



DEPARTMENT OF DEFENSE
 EDUCATION ACTIVITY
 4040 NORTH FAIRFAX DRIVE
 ARLINGTON, VIRGINIA 22203-1635

OCT 28 1999

Fiscal Division

DoDEA Regulation 7240.1

DEPARTMENT OF DEFENSE EDUCATION ACTIVITY
 Administration of Student Activity Funds

- References: * (a) DoDDS Regulation 7240.1, "Department of Defense Dependents *
 * Schools Administration of Student Activity Funds," September 17, 1985 *
 * (hereby canceled) *
 * (b) DoD Directive 1342.6, "Department of Defense Dependents School *
 * (DoDDS)," October 13, 1992 *
 * (c) DoD Directive 1342.20, "Department of Defense Education Activity *
 * DoDEA)," October 13, 1992 *
 * (d) DoD Directive 1342.21, "Department of Defense Section 6 Schools," *
 * October 13, 1992 *
 * (e) through (i), see Enclosure 1 *

A. REISSUANCE AND PURPOSE

This Regulation reissues reference (a) to update the applicability to include domestic schools, and clarify established policy and procedures (denoted by asterisks (*)) for administering Student Activity Funds (SAFs), including funds obtained from nongovernment sources, student-generated funds, and funds donated for students' use within the Department of Defense Education Activity (DoDEA).

B. APPLICABILITY

* The provisions of this regulation are applicable to all schools and dormitory of the *
 *Department of Defense Dependents School (DoDDS) and Domestic Dependent Elementary *
 *and Secondary Schools (DDESS), hereafter, referred to as Department of Defense Education *
 *Activity (DoDEA) . *

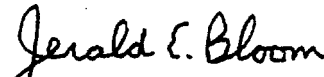
The SAF is a DoDEA non-appropriated fund activity, subject to policy provided *
 *herein and in compliance with references (b) through (d), (h) and (i), and as consistently as is *
 *practicable with references (e) through (g). SAFs shall operate and specially comply with *
 *references (g) as it addresses standard accounting principles, practices and reporting *
 *prescribed for nonappropriated fund instrumentalities (NAFIs) operating under the cash basis *
 *of accounting method. *

c. POLICY

SAFs may be established to promote the general welfare and morale of the students, and to finance the recognized and authorized extracurricular activities of the student body which are not authorized or funded by appropriated funds.

D. EFFECTIVE DATE AND IMPLEMENTATION

* This regulation is effective immediately. *


for Ray Tolleson
Interim Director

Enclosures:

1. *References
2. *Definitions
3. Responsibilities
4. *Procedures
5. *Disbursements
6. *Disposal of SAF Records
7. *Internal Controls
8. *Audits
9. *Waivers
10. *Sample Constitution and Bylaws

*
*
*
*
*
*
*
*
*
*

DISTRIBUTION: X

REFERENCES

- (e) DoD Directive 1015.1, "Establishment, Management, and Control of Nonappropriated Fund Instrumentalities," dated August 19, 1981, Change 1
- * (f) DoD Instruction 7000.12, "Financial Management of Morale, Welfare, *
* and Recreational Activities," May 27, 1987, Changes 1-3 *
- * (g) DoD Regulation 7000.14, "Department of Defense Financial Management *
* Regulation, Volume 13, Nonappropriated Funds Policy and Procedures," *
* August 1994 *
- * (h) DoDEA Regulation 7241.1, "Department of Defense Education Activity *
* Acceptance of Gifts for Domestic and Overseas Defense Dependents' *
* Schools," March 10, 1999 *
- * (i) DoDEA Manual 4 100.2, "DoDEA Material Management Manual," August *
* 28, 1997 *

DEFINITIONS

1. Encumbered Funds. Funds identified for a specific purpose or activity.
2. Unencumbered Funds. Funds intended for the benefit of the general student body.

RESPONSIBILITIES

* 1. The District Superintendent: *

a. Approves or disapproves all requests for establishment and disestablishment of *SAFs, and may establish a district SAF account with the school SAFs as subsidiary accounts. *

b. Ensures that all the policies and procedures set forth in this Regulation are enforced.

* c. By June 1 of each year, approves/disapproves authorizations in the general fund * account of SAFs which exceed an uncommitted balance of \$1,000 or \$1,000 per school in a school complex.

