

	<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 1907</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; Expenditure of Funds</p>	

1. Purpose

To provide rules regarding expenditure of funds in the Non-Appropriated Student Activity Fund.

2. Effective

Immediately.

3. Applies to

All schools.

4. Expenditure of Funds

Each school is responsible for accounting for the expenditures of each school sponsored organization. The budget prepared by each school sponsored organization or program will be the vehicle to use for authorization to carry out its objective during a specific period of time. The school sponsored organization account should be reviewed prior to any obligation to determine if funds are available and unobligated in the amount sufficient to provide for the proposed expenditures. This procedure will avoid the possibility of over expending.

- (a) The Purchase Order (Form A-3-C) serves as pre-approval document for all expenditures and must be signed by the Principal. See Forms (b).
- (b) Purchase orders requested by the Principal, must be pre-approved by the Complex Area Superintendent by either signing:
 - (1) The line above "PRINCIPAL" on the Purchase Order (Form A-3-C); or
 - (2) On a Purchasing Worksheet (FMS-P1) to be filed with the Purchase Order (Form A-3-C).
- (c) All purchases must have the necessary documentation before checks are released to vendors or reimbursements made to employees.
 - (1) Purchase Order (Form A-3-C)
 - (2) Original invoices or Bill (A404 Form 99) along with original receipts
 - (3) Packing slip (if applicable)
- (d) In the event an invoice is lost or a vendor issues a receipt instead of an invoice, the Bill (A404 Form 99) can be used in place of an invoice.
 - (1) The original receipt should be attached to the Bill (A404 Form 99).

- (2) The employee or the vendor submitting the form must sign as Claimant.
- (3) The Principal must approve the form by signing Government Officer Incurring the Expense.
- (e) All Purchase Order books shall be recorded and accounted for on a log Inventory Record of Pre-numbered Forms (Form 439). Purchase Order books shall be secured (i.e. kept in a locked safe or locked drawer) so they are inaccessible to unauthorized personnel.
- (f) Schools are authorized to issue the book form, Purchase Order (Form A-3-C), to the school sponsored organization and program activity to serve as a written request to purchase materials, supplies and services.

5. Approved School Clubs that Bank Outside the Non-Appropriated Student Activity Fund

- (a) The Principal can delegate purchasing authority to the club advisor.
- (b) The club advisor must pre-approve all purchases through the Purchase Order (Form A-3-C).
- (c) The club advisor must prepare an annual financial report and submit it to the Principal within 10 days following the close of the year.

6. Preparing a Vendor Purchase Order

When preparing a Purchase Order (Form A-3-C) for vendor purchasing, the following detailed instructions must be completed:

- (a) Date: Enter today's date (date must be the same as or precede the invoice/receipt date);
- (b) Account: Name of the organization (Category) purchasing supplies and/or disbursing money to an individual or organization;
- (c) Purchaser: Write in the name of the requestor;
- (d) Principal: The Principal, or an administrator to whom the Principal has officially designated procurement authority, signs on the line above "PRINCIPAL"; and
- (e) Distribution of Copies:
 - White copy - to Vendor
 - Yellow copy - leave in the Purchase Order book
 - Pink copy - file in the school business office (Accounting copy)

7. Establishing Vendors

- (a) Vendors are added to SAF by the school users, not by a central office. The SAF system does not share vendor information among schools. Exhibit 1 lists the fields that are required and optional.
- (b) If a vendor is paid for services, a federal Form 1099-MISC must be created by the Office of Fiscal Services each year if the total payments from DOE exceed \$600 in a calendar year. The payments include services (including parts and materials). There are also other payments to be included on this form that are not likely to be made from SAF. The Reference section of this SP includes a link to "How to determine if a vendor should be marked as 1099 vendor" and the IRS instructions for the form.

- (c) The federal IRS Form W-9 Request for Taxpayer Identification Number and Certification can be used to collect information for SAF vendors. Please note, the Social Security Number of the vendor is confidential.

Exhibit 1	
SAF SUPPLIER/VENDOR TABLE MAINTENANCE	
Field Name and Description	Required or Optional
Supplier Name (Vendor name)	Required
Address (Street Address)	Required
City	Required
Province/State	Required
PC/ZIP (Zip Code)	Required
Country	Optional
Area Code	Required
Phone	Required
Fax	Optional
Email	Optional
Website	Optional
Contact Name	Optional
Contact Phone	Optional
Contact email	Optional
GST #	Leave blank
Account Number	Optional
Social Security Number	Required if the vendor is an individual or sole proprietorship; do not insert dashes
Tax Identification #	Required if the vendor is a corporation, LLC, or other organization for 1099 reporting purposes; do not insert dashes

8. Outstanding Purchase Orders

- (a) School shall keep all outstanding purchase orders (pink copies) in a separate file.
- (b) School shall check the outstanding purchase order file on a monthly basis.
- (c) School should contact the vendors to check the status of items ordered for purchase orders dated more than sixty (60) days prior.
- (d) If the vendor is unable to complete the delivery, the school may cancel the purchase order.
- (e) The school may cancel the purchase order by sending a written notice to the vendor. See the Forms section, memo template (a) Cancellation of Order.
- (f) The copies of the purchase order that has been cancelled should be marked "CANCELLED" and retained in the purchase order book with the written notice.

