

# *Maintaining Accountability In Your Student Organization*

*Presented by  
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Manager Student Organizations  
Financial Services (SOFS)*

# *Advisor Involvement*

- Faculty advisor support and involvement is sincerely appreciated
- Opportunity to help student organization officers learn appropriate business operations and business management skills
- Provide guidance to student officers to 'do the right thing'
- Assure that all student officers get the most benefit from their student organization experiences while at UNL



# Objectives



- Defining your non-profit organization.
- What are the responsibilities of UNL student organization leaders and advisors?
- What internal controls should be present in your student organization?
- What should you do if you identify 'problems'?

# Why SOFS?

## *UNL By-Law 4.3.2*

### **Custody and Accounting of Student Organizational Funds.**

**The Vice Chancellor for Student Affairs shall designate a person to receive and act as custodian of all monies collected by or paid to ASUN and all student organizations recognized by the ASUN in accordance with Section 4.1.2. The Vice Chancellor for Student Affairs in cooperation with the Vice Chancellor for Business and Finance shall issue appropriate rules and regulations to ensure the proper accountability of such funds and shall have the authority to audit or have audited these funds.**

# *Outside Accounts & Funding*

- Student organizations are prohibited from opening an outside account on behalf of an organization.
- RSO may be funded by affiliated outside entity.
- RSO may be funded by a University Department.
- Fund A & Fund B Student Fees

# *RSO's = Non-Profit Entities*

- RSO's must act as a non-profit entity –
  - (keep with mission, no personal gain)
- Federal ID #
- Most Recognized Student Organizations (RSOs) qualify for federal income tax-exemption as a:
- 501(c)(3) Charitable Organization
- 501(c)(4) Social Welfare Organization
- 501(c)(7) Social and/or Recreational Organization.

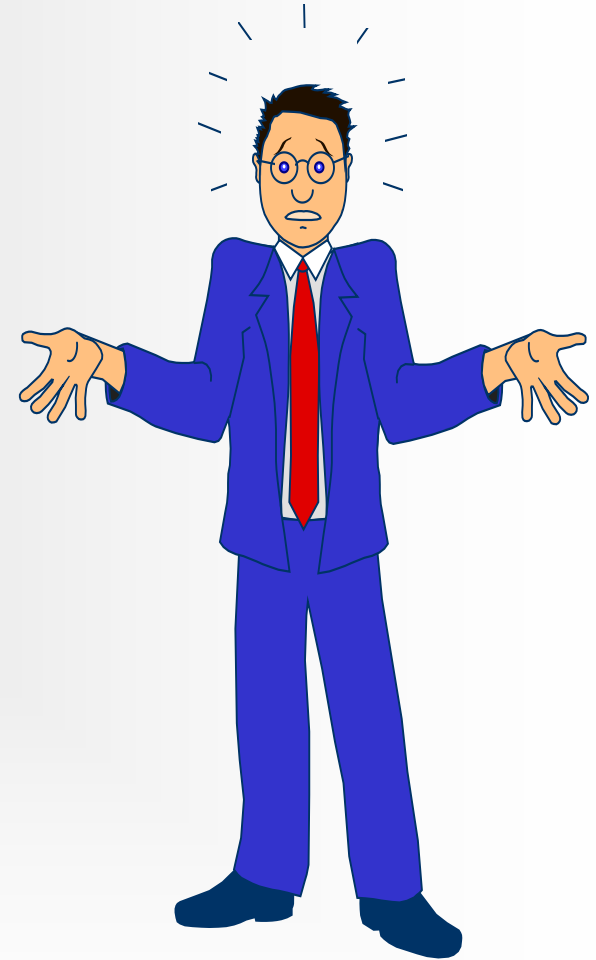
# *IRS Reporting Requirements*



- Less than \$4,999 Annual Budget – easy
- Between \$5,000 - \$49,999 – E-File
- \$50,000 & Over - .....Hello Jim Brox, do you have a few hours???

# *What are we responsible for?*

- Maintain an appropriate control environment
- Be aware of risks and exposures inherent to your organization's operations
- Maintain a positive approach regarding compliance with rules, regulations, and policies
- Be aware of symptoms of wrongful acts





# *What is a Control Environment?*



- Sets the tone of the organization
- Provides structure and discipline to organization management
- Influences members to be internal control conscious