2. The Principal:

a. Requests in writing to the district superintendent, the approval for establishment of a SAF for a school or residence hall dormitory.

b. Appoints a Fund Council in accordance with the approved SAF Charter. The principal has ultimate responsibility for the operation and accountability of the SAF, and may override the decisions of the Fund Council.

c. Approves all class organizations, activities, clubs, and associations, and the purposes of each. A faculty member must be named as the sponsor of any such student group prior to its authorization.

* d. Authorizes collections for the SAF. This includes sale of fund raising items * and charging of admission fees to spectators (excluding participants and administrative or * athletic officiators) at co/extra-curricular athletic events and other approved student activities * (i.e. prom, talent show, and field trip). Charging of late fees or penalty or usage fees for the * use of school library items or student curriculum laboratories (science labs or workshops) is * prohibited.

* e. Approves acceptance of gifts of money, travel of students, and personal property * with a value (fair market value or cost) less than \$500 to an approved student activity in * accordance references (h) and (i). *

3. The Fund Council:

a. Provides overall management of SAF. A SAF fund council will be organized in accordance with provisions established by the Charter.

b. Appoints in writing, the Fund Custodian. The Fund Custodian cannot be a voting member of the Fund Council.

c. Appoints, in writing, acting Fund Custodian to serve during any Fund Custodian absence.

d. Meets at least once each quarter with additional meetings as necessary.

e. Administers the SAF in accordance with local directives, the SAF Charter, *procedures outlined in this Regulation, and applicable field office implementing instructions. *

f. Maintain minutes for each SAF council meeting to include the date, place, and names of members present, action(s) taken by the council on old and new business, approval of monthly financial statements and any other matters deemed appropriate by the council. A majority vote by a quorum of the council membership will constitute official council action on *all SAF matters brought before the council. There is a quorum when two-thirds of the council *members are present at a meeting. *

g. Ensure that internal controls identified in enclosure 6 of this regulation are observed in managing the SAF.

4. The Fund Custodian:

a. Has responsibility for the operation and accountability of the SAF. However, the principal has ultimate responsibility for the operation and accountability of the SAF. The Fund Custodian must be named in the SAF Council minutes and shall be appointed in writing.

b. Manages the SAF in accordance with sound business practices, including appropriate internal controls, and those policies established by this Regulation, plus applicable *field operating procedures. Review and approve monthly reconciliation of the bank statement *performed by the bookkeeper. To assist in the operation of the SAF, the fund custodian will *appoint a bookkeeper, subject to council approval. *

c. Will be neither the principal nor a member of the Fund Council, but will report to, and participate in, Fund Council meetings.

Enclosure 3

5. The Bookkeeper:

- * a. Maintains for the SAF a uniform cash basis method of accounting and reporting *
*system in accordance with reference (g), reconciles the general ledger accounts and *
subsidiary ledgers, records and balances receipts and disbursement journals, maintains fund
vouchers and prepares receipts, reconciles bank statements, and prepares a monthly trial
balance.
- b. Prepares an up-to-date and accurate set of financial statements on a monthly basis.

6. The Faculty Sponsor:

- a. Is appointed by the school principal, in writing.
- b. Is a teacher who supervises students during authorized extra-curricular activities, if applicable, and particular events.
- c. Accomplishes duties related to school activities; for example, purchasing tickets, helping to organize field trips, etc.

PROCEDURES

1. Request to Establish a Student Activity Fund (SAF). The school principal shall submit to the district superintendent a request to establish an SAF for a school or residence hall dormitory in the form of an SAF charter. Approval of establishment and disestablishment of *SAFs will be provided in writing by the district superintendent to the school or residence hall *dormitory. When applicable, the district superintendent will notify the host installation or *community-military commander that a SAF has been established. (A sample charter is provided in enclosure 10.) *
2. Establishing a SAF Name. The “SAF” will not use as part of its name, “Department of Defense,” the acronym “DoD”, the seal of the Department of Defense,” or the name, abbreviation, or seal of any military service.
3. One SAF per School. Under no circumstances will a school or residence hall dormitory be granted authority to operate more than one SAF at a time. Where a school also operates a dormitory hall residence, a single SAF will be maintained, but subsidiary records will be established to identify each segment within the single overall fund.
4. Organization of the SAF. The Student Activity Fund Council (SAF Council) will be organized in accordance with provisions of the Charter and shall consist of at least three members, including a parent or disinterested third party, school personnel, and another individual deemed appropriate.
 - a. The School Advisory Committee or Parent Teacher Student Association may nominate the voting parent and alternate.
 - b. The Fund Council (SAF Council) may include a voting student member nominated by the student council.
5. The Bookkeeper will be:
 - a. Appointed by the Fund Custodian and principal and approved by the SAF council.
 - b. Eligible to receive compensation from the SAF.
 - c. Qualified and knowledgeable in the management and maintenance of accounting records and preparation of financial statements.

