



POLICY NO. 3410

## **INTERNAL FUNDS**

ALL MONIES COLLECTED OR DISBURSED BY SCHOOL PERSONNEL OR BY STUDENTS WITHIN A SCHOOL, IN CONNECTION WITH THE SCHOOL PROGRAM, FOR THE BENEFIT OF THAT SCHOOL, A CLASS, CLUB, DEPARTMENT, EMPLOYEE, OR STUDENT, SHALL BE RECORDED IN THE SCHOOL'S INTERNAL FUNDS. ALL FUNDS GENERATED FROM A PROFIT-MAKING BUSINESS OPERATING ON A CONTINUOUS BASIS ON SCHOOL GROUNDS, MUST BE DEPOSITED IN THE SCHOOL'S INTERNAL FUNDS ACCOUNT. ALL OF THE AFOREMENTIONED FUNDS SHALL BE ADMINISTERED AND ACCOUNTED FOR IN ACCORDANCE WITH EXISTING LAWS, FLORIDA STATE BOARD OF EDUCATION ADMINISTRATIVE RULES AND BOARD POLICIES.

INTERNAL FUNDS SHALL NOT BE USED (1) FOR ANY PURPOSE WHICH REPRESENTS AN ACCOMMODATION, LOAN, OR CREDIT TO EMPLOYEES OF THE BOARD, OR OTHER PERSONS, INCLUDING PUPILS; (2) TO CASH PERSONAL CHECK; OR (3) TO PAY SUBSTITUTE TEACHERS. EXPENDITURES FOR CERTAIN PROMOTIONAL, PUBLIC RELATIONS, AND HOSPITALITY ACTIVITIES ARE ALLOWABLE AS AUTHORIZED BY SCHOOL BOARD POLICY AND RULES 3413 - PROMOTION AND PUBLIC RELATIONS FUNDING.

- I. Monies collected and expended within a school by pupils and school personnel shall be used for financing the normal program of student activities, to provide necessary and proper services and materials, and for other purposes consistent with the school program as established and approved by The School Board of Broward County, Florida (hereafter "School Board").
- II. Where instructional and noninstructional employees of the School Board serve in a noncontracted position in their regular place of employment, other than as an independent contractor in student co-curricular activities, and the funding for such services is from the school's internal funds accounts, these payments shall be made by the School Board payroll warrants. The schools shall reimburse the School Board for said payments from their internal funds accounts. An activity shall be deemed co-curricular when the service performed is for the benefit of the students.
  - A. Individuals paid directly from internal funds accounts must fall under the definition of independent contractor as defined in Internal Revenue Service Publication 15-A (2023) which states: The general rule is that an individual is an independent contractor if "the person for whom the services are performed, have the right to

control or direct only the result of the work and not the means and methods of accomplishing the result."

- B. Where students' services are utilized by the School Board under an emergency situation on a one-time basis, such students can be paid for their services directly from internal funds accounts. However, if the student's services are to be utilized on a recurring basis in some form of ongoing employment, he/she must be paid by School Board payroll warrants.
  - C. The Superintendent shall be responsible for annually recommending standard district-wide payroll rates for the above tasks for School Board approval.
- III. No teacher will collect money for instructional materials, newspapers, magazines, etc., without receiving prior written approval from their principal to make such collection.
  - IV. Two signatures shall be required on all checks for withdrawal of funds from internal funds bank accounts. The principal of each school shall designate one or more persons who shall be authorized to countersign withdrawal checks; whenever possible, the countersignature should be that of the financial agent of the school. Schools that utilize the Business Support Center (BSC) will have checks signed by the BSC Director and countersigned by a designee in lieu of school-based staff.
  - V. In the event of loss of equipment or of funds in charge of school personnel, a written report must be made immediately to the Police Department or Sheriff's Office and to the Superintendent fully describing the nature and extent of the loss. If a loss involves cash or inventories of school store, food or supplies, the report should itemize the materials and their respective values.
  - VI. The destruction of an inventoriable asset shall be witnessed and signed by an administrator and a member from the Property and Inventory Control staff of The Office of the Chief Auditor.
  - VII. Purchases of furniture, equipment, and other durable goods from internal funds shall become the property of the School Board, be assigned to a school and be recorded as a fixed asset of the School Board.
  - VIII. The Office of the Chief Auditor will make annual audits of schools' internal funds in accordance with Florida Statutes and Florida State Board of Education Administrative Rules. The Office of the Chief Auditor will strive to complete the annual audits of schools' internal funds by June 30 of the following fiscal year.
    - A. The Office of the Chief Auditor will meet with the external auditor to determine the required internal funds audited balance that is sufficient for their external audit.

- B. The Office of the Chief Auditor will ensure that the internal funds audit of the school with the largest year-end balance has commenced by September 1 of the following fiscal year.
  - C. The Office of the Chief Auditor will conduct audits of school internal funds to meet the sufficient balance, as determined by the external auditor as described in subsection VIII. A. above, by March 31 of the following fiscal year.
  - D. The sufficient balance of school internal funds to be audited shall be at least fifty percent (50%) of the total year-end balance of school internal funds.
  - E. The Office of the Chief Auditor will attempt to complete audits of schools comprising ninety percent (90%) of the total year-end balance of school internal funds by June 30 of the following fiscal year. Any remaining school audits should be completed within the first quarter of the second year.
- IX. Where a change in principal occurs by reason of a predecessor principal's resignation, transfer, or termination, an audit of the school's internal funds will be conducted as expeditiously as possible. The Regional and Area Superintendents will notify the Office of the Chief Auditor when changes of principals occur.
- X. In addition to giving their opinion of the principal's "Statement of Changes in Fund Balances," the examination shall provide assurance of financial compliance with Florida Statutes, Florida State Board of Education Rules and School Board Policy. The school principal shall respond on a timely basis to the School Board and Superintendent to all exceptions made in the auditor's report, noting, if required, any corrective action taken. Such response, if available, should be included with the auditor's report at the time it is presented to the School Board and Superintendent in open session. The Office of the Chief Auditor will follow up with the school to determine if the corrective action taken satisfied any exceptions reported.
- XI. Schools are authorized to transfer funds from the General Account to the Student Field Trip Account, for the payment of field trip expenditures, in an amount not to exceed \$1,000 per school year. However, the \$1,000 annual maximum expenditure shall not apply to field trips that fall within the following categories:
- A. Internal funds may be used for field trips when they are part of planned educational enrichment programs, such as Performing Arts Center programs, which will, over time, benefit all students in the schools.
  - B. In addition, field trips may be funded through internal funds for activities which are voted upon by the Student Council of the school.

Policy Custodian: Business Support Center

Former Policy Number: 3411

Policy Status: Active

Authority: F.S. § 1001.41

History: Adopted: 9/5/74

Amended: 4/23/81  
Amended: 5/21/81  
Amended: 1/7/82  
Amended: 2/18/82  
Amended: 1/20/83  
Amended: 6/2/83  
Amended: 10/20/83  
Amended: 7/14/87  
Amended: 4/11/23