

MEMORANDUM

TO: Boston School Committee
FROM: Eleanor Laurans, Chief Financial Officer, Boston Public Schools
SUBJECT: Responses to Boston School Committee Questions re: Student Activity Accounts Policy
DATE: September 26, 2018

All BPS schools have now migrated to the new business process for managing Student Activity Accounts.

The new business process for depositing money entails two steps – 1. Schools deposit funds at the nearest Citizen Schools bank, using unique deposit slips provided to them. 2. They fill in a simple Google form to let us know what grade and program (i.e. student activity) the funds pertain to.

The process for spending mirrors how schools currently spend their general school budget, with one exception. They are not subject to MA general procurement laws, and can hence spend these funds more freely.

The Student Activity website provides a user-friendly interface for schools to navigate. It gives them directions on how to deposit, spend and check balances. It also provides guidance on what can and cannot be deposited into and purchased from these accounts. The website also houses student activity specific resources, such as the detailed policies and procedures manual, as well as other general, but pertinent resources.

Training to date:

We provided all school leaders with small group training at the August Leadership Institute. In addition we also presented the same information at the Secretary Institute. Training included a seven-minute video overview and a Q & A session for School Leaders and Secretaries to ask questions relevant to the kinds of funds they raise and the activities they wish to run.

Upcoming training:

Year Round Support: The Grants Office now has a new External Funds Analyst dedicated fully to the management and support of the district's Student Activity accounts. Schools can reach out to her at any time with questions. In addition to her there are multiple other people, as listed on the Student Activity website that can be contacted when needed.

'Open House' Sessions: We will be posting 'Open House' blocks of time on the 'Lead BPS' Bulletin which goes to all School Leaders. Through this schools will have the option of signing up for a one-on-one session with our External Funds Analyst at their school. The Open House sessions will be offered at



different periods through the year, particularly toward the end of the school year when most student activity related events like prom and homecoming are being planned and executed.

On-Line training: In addition to the seven-minute video, we will be adding ‘how-to’ videos for each component of the new business process – depositing funds, transferring between lines, checking balances, reimbursement and putting on requisitions.

It is our hope that this framework of policies and procedures, coupled with extensive training and support from the Grants Office will ensure not just compliance with the intent of Student Activity funds, but also provide schools with a clear and easy to use business process for operating these accounts.

Responses to follow up questions raised by a community member from Boston Latin Academy:

Q. Section 2 is ambiguous and incomplete: The proposed policy does not specify the definition for “recognized student activity organizations or activities” and does not specify a process for recognizing and approving new ones. While some student activities are easily identified (clubs, trips, proms, etc.) other reasons for which funds are collected by schools are not clearly defined (AP Exam fees, instrument rental fees, course-specific materials such as sketch books or music books, etc.)

A. This policy is meant to authorize the District to administer Student Activity Accounts with a broad set of principles. The district management has the responsibility to translate those principles into a more detailed set of procedures. Those procedures have been presented to School Leaders in the form of an operating manual and website. While it is true that these materials cannot reasonably answer every question that might arise, it does go further in hammering out specifics related to acceptable Student Activities. It is anticipated that questions around potential Student Activities not addressed in the operating manual will be fielded and answered by BPS Central on a case by case basis. It is our hope that we are able to make the operating manual as comprehensive as possible. We look forward to working with school leaders in answering their questions and using those questions to inform the next iteration of the operating manual.

Q. Section 3 is unclear: This section says that school leaders may accept gifts to recognized SAF organizations or activities but does not specify the dollar value that may be accepted by a school leader while, at the same time, seeming to say that all gifts must be accepted by either the Superintendent or School Committee depending upon the dollar value of the gift.

A. The Superintendent allows School leaders to accept gifts up to \$10,000 with any gifts accepted in amounts exceeding \$5,000 being reported to the Superintendent within 5 business days.

Q. Section 4 is not in agreement with EY or MASBO: Ernst and Young’s summary report appears to assume that a BPS SAF policy will follow MASBO’s guidelines with regard to permitting individual schools to have their own SAF checking accounts funded by the agency account. Instead, section 4 of the proposed policy calls for schools to “request/authorize disbursements” and the SAF presentation materials show that would be through Boston’s PeopleSoft financial system (BAIS.) State law permits and MASBO’s guidelines recommend that individual schools write their own checks for SAF



disbursements. The guidelines also provide recommendations for robust oversight practices including regular audits.

