

State University of New York
College at Oneonta

Student Association Internal Controls



Revised: 14 April 2008

STUDENT ASSOCIATION

INTERNAL CONTROLS

Practices and Procedures

Preliminary Outline

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Key Documents

- (1) SUNY's "Fiscal & Accounting Procedures for Mandatory Student Activity Fee Programs" ("SUNY FAP")**
- (2) SUNY's "Student Activity Fees – Mandatory" ("SUNY SAF-M")**
- (3) SA's "Policy Book"**
- (4) SA's Constitution**

I. General Internal Control Principles

Per SUNY Fiscal and Accounting Procedures (see attachment A), it is the responsibility of the Student Government to:

◆Develop an internal control program. This is a system of checks and balances that ensures the security of assets, services, and resources of an organization. The internal control guidelines must be developed by the student government and approved by the campus designee. The internal control guidelines will provide the fiscal agent (OAS) with operational and fiscal procedures that must be observed by the Student Government.

The Student Government has the responsibility of understanding the interrelated roles and duties performed by the SA, OAS and the College to establish and maintain a sound internal control structure within the SA.

Basic Components of “Internal Controls”

- (1) Establish checks and balances between SA, OAS & Campus per SUNY Procedures
- (2) Provide adequate separation of duties between functions (e.g. purchasing & disbursement)
- (3) Ensure regular distribution and reconciliation of accounting reports
- (4) Revise or establish financial transaction procedures for SA and OAS
- (5) Perform Quality Assurance self-assessment checks (SA and OAS)
- (6) Conduct regular financial testing of SA and OAS procedures as part of the annual audit by independent auditor.

II. Cash receipt, counting and deposit

Source: Current Practice

- A. Cash counted and recorded by two club representatives.
- B. Cash brought with deposit form to OAS by Club Officer and counted by Club Officer & OAS.
- C. Signed receipt is completed and signed by OAS. Club Officer, OAS Ledger Clerk, SA Secretary and bank each receive a copy of receipt (sample 4 part receipt form attached).
- D. OAS deposits funds in appropriate account within 2 business days.
- E. SA Secretary enters funds on SA Link from SA receipt copy.
- F. Club Officer reviews SA Link account balance to ensure the deposit has been credited.
- G. OAS reconciles monthly bank statement which includes the receipts and the bank deposits.
- H. SA reconciles SA Link records monthly with OAS records
Detail procedures to be developed under Section IX (see *Note below*)

Note: Item H is part of the monthly reconciliation procedures to be detailed in Section IX - Other Document Matching and Statement Reconciliation.

III. Requisitioning, vouchering and disbursement

Source: SUNY Fiscal and Accounting Procedures for Mandatory Student Activity Fee Programs

Section II.E states that “the fiscal agent and student government shall establish and maintain an encumbrance approval system. Purchase requisitions, orders and contracts in support of approved budgetary allocations, shall be approved on behalf of the student organization by a responsible officer of the organization and the treasurer of the student government or designee, and further by the campus president or designee.”

Section II.F states that “Disbursements shall be made by check. Check forms shall be press numbered and controlled. Check signing procedures and controls shall be established which include proper evidence that goods or services are obtained prior to payment, except in those instances where an advance deposit or a pre-payment is required. Such deposits or pre-payments must be specifically approved as part of the fiscal commitment procedures covered in Section II.E above. Check disbursement entries shall be cross-referenced to applicable vouchers. Standard voucher forms shall be used. Specimen signatures of persons authorized to approve vouchers for payments and authorized to sign checks shall be on file. Reimbursement rates should be consistent with New York State Guidelines.”

- ◆ 3 business days’ notification needed before the check is expected.
 - ◆ All SA Purchases made in New York are tax exempt. Tax exempt cards, accounts and certificates are available at the SA Office.
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- A. Club Treasurer initiates Purchase Request on SA Link. Method of payment is selected.
 - B. Club Advisor receives notification by email and approves Purchase Request on SA Link.
 - C. SA Treasurer logs onto SA Link daily to review requests.
 - D. SA Treasurer approves or denies purchase. At this point, purchase amount is encumbered on SA Link. Club is notified by email from SA Link. Instructions are given as follows:
 - 1. If this is for use one of the store charge cards (Home Depot, Wal-Mart, Office Max), please stop by the SA Office during normal office hours to pick up the appropriate card and tax exempt information. When purchase is complete, please print this email and attach original receipts (we need to know what was purchased and not just a statement of how much was charged). Charge cards must be returned the next business day unless notified.
 - 2. If this is for a contractual agreement, make sure it is signed by the Director of Campus Activities and that a fully executed copy is attached to this email.

