

	<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 1906</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 Bank Reconciliations; Procedures for</p>	

1. Purpose

To provide an overview of Bank Reconciliation procedures for the Non-Appropriated Student Activity Fund.

2. Effective

Immediately.

3. Applies to

All schools that maintain a Non-Appropriated Student Activity Fund checking and/or savings/investment account.

4. Procedures for Bank Reconciliation of the Non-Appropriated Student Activity Account

- (a) If the office has sufficient staffing, the functions of creating SAF checks and reconciling the SAF bank accounts are to be performed by two different employees in the school office. If there is insufficient staffing for this separation of duties, refer to SP 1904 Non-Appropriated Student Activity Fund; Administrator's Checklist/Internal Controls for the suggested segregation of duties.
- (b) Frequency: Non-Appropriated Student Activity account (checking and savings) must be reconciled monthly and completed by the 10th business day after the close of each month, using the SAF Reconciliation process.
- (c) If a school has a savings (investment) account it must be reconciled monthly even if there were no transactions during the month. If the savings account does not produce monthly statements use the online account balance as of the end of the month for months without statements.
- (d) Each month must be reconciled in chronological order. The SAF Reconciliation process will not allow months to be skipped or combined.
- (e) The bank statement should be used for the reconciliation for accounts that have monthly statements, not the bank information that can be viewed online as of the last day of the month. This is because it is possible that the bank could add transactions on the last day of the month before the bank statement is created.

- (f) When reconciling the Non-Appropriated Student Activity Fund bank account the SAF Reconciliation process remembers the previous month's reconciled ending balance and enters it as the beginning balance and the date of the last reconciliation.
- (g) Leave the Investment field blank on the SAF Reconciliation window.
- (h) Items are marked as "clear" on the SAF screen when the details match the bank statement exactly. Records can be added to SAF to account for interest transferred to the bank account, eScript or similar credit on the bank statement, and bank charges or fees that were deducted on the statement. The FAQs provide more detailed instructions for reconciling accounts.
- (i) Stale dated checks (dated more than 180 days prior) should be voided. See #6 below for more information about stale dated checks. Copies of documentation for voided stale dated checks should be attached to the Monthly Bank Reconciliation Report (Report #11K).
- (j) Instructions for bad checks/not sufficient funds (NSF) are included in SP 1905 Non Appropriated Student Activity Fund Collection, Receipt and Deposit Procedures. If a NSF check was already entered into SAF, do not enter it again during the reconciliation process.
- (k) When the reconciliation process is complete, click Finish Reconcile and print reports using the module's Print button.
 - (1) Monthly Bank Reconciliation Report (Report #11K). The report preparer should sign this report before giving it to the Principal.
 - (2) Category Umbrella Overview Report (Report #5) with range of dates = last day of the prior reconciled month to the last day of the reconciled month.
 - (3) Transfers made during the month.
 - (4) Modifications made during the month.
 - (5) Journal Entries made during the month.
- (l) After printing these reports, click on the blue button "Sign Off".
- (m) Go to the Reports Menu and print Range of Date Transactions – Detailed Summary (Report #11B) with range of dates = 1st day of the reconciled month to the last day of the reconciled month, which is similar to a check register.
- (n) Provide the reports and the bank statement to the Principal.
 - (1) With the June reconciliation (which will be done in July), also provide the Principal with the Administrator's Checklist (SAF-IC1) since this is the first activity to be documented for the new fiscal year.
 - (2) In subsequent months, remind the Principal to get the Administrator's Checklist (SAF-IC1) out of his/her file and update it when the reconciliation is reviewed.

The Monthly Bank Reconciliation Checklist for Month of _____ (SAF-R3) can be printed each month and used to verify that the steps have been followed. See Forms (a).

5. Principal's Responsibility for Monitoring Bank Reconciliation

To complete the monthly bank reconciliation the Principal must ensure the following has been done:

- (a) Bank reconciliations are done by the 10th business day of the following month for the SAF checking account and all savings (investment) accounts.

