

	<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 1908</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; Investing Idle Cash</p>	

1. Purpose

To provide an overview on the rules regarding investment of idle cash from the Non-Appropriated Student Activity Fund.

2. Effective

Immediately.

3. Applies to

All schools.

4. Investing Idle Cash

- (a) Schools are only permitted to invest idle cash from the Non-Appropriated Student Activity Fund in secured investments.
- (b) A secured investment is defined as an investment such as a certificate of deposit from a federally insured financial institution that will not put the funds invested at risk.
- (c) Savings and Security investments allowed for use are limited to:
 - (1) Certificates of Deposit;
 - (2) Savings Account – Passbook; and
 - (3) Bonds-US Government.
- (d) Signatory cards must be updated immediately whenever there is a change of authorized signors on investment accounts.
- (e) Supporting documents such as copy of certificate of deposit, initial investment statement, etc. must be reconciled to the investments and kept on file.
- (f) Investment accounts must be reconciled monthly in SAF even if there is no activity for the month. Refer to SP 1906 Non-Appropriated Student Activity Fund Bank Reconciliations; Procedures for.

5. Before Investing Idle Cash

- (a) The Principal determines if there is an amount of money in the Non-Appropriated Student Activity Fund-General School category (account) that will not be needed for a known period of time. For example, if the General School has a total of \$33,000 in the bank, of which \$25,000 is known to be used for expenses and emergencies for

six months, the school has \$8,000 of idle cash in the account that it could invest in a secured investment.

- (b) A separate bank account must also be established by the SAF school user for this new investment.
- (c) For new investments, School Category/Chart of Accounts Change Request (SAF-M2) shall be submitted to establish a Non-Appropriated SAF Investment Sub-Category. Categories in the 1999 series are for recording investments in savings and government securities. These investments are to be recorded individually, using separate Sub-Category Numbers for each and including the last four digits of the Investment Account in the Category Name, to provide accountability and control. The suggested Sub-Category series are:
 - (1) 1999.01 - 1999.05 Certificate of Deposit (CD);
 - (2) 1999.06 - 1999.10 Savings Account; and
 - (3) 1999.11 – 1999.15 Bonds – U.S. Government.
- (d) Record the investment deposit in SAF in one of two ways:
 - (1) Check written to the institution holding the investment, or
 - (2) A transfer entry from the SAF Checking Account to the SAF Investment Bank Account. If the investment bank account has not already been established in the SAF System, contact the Complex Area Business Manager for assistance in setting up a new bank account in SAF
- (e) Interest income derived from investments of idle cash must be credited to the school's SAF General School Category and used for the benefit of the entire school. It can be recorded as a collection when the school receives an interest income check to deposit; or as a credit when the electronic deposit appears on the school's SAF bank statement.
- (f) The school sometimes has the option to rollover interest income into the same investment account. In these cases the interest is recorded as a credit to the Investment Sub-Category in the Student Activities Fund investment bank account during the bank reconciliation process.
- (g) School-sponsored organizations may request the Principal to invest their idle cash in an interest bearing account to generate additional income. Income earned from investments for school-sponsored organizations shall be credited to the respective Category.

6. Schools Shall Not

- (a) Invest in stocks, mutual funds, stock futures, commodities or in any other form of marketable securities.
- (b) Loan money to an individual or a business.
- (c) Loan money to employees for payroll purposes.

7. Monitoring

Investment accounts should be reviewed:

- (a) On a monthly basis when the investment account reconciliation reports are generated from SAF. When the school does not receive monthly statements, the investment account should be reconciled by contacting the financial institution to verify the account balance. A screen print from the financial institution showing the

account balance can be used to document the balance. Note, this is only for the months when there is no statement from the financial institution; and

- (b) Periodically to evaluate their purpose and to determine if consolidation or redemption is needed.

8. Closing an Investment

- (a) The Principal shall review and approve the closure of any investment accounts.
- (b) To close an investment account, the Principal should write and sign a request letter to the financial institution holding the investment.
- (c) The Principal shall send or take the request letter to the financial institution; then follow the institution's account closing procedures.
- (d) The closed account funds shall be returned via check made to the school, except in the case of an investment at the same location as the school's Non-Appropriated SAF checking account. In that case, funds can be transferred between accounts.
- (e) The funds shall be deposited and recorded in the Non-Appropriated Student Activity Fund General School Category or SAF Category account of the school group who invested their money, as appropriate.
- (f) Principal shall complete and sign SAF - Close Investment Account Acknowledgement Form (SAF-M3).
- (g) The signed SAF - Close Investment Account Acknowledgement Form (SAF-M3) and documents listed below shall be sent to the Complex Area Superintendent (CAS) for signature to acknowledge the closure and deposit of the Investment funds to the schools SAF checking account. Documents to include are:
 - (1) Copy of Principal's request letter;
 - (2) Copy of check or bank statement with posted ACH or e-credit; and
 - (3) Trial Balance (Category Date Range) (Report #9).
- (h) CAS will review and sign SAF – Close Investment Account Acknowledgement Form (SAF- M3) and return the signed original with the support documents to the school.
- (i) All documents pertaining to the closed investment account including those returned by the CAS shall be filed with the rest of the account's records.

9. SP Maintenance Responsibility

The Accounting Services Branch in the Office of Fiscal Services 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.

Forms

- (a) School Category/Chart of Accounts Change Request (SAF-M2)
<https://intranet.hawaiipublicschools.org/offices/ofs/saf/Forms/SCHOOL%20CATEGORY%20CHART%20OF%20ACCOUNTS%20CHANGE%20REQUEST.pdf>
- (b) SAF - Close Investment Account Acknowledgement Form (SAF-M3)
<https://intranet.hawaiipublicschools.org/offices/ofs/saf/Forms/SAF%20CLOSE%20INVESTMENT%20ACCOUNT%20ACKNOWLEDGEMENT%20FORM.pdf>