of the inflow and outflow of money
- Maintain an up-to-date bank balance and ensure accurate cash management

Using the Recommended Software

The board has chosen Quicken as the standard computerized accounting system to be used by all schools. This is the software that is supported by the board and the current standard version to be used is Quicken 2002.

Using Quicken reduces the effort and time required to keep an accurate set of books. However, as with all other electronic systems, the records are only as good as the information entered.

Tracking Revenues and Expenditures

It is imperative to keep accurate, up-to-date records of the inflow and outflow of funds. This, in addition to appropriate controls, will ensure that the money is accounted for appropriately and that written records can be relied on for review and audit purposes. Ultimately, school funds are the responsibility of the principal. Accounting controls are only as good as their enforcement. It is important that the school established practices are followed when entering data into the accounting system.

- Record all revenues and expenditures completely, accurately, and promptly.
- For **revenue**, include the following information:
 - date deposited
 - amount collected
 - purpose of funds (Quicken category/subcategory)
 - name and signature of the group/class from whom the money was received
 - date deposited
- For **expenditures**, include the following information:
 - date the cheque was issued
 - cheque number
 - amount of cheque
 - name of payee
 - reason the payment was issued (category/subcategory)
 - invoice/document number (memo field)

NOTE: All funds must be deposited intact. Do not pay expenditures from cash collected. Deposit the total funds to the bank and write cheques to pay for expenditures. For more on depositing funds and making payments, see Chapter 2, “Banking, Receipts and Disbursement.”

- Ensure that the accounting system reports revenues and expenditures for each school activity. (For a minimum set of categories that schools must use in their accounting system, see “Categories for Tracking Funds” in Chapter 1.)
- Ensure that the principal reviews the revenue and expenditure records every month. (see Chapter 4, Financial Reporting)

Reconciling School Accounts

Follow these procedures to reconcile your school accounting records with your bank statements:

- Complete monthly bank reconciliations within 21 days of the statement date.
- Stale-date any cheques that are not cashed within six months and reverse these in your records. (*Note:* Do not delete any records from your Accounting system. Instead, reverse the cheque by inserting a reverse entry in Quicken – a deposit – dated in the month being reconciled. This method ensures that the balance printed on prior month reports will still correspond to the Quicken balance).
- If deposits have not cleared within the month of reconciliation, ask the bank about the outstanding items – unless the deposits were taken to the bank on the last business day. (*Note:* Banks will only investigate discrepancies for a certain amount of time, so report any problems immediately).
- The principal must review, sign and date the monthly bank reconciliation. File the signed reconciliation as part of the monthly file, along with the cancelled cheques.

Steps to Reconcile a Bank Account

To ensure that the school’s accounting records reconcile with bank records, follow these steps every month for each school bank account:

1. Check the school’s accounting records for a list of deposits and withdrawals or payments. Compare those to the items recorded on the current bank statement. In the accounting records, mark off all deposits and withdrawals that appear on the bank statement. Generate a list of all deposits and withdrawals for the month that are still outstanding, once you have cleared the current items. (Quicken will provide this list for you.)
2. If there are any items on the bank statement that do not appear in the accounting records, enter these deposits or withdrawals into the accounting records (e.g. bank

interest, NSF charges). Make sure that you use the proper dates to enter these transactions so they will appear in the period being reconciled.

3. To balance the account:

- (A) Start with the bank statement's closing balance. _____
- (B) Add any outstanding deposits. _____
- (C) Subtract any outstanding cheques from the list generated in step 1. _____
- (D) Check the final bank balance to ensure that it equals the balance in the accounting records for the end of the month being reconciled. _____

Quicken will automate this process for you and provide you with a reconciliation report.

Reconciliation Report

Figure 3-1A to 3-1D show a bank reconciliation report. This sample report is generated in Quicken every month when reconciling the bank statement. This report will produce a list of outstanding cheques and deposits that will show the difference between the Quicken balance and the bank balance. The reconciliation report prints the ending Quicken balance. This balance must agree with the balance on hand recorded on the school financial statement (Figure 9-1.)

Print the bank reconciliation report and include it in the monthly file for the account. In Quicken, always print the **cleared** and **uncleared** transactions as part of the reconciliation report. If you encounter a problem printing, the reconciliation report can be reprinted. To reprint the bank reconciliation reports, go to "Reports/Spending/Reconciliations" and then type in the report title and date" in your Quicken Account.

Figure 3-1A. Bank Reconciliation Report (using Quicken)

March 31, 2006		
South Shore Regional School		
Bank Reconciliation South Shore School March 31, 2006		
Reconcile Balance as of March 31, 2006		
<i>Bank Statement – Cleared Transactions</i>		
Previous Balance:		2582.00
Cheques and Payments	10 items	-785.23
Deposits and Other Credits	6 items	<u>1584.25</u>
Ending Balance of Bank Statement		3381.02
Your Records – Unreconciled Transactions		
<i>Cleared Balance:</i>		3381.02
Cheques and Payments	3 Items	-199.44
Deposits and Other Credits	1 Items	300.00
Register Balance as of 1/31/2007		<u>3481.58</u>
Cheques and Payments	0 Items	0.00
Deposits and Other Credits	0 Items	0.00
Register Ending Balance		<u>3481.58</u>

Figure 3-1B. Bank Reconciliation Report (using Quicken)

Reconciliation Report						
South Shore School Account				Page 2		
Cleared Transaction Details						
Date	Num	Payee	Memo	Category	Clr	Amount
Cleared Cheques and Payments						
2/13/2006	299	Farmers Dairy	Milk	Milk Expense	R	-75.03
2/28/2006	316	Atlantic Fund Raiser		Fundraising Ex	R	-111.00
3/3/2006	319	Greco Pizza		Hot Lunch Ex	R	-136.00
3/15/2006	334	Learning Resources		Classroom Ex	R	-36.00
3/20/2006	344	Premier Agendas		Agenda Ex	R	-53.75
3/21/2006	345	Nova Charter	Bus	Class Trip Ex	R	-200.00
3/22/2006	346	Staples		Office Ex	R	-6.30
3/23/2006	347	Beton Fire Supplies		First Aid Ex	R	-61.10
3/24/2006	348	Bank of Nova Scotia		Bank Charges	R	-19.00
3/31/2006	349	Empire Theatres		Music Ex	R	-75.00
3/31/2006	350	Tattletale Books		Library Ex	R	-12.05
Total Cleared Cheques and Payments				11 Items		-785.23
Cleared Deposits and other Credits						
3/15/2006		Deposit	Trip 6	Class Trip In		449.00
3/20/2006		Deposit		Milk Income		45.00
3/21/2006		Deposit		Hot Lunch Income		67.00
3/22/2006		Deposit		Student Fee Income		85.00
3/23/2006		Deposit		Class Trip Income		151.00
3/24/2006		Deposit		Fundraiser Income		622.00
3/31/2006		Deposit		Fundraiser Income		75.00
3/31/2006		Deposit		PTA Income		90.25
Total Cleared Deposits and Other Credits				8 Items		1,584.25
Total Cleared Transactions						<u>799.02</u>

**Figure 3-1C. Reconciliation Report-Uncleared Transaction Details up to Reconciliation
(Quicken, page 3)**

Reconciliation Report							Page 3
South Shore School Account							
Uncleared Transactions Details up to 03/31/2006							
<u>Date</u>	<u>Num</u>	<u>Payee</u>	<u>Memo</u>	<u>Category</u>	<u>Clr</u>	<u>Amount</u>	
Uncleared Cheques and Payments							
3/31/2006	351	Mr. Jones	Crayons	Classroom Ex	R	- 22.44	
3/31/2006	352	Scholastic	Library	Library Ex	R	-177.00	
Total Uncleared Cheques and Payments				2 items		-199.44	
Uncleared Deposits and other Credits							
3/31/2006	Dep	Deposit	5M	Class Trip In	R	300.00	
Total Cleared Deposits and Other Credits						300.00	
Total Cleared Transactions							100.60

**Figure 3-1D. Reconciliation Report- Uncleared Transaction Details After Reconciliation
(Quicken, page 4)**

Reconciliation Report						
South Shore School Account					Page 4	
Uncleared Transactions Details after 03/31/2006						
Date	Num	Payee	Memo	Category	Clr	Amount
Uncleared Cheques and Payments						
Total Uncleared Cheques and Payments			0 Items			
						0.00
Uncleared Deposits and other Credits						
Total Cleared Deposits and Other Credits						0.00
Total Cleared Transactions						0.00

Chapter 4. Financial Reporting and File Management

This chapter describes some key financial reporting requirements for school-based funds. It identifies the following:

- Who is responsible for preparing and approving financial reports
- What is included in monthly reports
- How to maintain accounting files

Responsibilities

The principal is accountable to both the school community and the board to ensure that all school-based funds are tracked and used appropriately. Effective financial reporting demonstrates accountability and also equips the school community and the principal to make informed decisions for the benefit of the students.

Financial reports are prepared by designated staff under the direction of the principal. It is the principal's responsibility to:

- ensure that school accounts are reconciled monthly, within 21 days of the bank statement date
- review, sign and date all reports that form part of the official record of school accounts
- submit the annual Financial Report to the Shared Finance Department within 21 days of the close of the fiscal year
- ensure that monthly and annual reports and backup documentation are kept onsite for seven years
- provide financial information to the School Advisory Council and the school community on request
- provide a monthly financial report to the Staff-Parent group as the group's account is administered by the school

Monthly Reports

Include the following information in the monthly financial reporting file for each bank account:

- a monthly financial statement (see Figure 4-1)
- a cash flow report (see Figure 4-2)
- a transaction report (see Figure 4-3)
- a bank reconciliation report (see Figure 3-1A to 3-1D in Chapter 3)

The reports may be generated by designated staff, but must be reviewed, signed and dated by the principal.

Completing the Monthly Financial Statement

The purpose of the monthly financial statement is to show that the cash flow report balances with the opening and ending register balance. To complete the statement:

1. Prepare a cash flow report for the month (see Figure 4-2)
2. On a monthly financial statement, such as the sample in Figure 4-1:
 - A. Enter the Opening Balance (the closing balance from the previous month).
 - B. Enter Cash Received during the month (Total Inflows from the Cash Flow Report).
Add A + B and enter this in Total Cash Available
 - C. Enter Disbursements for the month (Total Outflows from the Cash Flow Report).
 - D. Subtract Disbursements from Total Cash Available and enter this as the Ending Cash Balance. Compare this amount to the register ending balance for the month. (They should be the same). If they are different, review the transactions for the current month. Verify that all items have been entered with the proper date. This statement should be generated after the bank reconciliation has been completed.
3. File in your monthly file. (See “Monthly File Management”, later in this chapter).

Figure 4-1. Monthly Financial Statement

Monthly Financial Statement		
School Name	<u>South Shore Regional School</u>	
For the month of	<u>December 2006</u>	
A.	Opening Balance (previous month closing balance from Quicken)	<u>4,585.05</u>
B.	Cash Received (total inflows from Cash Flow Report)	<u>4,764.00</u>
	Total Cash Available (A + B)	<u>9,349.05</u>
C.	Disbursements (total outflows from Cash Flow Report)	<u>3,775.58</u>
D.	Ending Cash Balance (compare to month end Quicken balance)	<u>5,573.47</u>

Figure 4-2. Cash Flow Report (using Quicken)

Cash Flow
12/1/06 Through 12/31/06

Category Description	12/01/06- 12/31/06
INFLOWS	
Admin-General Income	605.00
Cafeteria Income	1955.00
Classroom Income	904.00
Fundraising Income	1300.00
TOTAL INFLOWS	<hr/> 4764.00
OUTFLOWS	
Admin-General Expense	1110.52
Cafeteria Expense	618.06
Classroom Expense	376.13
Fundraising Expense	670.01
HST Paid Out	86.46
Bank Charges	22.35
TOTAL OUTFLOWS	<hr/> 2883.53
OVERALL TOTAL	<hr/> <u>\$1880.47</u>

Transaction Report

The transaction report (also called a register report) lists each transaction that has been recorded in Quicken for the month, including the amount, date, cheque number and vendor information, category charged, and memo details. See the sample in Figure 4-3. This report becomes a record of posted transactions and can be very helpful in identifying changes to transactions if the opening balance in one month does not match the closing balance in the previous month. Include this report in the monthly file.

Figure 4-3. Transaction Report/Register Report (using Quicken)

Transaction Report 12/1/06 Through 12/31/06						
Date	Account	Num	Description	Memo	Category	Amount
			Balance 11/30/05			4585.05
12/1/2006	General	23	Farmer's Dairy	milk	milk exp	-200.00
12/3/2006	General		Deposit	class trips	split	1900.00
12/4/2006	General	24	Staples	Ink cart	office ex	-414.00
12/7/2006	General	25	Mr. Smith	supplies	class ex	-318.06
12/12/2006	General	26	Empire Theatres	class trip	class trip ex	-686.86
12/15/2006	General	27	Save Easy	hot lunch ex	hot lunch ex	-370.01
12/16/2006	General		Deposit		split	660.00
12/16/2006	General		Deposit		hot lunch in	900.00
12/18/2006	General	28	John Jones	supplies	class trip ex	-686.86
12/20/2006	General	29	SSRSB	bus	class trip ex	-500.00
12/21/2006	General	30	Paper Plus	supplies	class ex	-676.13
12/21/2006	General		Deposit		milk income	1304.00
			Total 12/1/06 – 12/31/06			912.08
			Balance 12/31/06			5497.13
			Total Inflows			4764.00
			Total Outflows			-3851.92
			Net Total			912.08

Bank Reconciliation Report

Each month, the school must reconcile the bank account balance(s) from the bank statement to the accounting system balance (See “Reconciling School Account” in Chapter 3). Quicken automates this process for you and produces a bank reconciliation report (shown earlier in Figure 3-1A to 3-1D). The principal must review the bank reconciliation report along with the related bank statement, returned cheques, and other items returned from the bank. Any questionable items should be investigated with the designated staff person(s) or the bank.