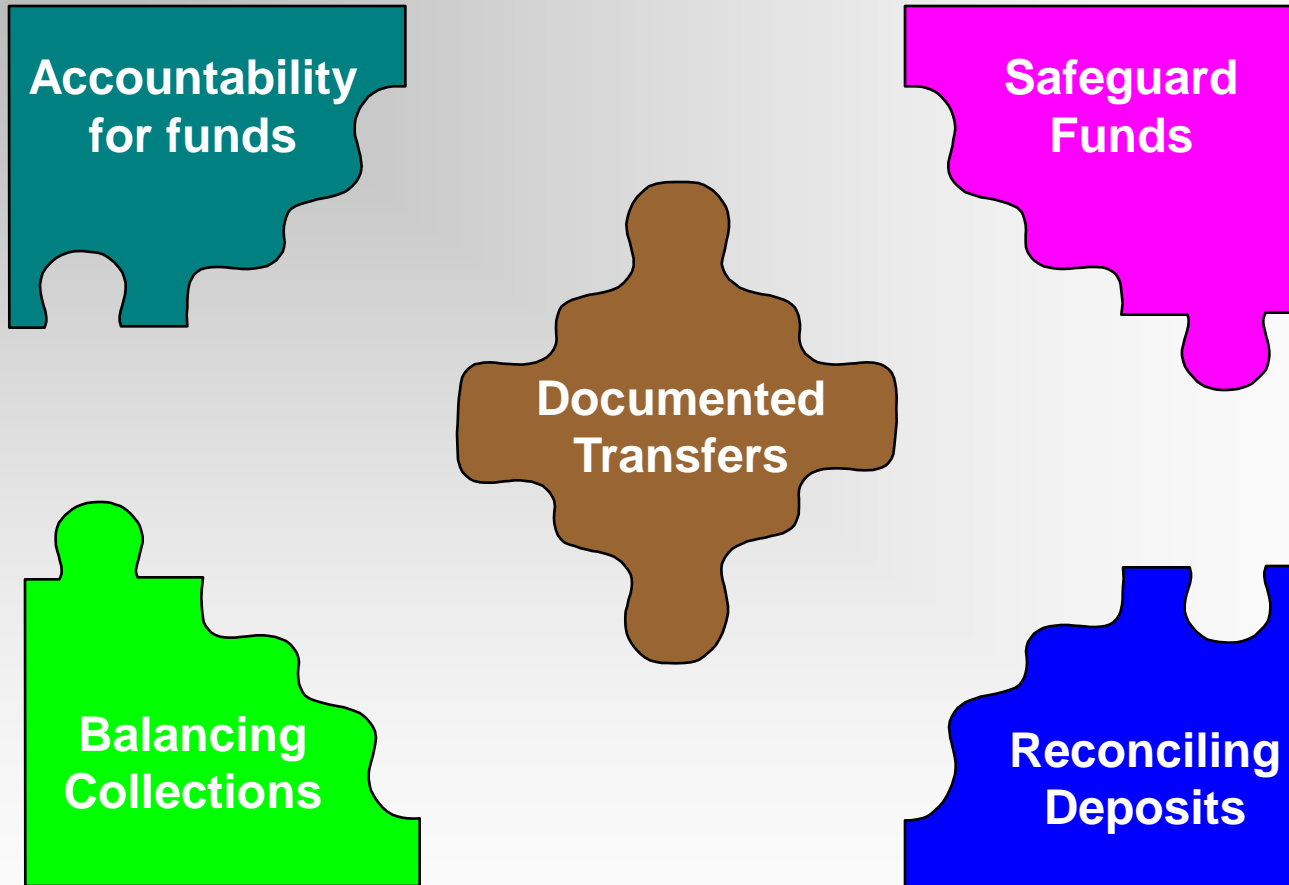
# *Key Considerations in UNL Student Organizations*

- Advisor Involvement
- Cash/funds handling
- Timely deposits
- Documentation of Disbursements
- Disbursement approvals
- Contracts/contract related issues
- Separation of duties

# *Collection of Funds*



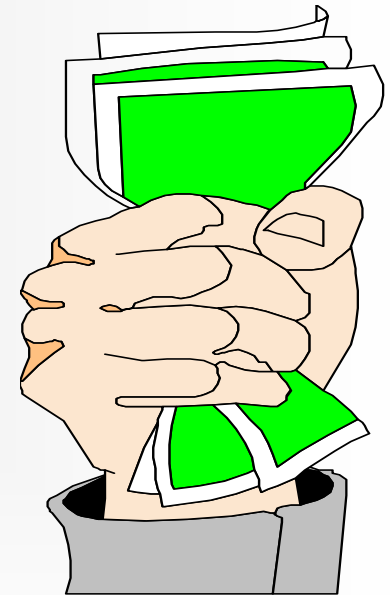
# *Cash/Funds Handling*



## Accountability for funds

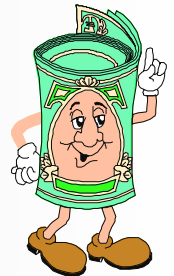
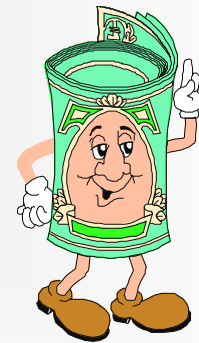
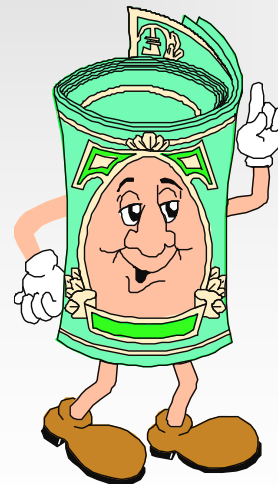
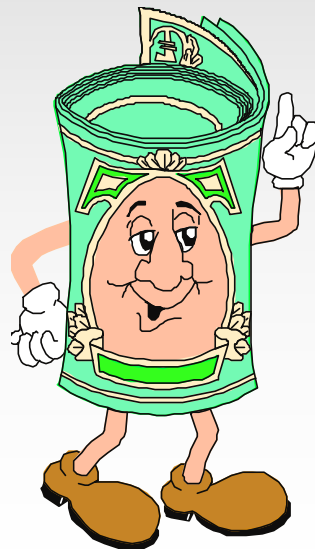
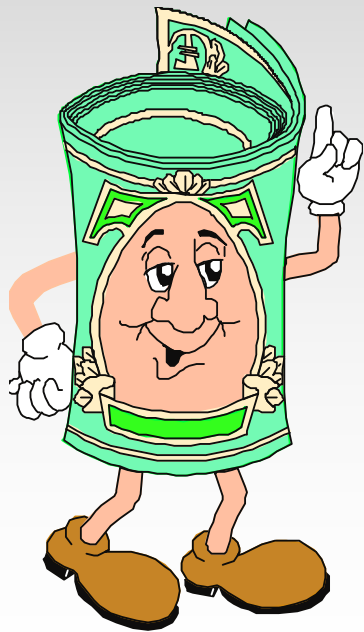
Maintain accountability for collected funds at all times.

