**FAR EASTERN UNIVERSITY**

FINANCIAL MANAGEMENT POLICY

MANUAL

FOR STUDENT ORGANIZATIONS

**Fiscal Year 2014 – 2015**

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**I. INTRODUCTION**

The purpose of this manual is to describe all financial management policies and accounting procedures currently in use at Far Eastern University Student Organizations and to ensure that the reports conform to University policies, guidelines and procedures; assets are safeguarded; and finances are managed with accuracy, efficiency, and transparency. This also aims to enhance the student leaders’ skills in planning, organizing, and controlling finances collected from membership dues and other funding sources, subject to existing university policies.

All Organization’s staff with a role in the management of finances and accounting operations are expected to comply with the policies and procedures in this manual.

These policies will be reviewed annually and revised as needed by the staff and approved by the Student Development and the University.

**II. DIVISION OF RESPONSIBILITIES**

The following is a list of University personnel who has financial and accounting responsibilities:

**Dean’s Office**

• Reviews and approves annual budget and all project proposals of institute-based and degree program-based student organizations

**Student Development**

• Reviews annual and periodic financial reports and information submitted by the student organizations

• Reviews and approves annual budget and project proposal of all organizations

**Faculty Adviser**

• Reviews and approves all transactions (Project and Operations) of the organization

• Serves as a co-signatory of financial accounts

**Student Organization President**

• Reviews and approves all transactions (Project and Operations) of the organization

• Serves as a co-signatory of financial accounts

**Student Organization Treasurer**

• Is expected to be familiar with accounting procedures and policies

• Serves as the primary signatory of financial accounts

• Serves as chair of the finance committee

• Pays organization bills

• Collects organization dues

• Keeps all financial records of the organization

• Prepares an annual budget

• Prepares all budget requests for funds

• Prepares and submits financial reports to the members

• Maintains a financial history of the organization

**Student Organization Auditor**

• Examines the validity of transaction register

• Examines all disbursement vouchers and all acceptable attachments

• Examines the post-activity liquidation report and all attachments

• Ensures all activities are included in the approved budget

• Examines the petty cash replenishment report and all attachments

**III. CHART OF ACCOUNTS AND ACCOUNTING RECORDS**

3.1. The following Chart of Accounts specific to all organization’s needs of financial statements are hereby set.

The Chart of Accounts is structured so that financial reports can be shown by natural classification (expense type) as well as by functional classification (program vs. operation). The Student Organization Treasurer is responsible for maintaining the Chart of Accounts and proposing revisions as necessary.

***Asset Account***

• Cash on Hand

• Cash in Bank

• Accounts Receivables

• Office Supplies

***Liabilities Account***

• Accounts Payable

***Equity Account***

• Net Worth

• Savings

• Deficit

***Revenue Account***

• Membership Dues

• Sponsorships

• University Subsidies

***Expenses Account***

• Meals/Refreshments

• Token/Honorarium

• Materials/supplies

• Venue/Premises

• Travel/Transportation

• Registration/Conference Fee

• Accommodation

• Others

3.2. The Student Organization shall use the following forms in conducting the financial affairs of the organization:

3.3. **Transaction Register**

3.3.1. The Treasurer prepares a Transaction Register to record the financial activities of the Organization and shall be checked by the Auditor and reviewed by the President and Faculty Adviser on a monthly basis.

3.3.2. The Transaction Register captures the inflow and outflow of cash of the organization

3.3.3. Each entry in the Transaction Register shall be supported by clear and appropriate description including the date of the transaction, supporting documents (e.g. voucher no.), person in-charge, and accounts charged/affected by the transaction.

3.4. **Disbursement Voucher**

3.4.1. Every withdrawal from the organization’s bank account shall be supported by pre-numbered disbursement voucher prepared by the Treasurer and approved by the Organization President and Faculty Adviser prior to such withdrawal transaction.