9. Procurement Code and Expenditure of Non-Appropriated Student Activity Funds

Most student activity transactions should be “pass-through” collections/receipts and payments. Money collected needs to be used for intended purposes (e.g., field trips) or returned to the student, or moved to the activity’s Main Category to be used for those students (e.g., year-end activity for the group). For student activities, purchases should be made using prudent business practices, by checking with vendors who can provide the goods or services with quality and the most optimal cost.

However, expenditures of other non-student-activity-related funds such as donations are subject to the state procurement code. Purchases from those funds must follow the procurement rules as outlined for appropriated funds. Hawaii’s procurement laws do not provide an exception for non-appropriated funds. Reference the HRS below regarding applicability of the procurement law. Also reference SP 1210 Procurement of Goods; SP 1220 Procurement and Contracting for Construction; SP 1230 Procurement of Services; SP 1240 Procurement of Professional Services; and SP 1250 Procurement of Health and Human Services.

10. Prohibition of Expenditures for Payroll Purposes

- (a) It is prohibited to use Non-Appropriated Student Activity Funds for payroll purposes, directly from the SAF system.
- (b) To use Non-Appropriated Student Activity Funds for payroll, the school must first write a check to the Department of Education and deposit it into the State Central Checking Account.
- (c) The deposit must be posted to a Program ID in FMS where the payroll will be charged such as a Trust fund. Program ID 16600 SAF Clearing Account is a Trust fund Program ID that has been established for this purpose.
- (d) See the References section for additional guidance.

11. Purchase of Personal Use Items with SAF

Examples of personal use items that may be purchased with SAF include, but are not limited to, clothing, food, transportation, gift cards, gift certificates, game tokens, and scholarships.

- (a) Such purchases are allowable when funds are collected by and for the students in that school organization, or when funds are donated for the activity.
- (b) Purchases for personal use items, unless specified by a donor, must be fair and equitable in value and quantity for all students officially part of the student group or organization at the time of the activity.

12. Reimbursements to School Staff

Reimbursements are a repayment of expenditures made for or on behalf of the school. Reimbursements should only be made for school-related purchases that were previously approved by the Principal. The number and dollar amount of reimbursements should be kept to a minimum, as properly planned expenditures should have followed the purchase order process. Making reimbursements from SAF is contrary to good internal control of the school funds.

13. SP Maintenance Responsibility

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

14. References, Resources, and Forms

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

- (a) §103D-102, Hawaii Revised Statutes. Application of this chapter. This chapter shall apply to all procurement contracts made by governmental bodies whether the consideration for the contract is cash, revenues, realizations, receipts, or earnings, any of which the State receives or is owed; in-kind benefits; or forbearance; provided that nothing in this chapter or rules adopted hereunder shall prevent any governmental body from complying with the terms and conditions of any other grant, gift, bequest, or cooperative agreement.
http://www.capitol.hawaii.gov/hrscurrent/Vol02_Ch0046-0115/HRS0103D/HRS_0103D-0102.htm
- (b) How to determine if a vendor should be marked as 1099 vendor
https://intranet.hawaiipublicschools.org/offices/ofs/saf/SAF_resources/Shared%20Documents/How%20to%20Determine%201099%20Vendor.pdf
- (c) Instructions for Form 1099-MISC
<http://www.irs.gov/uac/Form-1099-MISC,-Miscellaneous-Income>
- (d) Purchase of Gift Cards for Students, 3/29/11 memo from Superintendent Kathryn S. Matayoshi.
https://intranet.hawaiipublicschools.org/offices/ofs/saf/SAF_resources/Shared%20Documents/Purchase%20of%20Gift%20Cards%20for%20Students.pdf

Forms

- (e) Cancellation of Order (memo template)
<https://intranet.hawaiipublicschools.org/offices/ofs/saf/Forms/Cancellation%20of%20Order%20Template.docx>
- (f) Purchase Order (Form A-3-C)
<https://intranet.hawaiipublicschools.org/offices/ofs/saf/Forms/PURCHASE%20ORDER%20picture.pdf>
- (g) Purchasing Worksheet (FMS-P1)
<https://intranet.hawaiipublicschools.org/offices/ofs/accounting/Documents/FMS-P1.xls>
- (h) Bill (A404 Form 99)
<https://intranet.hawaiipublicschools.org/offices/ofs/accounting/Documents/A404-Form-99.pdf>
- (i) Inventory Record of Pre-numbered Forms (Form 439).
<https://intranet.hawaiipublicschools.org/offices/ofs/accounting/Documents/Form-439.pdf>
- (j) Request for Taxpayer Identification Number and Certification (Form W-9)
http://www.irs.gov/file_source/pub/irs-pdf/fw9.pdf