Itemized Category Reports

You may need more information for a particular category than the monthly reports provide (for example, to report to the school community on a fundraising project such as playground equipment). Most accounting systems allow you to generate itemized category reports, such as the sample in Figure 4-4. If you need help to prepare any additional reports, contact the Shared Finance Department.

In addition to the transaction report, an itemized category report will provide you with the detailed transactions, but sort and subtotal by category, rather than simply list in date order. For split transactions (transactions that are recorded to more than one category) you do not see the individual categories that were used as part of the split in a transaction report (see Figure 4-3). The split will be broken down by category if you print an itemized category report for the month.

Figure 4-4. Itemized Categories Report (using Quicken)

Cat/Sub	Date	Account	Num	Description	Memo	Clr	Amount
INCOME							
Admin-General Income							
	12/3/2006	General Account	D	Deposit	Grade 6		255.00
	12/3/2006	General Account	D	Deposit	Grade 2		<u>350.00</u>
TOTAL Admin-General Income							605.00
Cafeteria Income							
	12/1/2006	General Account	D	Deposit	Auction		1700.00
	12/9/2006	General Account	D	Deposit	Book sale		<u>255.00</u>
TOTAL Cafeteria Income							1955.00
Classroom Income							
	12/15/2006	General Account	D	Deposit	Lunch Income		<u>904.00</u>
TOTAL Classroom Income							904.00
Fundraising Income							
	12/16/2006	General Account	D	Deposit	Milk Income		<u>1300.00</u>
TOTAL Fundraising Income							1300.00
TOTAL INCOME							4764.00
EXPENSES							
Admin-General Expense							
	12/12/2006	General Account	26	Empire Theatres	class trip		-610.52
	12/15/1006	General Account	29	TCRSB	Bus		<u>-800.40</u>
TOTAL Admin-General Expense							-1410.92
Cafeteria Expense							
	12/3/2006	General Account	25	Mr. Smith	supplies		-618.06
	12/21/2006	General Account	30	Paper Trail	supplies		<u>-745.13</u>
TOTAL Cafeteria Supplies Expense							-1363.19
Classroom Expense							
	12/15/2006	General Account	27	Superstore	Hot Lunch Ex		<u>-670.01</u>
TOTAL Classroom Expense							-670.01
Fundraising Expense							
	12/1/2006	General Account	23	Farmers	Milk Ex		<u>-245.00</u>
TOTAL Fundraising Expense							-245.00
HST Paid Out							
	12/15/2006	General Account	28	John Jones	supplies		-83.31
	12/15/2006	General Account	28	John Jones	supplies		<u>-3.15</u>
TOTAL HST Paid Out							-86.46
TOTAL EXPENSES							<u>-3775.58</u>
OVERALL TOTAL							988.42

Monthly File Management

It is recommended that you maintain a monthly accounting file for each bank account. The file should contain the following:

- Bank reconciliation report (Figures 3-1A to 3-1D), reviewed, signed and dated by the principal
- Monthly bank statement with cancelled cheques
- Deposit slips and backup (such as the Appendix B-1 deposit form on page 68, and the daily cash and cheque log forms in Appendices B-2 and B-3 on page 69 and 70), sorted in order by date
- Cheque stubs and backup (such as the daily cash log in Appendix B-3 page 70) sorted in order by cheque number. VOID cheques must be included here.
- Cash flow report for the month and year to-date (Figure 4-2), reviewed, signed and dated by the principal (this report should be run after the monthly bank reconciliation has been completed).
- Monthly transaction report (Figure 4-3)
- Monthly reports submitted by parent-staff groups
- Copy of the HST return, if filed during the month (Do not keep a separate file for HST). (See Chapter 5, Harmonized Sales Tax)
- Monthly financial statement (Figure 4-1)

Procedures for Retaining Records

Follow these procedures for retaining records:

- Keep all original documents – including paid invoices, cancelled cheques, bank statements, support for deposits, and bank reconciliations – for seven years (six years plus the current year). The records from each year must be boxed, labeled and stored in the school. To destroy files that are seven years, write or contact the Revenue Canada office for authorization at:
Ralston Building
1557 Hollis Street
PO Box 638
Halifax NS B3J 2T5
Fax: 902-426-7170
- File cheques (in numerical order) and debit memos with the bank reconciliation and the monthly bank statement, by month, as part of the monthly file.
- Do monthly backups and store them onsite for the full year.
- Ensure that a good backup system or file is in place and that it has been secured and tested. A backup of the whole year should be done after the March 31 reconciliation and it should be stored with the year-end files.

CHAPTER 5. Harmonized Sales Tax (HST)

The purpose of this chapter is to help schools simplify the process of tracking and recovering the Harmonized Sales Tax (HST) in order to:

- comply with federal and provincial legislation
- minimize potential exposure to HST tax liabilities in the event of a government audit
- maximize HST rebates

Tax Legislation and Regulations

The legislation and regulations governing HST can be difficult to understand. Both the legislation and regulations change periodically, often in very subtle ways that are not noticeable until an HST audit occurs. When these changes occur, the board has to change its accounting and recording instructions to schools. Sometimes the federal or provincial government may even require retroactive changes in accounting practices.

There are two aspects of the Harmonized Sales Tax (HST) that the South Shore Regional School Board and each school must address. These are:

- determining when to charge HST on money received (most schools will not have to charge HST)
- recovering HST paid on purchases made (68% rebate on most purchases)

The board is registered as a public institution and as a registered charitable organization. This gives it the broadest range of HST exemptions. The board has also set up each of its schools as a branch location, so that as much as possible of the school-based accounts will be exempt from HST requirements. See “Appendix D-Goods and Services Branch Numbers, Page 81” for school branch numbers.

Determining When to Charge HST

The board generally assumes that each school will have less than \$50,000 in taxable sales in the previous 12 months. If taxable sales are less than \$50,000, the school is not required to collect HST on taxable sales.

If you are concerned that the taxable sales for your school may be more than \$50,000 in any consecutive 12-month period, please contact Shared Services Finance staff, who will work with you to determine taxable sales. Figure 5-1 can be used as a reference and worksheet for determining taxable sales.

Figure 5-1. Taxable Sales Worksheet

Taxable Sales Worksheet Record your estimated annual sales, where applicable, under the Annual Sales column.			
Description	Taxable	Non-Taxable	Annual Sales
Textbook deposits		X	
Student activity fee		X	
Items sold at or below cost		X	
Food and drinks sold at co-instructional events		X	
Sale of school supplies at or below cost		X	
Fundraising items with a sale price of less than \$5.00		X	
Funds collected from field trips		X	
Funds collected from extracurricular bus trips		X	
Bank interest earned		X	
Yearbook sales if greater than cost (Do not include donations or advertising revenue here, or in calculating whether sales exceed costs)	X		
School rings (If a 3 rd party sell the rings and the school receives a commission, the commission is exempt)	X		
Chips/pop/snack food	X		
Fundraising items with a sale price greater than \$5.00	X		
School locks (If locks are sold, the revenue is taxable)	X		
School locks (If locks are rented/leased, revenue is tax exempt)		X	
Agendas	X		
Vending machine sales (If the school owns the machine, revenue is taxable)	X		
Vending machine sales (If the school rents space to a 3 rd party and receives a commission, the commission is tax exempt)		X	
Sale of school supplies at greater than cost	X		
Estimated Total Taxable Sales			

To demonstrate to Canada Revenue Agency (CRA) that an item is being sold at a price that just covers cost, the school must record revenues and expenditures made on each activity in a way that proves there is no profit. If there is a profit, then the entire revenue, not just the profit, must be included in the HST calculation. If there are different sources of revenue (i.e., yearbook sales that include advertising or donations), be sure to clearly indicate the source of the revenue when you record it. When calculating the profit from yearbook sales, you only need to factor in the sales dollars, not the advertising revenue or donations.

Taxable Sales Greater than \$50,000

If taxable sales are more than \$50,000 in any consecutive 12-month period, the school will have to charge HST on all taxable sales, starting in the next quarter, and remit this amount to the federal government. (The school still collects an HST rebate of 68% on its purchases, as described below in the topic “Collecting the GST/HST Rebate”.)

For the purpose of determining taxable sales, a year is measured as any consecutive 12-month period; it is not tied to the fiscal year or to the school year.

If the school is required to charge HST, Financial Services will help set up the required accounting records.

Note: Any financial tax liability resulting from a government audit of school-based account activities is the responsibility of the school. If an HST audit determines that a school should have been collecting HST, the school will be required to pay the HST.

Taxable Sales Less than \$50,000

The board has determined that all South Shore Regional Schools will have less than \$50,000 in taxable sales each year. Based on this assumption, Financial Services has obtained a “small supplier branch designation” for each school. This exempts the schools from being required to collect HST on sales, and entitles schools to a rebate of 68% of the HST on most purchases (100% of the GST on books). All schools in the South Shore Regional School Board fall into this category.

Collecting the GST/HST Rebate

All schools are eligible for the following sales tax rebates:

- a rebate of 100% of the Goods and Services Tax (GST) paid on all book purchases (GST is calculated at 6% effective July 1, 2006)
- a rebate of 68% of the HST paid on all other purchases

Follow these steps to obtain a rebate of the HST Paid Out items purchased through school-based funds:

1. Use Quicken to record HST under HST Paid Out, the same as recording an invoice.
2. Use Quicken to run a HST Paid Out report that itemizes the school's HST payments. Figure 5-2 shows a sample report. In this sample, the "HST Paid Out" category is used.
3. Complete an "Application for GST/HST Public Service Bodies' Rebate". (See Figure 5-3 and the step-by-step instructions that follow the figure). See Appendix D for your school GST/HST Business Number. Have the principal review and sign the form; make a copy for the school files; then mail the original to CRA. Do not attach supporting documentation to the application form that you send to CRA.
4. File the school copy of the application form, along with the "HST Paid Out Report" in the monthly file for the month corresponding to the period end date. Your original invoices and cheque stubs should be filed in the monthly file that corresponds to the month in which the invoice was paid. These documents provide backup to substantiate your claim in case of an audit, and are an important source of information in case you need to verify what you have claimed. You must keep these records for seven years (the six past years plus the current year).
5. HST Rebate claims must be done monthly by each school. This is because the School Board is listed as the main account with Canada Revenue Agency and the schools are listed as branch accounts. The School Board is required to file monthly by Canada Revenue Agency which means all the branch accounts must also file monthly. The computer at Canada Revenue Agency maintains a checklist as to where/when the school has filed for what period. If it is not done monthly, there is a risk that the rebate will be lost.
6. Tax rebaters are not to be used to prepare your monthly HST form. Their fees will be at least 50% of the rebate amount. Recording the HST rebate is a fairly easy and fast process when entering cheques. Should assistance be needed, please contact the Finance Department.

Figure 5-2. HST Paid Out Report (using Quicken)

HST Paid Out 12/1/06 Through 12/31/06						
Date	Account	Num	Description	Memo	Category	Amount
12/1/2006	In Trust	120	Cook's Dairy	HST	HST Paid Out	1.26
12/2/2006	In Trust	122	Mr. Stanley	HST	HST Paid Out	36.00
12/4/2006	In Trust	123	Empire Theatres	HST	HST Paid Out	0.56
12/7/2006	In Trust	125	Staples	HST	HST Paid Out	3.01
12/11/2006	In Trust	127	Valley Stationeries	HST	HST Paid Out	1.94
12/15/2006	In Trust	128	Enterprise	HST	HST Paid Out	15.32
12/20/2006	In Trust	131	Empire Theatres	HST	HST Paid Out	<u>3.00</u>
Total 12/01/06-12/31/06						61.11
Total Inflows						0.00
Total Outflows						61.11
Net Total						<u>61.11</u>

Figure 5-3. Application for GST/HST Public Service Bodies Rebate (Side 1)

<http://www.cra-arc.gc.ca/E/pbg/gf/gst66/README.html>



Canada Revenue Agency
Agence du revenu du Canada

APPLICATION FOR GST/HST PUBLIC SERVICE BODIES' REBATE AND GST SELF-GOVERNMENT REFUND

Public service bodies' rebate

Use this form to claim a rebate if you are a municipality, hospital authority, external supplier, facility operator, charity, public institution, or qualifying non-profit organization, or if you are a university, school authority, or public college that is established and operated otherwise than for profit. To determine if you are eligible, and for instructions on how to complete this form, see our guide called *GST/HST Public Service Bodies' Rebate* (RC4034).

Self-government refund

Use this form if you are eligible to claim a self-government refund of GST under a self-government agreement.

If you have questions about completing this form, call us at **1-800-565-9353**.

- If you are a GST/HST registrant (you collect and remit GST/HST) and you want to use the rebate to reduce an amount of GST/HST payable on your GST/HST return, complete Part C and attach this form to that return.
- If you are not a GST/HST registrant, you can file an application for the first six months of your fiscal year, and another application for the last six months of your fiscal year. Complete and mail your form to: Canada Revenue Agency
Summerside Tax Centre
275 Pope Road, Suite 103
Summerside PE C1N 6A2

Part A – Identification

Business Number R T		Legal name		Trading name (if different than legal name)	
Mailing address		City		Province	Postal code
Business address (if different from mailing address)		City		Province	Postal code
Contact person		Title		Telephone number ()	
Taxation charity registration number (Provide if you are a registered charity)		R R		What is your fiscal year-end? Month Day	

Part B – Claim period

Period covered by this application:		From:	Year Month Day	To:	Year Month Day
You can include transactions dated before the claim period start date that have not already been claimed, as long as they are within the four-year limit.					