3.4.2. All vouchers are to be drawn in duplicate using black ink pen.

3.4.3. Withdrawal slips must also be drawn in duplicate.

3.4.4. The student organization shall retain the organization copy for its file. The Student Development copy with all the necessary supporting documents will be used for auditing purposes.

3.5. **Petty Cash Replenishment Report**

3.5.1. The Student Organization shall evaluate whether the expenses to be made are program/project-related or operations-related.

3.5.2. In case disbursements to be made are operations-related, such as meals/refreshment of the committee, supplies and transportation, the Person-in-Charge shall prepare Petty Cash Replenishment Report for every cash advance made.

3.5.3. The Petty Cash Replenishment shall be supported by clear and appropriate description including the date of cash advance, person-in-charge, date of actual disbursements, payee, supporting document (e.g. O.R. #) and accounts charged. The report shall also reflect any excess or deficit over the cash advance made.

3.5.4. Expenses related to operations should be controlled by the organization and limited only to necessary administrative expenses.

3.5.5. The report shall be received by the Treasurer, checked by the Auditor and Reviewed by the President and Adviser.

3.6. **Post-Activity Liquidation Report**

3.6.1. The organization shall limit the expenses for a particular project within the amount budgeted in the project proposal.

3.6.2. Actual expenses incurred shall be reflected in the Post-Activity Liquidation Report.

3.6.3. The Post-Activity Liquidation Report shall be supported by clear and appropriate description including the Person in Charge, Project Title, date, time, and venue of the project and detailed information of the disbursements made.

**IV. CASH RECEIPTS**

4.1. Cash receipts generally arise from:

a. Membership dues

b. Sponsorship subsidy

4.2. The principal steps in the cash receipts process are:

All cash received will be counted, verified, and signed off by the Treasurer and another officer. The cash will immediately be posted in the Transaction Register using the appropriate allocation. A receipt will be given to the paying party and a copy kept for internal purposes. The cash will be kept in a locked, secure location, and deposited within 24 business hours.

In case of checks coming from sponsorship subsidy, the treasurer enters all checks into a

Transaction Register, stamps all checks “for deposit only,” and makes two (2) copies of each check. The checks are kept in a secured area until processed for deposit. A receipt will be given to the sponsor and a copy kept for internal purposes.

4.3 Procedures for the collection of student fees are as follows:

4.3.1 Any collection should be approved by Student Development.

4.3.2 It should be based on each semester’s projected expenses for projects and logistics.

4.3.3 All collections should be deposited with a bank account.

4.4 Bank Account

4.4.1 All Student Councils should have a bank account.

4.4.2 Academic organizations that cannot afford opening a bank account on their own should deposit their funds with the bank account of the Student Council where the organization’s degree program is part of. University-wide organizations should deposit their funds with FEUCSO or turn over the funds for safekeeping at the program head’s office for academic organizations.

4.4.3 Only the approved budget can be withdrawn.

4.4.4 All passbooks will be kept by Student Development. The treasurer can retrieve the passbook whenever needed and it should be returned to Student Development immediately after any bank transaction.

4.4.5 The same account shall also be used for cash donations that may be deposited.

4.5 Solicitation of Sponsorships

Student organizations may advertise a sponsorship program. Sponsorship programs may be open to companies and individuals. Each potential funding source must be approved by the Student Development Office. All cash equivalent donations must be deposited in the student organization’s bank account.

**V. CASH DISBURSEMENTS**

5.1. Cash disbursements are generally made for:

• Project or program expenses

• Operating expenses

5.2. Requests for cash disbursements are submitted to the Treasurer through Disbursement Voucher by the person-in-charge. Only the Treasurer can disburse funds.

5.3. Every disbursement request must be in accordance with the approved budget shown in the project proposal. The assigned committee head, member, or project proponent should receive the budget. Disbursement Voucher should be used for each disbursement.

5.4. Only 27% of the total budget per semester can be used for operational and administrative expenses such as purchase of office supplies.