6. Principal Approves Collections. No collections for the SAF will be made without the permission of the principal.
7. SAF Assets are Property of the School. All physical assets, except revenue-producing items acquired by the SAF become the property of the school and will be accounted for in accordance *with existing regulations (reference (i), Chapters IV and VI). Separate property records will * be maintained for SAF revenue producing items and will not be part of an appropriated fund acquired property inventory.
8. SAF Accounts Include Only On-Campus Clubs. Off-campus (not on the school grounds) clubs shall not be permitted to carry accounts on the SAF accounting records.
9. Appropriate SAF Projects. Projects for raising funds for SAFs shall, in general, contribute to the educational experience of students, and not conflict with, but add to, the instructional program.
10. The SAF is for the Students. The SAF exists for the student body that consists of the pupils currently in school.
11. Disposition of Encumbered Funds. Funds collected/donated for a specific purpose or activity shall be deposited in the SAF on behalf of that designated activity. When costs of the designated activity are less than funds collected, the excess will be returned to the contributors, when they can be identified. When contributors cannot be identified, the excess funds will be transferred to (retained in) the SAF general account for the benefit of all students. No funds may be carried over from one school year to another, on behalf of a designated activity, unless that specific activity will take place in the subsequent school year and is approved by the Fund Council.
12. Deposition of Unencumbered Funds. Funds collected/donated from any undesignated source are unencumbered and shall be deposited in the SAF general account on behalf of all students.
13. Disposition of Residual SAF Balances. Any balance in the account of a graduating class at the end of the school year or of an inactive club after the class or club has had an opportunity to determine the disposition of unused funds, and has not done so, shall be retained in the SAF general account for the benefit of all students.
14. Account Balance Limitation. The SAF general account cannot exceed an uncommitted balance of \$1,000 per school in a school complex at the end of the school year. Any amount in excess of the \$1,000 limitation must be justified, and a written authorization must be received from the district superintendent or designee.

15. Fund Custodian Deposits SAF Collections. All funds collected by student groups and/or from student activities shall be maintained in the SAF in accordance with this Regulation. Coffee Fund, Sunshine Fund, etc., collected by or from teachers and administrative staff are excluded from the SAF.

16. Bonding Insurance Coverage. The SAF Council will determine which personnel handling SAFs are to be bonded.

17. Expenditures and Obligations Require a Written Authorization. Neither a school nor school SAF shall be held responsible for an expenditure made or obligation incurred by a pupil, teacher, or any other school employee who has not first received a written authorization from the Fund Custodian.

18. Approval for Purchases. Purchases of items or services with a value of \$100 or more of unencumbered funds will be approved by the Fund Council in council minutes. Purchase of items or services of any value, or with a value of less than \$100 from unencumbered funds will be approved by the Funds Custodian, or designee. Purchases must be approved in writing by the Fund Custodian or designee prior to their consummation.

19. Appropriated Funded Items. Sale of items procured with appropriated funds is prohibited.

20. Collections for the SAF. Collection of registration fees and/or solicitation of donations from students and/or parents for the general use of SAFs is prohibited.

21. Approval for Disbursements. Approval of disbursements specifically prohibited in enclosure 5 of this Regulation will result in appropriate disciplinary action.