Part C – Offset on GST/HST return

To be completed by GST/HST registrants only.

Is the amount on line 409 of this form being included on line 111 of your GST/HST return? ☐ Yes ☐ No

If yes, enter the period end date of your GST/HST return. Year Month Day

► **You must attach this form to your GST/HST return to use the amount on line 409 to reduce any GST/HST payable.**

Complete "**Part E – Details of claim**" on the back of this form.

Part D – Certification

I certify that the information given on this form and in any documents attached is, to the best of my knowledge, true, correct, and complete in every way. The amount on line 409 on this form or any part of it has not previously been claimed; books, records, and invoices are available for inspection; and I am authorized to sign for the organization.

Print name		Title	
Signature		Telephone number ()	Year Month Day

Privacy Act / Personal Information Bank number RCC/P-PU-091.

DO NOT USE THIS AREA

☐ Input Code ☐

GST66 E (07)

Vous pouvez obtenir ce formulaire en français à www.arc.gc.ca ou au 1-800-959-3376.

Canada

Figure 5-3 Application for GST/HST Public Services Bodies Rebate (Side 2)

Part E – Details of claim

Enter on the appropriate line of the table below the amount of rebate that you are claiming for each activity that you perform.

If you engage in various public service body activities, you may qualify for rebates at different percentages based on the extent to which you use goods or services in each activity. For more information, see "Special rules for claimants with multiple activity types" in the guide RC4034, *GST/HST Public Service Bodies' Rebate*.

Claiming a health care rebate on lines 310 to 312

Effective January 1, 2005, a rebate of 83% of GST and the federal part of HST is available for expenses incurred by eligible charities and qualifying non-profit organizations in providing certain health care services and the operation of facilities in which the certain health care services are provided. This rebate is also available for expenses incurred by hospital authorities in eligible activities other than the operation of a public hospital. For more information, see our web page www.cra.gc.ca/tax/business/topics/gst/psb/rebates/psb/menu-e.html.

Municipality claims on line 300 for the "Federal" column

Use the rebate factor of **57.14%** for any amount of tax that became payable before February 1, 2004, and enter the result in box A below. Use the rebate factor of **100%** for any amount of GST and of the federal part of HST that became payable after January 31, 2004, and enter the result in box B. Add amounts A and B. Enter the result in box C and in the Federal column at line 300. Municipalities in New Brunswick and Nova Scotia may use the rebate factor of **57.14%** for the provincial part of HST and enter this amount in the provincial column on line 300. For more information, see the guide RC4034.

$$A \boxed{} + B \boxed{} = C \boxed{}$$

Line number	Activity type	Rebate factor	Federal	New Brunswick	Newfoundland and Labrador	Nova Scotia
300	Municipality (see instructions above)					
		57.14%				
301	University (or affiliated college or research body)	67%				
302	School authority	68%				
303	Public college	67%				
304	Hospital authority (only for activities of operating a public hospital)	83%				
305	Charity or Public institution	50%				
306	Qualifying non-profit organization – see note 1	50%				
307	Books (do not include in other activity types)	100%				
308	Goods and services exported by a registered charity or public institution	100%				
309	Self-government refund	100%				
310	Hospital (for eligible activities other than the operation of a public hospital) – see note 2	83%				
311	Facility operator – see note 2	83%				
312	External supplier – see note 2	83%				

Total the amounts from all boxes. Enter your total claim on line 409.

Total amount claimed

409

Notes:

- 1 If you are a qualifying non-profit organization, you must complete and file Form GST523, *Non-Profit Organizations – Government Funding*, each year. Do not send us your annual reports or financial statements.
- 2 For more information, see our web page www.cra.gc.ca/tax/business/topics/gst/psb/rebates/psb/menu-e.html.

Printed in Canada

Instructions for Completing the Application for GST/HST Rebate

Part A- Identification

The first time you file a return, you will have to complete Part A. After filing your first return, CRA will send you a new form that has the identification section completed. These are the required fields:

Business Number	This is the HST number assigned to your school. A number has already been assigned to every school. If you don't have the number, contact Financial Services.
Legal Name	This is the name of the school.
Mailing Address	This is the school's mailing address.
Business Address	Does not need to be filled in unless the school has a separate mailing address.
Contact person	Include the principal's name, title, and telephone number.
Taxation Charity Registration #	Does not need to be filled in.
Fiscal year-end	March 31 (03/31)

Part B – Claim period

The claim period includes a “from” and “to” date. The claim period must start at the beginning of a month and end on the last day of a month. Subsequent reports must start where the previous report ended. CRA is very strict on the dates and will return your claim if this method is not followed. For example, if your claim period ends on March 21, your claim period must be reported as ending on March 31. Transactions for the period of March 22 to March 31 should be included on the claim beginning April 1.

Part C – Offset on GST/HST return

Part C is not required.

Part D – Certification

Part D is to be completed by the principal.

Part E – Details of claim

The rebate amounts are calculated on the back of the form. Only three lines need to be completed:

Line 302	Split the rebate amount between the Federal and Nova Scotia fields. If you use the HST summary form (Figure 5-3), this amount is calculated for you. Enter the federal portion (calculated at 7/15 times the rebate amount; beginning July 1, 2006 this changed to 6/14) in the Federal column. Enter the Nova Scotia portion (calculated at 8/15 times the rebate amount; beginning July 1, 2006 this changed to 8/14) in the Nova Scotia column.
----------	--

Line 307 Record the GST paid on books. No breakdown is required between the federal and Nova Scotia columns, as 100% of the rebate is claimed under the federal column.

Line 409 Enter the total of lines 302 (both the Federal and Nova Scotia amounts) and 307. The total should match the total amount of HST rebate calculated on your HST summary form.

Change in Rebate Allocation on Page 2 of Rebate Form

Effective July 1, 2006, the HST rate was reduced from 15% to 14%. When making the monthly claim for the rebate, the Federal portion of the rebate would be 6/14 (instead of 7/15) and the Province of Nova Scotia portion would be 8/14 (instead of 8/15).

Effective January 1, 2008, the HST rate was reduced from 14% to 13%. When making the monthly claim for the rebate, the Federal portion of the rebate would be 5/13 (instead of 6/14) and the Province of Nova Scotia portion would be 8/13 (instead of 8/14).

HST Branch Numbers

HST Branch Numbers as of August 1, 2006 are listed on Appendix D, Page 81.

Chapter 6. Charitable Donations

The South Shore Regional School Board is a registered charitable organization. This allows the board to issue charitable donation receipts that donors can use for tax purposes. The Charitable Donation Policy is included at the end of this chapter.

This chapter describes:

- the types of donations that qualify for tax receipts
- the types of donations that do not qualify for tax receipts
- the process for requesting tax receipts

Definitions and Conditions

A charitable donation is a voluntary transfer of property or cash that does not provide a material benefit to the donor or a member of the donor's family.

For a gift to qualify as a charitable donation, **all three** of the following conditions must be met:

- 1) Property or cash is transferred by a donor to the board.
Note: Cheques should be made payable to the board, **not** the school. A donation **must** go through the board's accounting process in order to qualify for a charitable tax receipt. (If the cheque is cashed by the school, a school cheque must accompany a request for the receipt, along with a copy of the cheque from the donor.)
- 2) The donation is voluntary.
- 3) The donation is made without expectation of a return. There cannot be a benefit of any kind to the donor, his or her immediate family, or to a specific person designated by the donor.

Exclusions

Contributions of services (e.g. time, skill, effort) do not qualify as charitable donations. However, there is nothing to prohibit the board from paying for the services and later accepting all or a portion of the payment back as a donation, providing that the payment was returned voluntarily.

Donations made to the board can be provided for a purpose (e.g. to the benefit of a specific school) but cannot be directed to the benefit of a specific individual.

Parents or guardians providing money for workbooks or field trips for their child/children, does not qualify for a charitable donation tax receipt.

If you are uncertain about whether a donation is eligible for a tax receipt, contact the Finance Department before committing to give the tax receipt.

Gifts in Kind

A *gift in kind* is a donation other than cash. It does not include a gift of services. Examples that would qualify include computer equipment, books and furniture.

The date of a donation for a gift in kind is the date that the donor transfers legal ownership to the board. This may not be the date of physical delivery, since an object may be on loan to the board before the date of donation.

For donations of gifts in kind, the board may issue a receipt stating the fair market value of the donation once the object has been appraised. The value is determined by the value at the date of transfer, not by the original cost of the article.

- For *new items*, the donation receipt will be equal to the original invoice amount, minus HST.
- For *used items*, the donation receipt will be based on the fair market value. An independent appraisal is required for all items with a value exceeding \$1,000.

The person who determines the fair market value of the donated property must be *independent* of the transaction, competent, and qualified to evaluate the particular property. This person must also put the evaluation in writing (see Figure 6-1 Donations/Gifts Approval Form).

Property of little value, such as used clothing, will not qualify as a gift in kind.

Inducements and Tokens of Appreciation

The general rule that no benefit of any kind may be made available to the donor does not include items of little or no value. For example, the school may give a donor a small token as a gesture of appreciation. These items (e.g. a single flower, a pamphlet, a plastic pin, a tag, and envelope seals) have no resale value, and so they do not disqualify the donation. A fundraising purchase (e.g. an amount paid for chocolate bars, cookies, etc) is not a gift.

Receipts

There are no government regulations that set a timeframe for issuing official donation receipts, but receipts should be issued at least by the last day of February following the calendar year when the donation was made. By doing this, the donor can use the deduction in calculating his or her taxes for the year in which the donation was made.

Financial Services receives requests for tax receipts each year. Please send your list so that all of your donors receive their tax receipts on time.

The most important date is the date of the donation. Donations received after the end of the calendar year may not be added to the previous year's donations unless the donation was postmarked in the previous year. (For example, if you receive a donation in January 2007, postmarked December 29, 2006, the donation qualifies as a 2006 donation.) Financial Services staff will mail the receipts directly to the donors, unless you request that the receipt be sent to the school.

Receipts will be issued for donations of \$10 or more. Receipts for amounts less than \$10 will not normally be issued.

Steps for Requesting Receipts

When the school receives a donation, follow these steps to request a charitable receipt:

1. Complete the charitable donation control form.
2. Attach one of the following: (a) the donor's cheque; (b) a school cheque if the donation was paid in cash; or (c) an independent written appraisal if it was a donation in kind.
3. Copy the form and supporting documentation for the school's records. (Note: Schools are not required to keep this information on file, but may wish to do so).
4. Send the original form and payments or other supporting documentation to the Finance Department. The Finance staff will generate the receipts and request a cheque to be returned to the school for deposit into the school bank account.

Following is a copy of the Donations and Gifts Policy #415. To ensure that you have a current copy of the policy and procedures for school-based funds, go to the SSRSB website at www.ssrbsb.ca, click on Document Depot/Regional Board Policies/ "Donations & Gifts Policy # 415" found under Finances (Series 400's). See Figure 6-1 for Donation/Gifts Approval Form.

Donations and Gifts Policy # 415

SOUTH SHORE REGIONAL SCHOOL BOARD

POLICY # 415

POLICY & PROCEDURES

TITLE	EFFECTIVE DATE	PAGE
DONATIONS AND GIFTS	February 22, 2006	Page 1 of 5

The South Shore Regional School Board is committed to providing quality education programs. Donations/gifts may be accepted to assist in the fulfillment of this commitment.

The Board has established itself as a registered charity that must operate within the regulations set out for such an organization by Canada Revenue Agency (CRA). The Board shall accept tax deductible donations related to its operation as a charitable organization, subject to established guidelines.

PROCEDURE

1. Donations

The Board shall use its status as a charitable organization to accept a complete range of tax-deductible donations, as allowed by Canada Revenue Agency (CRA). The receipt and use of such donations shall be governed by the following:

- a. All donations shall meet CRA guidelines to be eligible for a tax receipt.
- b. Donors shall be permitted to direct their gifts to specific schools, programs, services and activities.
- c. The full amount of every donation shall be used for its intended purpose.
- d. Prospective donors of equipment, services or funds intended to enhance schools, facilities or grounds, shall receive approval prior to commencement of an improvement project.
- e. Any donated equipment or services shall comply with Board approved standards for safety, construction and/or other municipal, provincial and federal regulations.
- f. It is understood that donated equipment shall be retained at the receiving school under the ownership of the Board.
- g. When a school is closed and declared surplus by the Board, any donations connected to such schools shall be transferred to an appropriate successor school or organization.
- h. The receipt of a gift from a donor shall not commit the Board to future maintenance, repair, replacement or disposal. The Board shall retain the right to remove, repair or modify any donation.

2. Payments not Acceptable as Donations

Certain types of donations made to charities do not qualify as deductions for income tax purposes. Accordingly, official receipts bearing a charity's registration number shall not be issued for such payments as:

- a. Payments for membership giving an advantage of material character to the member (the right to vote at meetings and to receive financial statements and reports on the charity is not a material advantage).
- b. Tuition fees or other payments for which any right, privilege, benefit, or advantage may accrue to the donor.
- c. Amounts received by loose collection, i.e. where a particular donor cannot be identified as having made a particular donation.
- d. Donations of services where the donor requests that in lieu of payment for services, a donation receipt is issued to the value of services rendered.
- e. Donations of goods where the cost has been charged as a business expense.
- f. Donations of used clothing, furniture, property, and equipment, etc. deemed not for education purposes.
- g. Admission fees to concerts, dinners, and like fund-raising functions.
- h. Any portion of the purchase price of a lottery ticket, despite the fact that the lottery proceeds accrue to one or more charities.
- i. Any other donations not considered by the Board and/or designated to be of a receiptable nature.