A. M.G.L. requires that all student activity funds received to be deposited with the “municipal or regional school district treasurer.” While it is true that M.G.L. permits the School Committee to authorize a separate checking account controlled by the school leader, it also requires that the funding from such an account come only from the City’s agency account and prohibits deposits directly into the account. Even if such an account were opened, any payment would still require the requisitioning through the City’s PeopleSoft financial system. The City’s Collector-Treasurer has determined that, due to risk, reporting, and control considerations, individual accounts bearing the City’s TIN may not be opened.

MASBO does not make a specific recommendation on whether or not a local checking account should be opened. It simply provides guidance around management of the account if it is opened.

Additionally, it is particularly necessary, in the case of BPS, to make all payments through the City’s financial system rather than from individual accounts. Tax reporting requirements necessitate the aggregation of payments. While smaller districts with only a few schools may be more easily able to collect such information on separately managed accounts in a timely and accurate manner, for a City the size of Boston, this becomes a logistical impossibility.

Q. Public access to materials: 12 of the 13 links to the proposed SAF policy and accompanying documents as displayed on the BPS website’s “Student Activity Specific Resources” page are still not available to the general public (as of this writing) in spite of my repeated requests to make them available. I was only able to see some of these documents, including the proposed policy, because a BPS employee printed them out for me.

A. Thank you for bringing this to our attention. The links have been fixed.

Q, Equity Impact Statement is incorrect: The statement dated September 12, 2018 states that a position to support SAF accounts was added to the FY19 budget and that “there are no further budget impacts at this time.” The additional resources required at the school level have not been taken into account.

A. Most reconciliation and account administration functions are being handled at BPS Central and at the City. The only tasks required of individual schools involve completing payment request forms, maintaining appropriate documentation of expenditures and receipts, and appropriate cash handling. It is our belief that these are all functions already being handled to some extent by individuals at the schools. While it is true that funds will be held at a central location rather than individual bank accounts and that payment requests will be forwarded by the school leader to BPS Central rather than simply approved internally, it is important to note that this policy is not meant to be a wholesale creation of new functions. Rather it is meant to be a clarification and refinement of general processes that should already be in place as they relate to the receipt and expenditure of SAF.



It is also important to note that by bringing the SAF onto the City's financial system, student activity expenditures will be treated the same as every other expenditure made by BPS. The details of the process are not new; they're simply new as they apply to SAF.

Q. City of Boston Tax ID number: The final paragraph says that individual schools may not have any other accounts that use the city's tax ID - it is clear that funds controlled by parents or staff should not be in the school's account but some schools may still need to have a checking account for non-SAF purposes such as AP Exam fees.

The City is in the process of developing a number of other procedures to handle non Student Activity funds over which BPS and/or the City has purview. We can say with certainty, however, that all processes will be structured in such a way to provide as much flexibility and speed as possible while maintaining those accounts on the City's financial system.

In response to the concern regarding more cumbersome process:

We appreciate that there are additional steps involved in the new process, but feel that this particular layout of those steps may give the indication that the additional process is significantly more labor-intensive for school leaders than it is. While it is true that new vendors must be set up in the system, even in the case of reimbursements, for the purpose of appropriately reporting required tax information, this is necessary (and always was).

While we ask that the reimbursement process is used as a last resort, we understand that there are instances where it is unavoidable. Allowance is made for this in the operating manual, and SAA-related reimbursements are processed for the full amount, not net of taxes. The issue of tax-exemption is a particularly illustrative of the benefit of using the City's financial system; the City and BPS are assured of receiving any benefit from the tax-exempt status. It is important, also, to remember that the City has worked to develop a process that incorporates as much speed as possible, understanding that vendors (and reimbursements) often need to be paid quickly.

The appropriate documentation of sources and uses is not a requirement developed arbitrarily. These processes were developed, after much thought, as a way to most efficiently and effectively comply not only with M.G.L. but with federal tax regulations--statute and regulations with which we had not been in compliance with previously.