This means that one person should be accountable for all working funds and collections, from receipt of the funds through deposit.



# *Document the Initial Receipt of Funds*

Without documentation of receipt, accountability for the funds cannot be maintained and funds can disappear



# *How Should We Document Receipt of Funds?*

Document receipt of funds by using basic cash control tools:

- Receipt logs
- Cash receipt documents



# *What are Cash Receipt Documents?*

- Handwritten receipts from pre-numbered receipt books (available at office supply stores)
- Pre-numbered tickets (roll or individual)





- Balancing collections is simply comparing the receipt documents to the amount collected for agreement.

### Example – Roll Tickets Used –

Starting # on roll tickets minus ending number on roll tickets (plus 1) times the dollar value of each ticket = total receipts that should be on hand for deposit.

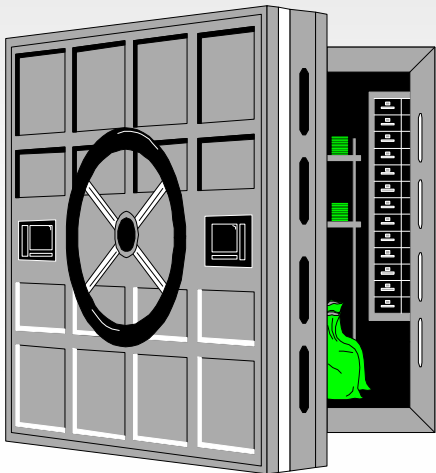


**Balancing  
Collections**

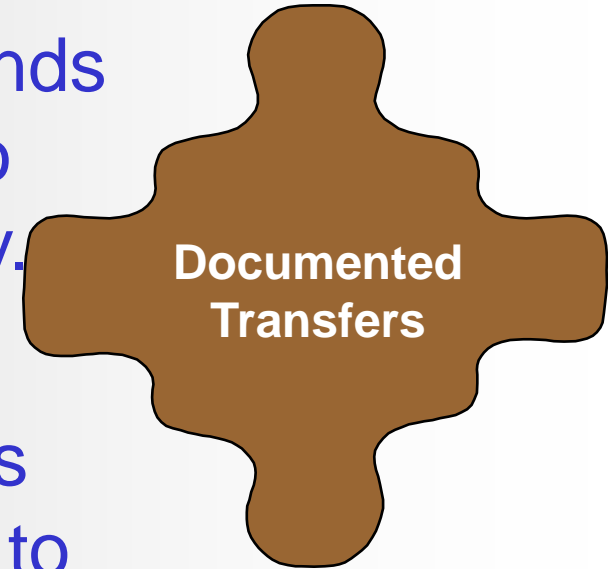
To assure funds received are secured against loss:

- Restrictively endorse checks “for deposit only” immediately upon receipt, and include organization name and SOFS account number
- Store all funds received in a locked cash register, lock box, locked desk, locking bank bag, or locked filing cabinet during business hours (cash boxes are available through SOFS).
- Limit access to cash funds to two individuals, a primary and secondary custodian, until cash is deposited.

**Safeguard  
Funds**



After collecting cash,  
document transfers of funds  
between individuals to  
maintain accountability.



- Transfers from individuals initially receiving funds to individuals verifying collections of funds on hand.
- Transfer from verifier to individual making or preparing the deposit.

