

TUITION

Policy: Strong internal controls over tuition receipts and deposits must be maintained. An internal accounting system must be designed with sound accounting policies and procedures that ensure the integrity of the financial statements, books and records.

Purpose: To establish the procedures to be followed for receiving, applying and depositing tuition receipts.

SCHOOL TUITION

School tuition rates must be established at the direction of the Pastor/Parish/Director/Administrator in consultation with the principal, school board and finance council. Often times the tuition rates are less than the actual costs to run the school. As a result, the general offertory and special donations are needed to subsidize the school. Additionally, the parish may decide to provide scholarships to assist students with tuition. The Diocesan Superintendent of Schools should be consulted prior to the establishment of any type of scholarship/tuition assistance/work credit/etc. program so as to not violate tax regulations, conflict of interest standards or diocesan policy.

A parish, including non-school parishes, must never “give” a scholarship or free tuition to a student/family in exchange for receipt of offertory. This situation is not acceptable as it provides an illegal tax deduction for the contribution versus a payment for the tuition, which is nondeductible. In these situations, the proper accounting is to recognize any payments first as tuition up to the established tuition rate and then any remaining receipts as offertory.

If a parish, including non-school parishes, establishes a school program whereby no tuition is charged to anyone and all students may attend free, then 100% of cash flow to run the school comes from general offertory or restricted donations.

It is suggested that Diocese Accounting personnel, review all school scholarship programs prior to being implemented and assist the parish with the proper structure and recording of those scholarships.

In order to decrease cash at the schools, the school may want to consider a policy that all payments of tuition be made by check or money order made payable to the school. The policy may also have incentives for advance payments such as a discount % for payment before the beginning of school.

The following steps will facilitate school tuition recording and collection:

1. The office Secretary should collect and deposit cash receipts of school tuition. The Bookkeeper should record the tuition received.
2. A deposit list should be prepared that shows the family name and amount collected. The list should be used to record income in the school accounting records along with attachments by family for proper documentation.
3. All program receipts (tuition, reg. fees) should be deposited into the school Operating Account. There should not be a separate bank account for these receipts.
4. The school should acknowledge all payments of tuition made and those outstanding by sending monthly statements to the families.
5. All outstanding tuition should be aggressively collected. It is suggested that the school use a collection agency after normal collection efforts are exhausted.

It is preferable to begin tuition billing in advance. With a computerized billing system you can set up billing cycles between July 1st and ending June 30th. Tuition billing that begins in August and ends in May (10 months), allows the accounting personnel time to deal with any delinquent tuition that may develop before the school year ends. A family's record book or file that shows amounts owed, collections and comments by the family can be especially helpful. Tuition balances should be reconciled to the school accounting records.

Use of an outside tuition collection service – Some schools may choose to offer the parents the choice of paying their tuition monthly or offering a discount for the payment of tuition in full at the beginning of the school year. If the school is using a tuition service for the monthly or scheduled payment of tuition, the tuition payments will be deposited into the school operating account by the tuition service. A report (electronic or hardcopy) from the tuition service will allow the bookkeeper to post the payments to the parent to the tuition receivable records maintained at the school. Schools can also use this service for all tuition and fees so that it will eliminate checks and cash in the school office during the year.

The tuition service will provide a report which reflects the total tuition and fees outstanding so that a reconciliation to the general ledger can be made.

Deferred Tuition Revenue – If the school has a tuition policy which allows parents to pay school tuition in advance of the school year, those funds should be deposited into the school account and designate those funds for the proper school year. At the end of the month, the school will need to reconcile the balance in the deferred tuition revenue account and reflect those amounts on the school financial statements. In addition, some schools may want to have a savings account rather than a checking account for the advance tuition so that these funds are not used for expenses in the wrong school year.

CASH RECEIPTS FROM OTHER SOURCES

School extended-care programs, including summer school, summer camp, and before and after school programs, present unique challenges for proper collection and recording of revenues. Since these programs operate outside of normal school hours, control over cash receipts is generally more difficult. There may be a limited number of people available to collect and record cash receipts. There may be significant amounts collected in cash rather than check. It may be impossible to deposit cash the same day it is received. Especially where drop-in-care is allowed, parents may wish to pay daily when they pick up their children from the program. Many parents will want receipts so they can file for reimbursement from employers to claim childcare tax credits on their individual tax returns.

In developing a cash receipts and recording system for an extended care program, Pastors/Parish/Directors/Administrators should keep in mind the following minimum requirements.

1. The childcare manager should collect, record/log and deposit cash receipts.
2. A deposit list should be prepared that shows family name and amount collected.
3. All program receipts (fees) should be deposited into the parish/school operating account. There should not be a separate bank account for these receipts.
4. Some provision must be made to safeguard cash. If fees are collected after regular school hours and night deposits cannot be made, the money must be locked in a fireproof safe on parish/school premises. Under no circumstances should caregivers take money home with them at night. To prevent losses and errors in recording extended care income, it is better to collect fees during regular school hours.
5. The number of people who have access to cash must be limited. If a number of different caregivers work in the program, they should not all be authorized to collect fees. Individuals must be informed of the payment arrangement, to prevent them from pressuring any individual caregiver to accept money.
6. Many people will need a statement of extended care payments when they file their individual income tax returns. Extended care records should be designed to give calendar year totals by family name.
7. Some people participate in employer reimbursement programs. These individuals will require a contemporaneous receipt. Extended care programs should make provision to issue pre-numbered multi-part receipts. The accounting personnel should reconcile the receipts to deposits.