22. Maintenance of SAF Accounting Records. The following are the minimum accounting records that shall be maintained for each SAF. Specific format and entries will be developed in accordance with the needs of each school SAF and field operations implementing instructions. These records shall be maintained in accordance with generally accepted accounting principles. Each school SAF accounting system must be approved by the district superintendent office. SAFs that expend less than \$2,000 during a school year may consolidate the required journals and ledgers identified below.

a. Receipts Journal. The purpose of this journal is to record all funds received for deposit to the SAF and identify the applicable authorized student activity group responsible for the collection of those funds. The receipt journal must cross-reference each bank deposit to the applicable pre-numbered receipt.

b. Disbursements Journal. The purpose of this journal is to record all funds disbursed by check number, amount, payee or vendor, and to identify the applicable authorized student activity group responsible for the costs incurred.

c. Subsidiary Ledger. The purpose of this ledger is to record receipts and disbursements and group balances, if any. A separate subsidiary ledger will be established for each individual authorized student activity group approved by the SAF Council. The subsidiary ledger must be in agreement with the General Ledger at all times.

d. General Ledger. The purpose of this ledger is to record all SAF transactions and provide a basis for preparation of financial statements. The general ledger will be supported by the journals and subsidiary ledgers identified above.

23. Financial Statements.

a. Required Monthly Reports. As of the last day of each month, the SAF bookkeeper shall prepare a report of SAF receipts and disbursements, by student group, based upon account balances maintained in the general ledger. The report shall be posted in a public area at the school no later than the 20th day following the close of the month. Each student activity group shall receive a copy of the monthly report. The bookkeeper shall also prepare a school SAF financial report including a statement of income and expenses and a balance sheet by the 20th day following the close of the month. This report will be sent to the SAF Council for review and approval.

b. Required Annual Reports. At the end of the school year (not later than the 20th of the month following the end of the school year), the funds bookkeeper shall prepare and furnish to the district superintendent, via the Fund Council, an annual SAF Financial Report consisting of the following:

(1) School SAF Financial Report. Include a statement of income and expense, and a balance sheet as of the end of the school year.

(2) Detail Schedule of Accounts Receivable. If applicable, show names, amounts due, and identify the purpose/student activity group.

(3) Detail Schedule of Accounts Payable. If applicable, show names, amounts due, and identify the purpose/student activity group.

(4) Report of balances by student activity group. Include cash balance, accounts receivable, and accounts payable for each authorized student activity group.

24. Bank Accounts.

* a. SAF Bank Account. SAFs shall be held in financial institutions (banks/credit *
*unions) and when feasible, in financial institutions with their principal headquarters in the *
*United States. Both dollar accounts and local currency accounts are authorized. *

b. Name of SAF Account. All bank/credit union accounts must be in the name of the school SAF. When the checking or saving account earns interest, it shall be retained in the SAF general account for the benefit of all students.

c. Type of SAF Checking Account. The school SAF shall maintain a checking account in financial institutions that provides return canceled checks with the monthly bank/credit union statements. Alternatively, if the financial institution does not return canceled checks, a carbon of the original check will be maintained.

25. Receipt and Deposit of Funds.

a. Each SAF shall obtain books of unnumbered receipts over-stamped with the SAF
One copy of each prenumbered receipt issued shall be kept in the school SAF records. The prenumbered receipts shall be used consecutively. All prenumbered receipts shall be accounted for by the custodian.

b. Cash, including checks, shall be deposited daily, when possible, at the financial institution by the Fund Custodian, or his/her designee. The bookkeeper shall not make deposits unless the Fund Custodian, or his/her designee, originates the deposit slip.

c. Cash collections shall be counted by the Fund Custodian or designee, in the presence of the person turning in the funds. A prenumbered receipt shall then be completed by the Fund Custodian or designee, and the signed original shall be given to the person who turned in the funds. The prenumbered receipts shall contain the name of the person turning in the funds, the student activity group responsible for the funds, the source of the funds, designation of encumbrance if applicable, and the date of the receipt. The receipt provides a written record of the source of the funds for accounting purposes.

d. Once a receipt has been written, it shall not be destroyed. If an error is discovered, the receipt shall be voided and initialed by the preparer. All copies shall be retained in the SAF records.

e. All checks received shall be payable to the SAF and immediately endorsed with a restrictive endorsement containing the words “For Deposit Only” and the name of the school SAF. Prenumbered receipts shall also be used for all checks received.

f. Receipts shall be recorded in the receipt journal daily, when possible, but no less than 3 working days, from the date of receipt.

g. Cash receipts must be deposited intact. The prenumbered receipt numbers shall be cross-referenced to each deposit for reconciliation purposes. Disbursements must never be made from cash receipts.

h. Proper Disposition of Disbursements. Disbursements must never be made from cash receipts. All disbursements must be made by check, except for cash from the petty cash fund. Checks shall not be made payable to “cash”, nor to the (Fund Custodian), except for replenishment of petty cash.