3. Registered Charity Status

The Board has qualified for the registered charity status. Since schools operate under the jurisdiction of the Board, no school shall be permitted to apply for registered charity status.

4. Administrative Guidelines

a. Definition

1. "Donation/Gift" is defined as a voluntary transfer without valuable consideration and acceptance of such by the school or Board means there is to be no reciprocal consideration.

b. Authority

1. The Board has qualified for tax-exempt status as a registered charity under paragraph 149 (1) (f) of the *Income Tax Act*. The charity is designated as a Charitable Organization with the fiscal year end as March 31st.
2. Charitable tax receipts shall only be issued for the Board in compliance with the requirements of the *Income Tax Act*. Such receipts must include the Business Number as per the charity's registration by the CRA.
3. The Director of Finance shall be authorized to provide for the acceptance of any donation. The Director of Finance shall be the signing officer on the charitable donation receipts.
4. The prior approval of the Finance and Operations Committee is required to accept donations in the following categories:
 - i. Any property which requires a significant modification to Board property;
 - ii. Vehicles other than wheelchairs;
 - iii. Any tax receipt donation of more than \$5,000 that is intended to or shall result in significant personal/commercial/business advantage to the donor;
 - iv. Any gift requiring the Board to make significant expenditures;
 - v. Any gift that is conditional, restricted or obligates the Board in any

manner to formalized ongoing trust conditions.

5. The Director of Finance shall be authorized and responsible to:
 - i. Ensure that only donations that satisfy the requirements of the Board are approved;
 - ii. Ensure that all charitable tax receipts satisfy the provisions of CRA and *Income Tax Act*;
 - iii. Issue official charitable receipts on a timely basis;
 - iv. Hold and disburse to the specified donee all donations received, subject to trust conditions as approved by the Finance and Operations Committee and;
 - v. Ensure the registered charity of the Board files an annual information return no later than September 30th. (A copy of the annual information may be viewed by contacting the Director of Finance).
 - vi. Refuse any donations that do not meet the Board's guidelines.

c. Cash Donations

1. Cash Donations are to be used for school program purposes such as:
 - i. Provide for expenses for educational school or board programs;
 - ii. Purchase of approved types of equipment and supplies for Board and student purposes.
2. Ensure accountability and proper record keeping for both the Board and CRA purposes, all donations shall be processed through the Director of Finance (or designate) when accompanied by a *Donation/Gift Approval* form (Appendix A).
3. If the donor requires a charitable tax receipt and the proposed donation does not qualify for tax receipt status, the donation shall be deemed returned to the Principal for delivery to the donor, unless the donor agrees to waive the request for charitable tax receipt or other conditions that disqualify the proposed donation.
4. Only cash donations for amounts of \$15.00 or greater shall be issued receipts.
5. Official charitable receipts signed by the Director of Finance shall be sent to the school for distribution to the donor.

d. Gifts in Kind

1. The Principal of the designated beneficiary school, or other appropriate representative of the Board, shall submit a completed *Donation/Gift Approval Form* (Appendix A) for an amount of \$15.00 or greater. The Director of Finance (or designate) shall determine whether the proposed donation qualifies for approval of acceptance of the donation and charitable donation receipt. Criteria for consideration shall include:
 - i. Value of the gift to educational programs;
 - ii. Location of the gift in the school building or on the school property;
 - iii. Application installation or repair costs;
 - iv. Board approved standards for safety, construction and/or other applicable municipal, provincial and federal regulations;
 - v. Security and maintenance requirements;
 - vi. Board standards for equipment (i.e. computers, audio-visual);
 - vii. Any continuing financial or other commitment required by the school or

the Board.

2. Procedures for Gifts in Kind

- i. The Principal of the receiving school or the Board must inform the Director of Finance (or designate), in writing, of the receipt or intended receipt of donated property or equipment using the *Donation/Gift Approval Form*.
- ii. The Director of Finance (or designate) must establish if the donation is suitable for educational purposes is acceptable.
 - a. If the donor wishes an official charitable receipt, he /she must produce a minimum of one independent appraisal of the item. If the Director of Finance (or designate) agrees that the donation is of educational value and there is more than one appraisal the average of the appraisals shall be accepted as the value.
 - b. An official charitable receipt shall be issued by the Finance Department for the fair market value of the donated property for amounts of \$15.00 or greater.
 - c. Official charitable receipts, signed by the Director of Finance, shall be sent to the school for distribution to the donor. The principal shall be responsible for ensuring the property or equipment is received prior to the release of the receipt.
 - d. The Finance Department shall maintain all documentation to support the value of the receipt issued for seven years.
 - e. All accepted gifts to the Board shall become the property of the Board.
 - f. The Board encourages donations to be unrestricted. In the event a proposed donor requires express restrictions or trust conditions on the proposed gift, such terms must be approved by the Director of Finance (or designate) before acceptance. The Director of Finance shall be responsible to maintain adequate records of all such restrictions or trust conditions.
 - g. Installation of, and/alternations to, Board property required in association with acceptance of the gift shall be subject to the approval of the Director of Finance and shall require Board approval.

FIGURE 6-1

DONATION/GIFT APPROVAL FORM

This form must be completed and receive approval before any commitment is made to issue charitable donation receipts from the Board.

School:	Date:
Specific purpose of donation(s)/gift(s):	

A			Yes	N o
	Donations/Gifts of Cash	Will all donations be cash?		
<i>If Cash Donation, you do not have to complete Section B</i>				

B		New		Used	
	Donations/Gifts of Property Other than Cash (Include product name where applicable)				
	Estimated Fair Market Value	\$			
	Donor of Gift				
	Proposed Location in School or on School Grounds				
	Action Plan for Safety, Security and Maintenance				
	Name of Third Party Appraiser (Appraisal or letters indicating fair market value must be attached)				

Principal's Signature: _____

Date: _____

Approved by:

Director of Finance: _____

Date: _____

COMPLETE ALL INFORMATION AND FORWARD TO DIRECTOR OF FINANCE

Chapter 7. Student Councils

Student councils are often involved in collecting fees and raising funds. Keeping track of the money raised and spent is an educational experience for the students involved. This chapter describes some of the financial responsibilities of student councils and their staff advisors. In particular, it clarifies the following:

- ownership of student council funds
- banking arrangements for student councils
- reporting requirements for student councils

Considerations

- All requirements outlined in this handbook apply to student councils and must be followed.
- Student council funds and any assets purchased with these funds belong to the school.
- The school's accounting system should enable school staff to separately track and report the revenue and expenditures related to student council activities.
- The teacher advisor must sign the student council cheques.
- The student council account is also eligible to receive an HST rebate on purchases. Student Council does not have their own rebate number through Revenue Canada, so they are required to submit their HST invoices through the main office account for any applicable rebates.

Chapter 8. Change in Principal or Other Signing Authority

A change in principal at a school should not affect the day-to-day administration and bookkeeping of school-based funds. This chapter describes:

- Ways to maintain proper accounting and control of school-based funds when there is a change of principal
- How to transfer basic financial information to the new principal or other staff members with new financial responsibilities.

Communicating Financial Information

Follow these steps when there is a change of principal at the school:

Outgoing principal

1. Complete the “Change in Principal” forms (Appendix B-6-1 and B-6-2, page 73 and 74) and gather supporting information specified on the form. Sign side 2 of the form.
2. Copy the forms and the supporting information.
3. Immediately send the copy to the school board office and keep the originals at the school for the new principal.
4. Review the form and supporting information with the incoming principal.

Incoming principals

5. Review the “Change in Principal” forms and supporting information to verify its accuracy-together with the outgoing principal, if possible.
6. **If there are no discrepancies** between the form and the actual financial data, complete side 2 of the form (Appendix B-6-2, page 74), copy the form for the school files and send the signed original and supporting documentation to the school board office.

If there are any discrepancies, clearly outline the discrepancies on side 2 of the form. Make two copies. Send the signed originals and supporting documentation to the school board office; send a complete copy to the Manager of Financial Services or designate and keep the other complete copy for the school files.

Changing the Signing Authority

The incoming and outgoing principals must meet with the bank to update the signing authority for the school.

Changes in Other Staff

If there is a change in vice-principal, office staff, or others with signing authority at the school, the principal must ensure that financial records are accurate, complete, and up-to-date when they are turned over to the new employee.

Chapter 9. Year-End Reporting

This Chapter aims to:

- clarify the year-end process
- ensure that school accounting records are complete, accurate and up-to-date

Demonstrating Accountability

The board has the responsibility to ensure that all funds, including school-based funds, are adequately protected, that they are controlled through proper accounting procedures, and that accountability for the funds is maintained through regular financial reports. Accounting policies for the public sector require school boards to include all revenues received and disbursed by the board (including funds at the school level) in the board's audited financial statements. The South Shore Regional School Board is required to include the financial results of our schools as part of our financial results. Therefore, schools must submit annual financial reports to Financial Services. These financial reports may be subject to audit by Financial Services, the board's internal auditor, or the board's external auditors.

Timing

The fiscal year for the board and for schools is from April 1 to March 31, and this is the period that year-end financial reports must cover. The school must send its year-end reports and information to the finance department by April 21 of each year or the first business day after that date if April 21 is a holiday or weekend day.

Types of Year-End Reports

Include the following information in your school's year-end report to Financial Services:

1. Bank reconciliation for March 31, 20xx (or earlier if your statements end earlier)
2. Bank statement for up to March 31, 20xx
3. Electronic Quicken by e-mail up to March 31, 20xx once Reconciliation is completed (have School Tech forward)
4. HST return for end of March 20xx (or the last one completed)
5. Complete the Consolidated Report on School Funds (Appendix B-11)

Year-End Financial Statement (for each account)

Financial Services sends these forms to the schools in February or March. You will receive one form for your school bank account/accounts held at the school. The "Balance Previous Year" will be provided by Financial Services and must match your register balance for the same date. Figure 9-1 (Appendix B-7, Page 75) shows the sample consolidated report on school funds (financial statement). The information required for this form is generated by the cash flow report (Figure 9-2)

described below. When you complete the form and calculate the on hand, this balance must be the same as the ending balance in balance your register for March 31st.

The Bank Account Listing (Appendix B-8, Page 76) must be completed for every fiscal year as part of year end reporting.

Figure 9-1. Consolidated Report on School Funds



FINANCE DEPARTMENT SHARED SERVICES UNIT



Consolidated Report on School Funds (Excluding Home and School and Cafeteria Societies) April 1, 20__ to March 31, 20__

School _____

School # _____

Opening Balance as of April 1, 20__

\$

Inflows

Admin-General Income

Cafeteria Income

Classroom Income

Fundraising Income

HST Rebate

Other Incomes (be specific – attach detailed list)

Outflows

Admin-General Expense

Cafeteria Expense

Classroom Expense

Fundraising Expense

HST Paid Out

Bank Charges

Other Expenses (be specific – attach detailed list)

Ending Balance as of March 31, 20__

\$

Prepared by _____

Principal's Name (Please Print) _____

Principal's Signature _____

Date _____

SSRSB: 130 North Park Street, Bridgewater NS B4V 4G9 Tel: 902-543-2468 Fax: 902-541-3051
TCRSB: 79 Water Street, Yarmouth NS B5A 1L4 Tel: 902-742-9266 Fax: 902-749-5698

Cash Flow Report

The cash flow report (Figure 9-2, Page 59) shows receipts for the year, along with the categories of funds collected during the year, identified by source. For year-end reporting:

- Use the amount from the “Total Inflows” field on the cash flow report to complete the “Cash Received During Current Year” field on the school financial statement.
- Use the amount from the “Total Outflows” field on the cash flow report to complete the “Disbursed During Current Year” field on the school financial statement.
- Because the report measures only the cash flow, it does not factor in your opening bank balance. As a result, the overall total on the cash flow report will not match your balance on hand in the year-end financial statement. The difference between the two should be the opening.