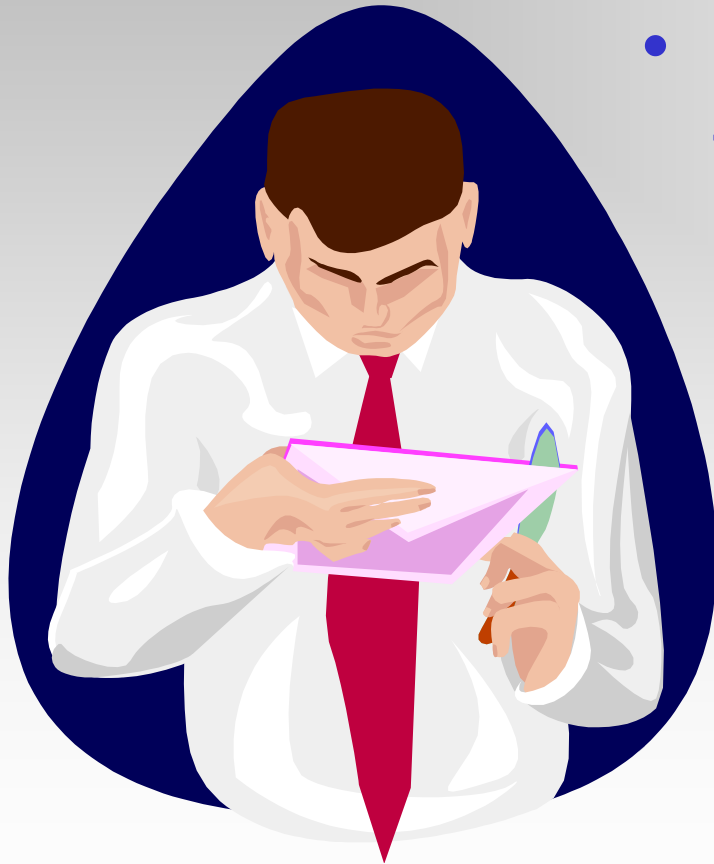


- Reconcile/balance funds received to funds deposited to ensure that all funds received are properly recorded and accounted for on your SOFS statement.

(The methods used to reconcile and/or balance funds will depend on the way funds were initially documented.)

**Reconciling  
Deposits**

# *Critical Control Point*



- The treasurer's review of the monthly SOFS Statement of Account should be verified by another organization officer and the advisor

# *More Complete Cash Handling Guidance*



- Operations Analysis has a UNL cash management assessment checklist:

<http://oa.unl.edu/bpchecklist.shtml>

Click “Business Process  
Assessment Checklist”

# *N-Card*

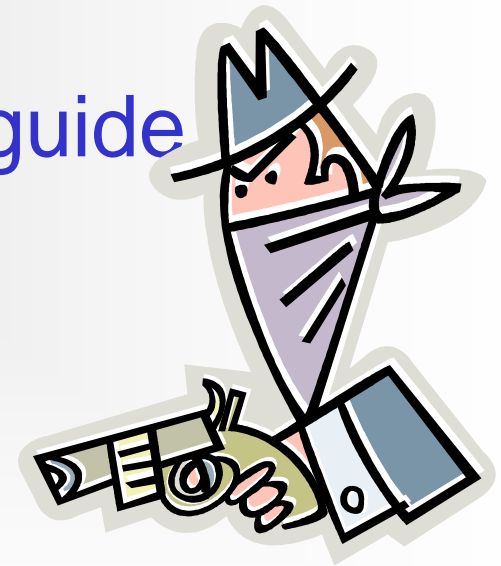
- Membership Dues can be paid using a student's N-Card
- Available at both City & East Campus SOFS
- Must have 4-Digit SOFS number to make transaction



# SALES TAX

DON'T SHOOT THE MESSENGER!

- See Sales Tax handout
- [http://union.unl.edu/sofs/tax\\_guide](http://union.unl.edu/sofs/tax_guide)
- Proposed legislation
- Use-Tax Accrual
- Occupation Tax