3. If this is for a purchase on American Express, please stop by the SA Office during normal office hours to make your purchase. If this is a hotel request, please complete a "Hotel Request Form" and bring it to the SA Office with you.
 4. If this is for a purchase using SA's OAS Card (Red Dragon Bookstore and Sodexho outlets except for catering), please stop by the SA Office during normal office hours to pick up SA's OAS card. Purchases are Dragon Dollars. When the purchase is complete, please print this email and attach original receipts (we need to know what was purchased and not just a statement of how much was charged). The card must be returned the next business day unless notified.
 5. If this is a petty cash request, please complete a "Petty Cash Request Form" and bring it to the SA Office with you.
 6. If this is for a purchase without a PO required, you will most likely be invoiced. To process payment, we will need the original invoice and it must state what was purchased.
 7. If this is for a purchase with a PO, you can stop by the SA Office during normal office hours to pick up the PO prior to making the purchase. To process payment, we will need the original invoice and/or receipt and it must state what was purchased.
 8. If this is for a reimbursement, make sure to include all original receipts stating what was purchased. Make sure you have our Tax Exempt information as we will NOT reimburse any sales tax incurred in New York State.
 9. If this is a Sodexho Request, we will notify the catering manager of your approval within one business day. Once they have received notification, you may confirm your catering request. Please bring the invoice to the SA Office when it arrives.
- E. Purchase is made.
 - F. Club Treasurer prints email authorization, signs, and attaches appropriate back up documentation and delivers to Club Advisor.
 - G. Club Officer or Advisor brings signed email authorization and appropriate backup documentation and delivers to SA office.
 - H. SA Treasurer authorizes or declines payment.
 - I. SA Advisor authorizes or declines payment.
 - J. SA Secretary creates payment transaction within SA Link.
 - K. SA Secretary prepares file export and emails to OAS. SA Secretary delivers payment documentation to OAS for review.
 - L. OAS accountant checks paperwork and imports into general ledger.
 - M. OAS accountant prints checks.
 - N. OAS accountant gets two approved signatures on check – both signatories should review all documentation.

- O. SA Secretary picks up checks, original receipts and Check Register.
- P. SA Secretary disburses checks by mail when appropriate or to Club, Club representative signs for the check, and SA Secretary returns the check register to OAS.

IV. Credit card security, limits and reconciliation

Source: SUNY Fiscal and Accounting Procedures for Mandatory Student Activity Fee Programs

Section II.G states “The designated fiscal agent and student government may establish a credit card or debit card account to purchase materials, supplies, or services. The designated custodial and disbursing agent should employ a system of internal control that ensures accountability over such accounts.”

- A. SA Secretary maintains a complete log of usage, including date, amount and Club.
- B. SA Treasurer and SA Advisor have access to online statements.
- C. When a purchase requisition is initiated on SA Link, credit card payment is an option to be selected and the Club treasurer making the request is guided through the steps necessary to obtain and utilize a credit card. Refer to “Requisitioning, vouchering and disbursement procedures” (Section III).
- D. Credit cards must be returned to the SA Secretary within 24 hours of usage. Copies of receipts must be provided to the SA Secretary within 72 hours. The SA Secretary records the card return, date, receipts and amount on the log.
- E. When credit card statement arrives, the SA Secretary reconciles each item with the log and submits to the SA Treasurer for certification.
- F. SA Treasurer then submits statement and all documentation to OAS for reconciliation and payment.
- G. Any discrepancies are to be immediately reported to the SA President and the Internal Affairs Committee for investigation and appropriate actions are to be taken. Strict enforcement of these procedures is required with significant penalties for any and all violations.
 - ♦Violation penalties are determined by the Internal Affairs committee
- H. The Fiscal Agent, OAS, must pay all credit card bills in total, with complete documentation of all purchases.
- I. A Credit Card Inventory will be conducted randomly 1-4 times each semester by the SA President and the SA Treasurer to ensure the safety and integrity of the SA Credit Card handling and use. The Fiscal Agent, OAS, may conduct these tests if they so choose.
- J. Credit cards will be securely locked up with OAS over the summer break and secured in the SA office during all other breaks. All cards should be secured when not in use.

V. Petty Cash Security and reconciliation

Source: SUNY Fiscal and Accounting Procedures for Mandatory Student Activity Fee Programs

Section II.H states “An advance account or petty cash fund

may be established as determined by the student government and the campus president or designee. Advances shall be limited to the reasonable amounts necessary to fulfill the stated purposes. Expenses shall be itemized. All advances shall be settled promptly after completion of the necessary activity.”

- A. Petty Cash Request Form is obtained from the SA website Petty Cash Request Form states that Petty Cash is to be used for incidentals, usually not exceeding \$25 per incident.
- B. Petty Cash Request Form is signed by Club President and Club Advisor.
- C. Petty Cash Request Form is delivered to the SA Secretary with signed purchase authorization. The form is then submitted with appropriate voucher to the fiscal agent, OAS, for a check to be cut.
- D. Remaining funds and receipts are to be returned to OAS, within five days of the business trip, event or trip; for verification of appropriate expense and to deposit remaining funds. Remaining funds and receipts must equal dollar amount approved on the Petty Cash Request Form.
 - 1. If there are remaining funds, a receipt will be provided by OAS. OAS will deposit remaining funds into the originating account.
 - 2. If there are no remaining funds, receipts should still be returned to OAS for verification.
- E. OAS will send receipts, and if applicable, a deposit record to the SA Secretary for recording in the accounting system.
- F. SA Secretary notes the log and form.