Figure 9-2. Year-End Cash Flow Report (using Quicken)

Cash Flow	
04/01/06 to 03/31/07	
<u>Category Description</u>	<u>04/01/06 to 03/31/07</u>
INFLOWS	
Administration General Inc	
Arts Smart Program Inc	1,350.00
Breakfast Program Inc.	49.13
Clearing Account	1,830.33
Terry Fox Run	1,630.33
Misc. Inc	3,804.27
SAC	216
School Improvement	500
Staff Fund	374
TOTAL Administration General Inc	9,754.06
TOTAL Cafeteria Inc	6,120.96
Classroom Inc	
Book Fair Inc	2,629.82
Class Trips Inc	2,314.00
Entertainment Inc	747.91
Phys. Ed. Music	694.49
Primary Supplies	525
TOTAL Classroom Inc	6,911.22
Department Inc	
Hot Dogs	1,357.65
Milk Canteen	2,473.96
Pizza	2,289.35
Fundraising Inc	
Christmas Campaign	1,421.76
Total Fundraising Inc	1,421.76
TOTAL INFLOWS	24,208.00
Admin-General Exp	
Arts Smart Program	45.89
Breakfast Program Exp.	262.37
Entertainment	835.92
HST Paid Out	616.87
Misc. Exp.	6,070.15
SAC Ex	369.53
School Improvement Ex.	246.4
Staff Fund Exp.	314.02
Terry Fox Exp	1,699.33
TOTAL Admin-Gen Exp	10,460.48
Cafeteria Exp	
Hot Dogs Exp	1,124.35
Milk Canteen Exp	2,782.33
Pizza Delight	1,776.00
TOTAL Cafeteria Exp	5,682.68
Classroom Exp	

Book Club Ex	71.98
Book Fair Ex	2,769.77
Class Trips	1,952.46
Phys. Ed. Music Ex.	207.86
Primary Supplies Exp.	296.24
Total Classroom Exp	5298.31
Total Fundraising Exp	870.47
TOTAL OUTFLOWS	22,311.94
 OVERALL TOTAL	 1,896.06

SCHOOL BASED FUNDS SUMMARY

- **Only one Operating Bank Account is to be maintained by a school (exception of Student Council Account).**
- **All funds are to be deposited on timely basis (preferably within 48 hours of receipt).**
- **Receipts are to be issued for cash received whenever possible or feasible.**
- **All disbursements are to be made by cheque, disbursements of a minor nature may be used by petty cash.**
- **Printed, pre-numbered cheques must be used and voided cheques must be maintained to complete the number sequence with signature block removed.**
- **Principal or his/her designate must authorize all expenditures prior to any commitment being made of any school funds.**
- **Two or three signing officers are required for the account (usually the Principal, Vice-Principal and Secretary).**
- **Cheques are not to be signed in advance for any reason.**
- **All invoices are to be reviewed by signing officer and approved prior to payment.**
- **All funds associated with school related activities must be administered through the school office.**
- **School financial records, including receipts, invoices, bank statements and cancelled cheques must be kept up-to-date and fully accessible at all times.**
- **All investments must be at no risk and all interest must be reported as revenue from interest and then becomes part of school funds.**
- **Bank reconciliations must be done monthly and a copy initialed and dated by principal and kept on file.**
- **Financial reports for all special interest groups (ex: student council, etc) should be prepared on a regular basis and given to the advisor for review.**
- **Itemized category reports such as overall calculation of canteen revenue may be used to advise principal of problems (ex: revenue from canteen should equal or exceed expenditures).**
- **Each school may be subjected to a Board audit annually.**
- **The school must maintain all supporting documents for at least seven (7) years.**
- **The financial year for school based funds is April 1-March 31 in any year.**
- **Purchases are to be made in accordance with established policies and procedures.**
- **Under no circumstances are school funds to be used for personal benefit or gain.**
- **Sign cheques that are payable to any one of the signing officers, by two other signing officers.**
- **File school based fund documentation for easy access and referral.**
- **All disbursements must be supported by vouchers, invoices and or receipts (hand-written receipts not acceptable).**
- **HST rebates must be prepared monthly as per request by Revenue Canada - a sample HST report is on Quicken to assist in filing claim.**
- **Quicken must be password protected and known by two individuals.**
- **Record all financial transactions in quicken.**
- **Wages are not to be paid by school bank account.**
- **Personal bank accounts are not to be used for school bank accounts.**

- **Verify outstanding cheques have cleared the bank. If cheque is over 180 days old, should be voided.**
- **Limit categories for income and expenses to the following:**
 - **Income**
 - **Admin-General Income**
 - **Cafeteria Income**
 - **Classroom Income**
 - **Fundraising Income**
 - **HST Rebate**
 - **Expenses**
 - **Admin-General Expense**
 - **Cafeteria Expense**
 - **Classroom Expense**
 - **Fundraising Expense**
 - **Bank Charges**

Additional Information:

[illegible]

PART TWO: APPENDICES

Appendices Table of Contents

APPENDIX A. CONTACTS	66
APPENDIX B. SUGGESTED SAMPLE FORMS	67
APPENDIX C. OPTIONAL SUGGESTED SAMPLE FORMS	77
APPENDIX D. GOODS AND SERVICES BRANCH NUMBERS	81
APPENDIX E. PURCHASING POLICY	82
APPENDIX F. FOOD POLICY	95
APPENDIX G. GST EDUCATION MEMORANDA	97

APPENDIX A. CONTACTS

Finance Department

Director of Finance	Jerome Tanner	jtanner@ssrsb.ca	3015
Manager of Finance (South Shore)	Kelly Whalen	kwhalen@ssrsb.ca	3034
Manager of Finance (Tri-County)	Ray Panter	rpanter@ssrsb.ca	749-5681
Coordinator of financial Services	James Snyder	jsnyder@ssrsb.ca	3010
Purchasing Officer	Brent Hickman	bhickman@ssrsb.ca	3006

Accounting:

Accounts Payable Supervisor	Corinna Wagner-Whynot	cwagnerw@ssrsb.ca	3015
Accounting Clerk	Darlene Nickerson	dnickers@ssrsb.ca	5672
Accounting Clerk	Brenda Lee-Richards	blee-ric@ssrsb.ca	3057
Accounting Clerk	Karen Anthony	kanthony@ssrsb.ca	3013
Accounting Clerk	Terri Matthews	tmatthews@ssrsb.ca	749-5672
Accounting Clerk (Quicken)	Beverly Waddell	bwaddell@ssrsb.ca	3020
Accounting Clerk (Quicken)	Adrienne Ryan	Adrienne.Ryan@tcrsb.ca	749-2819
Head Payroll Clerk	Shelley Britten	sbritten@ssrsb.ca	3016
Payroll Clerk	Shelley Woodworth	swoodwor@ssrsb.ca	3017
Payroll Clerk	Tracey Cook	tcook@ssrsb.ca	3018
Payroll Clerk	Donna Halverson	dhalverso@ssrsb.ca	3026

Finance Department Main Fax Number: _____ 541-3060

Brent Hickman/Darlene Nickerson/Bev Waddell Fax Number _____ 541-3037

Payroll _____ 541-3060

Appendix B SUGGESTED SAMPLE FORMS

Appendix B contains sample forms that schools may use or adapt to help them manage their school-based funds.

B-1 Deposit Form	68
B-2 Daily Log of Funds Collected by Cash	69
B-3 Daily Log of Funds Collected by Cheque.....	70
B-4 Cheque Request Form Voucher.....	71
B-5 Petty Cash Reconciliation.....	72
B-6-1 Change in Principal (Side 1)	73
B-6-2 Change in Principal (Side 2)	74
B-7 Bank Account Listings	75
B-8 Consolidated Report on School Funds	76

B-2

DEPOSIT DATE:

[illegible]

This total should balance with the current days bank deposit - cash section!!

Attach to the applicable deposit form

B-3

DEPOSIT DATE:



TOTAL DAILY DEPOSIT (CHEQUE)	
------------------------------	--

Attach to the applicable deposit form

SOUTH SHORE REGIONAL SCHOOL BOARD CHEQUE REQUEST FORM VOUCHER



Name of school:	_____
Date of request:	_____
Requested by:	_____
Cheque payable to:	_____
Address:	_____ _____ _____
Category (Account): <i>*must be completed</i>	_____
Reason for request: <i>*must be completed</i>	_____
Invoice attached:	_____
Amount:	_____
Requested by Signature:	_____
Approved by:	_____

Office Use Only			
Cheque written by:	_____	HST Amount:	_____
Date cheque issued:	_____	Cheque #:	_____
Mailed	<input type="checkbox"/>	Placed in staff mailbox	<input type="checkbox"/>

Petty Cash Float _____(A)

Paid to	Purpose	HST	Category
---	---	---	--

[illegible]

Actual Cash Count (D)

x 1= _____

Total Cash on Hand (C) must equal (D) _____ (D)

Petty Cash Reconciled by: _____

Page 72

Change in Principal (Side 1)

School Name _____ **Date of Change** _____

Incoming: _____ **Outgoing:** _____

School Banking Arrangements:

The following represents all accounts held in the name of the school (if there is insufficient space please use another form)

Bank Account Name	Bank Name and Address	Bank Account Number	Name of Signing Authorities	Bank Balance*

* The bank balance and balance per accounting records on the date of change

Attach a copy of

- * The most recent bank statement for each account
- * The most recent bank reconciliation for each account
- * The register report that corresponds to the bank reconciliation
- * The most recent HST statement
- * A summary of future commitments entered into by the school
- * Cash Flow report for the year to date

Petty Cash

Does the school operate a petty cash fund ☐ Yes ☐ No

If yes, the Petty Cash fund is what amount A \$ _____

Total Cash in Fund on date of change B \$ _____

Add Total Receipts on hand C \$ _____

Total (B + C)* D \$ _____

Box "D" must agree with Box "A"

Change in Principal (Side 2)

Change in Principal

Sign Off

The information on this form represents an accurate representation of the school finances as at the following date

Forward a copy to the School Administration Supervisor.

Signature of Exiting Principal

I have reviewed the above information and agree that it appears to accurately represent the financial position of the school with the following exceptions

	Forward a copy to the School Administration Supervisor
--	--

Signature of Incoming Principal



**FINANCE DEPARTMENT
SHARED SERVICES UNIT**



Consolidated Report on School Funds
(Excluding Home and School and Cafeteria Societies)
April 1, 2006 to March 31, 2007

School _____

School # _____

Opening Balance as of April 1, 2006

\$

Inflows

Admin-General Income

--

Cafeteria Income

--

Classroom Income

--

Fundraising Income

--

HST Rebate

--

Other Incomes (be specific – attach detailed list)

--

Outflows

Admin-General Expense

--

Cafeteria Expense

--

Classroom Expense

--

Fundraising Expense

--

HST Paid Out

--

Bank Charges

--

Other Expenses (be specific – attach detailed list)

--

Ending Balance as of March 31, 2007

\$

Prepared by _____

Principal's Name (Please Print) _____

Principal's Signature _____

Date _____

SSRSB: 130 North Park Street, Bridgewater NS B4V 4G9 Tel:902-543-2468 Fax: 902-541-3051
TCRSB: 79 Water Street, Yarmouth NS B5A 1L4 Tel: 902-742-9266 Fax: 902-749-5698

APPENDIX C. OPTIONAL SUGGESTED SAMPLE FORMS

C-1 Class Money Collection List	78
C-2 Cash Reconciliation – School Dance	79
C-3 Fundraiser Summary Form	80

CLASS MONEY COLLECTION LIST

School Name: _____

Classroom: _____

Fundraiser: _____

Student Name	Amount Collected	Student Signature	Staff Initial
TOTAL	\$		

School Name: _____

**Cash Reconciliation
School Dance**

Date: _____

Opening Balance (Float) _____

Door Sales

A. First Ticket number _____

B. Last Ticket number _____

C. Tickets Sold (B-A) _____

D. Price per Ticket _____

E. Door Sales (C x D) _____

**Total submitted to
Office** _____

Money counted by _____

RECEIPT

Received from: _____

The amount of \$ _____

**Purpose: School Dance held
(date)** _____

Amount verified by _____

Fundraiser Summary Form

SCHOOL NAME: _____

Fundraiser: _____

Date: _____

Opening Balance (Float) _____

Details of Fundraiser (e.g. noon hour sub sale)

Item Sold _____

Money Collected _____

Total submitted to office (float plus money collection) _____

Money counted by _____

(Two Signatures Required)

RECEIPT

Received from: _____

The amount of \$ _____

Purpose: _____

Amount Verified By: _____

***Completed cash reconciliation is to be sent to the office with the money.**

***Receipt is filled out in the office once the money is recounted and verified.**

APPENDIX D. GOODS AND SERVICES BRANCH NUMBERS

South Shore Regional School Board 85850 9540 RT0001 Goods and Services Branch Numbers Address, Telephone and Fax							
Loc	School	Branch #	PO/Street	Town/Province	PC	Telephone	Fax
281	Aspotogan Consolidated	2	PO Box 247	Hubbards NS	B0J 1T0	857-2600	857-2601
191	Bayview Community School	3	Box 160	Mahone Bay NS	B0J 2E0	624-2120	624-2124
181	Big Tancook Elementary	4	Big Tancook Island	NS	B0J 3G0	228-8300	228-8301
201	Bridgewater Elementary	5	130 York Street	Bridgewater NS	B4V 1R3	541-8240	541-8250
203	Bridgewater Jr/Sr High School (includes Verge)	6	100 York Street	Bridgewater NS	B4V 1R3	541-8260	541-8270
112	Centre Consolidated	7	RR #2	Lunenburg NS	B0J 2C0	634-2200	634-2210
312	Chester Area Middle School	8	PO Box 440	Chester NS	B0J 1J0	275-2720	275-2730
311	Chester District Elementary	9	PO Box 368	Chester NS	B0J 1J0	275-2750	275-2755
315	Dr. John C. Wickwire Academy	10	PO Box 1180	Liverpool NS	B0T 1K0	354-7660	354-7666
313	Forest Heights Community School	11	PO Box 29	Chester Basin NS	B0J 1K0	275-2700	275-2710
261	Gold River-Western Shore	12	Wester Shore	NS	B0J 3M0	627-4000	627-4001
319	Greenfield Elementary	13	PO Box 184	Caledonia NS	B0T 1B0	685-5400	685-5401
142	Hebbville Academy	14	RR #4	Bridgewater NS	B4V 2W3	541-8284	541-8290
316	Liverpool Regional High School	16	PO Box 1266	Liverpool NS	B0T 1K0	354-7600	354-7610
131	Lunenburg Academy	17	PO Box 759	Lunenburg NS	B0J 2C0	634-2220	634-2222
133	Lunenburg Jr/Sr High School	18	PO Box 1210	Lunenburg NS	B0J 2C0	634-2230	634-2240
323	Mill Village Consolidated	19	PO Box 20	Mill Village NS	B0J 2H0	677-5200	354-7631
322	Milton Centennial	20	PO Box 500	Milton NS	B0T 1P0	354-7620	677-5201
221	New Germany Elementary	21	New Germany	NS	B0R 1E0	644-5020	644-5022
223	New Germany High	22	New Germany	NS	B0R 1E0	644-5000	644-5010
303	New Ross Consolidated	23	PO Box 10	New Ross NS	B0J 2M0	689-6100	689-6110
151	Newcombville	24	RR #5	Bridgewater NS	B4V 2W4	541-8230	541-8231
317	North Queens Elementary	25	PO Box 184	Caledonia NS	B0T 1B0	682-3500	682-3510
318	North Queens Rural High	26	PO Box 184	Caledonia NS	B0T 1B0	682-3500	682-3510
253	Park View Education Centre	27	1485 King Street	Bridgewater NS	B4V 1C4	541-8200	541-8210
161	Pentz Elementary	28	PO Box 88	Lahave NS	B0R 1C0	688-3210	688-3211
211	Petite Riviere Elementary	29	PO Box 42	Petite Riviere NS	B0J 2P0	688-3200	688-3201
	Queens Adult High School	30	20 Payzant St	Liverpool NS	B0T 1K0	354-7630	354-7631
231	Riverport & District Elementary	31	General Delivery	Riverport NS	B0J 2W0	766-2400	766-2401
320	South Queens Junior High School	32	PO Box 1288	Liverpool NS	B0T 1K0	354-7640	354-7640
241	West Northfield Elementary	33	RR #2	Bridgewater NS	B4V 2W1	541-8220	541-8221
	South Shore Alternate School - Bridgewater	34	20 Payzant St	Liverpool NS	B0T 1K0	541-3030	541-3031
	South Shore Alternate School - Queens	35	c/o 75 High Street	Bridgewater NS	B4V 1V8	354-7630	354-7631
	Lunenburg Adult High	36	c/o 75 High Street	Bridgewater NS	B4V 1V8	527-5990	543-0190
	Middle Level Transition Program	37	20 Payzant St	Liverpool NS	B0T 1K0	354-7630	354-7631

