

# Franklin County Schools

## Administrative Procedure

### Electronic Payment by SSOs

2.404.8

#### Purpose

This administrative procedure outlines the internal control procedures for the use of Electronic Payment such as Venmo by school support organizations (SSOs). The intent is to ensure that all funds collected through electronic payment are handled responsibly, transparently, and in compliance with financial practices established by the State of Tennessee and the local school district.

#### Account Setup and Authorization

- **Prior Approval Required:** Before opening an electronic payment account for the SSO, written notification must be submitted to the school principal and central office for review and approval.
- **Official Ownership:** The account must be created using an email address and phone number registered to the SSO—not personal contact information.
- **Account Limits:** Each SSO may operate no more than two (2) electronic payment accounts, designated for clearly defined purposes (e.g., general fundraising, event-specific collections).
- **Assigned Custodian:** The SSO treasurer or another designated officer must be named as the primary account custodian, with at least one additional officer having access

#### Access and Security

- **Organizational Access Only:** The electronic payment account must be accessed only from a device owned or managed by the SSO. Personal mobile devices should not be used.
- **Login Credentials:** Passwords must be complex, stored securely, and accessible only to designated officers. Access must be revoked immediately when roles change.
- **Dual Oversight:** Two officers should regularly review activity to ensure no single individual controls the account without oversight.

#### Permissible Use of Electronic payment

- **Approved Collections Only:** Electronic payment may only be used for collecting funds related to pre-approved SSO activities, such as:
  - Fundraisers
  - Club dues
  - Event ticket sales
  - Merchandise
- **Restricted Use:** Electronic payment may not be used for:
  - Paying vendors or staff
  - Reimbursing individuals

- Depositing into personal accounts
- General operational expenses not tied to specific events
- **Linked Accounts:** All electronic payment funds must be transferred to the SSO's official checking account within 3 days of receipt. Holding funds in electronic payment is not allowable.

## Documentation and Recordkeeping

- **Transaction Detail Requirements:** Each transaction must include:
  - Payer name
  - Amount received
  - Date of transaction
  - Description of the activity or event
- **Issuing Receipts:** Electronic or paper receipts should be issued for every electronic payment transaction. When feasible, use prenumbered receipts to maintain consistency with manual collection practices.
- **Record Retention:** Monthly electronic payment statements and transaction histories must be saved and included with the SSO's financial records for a minimum of five years.

## Reconciliation and Reporting

- **Monthly Reconciliation:** The SSO treasurer must reconcile all electronic payment transactions monthly with the organization's bank statements and accounting ledger.
- **Review and Sign-off:** Reconciliations must be reviewed and signed by at least one other officer or committee member not directly responsible for deposits.
- **Activity Reports:** A summary of electronic payment collections should be included in financial reports to the SSO board and school administration.

## Internal Monitoring and Review

- **Transaction Oversight:** All transactions should be reviewed regularly to detect unauthorized activity, such as unapproved refunds or payments.
- **Change in Access:** If an officer with account access steps down or changes roles, their access must be removed immediately, and passwords must be updated.
- **Audit Readiness:** Records must be maintained in a format that allows external or internal auditors to verify the completeness and accuracy of electronic payment activity.

## Alternative Collection Methods

- **Preferred Options:** SSOs are encouraged to use district-approved payment platforms that provide enhanced reporting and oversight features when available.
- **Cash Handling Consistency:** This administrative procedure supplements but does not replace traditional cash-handling procedures. Standard internal controls apply to all forms of collections.

## Compliance

- **Regulatory Adherence:** All electronic payment usage must comply with the Tennessee Comptroller's guidelines and local school board policies related to school support organizations.
- **Enforcement and Consequences:** Violations of this policy—including unauthorized accounts, lack of documentation, or misuse of funds—may result in revocation of privileges and could require restitution or further administrative action.

**President:** \_\_\_\_\_ **Treasure:** \_\_\_\_\_ **Principal** \_\_\_\_\_

**Date:** \_\_\_\_\_ **Date:** \_\_\_\_\_ **Date:** \_\_\_\_\_