

	<p align="center">State of Hawaii Department of Education Standard Practice (SP) Document</p>	<p align="center">Office of Fiscal Services</p>
<p>Document No. SP 1904</p>	<p>Distribution: CASs, Principals, SASAs, School Office Personnel, CABMs, ASAs</p>	<p>Release Date: 3/14/2017</p>
<p>SUBJECT</p>	<p>Non-Appropriated Student Activity Fund; Administrator's Checklist/Internal Controls</p>	

1. Purpose

To provide internal compensating controls for administrators due to the non-segregation of duties by office staff for the cash receipt and disbursement process.

2. Effective

Immediately.

3. Applies to

All schools.

4. Internal Compensating Controls

- (a) Schools are often challenged by insufficient staff to segregate duties for cash control measures to prevent theft or misappropriation of funds.
 - (1) In school offices with more than one staff, the suggested segregation of duties is:
 - (A) Two office personnel:
 - (i) Cash receipts, prepare deposits, petty cash
 - (ii) Check disbursements, reconciliations, transfers, prepare Request for Journal Entry or Modification (SAF-R4)
 - (B) Three office personnel:
 - (i) Cash receipts, prepare deposits, petty cash
 - (ii) Check disbursements
 - (iii) Reconciliations, transfers, prepare Request for Journal Entry or Modification (SAF-R4)

These suggestions may not be feasible at every school. The office needs to make every attempt to segregate duties to decrease the opportunity for employee fraud.

To ensure accountability, the Department has instituted internal compensating controls. The Principal shall provide for compensating controls at each school or office. If the Principal has delegated authority to another administrator in writing due to an anticipated absence from the school, the designee shall be responsible to

provide compensating controls. See the sample sub-delegation letter in the Procurement Guidelines.

The internal compensating controls are documented on a form called the Administrator's Checklist (SAF-IC1). See Form (a) below.

- (b) The Checklist includes the following requirements. When completing the form, be sure to include the school's name and the fiscal year.
- (1) Quarterly (at least once a quarter), conduct an unannounced cash count of the petty cash fund.
 - (2) Monthly, ensure that documentation of P-Card transactions is transmitted to OFS-Vendor Payment, if there were P-Card purchases. If there were no P-Card purchases during the month, write "NA." [Note: The form with the P-Card column is effective 7/1/15]
 - (3) Monthly, conduct a reconciliation of the bank statement's ending balance, against the school's SAF balance. The Principal needs to initial and date on the checklist when this task was performed, and sign and date both the bank statement and the SAF Monthly Bank Reconciliation Report (Report #11K). The Principal should perform a review of the bank statement for unusual checks or other transactions before signing the bank statement and reconciliation. Reference SP 1906 Non Appropriated Student Activity Fund Bank Reconciliations for more information. This supervisory level of review is a very important component of internal control.
 - (4) Monthly, review outstanding checks (defined as more than six months old). SAF Report 11E Outstanding Transactions Detailed by Date can be used to identify the checks outstanding more than six months. These checks should be voided through the SAF monthly bank reconciliation process. Reference SP 1906 Non Appropriated Student Activity Fund Bank Reconciliations for more information.
 - (5) Twice a year, check that cash receipts are reconciled and deposited by the next business day or the next scheduled armored carrier pickup day. Reference SP 1905 Non Appropriated Student Activity Fund Collection, Receipt, and Deposit Procedures for more information.
 - (6) Twice a year, check that proper documentation (original invoice or original receipt) has been attached to disbursements. Reference SP 1917 Non Appropriated Student Activity Fund Processing Invoices for Payment for more information.
 - (7) Twice a year, check that all transfers have proper documentation, for example Purchase Order (Form A-3-C), or Money-Raising Activity (Form 422) prior to being posted. Reference SP 1919 Non Appropriated Student Activity Fund Adjustments for more information.
 - (8) The Principal will complete the Administrator's Checklist (SAF-IC1) to indicate the areas reviewed, the date of the reviews, and discrepancies found. The report should be kept on file for audit purposes.

At the discretion of the Complex Area Superintendent, an Administrative Services Assistant or the Complex Area Business Manager may be assigned to assist the Principal perform the required actions on the checklist.

5. SP Maintenance Responsibility

The Accounting Services Branch in the Office of Fiscal Services is responsible for maintenance, administration, and questions regarding this SP.

6. References, Resources, and Forms

The following resources may provide access to statutory, policy, and contractual authorities; and closely related SPs, procedures, and forms.

- (a) Checklist to prepare for financial audit of SAF
https://intranet.hawaiipublicschools.org/offices/ofs/saf/SAF_resources/Shared%20Documents/Checklist%20to%20Prepare%20-%20Financial%20Audit-SAF.pdf

Forms

- (b) Administrator's Checklist (Rev 11/2014) (SAF-IC1)
<https://intranet.hawaiipublicschools.org/offices/ofs/saf/Forms/ADMINISTRATOR%E2%80%99S%20CHECKLIST.pdf>
- (c) Request to Add/Delete SAF User (SAF-M1)
<https://intranet.hawaiipublicschools.org/offices/ofs/saf/Forms/REQUEST%20TO%20ADD%20DELETE%20SAF%20USER.pdf>
- (d) Request for Journal Entry or Modification (SAF-R4)
<https://intranet.hawaiipublicschools.org/offices/ofs/saf/Forms/REQUEST%20FOR%20JOURNAL%20ENTRY%20OR%20MODIFICATION.pdf>
- (e) Sample sub-delegation letter
<https://intranet.hawaiipublicschools.org/offices/ofs/procurement/Forms/Delegation%20of%20Authority%20Fillable%20Form.doc>
- (f) Purchase Order (Form A-3-C)
<https://intranet.hawaiipublicschools.org/offices/ofs/saf/Forms/PURCHASE%20ORDER%20picture.pdf>
- (g) Money-Raising Activity (Form 422)
<https://intranet.hawaiipublicschools.org/offices/ofs/saf/Forms/MONEY-RAISING%20ACTIVITY.pdf>