i. Cashing of Personal Checks Prohibited. Personal checks are not to be cashed from cash receipts, change funds, petty cash funds, or any other SAF funds.

j. Support Documentation for Checks. All checks shall be supported by an invoice or receipt and shall be properly authorized.

k. Student Prohibitions. Students are not to be authorized or designated to deposit or transport funds between the school and the financial institution or deliver payments to creditors or vendors.

l. Controls for Fund Raising-Tickets and Receipts. Serially numbered tickets and receipts from sales to school events shall be controlled by an individual other than a student designated by the Fund Custodian to collect donations for admission to school events. This person shall be considered a manager for ticket accounting and cash accountability. Students under proper supervision of an adult may make collections at such events.

26. Signatures on Checks and Withdrawal of Funds.

a. The Fund Council shall designate, in writing, those individuals who are authorized to sign checks and withdraw funds.

b. All checks must bear two signatures, one of which must be the Fund Custodian, or designee.

c. The bookkeeper is not authorized to sign checks.

d. Checks are not to be signed until both the payee and amount spaces have been completed.

27. Bank Reconciliation. Monthly bank and credit union statements shall be delivered directly to the bookkeeper. The bookkeeper will review the monthly bank/credit union statements, the canceled checks, and other statement documents, and perform a reconciliation of the account within 3 working days of the receipt of the statement. The monthly reconciliation will then be presented to the Fund Council for review and approval.

28. Shortages and Discrepancies. Any shortage or other discrepancy in the SAF assets, cash receipts, or accounts, shall be reported promptly to the Fund Custodian, the Fund Council, or *district superintendent by the individual discovering the shortage discrepancy. *

29. Removal of Records from School Premises. SAF financial records are not to be removed from school premises. This applies both to formal records, such as journals and ledgers, and supporting documents, such as bank statements, canceled checks, paid invoices, check stubs, and receipt books. In the event that unusual circumstances require an exception to this rule, the Fund Custodian must authorize such removal in advance, in writing, specifying the dates to which the authorization applies. In any event, all records must be returned to the school at the start of the next workday so that they are available during all working hours.

30. Protection of Funds in the School. The Fund Council is responsible for ensuring that the SAF is in compliance with the host military community or service security procedures for proper safeguarding of SAF financial resources.

31. Transfers Between Student Activity Groups. Transfer of fund balances between student activity groups and/or to unencumbered accounts must be approved by the applicable faculty sponsor and Fund Council. Supporting documentation of this authorization must be retained in the SAF records, and/or Fund Council minutes.

32. Designations, Delegations, Authorizations and Dissolution of SAF. All written *designations, delegations, authorizations, and dissolution by the district superintendent and principal shall be filed in the school office, where they will be available for examination, at any time, by DoDEA internal or external auditors. *

33. Dissolution of the SAF. In the event an SAF is to be dissolved, the following actions will be taken:

- a. Outstanding purchase requests will be canceled after an agreement has been reached with the vendor(s).
- b. All liabilities will be liquidated.
- c. The remaining petty cash will be deposited intact in the bank.
- d. Unexpended balances of donated funds will be returned to the donors on a pro-rata basis.
- e. Unexpended balances from student revenue-producing activities will be distributed or utilized for the benefit of the student body in a manner decided by the Fund Council.
- f. Receipts will be obtained for such refunds or returns, if possible, for filing with the fund records to support the checks drawn for that purpose.
- g. The bank account will be closed.
- h. A final reconciliation will be performed. The Fund Custodian will prepare a certificate, covering the period from the beginning of the month until the date of dissolution of the fund stating that all obligations and liabilities incurred by the fund have been liquidated. The final bank reconciliation and Fund Custodian's certificate will be provided to the Fund Council for approval.
- i. Ensure liquidation of all liabilities. Fund Council members shall ensure that the Fund Custodian, or designee, liquidates all liabilities so as to preclude financial liability if the fund fails to discharge all obligations, even though the fund may have been dissolved.

DISBURSEMENTS

1. Authorization. The Fund Council, or the Fund Custodian, if applicable, may authorize any disbursement from available funds, within the limits set forth in this regulation, which is consistent with the purposes for which the SAF has been established and is not otherwise prohibited. The Fund Council will identify those expenditures that may be authorized from encumbered or unencumbered funds, as appropriate.