Ideally a different person should perform each of the above tasks in item 1, but the limited number of accounting personnel in most schools makes it difficult to segregate these duties completely for the purpose of internal control. However, we have a suggestion we think will help. At least two individuals should be involved in the cash counting process. The first individual (childcare manager) should record all the cash and checks received to a three-part pre-numbered

receipt book and run a calculator tape total of all the receipts for that day. A separate receipt book should be maintained for each checking account, each book should be labeled on the cover as to which checking account it belongs to and each will have a different starting series of receipts numbers. Each day's total should be listed in a cash journal by date, amount and receipt numbers from and to. Also, the receipt book with the third receipt will be kept for seven years. These items will help the childcare manager perform a monthly reconciliation to the cash printout from the financial software. Once the childcare manager records the day's receipts to the cash journal, the original or first receipt will be given to the parents or person making the payment. All the second receipts, cash and checks can be given over to the second person (the bookkeeper) for deposit. The bookkeeper should now make a new tape total of all the currency, coins and the individual checks to compare to the receipts' tape total. If the two tapes agree, then a deposit slip is made and brought to the bank for deposit with bookkeepers tape. The childcare manager receipts and tape are now kept for future reference as back up of the deposit and retained for seven years by the bookkeeper along with the duplicate deposit slip that is stamped by the bank. The bookkeeper will use these items to record the transaction to the financial software, and for each, the memo should have the starting receipt number to ending receipt number. If possible, a third person could bring the deposit to the bank; if that is not possible, then the childcare manager would do this.

It is preferable to bill extended care receipts in advance. A parish/school with a computerized billing system may want to add extended care fees to the regular tuition bill. If fees are billed weekly and if the school is reasonable certain the people will pay on time, fees can be added to the following month's tuition bill. If extended care fees are not part of the regular tuition records, the program should have a cash receipts book, a roll book, or family records that show attendance, billing, and collection by family. Extended care records should be reconciled to the parish/school accounting records monthly. This can be accomplished by adding the total of all daily deposit lists for the period or footing the cashbook and comparing to the general ledger. If extended care fees are recorded in the tuition summary account, extended care records may be reconciled to the general ledger when tuition records are reconciled.

Parishes/school are encouraged to issue multi-part receipt forms for extended care collections. The carbon copies of the receipts can be used as a cash receipts book. Each day the total of all receipts issued that day should be recorded. This amount should match the corresponding bank deposit exactly.

RELATED ORGANIZATIONS

Any group, organization or ministry such as Home School Associations or other School Organizations, etc., using the name of the parish/school and acting as an extension of the parish/school for its activities, must have its financial activities flow through the parish/school operating account. Groups such as the above cannot maintain their own bank accounts. Their activities are the responsibility of the Pastor or Parish Director/Administrator and thus must be under the Pastor or

Parish Director/Administrator's control. This can be accomplished by having their activities flow through the parish operating account.

RECEIPTS

1. Ideally, all mail addressed to the parish/school should be opened by someone unrelated to the bookkeeping/accounting function (receptionist). The receptionist should immediately restrictively endorse receipts as they are received and logged in.
2. An adding machine tape of the checks should be run prior to the receptionist turning over the receipts to the bookkeeper with both the receptionist and the bookkeeper dating and initialing the tape to document their agreement with the total.
3. A receipt log noting date and amount should be maintained for future tracking to the deposit slips and general ledger.
4. Receipts should be locked in a secure location until deposited.
5. Lacking any other supporting documentation, photocopies of checks will suffice.
6. Other documents contained in the envelopes should also be provided to the accounting personnel for handling.

DEPOSIT LOGS

1. The accounting personnel will document all receipts on the Deposit Log.
2. No check should be withheld from deposit unless it is legally imperfect. Checks should be deposited as soon as possible. A standard letter of information and/or inquiry is to be sent or faxed to the payer when there is any question as to the correct application of the check.
3. The checks will then be totaled and the calculator tape will be attached to the check bundle. This total must match the total on the Deposit Log check column and compared to the receipts log maintained by the mail openers, noting any differences and the reasons for the differences.
4. The final net cash deposit must reconcile with the taped total on the Deposit Log in the Cash Column.

BANK DEPOSIT

Accounting personnel will prepare a bank deposit slip and will deposit the checks and cash with the parish's/school's authorized financial institution. Cash deposits should be made on the same day as received, when possible, however, cash maintained on site should not exceed \$300.00. A locked safe should be used when funds (cash or checks) are held overnight at the school. The safe should be locked at all times. The combination to the safe should be changed periodically.