****For your school registration number, use the number above. Drop the 1 or 01 at the end of the registration number and add your school branch number (ex. Aspotogan Elementary would be 85850 9540 RT0002).**

APPENDIX E: PURCHASING POLICY

SOUTH SHORE REGIONAL SCHOOL BOARD POLICY & PROCEDURES

POLICY # 420

TITLE	EFFECTIVE DATE	PAGE
PURCHASING POLICY	June 27, 2007	Page 1 of 13

This policy replaces SWRSB Policy # 504.1

INTRODUCTION

Objective

The objective of the South Shore Regional School Board's procurement policy is to establish and maintain a high level of confidence in the procurement process by endorsing the concept of centralized purchasing and ensuring that the procurement of all goods, services and construction projects is carried out in an open, fair, consistent, efficient and competitive manner. In this regard, the Board shall adhere to:

1. The Province of Nova Scotia Policy on Government Procurement;
2. The Atlantic procurement Agreement;
3. The Agreement on Internal Trade; and

Scope

This policy applies to all SSRSB staff, in any location, who may be involved in purchasing, recommending for purchase or receiving any goods, services and or construction projects for use within the South Shore Regional School Board, from School Board and School Based Funds.

Responsibility

It is the responsibility of the Purchasing Officer in conjunction with the Director of Finance to ensure this policy is implemented.

Implementation

This policy shall be implemented by each school Principal, Vice-Principal and Department Head, as well as Directors, Managers, Supervisors and Coordinators, assisted as needed by the Director of Finance, the Purchasing Officer and support staff employed by the Board.

DEFINITIONS

Best Value

"Best value" relates to receiving the best value in regards to the purchase of goods, services and construction projects. It is interpreted as price, availability, quality, delivery time, practicality, suitability, after sale service and warranty of the goods/services being provided.

Bid Bond

When requested in a tender, the bidder must provide a Bid Bond as part of the bid submission. This bid bond, which is usually for 10% of the contract value, guarantees to the Board that the bidder will accept the contract if so awarded. In the event that the bidder refuses to accept the

contract, the Board will award the contract to the next lowest responsive bidder and use the Bid Bond to pay the difference in price between the lowest bid and the next lowest bid.

Competent Tender

A major element in the evaluation process is the determination of the lowest competent bid or tender received. The low responsive tender submitted by a responsible bidder is deemed to be the lowest competent tender. This is the lowest bid that satisfies all the mandatory requirements identified in a competition.

Construction

Construction means a construction, reconstruction, demolition, repair or renovation of a school, structure or road.

EPBNS

Electronic Public Bid Notice System is a computer based bulletin board and Internet system directly accessible by suppliers and providing them with information relating to competitive opportunities (including Tenders and Requests for Proposals).

Evaluation Criteria

Evaluation criteria are the standards and measures used to determine how satisfactorily a proposal has addressed the requirements identified in a bidding opportunity. Once basic evaluation criteria are identified, it must be determined which criteria will be mandatory and which will be weighted/ranked.

Mandatory Criteria: Are the elements that establish the basic requirement of the invitation. Suppliers either meet or do not meet the criteria. A point system is not associated with mandatory criteria. Any bid that is unable to satisfy any of these requirements is deemed to be incapable of performing the contract and is rejected.

Weighted Criteria: Represent “desirable” features, which add value or functionality to the proposal being made. The relative importance of each criterion to the overall requirement and to the other criteria must be determined.

Goods

Goods refer to tangible property (including the cost of installing, operating, maintaining, or manufacturing that property) and include raw materials, products, printed materials and equipment, unless they are procured as part of a general construction project.

Invitation to Tender

The process used to solicit competitive bids when the requirement is adequately defined to permit the evaluation of tenders against clearly stated criteria and specifications. The tender document describes the specifications to be met and the terms and conditions that will apply.

MASH

Municipalities, Academic Institutions, School Boards and Hospitals

MSDS

Material Safety Data Sheet(s) are legislated documents which must be provided when suppliers provide regulated products for sale.

Performance Bond

When requested in a tender, the bidder must provide a Performance Bond as part of the bid submission, which helps to ensure that the contract work is competently executed, usually for the following amounts:

- 1 50% of the amount of the contract price; and/or
- 2 50% of the labour and materials cost

Should a bidder fail to complete the contracted work; the Performance Bond will then be used to complete the project.

Procurement

Procurement means the acquisition of goods, services, construction and facilities by any means, including the purchase, rental, lease or conditional sale.

Public Advertisement

A public advertisement means advertising in the public print media and/or on the Electronic Public Bid Notice System. One or both options may be used depending upon the nature of the project and the time-line to have it completed.

Request for Expression of Interest (REI)

The REI is similar to the Request for Proposal and is sometimes referred to as a Pre-Qualification Tender, where suppliers are invited to propose a solution to a problem. The REI, however, is only the first stage in the procurement process. Bidders responding to the REI will be short listed according to their scoring in the evaluation process. The short listed bidders will then be invited to respond to a subsequent Request for Proposal.

Request for Proposal (RFP)

An RFP is used when a supplier is invited to propose a solution to a problem, requirement or objective. Suppliers are requested to submit detailed proposals (bids) in accordance with predefined criteria. The selection of the successful proposal is based on the effectiveness, value and price of the proposed solution. Negotiations with suppliers may be required to finalize any aspect of the requirement.

Request for Quotation (RFQ)

An RFQ is used to solicit competitive bids for goods, services or construction projects with a minimum specification from at least three suppliers below predetermined thresholds. Award is usually made to the lowest price meeting the specification. An RFQ does not normally but may sometimes include evaluation criteria.

Responsible Bid

A responsible bid is defined as a bid which meets all specifications, including any special requirements, e.g. service capability, deadlines or supporting references.

Services

Services refer to any activity or work of a technical or non-technical nature done for hire.

Supplier

Supplier means a person or company who, based on an assessment of their financial, technical, and commercial capacity, is capable of fulfilling the requirements of procurement and submits a quotation, proposal or tender for the purpose of obtaining a contract.

WHMIS

Workplace Hazardous Material Information System

PROCEDURES

1. Cooperative Purchasing – It is the policy of the South Shore Regional School Board to support, where considered feasible, the bulk purchasing program of the Nova Scotia School Boards Association, and to promote bulk purchasing wherever possible. The South Shore Regional School Boards Purchasing Officer shall also liaise with all levels of the Public Sector (MASH), to investigate joint bulk purchasing opportunities, which shall result in overall cost savings or other substantial benefits.

2. A set of dollar-value thresholds shall determine whether a specific purchase shall follow a process for a Request for Quotation, Request for Expression of Interest, Request for Proposal or Invitation to Tender. These dollar-value thresholds shall comply with those established by the Government of Nova Scotia Procurement Policy, to promote open, fair competition, and may be amended from time to time.

3. The following individual positions are authorized by the School Board to sign purchase orders for purchases made from School Board accounts, in accordance with the School Board's Purchasing Policy:

- Superintendent of Schools – Up to \$2,000 (excluding HST)
- Director of Operations - Up to \$3,000 (excluding HST)
- Director of Human Resources - Up to \$2,000 (excluding HST)
- Director of Programs and Student Services - Up to \$2,000 (excluding HST)
- Manager of Transportation – Up to \$3,000 (excluding HST)
- Manager of Finance – Up to \$1,500 (excluding HST)
- Manager of Facility Maintenance – Up to \$3,000 (excluding HST)
- Manager of Custodians & Grounds – Up to \$2,000 (excluding HST)
- School Principals or Designate – Up to \$1,500 (excluding HST)
- Student Development Coordinators and Consultants – Up to \$1,000 (excluding HST)
- Any other individual position(s) deemed necessary by the Director of Finance

NOTE: Exceptions for emergency situations may occur that may exceed the authorized limits. (E.g. Operations Department)

TENDER AND REQUEST FOR PROPOSAL CALLS

Preparation

Individuals requiring a Tender or Request for Proposal call shall provide to the Purchasing Officer all specifications, plans, drawings, material lists, conditions and a suggested list of qualified vendors who can provide the goods or perform the required services. The Purchasing Officer may also suggest additional vendors. The Purchasing Officer shall then prepare the Tender or Request for Proposal documentation for distribution. The services of a professional consultant or firm with specialized skills and/or knowledge may be required to develop specifications for the Tender or Request for Proposal.

Purchasing Officer's Role

The Purchasing Officer shall ensure that the following procedures are followed:

- (a) Tender and Request for Proposal calls, will be published on the Nova Scotia Government's Electronic Public Bid Notice System. Advertising in local newspapers shall be at the discretion of the Purchasing Officer for the purpose of advising bidders who may not have access to the provincial government's website, e.g. snow plowing, garbage removal, surplus bus sales etc.
- (b) Tenders and RFP's shall use language which is common in the general field of the product or service being requested and any special terms shall be clearly defined.
- (c) Tenders and RFP's shall use detailed specifications which include current standard technical codes common to the product or service being requested.
- (d) Escape clauses shall be included in multi-year contracts.
- (e) Tenders and RFP's shall clearly state the FOB terms and locations for deliveries.
- (f) Tenders and RFP's shall clearly specify a date, time and location for closing of the tender or RFP.
- (g) Tenders and RFP's posted on the Nova Scotia Government's Electronic Public Bid Notice System and/or advertised in the local newspaper, shall be for a minimum of ten (10) business days or fifteen (15) calendar days before closing. The only exceptions are for emergency situations that require approval from the Director of Finance.
- (h) Tender and RFP submissions shall be received in a sealed envelope directed to the Purchasing Officer with the assigned tender or RFP number and the name of the bidder clearly visible on the exterior of the envelope. Fax or e-mail submissions shall only be accepted if indicated in the bid documents.
- (i) Upon receipt, sealed, faxed or e-mailed bids shall be date stamped and the time recorded by the Receptionist/Clerk. The Purchasing Officer shall initial the bid and place it in a locked tender box at the Board's Office in Bridgewater.
- (j) Tenders and RFP's received after the date and time specified for closing shall be recorded, but shall not be opened or considered further. They shall be returned unopened to the bidder.
- (k) A bidder's written request for withdrawal of a bid shall be received prior to the opening of the tenders or the awarding of a tender. The withdrawn bids shall remain in the locked tender box until the closing date and time for the Tender or RFP opening. They shall be set aside unopened and shall not be considered further. The bids shall be returned unopened to the bidder.
- (l) Tender and RFP submissions shall be opened in public immediately after the closing date and time with a minimum of two School Board staff present. Reading of lump sum prices

- only at tender opening.
- (m) Tender submissions shall be signed by an authorized representative of the company and witnessed. Unsigned bids shall be deemed incomplete and shall not be considered.
 - (n) For tender or RFP calls involving large purchases or contracts of a highly technical nature, a pre-tender meeting and/or site visit, as appropriate, may be scheduled for potential bidders to meet with end users to discuss requirements.
 - (o) All inquiries from a potential bidder regarding a tender must be directed to the Purchasing Officer, who shall in turn, notify the individual requesting the Tender or RFP. After the inquiry has been dealt with successfully, the Purchasing Officer shall report the information back to the bidder.
 - (p) The Purchasing Officer shall monitor purchases to ensure purchases of like items are not divided into two or more purchase orders for the purpose of avoiding monetary thresholds established under this policy.
 - (q) After contracts have been awarded, bidders or any member of the public may request a listing of bidders and lump sum bid prices. All other tender documents and unit prices shall be subject to the provisions of the Freedom of Information Act and the Protection of Privacy Act.
 - (r) When requesting a purchase which must be tendered, each principal, divisional or department manager, or consultant responsible for purchasing, shall provide the Purchasing Officer with all specifications, conditions, plans and/or material lists necessary and a suggested list of suppliers for preparation of the tender call.
 - (s) The Purchasing Officer shall review and tabulate the results of each tender as soon as possible after the opening of a tender, (the originator may be requested to assist in tabulation of the results).
 - (t) The Purchasing Officer shall use interviews with bidders, references, and/or consultants as necessary in order to clarify elements of a specific tender.
 - (u) Tenders under \$7,500 may be awarded by the Purchasing Officer in consultation with the requesting department.
 - (v) When analysis of tenders and RFP's exceeding the \$7,500 limit has been completed, the Purchasing Officer, after consultation with the requesting individual or department, shall forward their recommendation to the Director of Finance for approval.
 - (w) If the lowest tender is not recommended, the Purchasing Officer shall attach an explanation to the summary report explaining the rationale for the decision and forward it to the Director of Finance for approval.
 - (x) When a decision has been made and the successful bidder has been notified by telephone or in writing, the EPBNS will be updated.