VI. Travel approval, expense documentation and reimbursement Vehicles

Source: SA Policy Book – Comprehensive Vehicle Policy
Please refer to the SA Policy Book where procedure is very clearly outlined

Gas Card Usage

- A. Club submits travel form to SA VP for Internal Services.
- B. If approved, Gas packets containing a single American Express Card are prepared.
- C. SA Secretary records American Express Card disbursement in Log. VP for Internal Services maintains separate but similar log.
- D. Club picks up gas packet; utilizes vehicle(s) and returns Gas packet with American Express Card and appropriate receipts to SA Secretary.
- E. When purchase card statement arrives, each item is reconciled with the log by the SA Secretary and submitted to SA Treasurer and VP for Internal Services for certification.
- F. Statement, receipts and all documentation is submitted to OAS for reconciliation and payment.
- G. Any discrepancies are to be immediately investigated and appropriate action to be taken.
- H. VP for Internal Services, Treasurer, and SA Advisor have access

to online statements.

Hotels

- A. Hotel request form including preferred hotel*, list of students needing rooms, and dates is submitted to Club President and Club Advisor for approval.
- B. Hotel request form is then submitted with signed Purchase Authorization to the SA Office and reviewed for approval or denial by SA Treasurer.
- C. SA Secretary makes reservation, guaranteeing reservation with credit card but limiting liability to actual stay. SA Secretary uses the hotel confirmation (email or fax) as documentation to get a check cut for the cost of the staying eliminating the need to provide the travelers with a credit card.
- D. SA Secretary provides travelers with relevant tax exempt information.
- E. Travelers are to use personal funds to cover any additional costs or room damage costs to the hotel.
- F. Travelers are required to obtain a paper copy of the final room bill and return it to the SA Treasurer who reviews it and initiates appropriate action if there is an issue.
- G. Any refunds made due to room changes or other circumstances are to be deposited directly with the Fiscal Agent, OAS, who will provide documentation for the SA.

*If there is a designated “host hotel”, this will be approved. If not, the choice of hotel should be made based upon cost and location. (Club should provide hotel options if possible.)

If host hotel not chosen, use State Per Diem document for frame of reference for alternative hotel rates.

Tips

SA should observe reasonable tipping practice (15-20% maximum). The tip should be written on the receipt for the food. If separate payment for tip is to be made, then a copy of the original receipt can serve as backup.

VII. Equipment and other Asset Inventory

Source: SUNY Fiscal and Accounting Procedures for Mandatory Student Activity Fee Programs

Section II.K states “An inventory control system shall be maintained for the acquisition of equipment items costing in excess of a specified amount. The dollar amount for fixed assets will be reviewed and approved by the fiscal agent and the campus designee. Proceeds from the disposition of equipment items shall be treated as miscellaneous receipts of the student government. Fixed assets and inventories must be controlled by a system that assigns responsibility to the users or holders of the assets and makes them accountable for them when they leave or transfer the responsibility.”

Source: SA Policy Book

(The following procedure is taken directly from this source.)

- A. Each Fall semester, the SA shall conduct an inventory of all club managed, SA owned property
- B. The inventory process includes:
 - 1. a statement of current condition of the item (for example, Good, Fair, Poor, etc.
 - 2. The current SA organization that manages the item
 - 3. The current location of the item
 - 4. When the item was purchased
- C. All new property shall be properly tagged and identified as SA owned with the proper inventory number and then added to the current record of SA owned property.
- D. The SA Executive Board shall determine the best means of completing this task. If student help is to be used, it shall be paid for out of the Student Help line in the SA Operational budget, as long as such a line exists.

VIII. Investment Asset Stewardship

Source: SUNY Fiscal and Accounting Procedures for Mandatory Student Activity Fee Programs

Section II.C – Excess funds not required for current budgeted expenditures may be invested, but such investments shall be limited to those that guarantee preservation of principal. Examples of this nature are U.S. government securities, money markets, savings accounts and certificates of deposit. Such investments should bear the name of the student government and should not be co-mingled or combined with investments of other campus organizations unless expressly authorized by the student government according to its constitutional procedures.

Current Practices:

- A. Statements
 - 1. SA Advisor receives and reviews monthly account statement and forwards statement to SA.
- B. Withdrawals
 - 1. See Policy Book for procedure
 - 2. SA Advisor requests the withdrawal form from the investment account(s) custodian and prepares the form per the expenditure request.
 - 3. Form requires signature of two SA Officers and is then signed by SA Advisor. The SA Advisor's signature verifies that proper procedures were followed to withdraw money.
 - 4. Check is made payable to SA and given to OAS as the SA's fiscal agent.

IX. Other Document Matching and Statement Reconciliation

- A. Ledgers/account statements - Complete ledgers are available through SA Link and can be reviewed at any time by SA Treasurer, President and Advisor.
- B. Reconciliation should be conducted by the Fiscal Agent, OAS, and monthly statements should be provided to OAS.

X. Checklist for monthly, quarterly and annual review of certain procedures