2. Payment.

a. All bills must be paid by check.

b. A payment will be authorized only for goods and personal services that are in direct support of those student activities authorized by the SAF Council. Persons receiving payments for personal services, including DoDEA employees and students, shall be assumed to be independent contractors. All payments for goods and services must be made by check. No deduction for taxes is necessary. Payments for personal services for bookkeeping and audit review may be paid from the SAF if payment from appropriated funds is not authorized.

3. Petty Cash Fund.

A petty cash fund, not to exceed \$150, may be authorized by the Fund Council only for the use of authorized student activities. The procedures for establishing and operating a petty cash fund are as follows:

a. Draw a check, made payable to the fund custodian, to establish the "Petty Cash Fund," and post to an account in the general ledger.

b. Cash the check and safeguard the funds. Make minor disbursements of \$20 or less from these funds, obtaining sales receipts for each expenditure. Obtain a prenumbered cash receipt voucher. Obtain a signed receipt from the sponsor. Ensure that, at all times, the value of receipts and cash receipts on hand equals the total amount authorized for the fund.

c. The petty cash fund will be replenished, as necessary, by drawing a check made payable to the Fund Custodian, in the exact amount of the total petty cash expenditures. Also, a voucher will be prepared which summarizes the petty cash expenditures covered by the reimbursement check. This voucher will be used for posting to the appropriate subsidiary and

general ledger accounts. Sales receipts will be attached to the voucher to support the expenditures. These vouchers will be prenumbered starting with number 1 at the beginning of each school year.

d. Cash from the petty cash fund may be used to establish a change fund for athletic events, etc. The transactions must be supported by receipts and the cash must be returned to the petty cash fund on the next working day.

e. The petty cash fund may not be commingled with other funds.

f. The petty cash fund must be stored in accordance with local host installation community/military commander guidance or regulation.

g. Petty cash funds will be closed at the end of the year and the cash deposited in the bank account. An appropriate transfer voucher shall be completed to return the cash to the SAFs bank account.

4. Disbursements

SAF disbursements are prohibited for the purchase of supplies, equipment, or services that are properly chargeable to appropriated funds. Other prohibited disbursements include:

a. Purchases which benefit person(s) other than the students, such as for personal gifts, meals, retirement functions, or other staff social activities.

b. Payment for entertainment of official guests except when a part of a student-sponsored function.

c. Donations to organizations, charities, or individuals, unless funds have been contributed by students for that specific purpose.

d. Payments to persons providing services to augment the logistical, administrative, or educational services of the school.

e. Any activity which is prohibited by law, regulation, directive or policy.

DISPOSAL OF SAF RECORDS

The following SAF records shall be retained for a period of 4 years after the close of the year to which they apply or after the audit of that year and all discrepancies noted in the audit have been corrected. Records will be destroyed after the later date:

- (1) Journals.
- (2) Ledgers.
- (3) End-of-year financial statements.
- (4) Audit reports and correspondence.
- (5) Authorizations and delegations.
- (6) Bank statements, reconciliations, canceled checks, and deposit slips.
- (7) Disbursement vouchers with supporting documents.
- (8) Invoices from vendors with supporting documents.
- (9) Petty cash vouchers with supporting documents.
- (10) Receipts with supporting documents and fixed assets.
- (11) Monthly financial statements.
- (12) Contracts.
- (13) Fund council meeting minutes.
- (14) Other miscellaneous records.

INTERNAL CONTROLS

1. No one person shall control all aspects of a transaction. The involvement of two or more *persons in each transaction encourages integrity, since each person acts as a check on the * work of the others. This principle is particularly important in the handling of cash. The requirement for two signatures on all checks, issuance of prenumbered receipts whenever cash is received and, independent reconciliation of the bank account, are based on this principle of internal control.

2 The SAF is identified as a management control program assessable unit under Management
*Control Reporting

FINANCIAL AUDITS

* 1. To the extent possible, audits will be conducted on a system or functional basis, rather than *
on an activity basis, and the reliability and accuracy of automated data processing system shall *
be verified. Audit reports will contain a description of the scope and objectives of the review *
*and identify findings/recommendations. *

2. The audit will consist of, as a minimum, a reconciliation of the bank/checking account, verification of petty cash fund, sampling of transactions, verification of posting to ledgers and journals, validation of actual collections and expenditures, and verification of the accuracy of the most recent monthly financial statements. A review of the Fund Council minutes shall also be performed to ensure that transactions reviewed are consistent with authorizations approved in Fund Council minutes.