EVALUATION OF BIDS

Bids shall be evaluated not only on the price, but also on quality, service and the capability of the bidder to meet the criteria stated in the bid document.

Notwithstanding other clauses set forth in this policy, the Director of Finance, or designate, shall have the authority to award a contract when emergency circumstances warrant.

SELECTION CRITERIA

In matters relating to selection of goods or services, the Purchasing Officer shall ensure the following elements are considered:

- (a) Selections made shall meet the intent of the originator of the purchase process;
- (b) Samples are obtained for comparison purposes;
- (c) Products from various manufacturers are given trial use;
- (d) Comparisons are made with past purchases, equivalent products;
- (e) When specifying goods, suitable equivalents shall be considered;
- (f) Product information regarding make and model has been confirmed by the bidder;
- (g) Consideration shall be given to standardization, when appropriate;
- (h) References are obtained, when appropriate;
- (i) Service contracts, such as garbage collection, snow removal, audit & legal services, etc., shall be advertised every three years; and shall be renewable for two (1) year terms if advantageous to the Board and the vendor is agreeable.
- (j) Purchasing is done without prejudice, seeking to obtain the maximum value for each expenditure;
- (k) The capabilities, financial status, and past performance of vendors are reviewed.

AWARDING THE TENDER OR RFP

When sufficient funding is allocated to the budget, the authorized individual(s) shall notify the Purchasing Officer to:

- (a) award the TENDER or RFP, or
- (b) reject the Tender or RFP, or
- (c) recall the Tender or RFP, and provide to the Board the reason for the rejection or recall

CONFLICT OF INTEREST

Any individual or company employed by or affiliated with the School Board, its staff or its members shall notify the Board immediately of their intention to do business with the Board. The Board will then determine if a conflict of interest exists and may prohibit them from doing business with the Board.

CONFIDENTIALITY OF INFORMATION

Until a decision has been made and the vendor has been notified by telephone or in writing that they have been awarded the business, all information received other than the bid price must be treated as "Confidential", and must not, under any circumstances, be divulged to any potential bidders.

WARRANTIES

In matters relating to warranties, the Purchasing Officer shall ensure the following elements are considered:

- (a) Vendors have clearly provided details of terms and conditions of warranties;
- (b) End users are instructed to ensure preventive maintenance requirements are met;
- (c) End users are instructed to check terms and conditions of warranties prior to affecting repairs;
- (d) End users are instructed to utilize warranty coverage whenever possible.

ENVIRONMENTAL CONCERNS

In matters relating to environmental concerns, the Board's Occupational Health and Safety Officer shall work in conjunction with the Purchasing Officer to ensure the following elements are considered when goods and services are purchased or disposed of:

- (a) Product specifications and product future use do not pose any unnecessary environmental or personal risk.
- (b) Materials are suitable for their intended environment.
- (c) All employees using these materials are provided with the appropriate Material Safety Data Sheet(s) and proper personal protective equipment required for their use.
- (d) All employees give proper adherence to Workplace Hazardous Materials Information System (WHMIS) documents and procedures.

GENERAL PURCHASES

In matters relating to pricing, the Purchasing Officer, or other authorized purchaser, shall ensure the following elements are considered:

- (a) Prices shall be obtained as per the Province of Nova Scotia's purchasing thresholds;
- (b) The product or service must be awarded to the lowest responsible bidder who meets all criteria;
- (c) Board requirements relative to provincial and/or federal taxes are clearly defined;
- (d) The FOB point is clearly established;
- (e) The method of payment for any progress billings is clearly established; and
- (f) Vendors are instructed to supply details of any early payment discounts.

PURCHASING THRESHOLDS

The following purchasing authorization limits and procedures apply to all goods, services and construction projects. The various dollar value limits are set in conjunction with the guidelines established by the Government of Nova Scotia's Procurement Policy.

(A)GOODS**Up to \$2500**

Authorized School Board personnel with signing authority shall make every effort to obtain the best value for their money. Best value is interpreted as price, availability, quality, delivery time, practicality, after sale service and warranty.

\$2,500 - \$7,500

A minimum of three (3) written quotations, unless there are not three (3) qualified suppliers for the product, or the product is available through a Government of Nova Scotia Standing Offer, MUST accompany the purchase order to be signed by the Director of Finance.

\$7,500 and Above

Shall be posted on the Electronic Public Bid Notice System by the Purchasing Officer unless available through an existing Government of Nova Scotia Standing Offer. A copy of the Tender Opening Form shall be submitted to the Director of Finance for approval. A copy of the requisition and written quotes MUST accompany the purchase order to be signed by the Director of Finance.

(B) S E R V I C E S**Up to \$2,500**

Authorized School Board personnel with signing authority shall make every effort to obtain the best value for their money. Best value is interpreted as price, availability, quality, delivery time, practicality, after sale service and warranty.

\$2,500 - \$15,000

A requisition shall be forwarded to the Purchasing Officer accompanied by a minimum of three (3) written quotations, unless there are not three (3) qualified suppliers available, or the service is available through an existing Government of Nova Scotia Standing Offer. A copy of the requisition and written quotes MUST accompany the purchase order to be signed by the Director of Finance.

\$15,000 & Above

Shall be posted on the Electronic Public Bid Notice System by the Purchasing Officer unless available through an existing Government of Nova Scotia Standing Offer. A copy of the Tender opening Form shall be submitted to the Director of Finance for approval. May be advertised in local newspapers in instances where bidders may not have access to the EPBNS, e.g. snow plowing, garbage removal etc.

(C) CONSTRUCTION

Up to \$5,000	Authorized School Board personnel with signing authority shall make every effort to obtain the best value for their money. Best value is interpreted as price, availability, quality, delivery time, practicality, after sale service and warranty.
\$5,000 to \$25,000	Construction requirements with an estimated value from \$5,000 to \$25,000 shall be acquired by departments. A Requisition shall be forwarded to the Purchasing Officer accompanied by a minimum of three (3) written quotations, unless there are not three (3) qualified suppliers available. A copy of the requisition and written quotes MUST accompany the purchase order to be signed by the Director of Finance.
\$25,000 to \$100,000	Construction requirements with an estimated value from \$25,000 to \$100,000 shall be posted on the Electronic Public Bid Notice System. In addition, bids or proposals may be invited from a minimum of three (3) suppliers to ensure an adequate degree of competition. A copy of the Tender Opening Form shall be submitted to the Director of Finance for approval.
\$100,000 & Above	Construction requirements with an estimated value over \$100,000 shall be publicly advertised and posted on the Electronic Public Bid Notice System. In addition, bids or proposals may be invited from a minimum of three (3) suppliers where required to ensure an adequate degree of competition. A copy of the Tender Opening Form must be submitted to the Director of Finance for approval.

NOTE: A monthly purchasing activity report shall be submitted by the Purchasing Officer to the Director of Finance.

CONSULTANT SERVICES

When the nature of a particular service or project warrants a Director may engage the services of a professional consultant with specialized skills or knowledge to develop specifications for a tender, Request for Proposal or to supervise a project. The Director of Finance will be notified.

SPECIALIZED SERVICES

Engineering, architectural, audit, legal and other specialized services shall be acquired through the Request for Proposal process. Factors to consider when issuing the RFP shall include, but not be limited to: proposed fees, staff qualifications, experience dealing with educational institutions, past performance, demographics, and services offered, with special emphasis on the total value of service offered.

School Bus Conveyance Services issued by the Manager of Transportation in cooperation with the Purchasing Officer shall be acquired through the Public Tendering process, as well as being advertised in the local newspapers and the provincial government's Electronic Public Bid Notice System.

EMERGENCY REQUIREMENTS

If an emergency requirement occurs, the individual initiating the request shall notify the Purchasing Officer immediately. The Purchasing Officer shall process the request after obtaining approval from the Director of Finance. Every effort shall be made to follow the proper purchasing procedures set out in this policy. However, if time does not permit, the Purchasing Officer may place a Purchase Order after obtaining only one quotation.

FACILITIES

All rental facilities over 2,500 sq. ft. shall be advertised on the Electronic Public Bid Notice System.

PURCHASE ORDERS

Purchase orders are used to ensure that proper procurement procedures for acquiring goods and services are followed. All purchase orders exceeding one thousand dollars (\$1,000.00) before HST, shall be processed using the SAP computer system, using the following procedures:

Schools/Departments shall:

- Fill out the South Shore Regional School Board's Requisition Form.
- Fax the Requisition to 541-3037, or mail a copy of it to the Bridgewater office, 130 North Park Street, Bridgewater, NS B4V 4G9, to the attention of the Purchasing Officer.
- Keep a copy for their records.

Bridgewater office shall:

- Convert the Requisition into a Purchase Order using SAP.
- Fax or mail the Purchase Order to the successful vendor.
- Return a pink and green copy of the Purchase Order to the school/department.

Schools/Departments shall:

- Match the pink copy of the Purchase Order to the Requisition and keep for their records.
- Return the green copy to Accounts Payable once the goods are received.

NOTE: If the Requisition is considered URGENT, please notify the Purchasing Officer, so it can be processed immediately.

The South Shore Regional School Board's purchasing procedures are available from the Purchasing Department and shall be posted on the School Board's Website under "Forms".

TELEPHONE SERVICE REQUESTS

All telephone service requests including new cell phones, blackberries etc., MUST be faxed or mailed on the appropriate form, or e-mailed to the Purchasing Officer, who shall forward it on to the vendor for processing. The vendor will in turn reply back to the Purchasing Officer explaining the details of the action taken. This information shall be relayed to the individual(s) who initiated the request.

PETTY CASH

In order to reduce the number of purchase orders created for minimal amounts, each school or department may maintain a petty cash account for small purchases.

A summary sheet with receipts attached and approved by the Principal or Department Head, shall be forwarded to the Bridgewater office for replenishment as required.

BOARD CREDIT CARD (S)

The total BMO MasterCard credit limit shall not exceed \$15,000.00, with no individual to have a limit exceeding \$5,000 maximum. The conditions of their use are restricted for emergency situations only, for example: confirmation of hotel and airline reservations for Board Members and purchases from companies that will not invoice. For credit cards issued by petroleum companies, their use is restricted to the purchase of fuel only.

Under no condition are they to be used for travel claims such as personal mileage charges, meals charges, parking charges, fuel purchases, hotels for staff, etc. Such charges are governed by the Travel and Expense Policy # 460.

Credit Cards shall be issued and authorized by the Director of Finance to the following positions:

- Board Secretary
- Coordinator of Technology

Credit Card holders shall ensure that all charges are approved and forwarded to the Finance Department for timely payment, to avoid interest charges.

Banks require that credit cards can not be in the name of the School Board but in the name of the individual in care of the School Board. Any cardholder must sign a credit agreement with the Board as per Appendix "A".

OTHER CONSIDERATIONS

This policy may be amended from time to time by the Purchasing Officer with the approval of the Director of Finance to reflect current Province of Nova Scotia purchasing thresholds.

APPENDIX "A"



TO: Name of Employee
FROM: Jerome A. Tanner, Director of Finance
RE: Credit Card Agreement
DATE: Date

Please read and sign the agreement below and forward it back to me as soon as possible.

I agree that

1. the Credit Card issued in my name for the South Shore Regional Board is to be used solely for authorized purchases for the School Board
2. under no condition will this Credit Card be used for personal purposes
3. the Credit Card will be managed within the spending limit and that all charges will be approved and forwarded to the Finance Department for timely payment, to avoid interest charges
4. should employment be terminated, the card will be immediately surrendered to the Director of Finance

Signed

Date

Witnessed

Date

APPENDIX F: FOOD POLICY

SOUTH SHORE REGIONAL SCHOOL BOARD POLICY & PROCEDURES

POLICY # 1005

TITLE	REVISION DATE	PAGE
FOOD SERVICE DELIVERY IN SCHOOLS	October 13, 2004	Page 1 of 12

(This Policy replaces SSDSB Policy #1005)

The South Shore Regional School Board believes that school cafeterias, whether they are major operations or small operations run by volunteers, play a vital role in providing food programs for students. The Board believes that it should provide the framework, adhering to food handling regulations established by the Nova Scotia Department of Health, by which school cafeterias, lunch and canteen programs can operate. The procedures outlined in this policy provide schools with a framework that addresses liability and financial issues.

PROCEDURE

There are basically three types of programs that are offered in schools; Full Service Cafeterias, Breakfast/Hot Lunch Programs and Canteen Programs. Specific guidelines for each are as follows:

Full Service Cafeterias

1. All full service cafeterias must have a formal Cafeteria Agreement to operate that is signed by the South Shore Regional School Board (Appendix A).
2. All Full Service Cafeterias are to operate with a current Society Agreement that is registered with the Joint Stocks and Registry of Nova Scotia.
 - a. Registration includes the filing of minutes of the Annual Meeting, a year end financial statement, the list of the members of the Board of Directors as well as the payment of an annual registration fee.
 - i. A copy of this registration is to be forwarded to the Director of Finance who will provide a report to the Finance and Operations Committee in June and December of each year.
 - b. Society members should include representation from the School Advisory Council (parents or community members), Student's Council, school administration and staff.
 - c. A template for the Agreement is included as 'Appendix A' and must include:
 - i. Maintenance of a \$2,500 equipment replacement/repair fund.
 - ii. Maintenance of an insurance policy which shall include public liability and property damage coverage subject to a limit of one million dollars.
 - iii. Provision for the distribution of any profits.
 - iv. Provision to the School Board of an annual financial statement.
3. It is the responsibility of this Society to oversee the operation of the Cafeteria in the School.