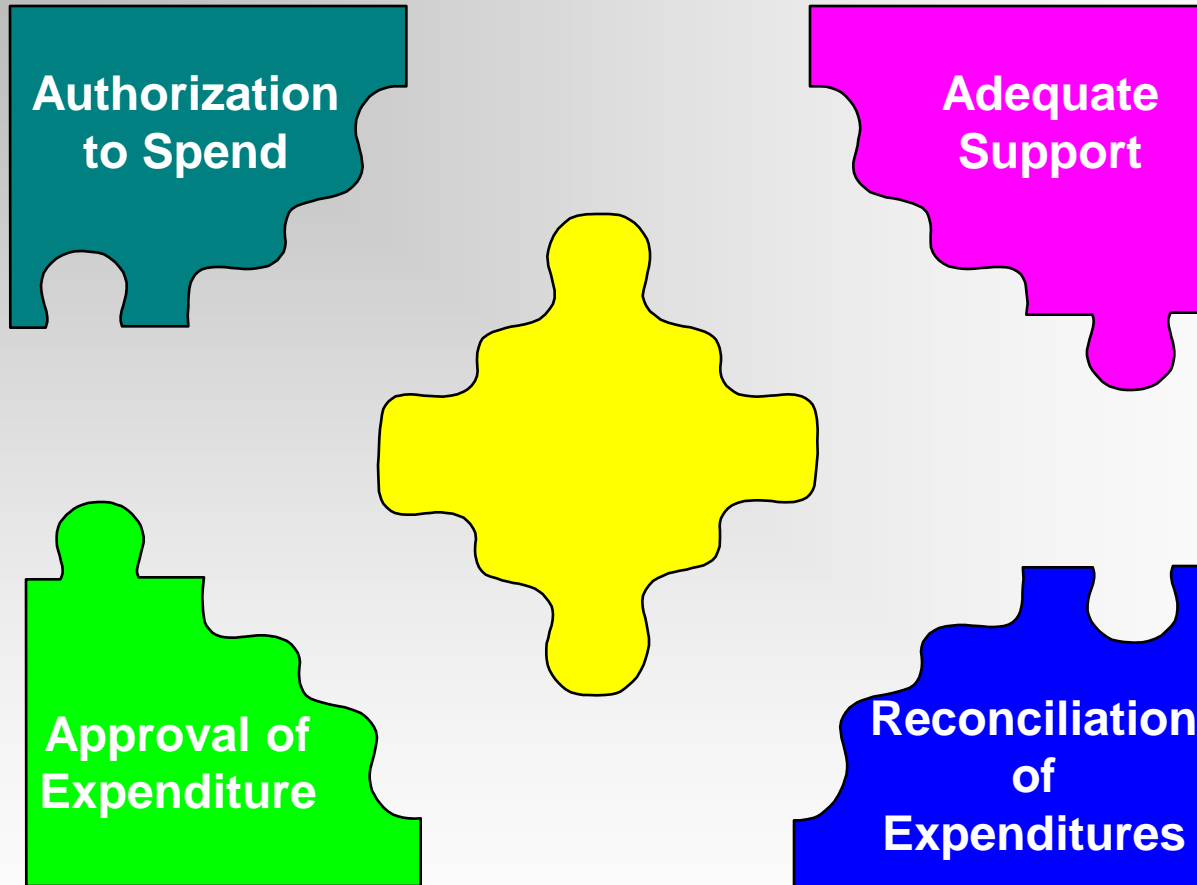




# *Disbursements*



# *Disbursement Basics*



## Authorization to Spend

- Approval to expend SOFS organization funds should occur through detailed budgets for major activities
- Leadership approval for expenditures exceeding budgets
- Periodic review of financial activities



## Review disbursements for:

- Payment Request Voucher
- Detailed documentation
- Reasonableness
- In accordance with SOFS  
NU Book and organization  
policies



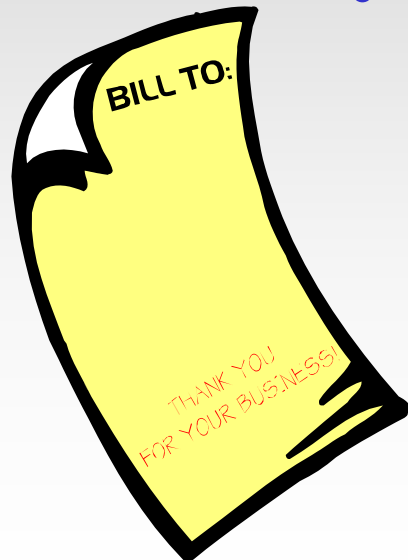
**Approval of  
Expenditure**



- **NEVER** make disbursements from funds received not yet deposited – do not use door receipts to pay any expenses directly
- **ALWAYS** make disbursements by check using SOFS Payment Request Vouchers.

## Adequate Support

- Order Forms
- Invoices
- Detailed Receipts
- Documentation of Receipt of goods or services



Adequate  
Support

RUBY TUESDAY

Store #2237  
247 North 8th Street  
Lincoln, NE, 68508

35 BRITNI

Tbl 21/1 Chk 4397 Gst 2  
Aug07'03 12:07PM

\*\*\*\* Seat 1 \*\*\*\*  
1 SOUP/SALAD FRENCH ONION 8.98  
1 SODA 1.79  
Tax Coll 0.75 Total Due 11.52  
\*\*\*\* Seat 2 \*\*\*\*  
1 HON BBQ FING 6.99  
1 SODA 1.79  
Tax Coll 0.61 Total Due 9.39  
\*\*\*\* Seat 3 \*\*\*\*  
1 BACON CHEESE 6.99  
1 SODA 1.79  
Tax Coll 0.61 Total Due 9.39  
\*\*\*\*\* All \*\*\*\*\*  
Sub Total 28.33  
Tax Collect 1.98  
Total Due 30.31

ON THE GO ?  
TRY RUBYS TO-GO

RUBY TUESDAY

2237

Credit Card Voucher

Date: Aug07'03 12:30PM  
Card Type: Amex  
Acct #: [REDACTED] 5000  
Exp Date: 11/05  
Auth Code: 513947  
Check: 4397  
Table: 21/1  
Server: 35 BRITNI  
VSCA: Auth Driver  
D HOLDEGRAVER

Subtotal: 30.31  
Gratuity: 6.00  
Total: 36.31

  
Signature

GUEST COPY  
(Please retain for your records)

#1

#2

# *Gift Cards*

**When presenting a voucher request for the purchase/reimbursement of gift cards, the following must be provided to the SOFS Office:**

- Detailed receipt for the purchase of the gift cards
- Flyer or other documentation outlining the event when the gift card is being distributed including the event date
- If the recipient receives a gift card for \$50 or more a W-9 will need to be completed by the recipient and submitted to the SOFS Office



# *Critical Signature Control Points*

- At least two signatures are required for **all** Payment Request Vouchers
- If payment requested is for the treasurer, the president and advisor must sign the voucher
- If payment requested is for the president, the treasurer and advisor must sign the voucher
- If payment is for the advisor, the advisor and president and treasurer must sign the voucher





Comparison of actual expenditures recorded on the SOFS Statement of Account to the organization's records should be made each month by the treasurer, and reviewed in detail by the president