*3. Each SAF must be audited at least once each school year. Audit reports shall be submitted *
*to the district superintendent, with a copy to the principal through the Fund Council, and must *
*provide the statement of compliance with Generally Accepted Accounting Principles (GAAP). *
*As a nonappropriated fund account, the fiscal year will open on July 1 of each year and close *
*30 June of the following year. *

*4. Particular attention will be placed on identifying potential fraud, waste or abuse in *
operations. Audits shall be performed by any qualified (i.e., degree or major in accounting *
from an accredited university or equivalent experience in auditing), disinterested party (i.e., *
host installation auditors, outside auditors, or independent accountants). The auditor must be
appointed by the fund council and so indicated in the minutes. The auditor may be paid from
SAF or appropriated funds. Payments to DoDEA employees may be as “extra duty
compensation.” Non-DoDEA employees may be paid as independent contractors.

5. The district superintendent may direct the performance of an audit to be reimbursed by
appropriated funds, if such funds are available.

*6. All audit reports and any written replies will be retained in the SAF files for 4 years. A *
*copy will be forwarded to the district superintendent, DoDEA Comptroller and DoDEA Chief *
*of Review and Compliance along with a copy of the most recent financial statement. No *
*audit report will be disposed of until all deficiencies have been corrected. *

WAIVERS

* Except where specifically prohibited, the district superintendent may waive any *
*provision of this regulation as long as internal controls are maintained, or alternate controls *
*are established, and the integrity of each SAF is maintained. This waiver authority may not *
*be delegated below the district superintendent. The waiver request must state why a provision *
*of his regulation will be waived, and must state specifically what internal or alternate controls *
*will provide the same control as the provision requested for waiver. *

SAMPLE

STUDENT ACTIVITY FUND CHARTER
CONSTITUTION AND BYLAWS

PART I - CONSTITUTION

ARTICLE I - NAME

The name of this association is the (name of school) Student Activity Fund, hereinafter referred to as "The Fund."

ARTICLE II - AUTHORITY, APPROVAL

*The Fund is an activity under the approving authority of the District Superintendent. It will be operated in accordance with DoDEA Regulation and appropriate instructions of the military command supporting this school. The Fund is managed by the Fund Council under the administrative control of the Fund Custodian. *

ARTICLE III - PURPOSE

This Fund shall be used by the school for the promotion of worthwhile student activities that normally are not supported with appropriated funds.

ARTICLE IV - DEFINITION OF TERMS

1. ENCUMBERED FUNDS.

Encumbered funds are defined as funds obtained for a particular activity to be used for that activity alone. Withdrawals may be made from encumbered funds only with the approval of the faculty sponsor of the student activity group and the Fund Council. The Fund shall be the depository for all encumbered funds.

2. UNENCUMBERED FUNDS.

Unencumbered funds are defined as funds not reserved for one particular purpose. These funds may be acquired from such agencies as the Parent/Student/Teacher Association, and Military Organizations, derived from the interest of the SAF bank account, or derived from the sale of

tickets from football games, basketball games, dances, etc. Funds may be used for a variety of school-sponsored student activities. The Fund's general account will be the depository for all unencumbered funds. Disbursements in excess of \$100 from the general account must be approved by the Fund Council. Disbursements under \$100 must be approved by the Fund Custodian. For all check disbursements, two signatures are required.

ARTICLE V - ORGANIZATION

The Fund Council will consist ofnumber of members, who are selected on the basis of

ARTICLE VI - FUND CUSTODIAN

The Fund Custodian will be accountable for all disbursements and deposits of funds. It will be his/her responsibility to ensure that accurate records are maintained to account for receipts and expenditures of The Fund, conduct Fund Council meetings, and ensure that minutes of meetings and other records are maintained in good order. The Fund Council may hire a bookkeeper who is directly responsible to the Fund Custodian for maintaining official Fund accounting records.

ARTICLE VII - AMENDMENT TO CONSTITUTION AND BYLAWS

Subject to final approval by the district superintendent or his/her designee, the Constitution and the By-Laws of The Fund may be amended by an affirmative vote of two-thirds of the voting members of the Fund Council.