4. The Society may operate the Cafeteria itself or contract out its services.
 - a. A template for a Contract is included as 'Appendix B'

Breakfast/Hot Lunch/Canteen Programs

1. Breakfast/Hot Lunch Programs must operate under the auspices of the school.
 - a. This could include the School Advisory Committee, Home and School Association, Students Council, Principal, or a committee established by the school.
 - i. The first task of the committee shall be to develop its terms of reference for review through the School Advisory Council with final approval by the principal.
 - b. The committee would be responsible for the selection of staff and volunteers, establishing hourly rates of pay, assisting in the development of menus and pricing, arranging for Department of Health inspections, ensuring that Fire Regulations are adhered to and developing an Annual Report (covering the period August 1 to July 31) that will be forwarded to the School Advisory Council by the end of October of each year.

Appendix G: G300-4-3 1



Canada Revenue Agency
Agence du revenu du Canada

Canada



<http://www.cra-arc.gc.ca/E/pub/gm/g300-4-3/g300-4-3-e.html>

- [Forms and publications](#)
- [GST Memoranda](#)
- G300-4-3 Educational Services (GST 300-4-3) Electronic version only

GST Memoranda

Notice to the reader:

Please note that the following GST Memorandum, although correct at the time of issue, has not been updated to reflect any subsequent legislative changes since the date of issue. As a result, some of the technical information this memorandum contains may no longer be valid. Please contact your GST/HST Rulings Centre for assistance.

G300-4-3 Educational Services (GST 300-4-3) Electronic version only

GST 300-4-3

TAX ON SUPPLIES EXEMPT SUPPLIES EDUCATIONAL SERVICES

This memorandum does not replace the law found in the *Excise Tax Act* and its Regulations. It is provided for your reference. As it may not completely address your particular operation, you may wish to refer to the Act or appropriate Regulation or contact any Revenue Canada Excise/GST district office for additional information. If you are located in the Province of Quebec, please contact the ministère du Revenu du Québec (MRQ) for additional information.

This memorandum explains what educational services are and provides detailed information on educational services that are exempt under the *Excise Tax Act*.

NOTE: Due to the number of changes to this memorandum, the revisions have not been side-barred. Rather, this memorandum supersedes GST Memorandum 300-4-3, Educational Services, dated January 10, 1992.

LEGISLATIVE AND OTHER REFERENCES

Excise Tax Act - section 259, subsection 123(1), Schedule V, Part III, Educational Services

School Cafeteria Food and Beverages (GST) Regulations

Equivalent Courses (GST) Regulations

TABLE OF CONTENTS

Educational Services

Exempt Supplies of Educational Services

Elementary and Secondary Schools

Extra-Curricular Services

Student Services

School Bus Services

Courses in Respect of Recognized Professional or

Trade Designations Credit Course for Diploma or Degree

Vocational Courses

Tutoring and Private Instruction

Second Language Instruction

School Cafeteria Meals

University/College Meal Plans

Lease of Personal Property

Non-Credit Courses

Taxable Educational Services

Definitions and Interpretations

EDUCATIONAL SERVICES

1. All supplies of educational services are taxable when made by a person who is, or is required to be, registered unless the supplies are exempted in Part III of Schedule V to the Act.

2. Part III of Schedule V to the Act specifically lists the supplies of educational services that are exempt.

3. School authorities, public colleges and universities that qualify as either charities or non-profit organizations are entitled to certain additional benefits and exemptions that are listed in section 259 of the Act and Part VI of Schedule V to the Act. More information is available in GST Memorandum 300-4-6, *Public Sector Bodies*.

EXEMPT SUPPLIES OF EDUCATIONAL SERVICES

Elementary and Secondary Schools

4. Supplies made by a school authority for courses provided primarily for elementary or secondary school students are exempt. School authorities include private elementary or secondary schools, operating either on a non-profit or for-profit basis, as long as the schools

provide instruction that meets the standards of educational instruction established by the province or territory in which they operate.

Extra-Curricular Services

5. A supply of food, beverages or services, including admissions, made by a school authority primarily to elementary or secondary school students during the course of extra-curricular activities organized under the authority and responsibility of the school authority is exempt. This includes, for example, supplies made by a school authority to students for a school-organized visit to a museum or theatre. Other sales by school authorities to students, such as class rings and school sweaters, do not come within the scope of this exemption and are subject to tax.

Student Services

6. A supply made by a school authority of a service performed by an elementary or secondary school student or by an instructor of an elementary or secondary school student in the ordinary course of the instruction of the student is exempt. An example would be haircuts provided to individuals as part of a hair-styling class in a secondary school.

School Bus Services

7. School bus services provided by a school authority to elementary or secondary school students to transport the students to or from a school that is operated by a school authority are exempt.

8. Where a school authority contracts with a private business to provide school bus services for its students, the supply of such services by the private business to the school authority is taxable. Any tax paid by the school authority under such a contract would be partly rebated under section 259 of the Act, if the school authority is established and operated otherwise than for profit.

Courses in Respect of Recognized Professional or Trade Designations

9. Supplies made for courses leading to, or for the purpose of maintaining or upgrading, a professional or trade accreditation or designation recognized by a regulatory body, or for a certificate, or for administering an examination, in respect of a course, or in respect of an accreditation or designation described above are exempt where the course, certificate or examination is provided by a professional or trade association, government, vocational school, university or public college or by the regulatory body. The exception to this provision is when the supplier has filed with the Minister an election under Schedule V, Part III, section 6 of the Act to have the supply of certificates, courses and/or examinations made non-exempt. An example of a course that would be exempt under this section is a bar admission course provided by a provincial law society.

10. Prior to November 6, 1991, the examinations administered or certificates issued in respect of an accreditation or designation were not exempted by section 6 of Part III of Schedule V to the Act, and were therefore taxable supplies.

Credit Course for Diploma or Degree

11. Supplies made by a school authority, public college or university of courses for which credit may be obtained toward a diploma or degree are exempt.

12. Such credit courses are exempt even where they are taken by an individual not enrolled in a degree or diploma program. Consequently, credit courses offered, as part of a continuing education program, at night or in day school by a school authority, university or college are exempt, even if some students are not taking the courses as part of a degree or diploma program.

13. Other mandatory fees for services or memberships related to registration in courses offered by a school authority, public college or university and for which credit may be obtained toward a diploma or degree are exempt. Two examples would be student council fees and athletic fees.

Vocational Courses

14. Supplies made by a school authority, vocational school, public college or university of courses or examinations in respect of courses leading to certificates, diplomas, licences, or similar documents, or classes or ratings in respect of licences that attest to the competence of individuals to practise or perform a trade or vocation are exempt where

(a) the document, class or rating is prescribed by federal or provincial regulation;

(b) the supplier is governed by federal or provincial legislation respecting vocational schools (applies where consideration for the supply becomes due, or is paid without becoming due, after March 31, 1991); or

(c) the supplier is a non-profit organization or charity (applies where consideration for the supply becomes due or is paid without becoming due after March 31, 1991).

Examples include courses provided by a vocational school leading to a commercial pilot's licence, or to an electrician's licence.

15. Effective November 6, 1991, excluded from this exemption are any supplies that are zero-rated under Schedule VI of the Act. As a result, most training services provided to non-resident corporations are zero-rated as of November 6, 1991.

Tutoring and Private Instruction

16. A supply of a service of tutoring or instructing an individual in the following:

(a) a course that is approved by credit or follows a curriculum designated by a school authority;

(b) a course that is a prescribed equivalent of a course outlined in (a); or

(c) a prerequisite course mandatory for admittance into a course outlined in (a) or (b);

is exempt.

17. Pursuant to the *Equivalent Courses (GST) Regulations*, for the purposes of section 9 (tutoring and private instruction) of Part III of Schedule V to the Act, music lessons are prescribed equivalents of music courses that follow a curriculum designated by a school authority.

Second Language Instruction

18. A supply of a service of instruction in language courses that form part of a program of second-language instruction in either English or French, where the supply is made by a school authority, public college or university or an organization that is established and operated primarily to provide instruction in languages is exempt. Where a language school offers instruction in several languages, only instruction in French or English as a second language falls within the exemption.

School Cafeteria Meals

19. Subject to paragraph 20 of this memorandum, most food or beverages sold in an elementary or secondary school cafeteria primarily to students of the school are exempt.

20. This exemption does not extend, however, to sales of food or beverages supplied through vending machines. As well, the exemption does not include private catering services provided through a school cafeteria for a private party, reception, meeting or similar private event.

21. Pursuant to the *School Cafeteria Food and Beverages (GST) Regulations*, for the purposes of section 12 (school cafeteria meals) of Part III of Schedule V to the Act, the following prescribed food and beverages are taxable when sold in school cafeterias:

- (a) carbonated beverages;
- (b) beverages included in paragraph 1(d) of Part III of Schedule VI to the Act when sold in cans, cartons or bottles; and
- (c) foods included in any of paragraphs 1(e) to (l) of Part III of Schedule VI to the Act, when prepackaged for sale to consumers.

University/College Meal Plans

22. A supply of a meal at a university or public college to a student where the meal is provided under a plan under which the student purchases from the supplier for a single consideration a supply of not less than 10 meals weekly for a period of not less than one month is exempt. This exemption applies not only to university/college students living on campus but also to university/college students living off-campus and purchasing meal plans.

23. A supply of food and beverages, including catering services, made to a person that is a school authority, university, or public college under a contract to provide food or beverages is exempt

- (a) to students under a plan referred to in paragraph 22 of this memorandum, or
- (b) in an elementary or secondary school cafeteria primarily to students of the school.

This exemption does not apply to food, beverages and services provided for a reception, conference or other special occasion or event.

Lease of Personal Property

24. A supply of personal property made by way of lease by a school authority to an elementary or secondary school student, for example, the rental of a musical instrument or textbook, is exempt.

Non-Credit Courses

25. Supplies made by a school authority (applies to courses for which consideration becomes due, or is paid without becoming due, after March 31, 1991), public college or university of courses that are part of a program that consists of two or more courses (other than courses in sports, games, hobbies or other recreational pursuits that are designed to be taken primarily for recreational purposes) and that are subject to the review of, and are approved by, a council, board or committee of the school authority, public college or university established to review and approve the course offerings of the school are exempt.

26. Where school authorities make a supply to students of tuition, and the consideration for the supply includes the cost of miscellaneous materials used in the course of the year, the additional supply would normally be exempt as being incidental to the tax-exempt supply of instruction. Where a separate supply is made for such materials, the supply would be exempt if the amount charged is equal to the usual charge made to students and does not exceed the direct cost of the materials provided.

27. Where school authorities or other public sector bodies supply tangible personal property, such as chocolate bars otherwise than in the course of a business, the supply will be exempt where the salespersons are volunteers, the items sold do not exceed \$5.00 in value and the items are not sold at an event where similar supplies are made by persons in the business of selling such property. Sales of alcoholic beverages and tobacco products do not qualify for this exemption.

TAXABLE EDUCATIONAL SERVICES

28. Courses offered by a school authority, public college or university for which a student does not receive credit toward a degree or diploma, and which are designed to be taken primarily for recreational purposes, are taxable. This would include non- credit courses in subjects such as dancing, skating, wine- tasting, cooking or sailing.

DEFINITIONS AND INTERPRETATIONS

The following are either definitions which have been taken from the *Excise Tax Act* or represent departmental interpretations of the terms relevant to the administration of that Act.

"**Act**" means the *Excise Tax Act* as amended by S.C. 1993, c. 27 (Bill C-112);

"**elementary or secondary school student**" means an individual who is enrolled in a school that is operated by a school authority in a province or territory and in

(a) courses that are at the elementary level of education, or

(b) courses for which credit may be obtained toward a diploma or certificate issued or approved by the government of the province or territory or courses equivalent to such courses;

"regulatory body" means a body that is constituted or empowered by an Act of Parliament or of the legislature of a province to regulate the practice of a profession or trade by setting standards of knowledge and proficiency for practitioners of the profession or trade;

"public college" means an organization or that part of an organization that operates a post-secondary college or post-secondary technical institute

(a) that is funded by a government or a municipality, and

(b) the primary purpose of which is to provide programs of instruction in one or more fields of vocational, technical or general education;

"school authority" means an organization or that part of an organization that operates in a province or territory an elementary or secondary school in which it provides instruction that meets the standards of educational instruction established by the government of the province or territory;

"tax" means the Goods and Services Tax payable under Part IX of the Act;

"university" means a recognized degree-granting institution and an organization or that part of an organization that operates a college affiliated with such an institution or that operates a research body of such an institution;

"vocational school" means an organization that is established and operated primarily to provide students with

(a) correspondence courses, or

(b) instruction in courses

that develop or enhance students' occupational skills and includes an educational institution that is certified by the Minister of Employment and Immigration for the purposes of subsection 118.5(1) of the *Income Tax Act*.

REFERENCES

OFFICE OF RESPONSIBILITY: Policy and Legislation

LEGISLATIVE REFERENCES: Excise Tax Act as amended by S.C. 1993, c. 27 (Bill C-112)

HEADQUARTERS FILE: N/A

SUPERSEDES GST MEMORANDUM: GST 300-4-3, dated January 10, 1992

OTHER REFERENCES: N/A

SERVICES PROVIDED BY THE DEPARTMENT ARE AVAILABLE IN BOTH OFFICIAL LANGUAGES.

THIS MEMORANDUM IS ISSUED BY TECHNICAL INFORMATION, EXCISE/GST BRANCH UNDER THE AUTHORITY OF THE DEPUTY MINISTER OF NATIONAL REVENUE, CUSTOMS, EXCISE AND TAXATION.