**Reconciliation  
of  
Expenditures**

# *Annual Account Balance Confirmation*

- University policy requires that all student organizations submit their books annually to SOFS for audit
- Verify financial statement balance to **Annual Account Balance Confirmation** form (any discrepancies must be reported to SOFS immediately)
- Return **Annual Account Balance Confirmation** form, signed by the treasurer and the advisor, to SOFS within 60 days, by September 1, 20XX



*Are two signatures, annual audits, documented transfers, and independent reconciliations really necessary in small student organizations?*

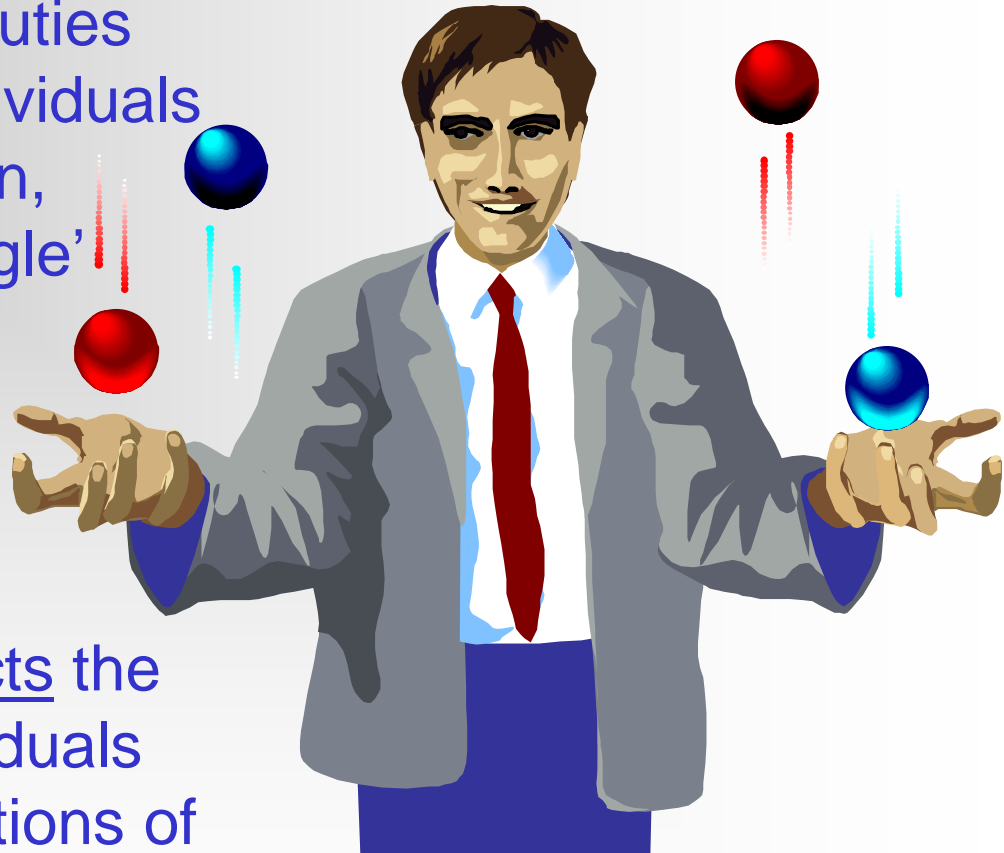
# Yes!!

Each of these activities are elements of separation of duties, which is the primary way of assuring that all funds (and assets) are accounted for properly in any organization — large or small

# *Separation of Duties*

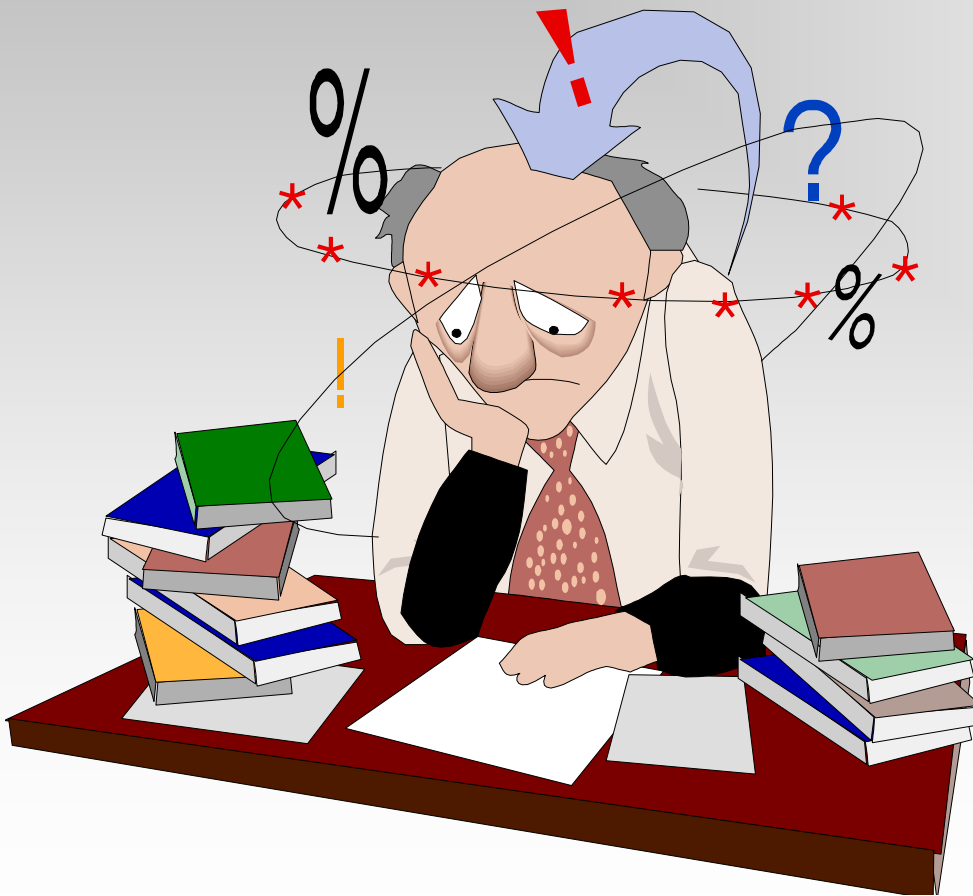
Simply put, separation of duties means having different individuals involved in each transaction, so one person doesn't 'juggle' all the responsibilities without supervision or oversight