ARTICLE VIII - EFFECTIVE DATE OF CONSTITUTION AND BYLAWS

Following adoption by an affirmative vote of two-thirds of the members of the Fund Council, this Constitution and By-laws will become effective on the day that it is approved by the district superintendent. This Constitution and Bylaws supersedes all previous Constitutions and Bylaws of the (name of school) Student Activity Fund.

ARTICLE IX - DISSOLUTION

If it becomes necessary to dissolve the Fund, all unexpended balances of donations and encumbered funds will be returned to the donors. Unexpended balances of student revenue-producing activities will be distributed or utilized for the benefit of the student body in a manner decided by the Fund Council. Fund Council members shall be informed that financial liability incurred by their association may ultimately result in individual personal financial responsibility if the Fund fails to discharge obligations, even though the fund may have been redesignated or dissolved.

ARTICLE X - MEMBERSHIP

Membership discrimination based on race, age, color, religion, sex, or national origin in the student activities and organizations is not permitted. This prohibition, however, is not intended to preclude the establishment of cultural or ethnic student activities and organizations, providing membership is not restricted on the above discriminatory basis.

PART II - BYLAWS

ARTICLE I - MEETINGS

*SECTION I: The Fund Council will meet at least once a quarter or more frequently with no *
*less than two voting members present. A Chairperson (nornnally the Fund Custodian) shall *
be selected to preside at the Fund Council meetings.

SECTION II: Except for amendments to the Constitution and By-Laws, decisions of the Fund Council will be by majority vote of a quorum of members present.

SECTION III: Minutes of each meeting of the Fund Council will be signed by the Chairperson and kept in file for four years after the close of the school year or the date of the audit for the school year, whichever is later.

ARTICLE II - FUND COUNCIL

The Fund Council is responsible for:

1. Executive control of the operation and administration of The Fund in accordance with the Constitution, Bylaws, and applicable regulations.
2. Ensuring that the assets of The Fund are properly utilizedand safeguarded.
3. Reviewing and approving financial statements.
4. Taking appropriate action on reports of audit and such other reports and recommendations as may be made concerning the operation and administration of The Fund.
5. Approving purchases of goods or services with a value of \$100 or more from unencumbered funds.

6. Approving the selection of the banking institution.
7. Designating the persons authorized to sign checks.
8. Appointing a qualified disinterested auditor to perform the annual Fund audit.

ARTICLE III - FUND CUSTODIAN

The Fund custodian or designee is responsible for:

1. Receiving and depositing all monies pertaining to The Fund in accordance with applicable regulations and The Fund's Constitution and Bylaws.
2. Ensuring that records are maintained in accordance with This Regulation and applicable field office guidance.
3. Corresponding in the name of The Fund on matters pertaining to The Fund.
4. Ensuring that all files and records of The Fund are maintained and kept up-to-date.
5. Approving purchases from unencumbered funds of goods or services with a value less than \$100.
6. Approving purchases from encumbered funds.
7. Preparing monthly financial statements for presentation to the Fund Council for approval.

ARTICLE IV - BANKING AND DISBURSEMENT

SECTION I: When feasible, all accounts will be kept with the banking or credit union facilities provided by the military installation, or at a stateside bank/credit union if none exists locally.

SECTION II: Funds drawn from encumbered funds must have the approval of the faculty sponsor and the final approval of the Fund Custodian.

SECTION III: Funds drawn from the unencumbered funds must have the approval of the Fund Council or the Fund Custodian if less than \$100. Requests will be made to the Fund Custodian with a justification for the expenditure. Care will be taken to see that unencumbered funds are spent in a way to serve the majority of the student body and not just a group of students.

ARTICLE V - AUDITING

An annual audit will be performed by a qualified disinterested person appointed by the Fund Council. This disinterested individual may be a civilian or military member, a member of the school staff who is not serving on the Fund Council, or an independent accountant or auditor.

We, the members of the (Name of School) Student Activity or Residence Hall Fund Council, hereby affix our signatures in approval of the Constitution and By-laws.

(Fund Council Member)
Parent Name, Title

/Fund Council Member
Faculty Name, Title

(Fund Council Member)
Student Name, Title

Recommend Approval/Disapproval:

Principal Name, Date

APPROVED/DISAPPROVED:

District Superintendent Name, Date