- (b) Investigate all items which have been outstanding for an unusual period of time (six months or more). Copies of documentation for voided stale dated checks should be attached to the Monthly Bank Reconciliation Report (Report #11K).
- (c) Indicate that review of the bank reconciliation has been performed by signing and dating the Monthly Bank Reconciliation Report (Report #11K).
- (d) Indicate that the ending balance on bank statement matches the Monthly Bank Reconciliation Report (Report #11K) by signing and dating by the bank statement end balance. The preparer should also sign this report.
- (e) Verify the end balance on the Category Umbrella Overview Report (Report #5) matches to the end balance on the Range of Date Transaction – Detailed Summary (Report #11B) and sign the report (no signature line is printed)..
- (f) Review bank statement for any unusual entries, e.g. debit memos. Review the Range of Date Transaction – Detailed Summary (Report #11B) for any unusual adjustments and sign the report to show approval.
- (g) The Principal acknowledges bank reconciliation on the Administrator’s Checklist (SAF-IC1).

6. Stale Dated Checks

Stale-dated checks are checks that have been issued and have not been presented to the commercial bank within the six month statutory void date.

- (a) SAF prompts a stale dated checks warning if a stale dated check is present on the ledger.
- (b) Schools should make every effort to contact the recipient in writing within five months of its issue, and give the recipient a deadline to respond before the check is six months old. The recipient should be notified that if they do not respond before that time, the check will no longer be valid for deposit or cashing. The document should be maintained on file. When the recipient does not respond to the written request, schools shall proceed to void the check during the reconciliation process with the written notification as documentation. See Forms below for a sample letter to send to recipients of outstanding checks.
- (c) Schools should notate on the original Checks Issued (report printed when the check was made) that a stale dated check has been voided.
- (d) If a voided stale dated check is negotiated after it has been voided, it can be re-entered in SAF using the same check number and same Category.

7. Cancelled Checks

To check for fraud related to alteration and irregular endorsement of checks:

- (a) As part of the bank reconciliation procedures, the person performing bank reconciliation should examine their copy of cancelled checks (electronic scanned or physical) for alteration or irregular endorsements.
- (b) Cancelled checks should also be examined for payee names that are similar to but not the same as typical vendors, discrepancies between the payees on the check register and the check, erasures or white outs of payees or amounts, variations in endorsements by the same payee, and multiple endorsements.

8. Wrong date on Bank Reconciliation

If the wrong month end date was entered on the SAF reconciliation screen, the Complex Area Business Manager (CABM) can log on to SAF and Undo Reconcile so the school may

make the correction. If this occurs the school must print the reconciliation reports again and the principal must sign the reports again.

If there are any other errors which require correction, prepare and submit a Journal Entry in the current month using Request for Journal Entry or Modification (SAF-R4).

1. Cash Overage/Shortage Category 1009.97

If there is a difference between the amount the bank recorded for a deposit or a check and the amount recorded in SAF, use the Add Record screen in the SAF Reconciliation module to enter an adjustment to Cash Overage/Shortage, Category 1001.97. Refer to SP 1919 Non Appropriated Student Activity Fund Adjustments for further information.

2. Filing Reconciliation Documentation

After the Principal has reviewed the reconciliation, and signed the required documents:

- (a) Copy the signed bank statement and Monthly Bank Reconciliation Report (Report #11K) and send these to the CABM.
- (b) File the reports by fiscal year and month:
 - (1) Monthly Bank Reconciliation Report (Report #11K)
 - (2) Category Umbrella Overview Report (Report #5) with range of dates last day of the prior reconciled month to the last day of the reconciled month
 - (3) Transfers made during the month
 - (4) Modifications made during the month
 - (5) Journal Entries made during the month
 - (6) Range of Date Transactions – Detailed Summary (Report #11B)
 - (7) Bank statement

9. SP Maintenance Responsibility

The Accounting Services Branch is responsible for maintenance, administration, and questions regarding this SP.

10. References, Resources, and Forms

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

- (a) SP 1905 Non Appropriated Student Activity Fund Collections, Receipts and Deposits; Procedures for
- (b) SP 1919 Non Appropriated Student Activity Fund Adjustments
- Forms
- (c) Monthly Bank Reconciliation Checklist for Month of _____ (SAF-R3)
<https://intranet.hawaiipublicschools.org/offices/ofs/saf/Forms/MONTHLY%20BANK%20RECONCILIATION%20CHECKLIST.doc>
- (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) Administrator's Checklist (SAF-IC1)

- <https://intranet.hawaiipublicschools.org/offices/ofs/saf/Forms/ADMINISTRATOR%E2%80%99S%20CHECKLIST.pdf>
- (f) Sample letter – Outstanding Check
- <https://intranet.hawaiipublicschools.org/offices/ofs/saf/Forms/Sample%20Letter-Outstanding%20Check.doc>