Separation of duties protects the organization and the individuals handling funds from allegations of financial misconduct



# Fraud Awareness

What you need to know about fraud...



- Fraud happens in all types and sizes of organizations
- Fraud often involves the person you would least suspect
- Awareness of the symptoms and risks of fraud in your organization is critical
- Report your suspicions if you suspect financial improprieties

# *What Increases the Potential for Fraud?*

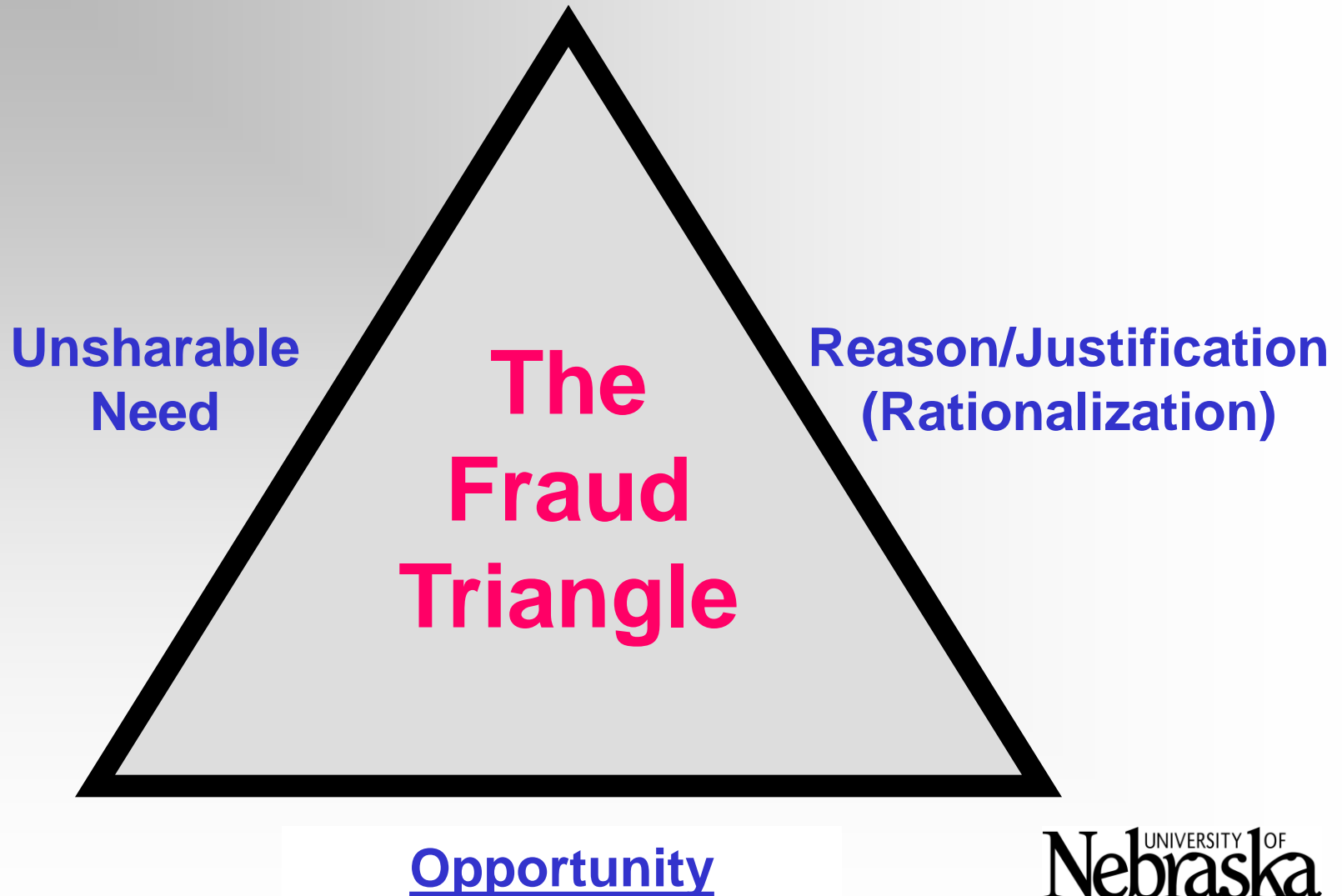
- Officers/advisors who are not aware of the controls or fraud risks in their organization
- Officers/advisors who override or simply ignore NU Book procedures (Tone from the Top)
- Loose or uncontrolled cash handling practices
- Lack of appropriate supporting documentation
- Inadequate monitoring or reconciliation of financial activity by organization officers/advisors
- Officers/advisors who do not follow-up on **or** report questionable and/or unusual transactions or activities



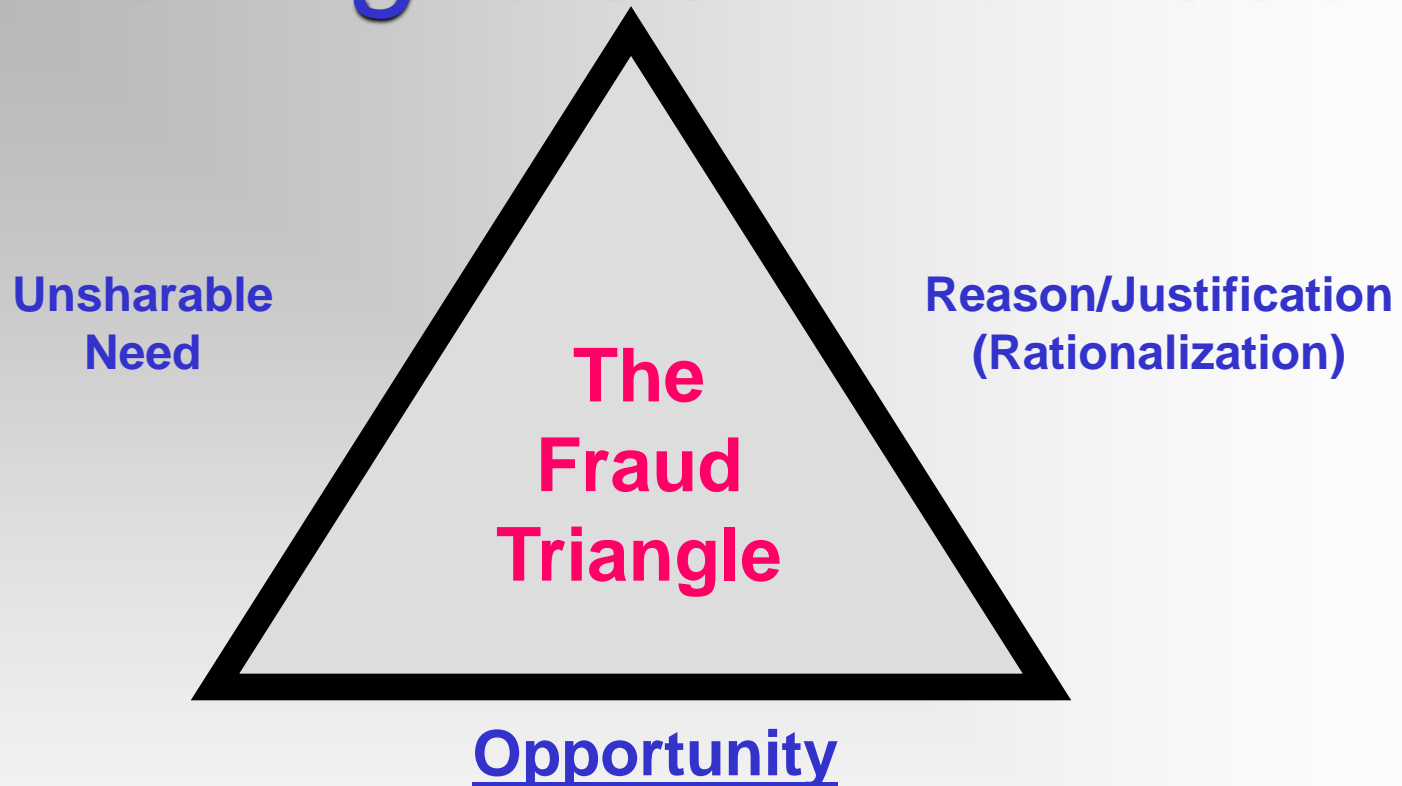
# *Who Might Commit Fraud?*

- Someone who has the responsibility to act without supervision or oversight
- Someone who works independently and does not want or have others involved in his/her work processes
- Someone with an “unsharable” need
- Long term members who feel the organization ‘owes’ them for their efforts for, or involvement in, the organization to which they belong

# *Who Might Commit Fraud?*



# *Who Might Commit Fraud?*



Opportunity is the only leg of the triangle we can really manage, through knowing, understanding, and following good internal control and fraud awareness practices.

# *If You Suspect Dishonesty?*

- Any suspected financial irregularities or shortages should be reported to SOFS management, Student Government, Operations Analysis, and/or University Police immediately.
- Do not delay reporting—delays make investigating the suspected irregularity or shortage more difficult.
- Do not confront an individual you suspect of fraud or misuse of funds—leave this for the professionals at the appropriate time in the investigation process.



*Student Organization  
Financial Services (SOFS)  
City & East Unions*

City Union 472-5667

East Union 472-9630

Or E-mail

SOFS2@unl.edu