5.5. The Treasurer reviews all request for disbursement and:

5.5.1. Verifies expenditure and amount;

5.5.2. Approves for payment if in accordance with budget;

5.5.3. Provides or verifies appropriate allocation information.

**VI. BUDGET CEILINGS**

All organizations shall observe the following budget ceilings for specific items:

|  |  |
| --- | --- |
| **Lunch/Dinner**  On-campus: Employee & Faculty  Students  Visitors & Guests  Off-campus: Employee & Faculty  Students  Visitors & Guests | P150  80  150  150  120  150 |
| **Snacks**  On-campus: Employee & Faculty  Students  Visitors & Guests  Off-campus: Employee & Faculty  Students  Visitors & Guests | P50  40  100  75  60  100 |

1. Unanticipated expenses that exceeded the 20% of the specific budget item are acceptable and will be covered by the Contingency Fund.

2. Contingency Fund can only be used for specific budget items approved in the proposal such as meals and transportation. Expenses incurred as a result of poor planning cannot be covered by this fund.

**Other Implementing Guidelines**

1. Meals of working committees and officers of student councils or academic organizations should be included in the project proposal by adding “Pre-Event Preparations.” It can be used only when the event’s scope of reach is university-wide or inter-school. This expense is highly discouraged, though. Policy on budget ceilings applies.

The following are suggested token/honorariums:

|  |  |  |  |
| --- | --- | --- | --- |
| **SPEAKERS** | | | |
| **Category**  **External Speakers** | **Qualification** | **Professional Stature** | **Rate per hour** |
| A | Excellent educational background | Internationally recognized expert or resource person | P 10,000 – 20,000 |
| B | Excellent educational background | Nationally recognized expert or resource person | P 5,000 – 10,000 |
| C | Good academic background | Recognized in their field of specialization | P3,000 – 5,000 |
| D | Good academic background | With lesser academic qualifications in the field of specialization (not a Ph.D. holder) but has a specific expertise/skill needed | P2,000 – 3,000 |
| **Internal Speakers** | Excellent academic background | Stature in the University | Token of P500.00 or P2,000 worth |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **JUDGES** | | | | |
| **Competitions** | **External Judges**  **Chair** | **External Judges**  **Member** | **FEU Faculty**  **Chair** | **FEU Faculty**  **Member** |
| Creative Writing (essay, novel, short story, poem, song) | P4,000-5,000 | P3,000-4,000 | P1,000-2,000 | P500-1,000 |
| Speaking (debate, elocution, extemporaneous speech) | P3,000-4,000 | P2,000-3,000 | P1,000-2,000 | P500-1,000 |
| Performing Arts (singing, dancing, drama) | P3,000-4,000 | P2,000-3,000 | P1,000-2,000 | P500-1,000 |
| Visual Arts and Design (painting, poster) | P3,000-4,000 | P2,000-3,000 | P1,000-2,000 | P500-1,000 |
| Film and Advertising | P3,000-4,000 | P2,000-3,000 | P1,000-2,000 | P500-1,000 |
| Business Plans | P3,000-4,000 | P2,000-3,000 | P1,000-2,000 | P500-1,000 |

|  |  |  |
| --- | --- | --- |
| **C:\Users\bpatnugot\Downloads\Final SDev Logo (1).jpg**  **TREASURER'S REPORT ACADEMIC YEAR** | | |
| CASH INFLOWS  MEMBERSHIP DUES  1ST SEMESTER  2ND SEMESTER  SPONSORSHIP  SUBSIDY | PXXX  XXX  XXX  XXX | |
| **TOTAL CASH INFLOWS** PXXX | | |
| LESS CASH OUTFLOWS  PROJECT EXPENSES  1ST SEMESTER  PROJECT NO. 1 PXXX  PROJECT NO. 2 XXX    2ND SEMESTER  PROJECT NO. 1 XXX  PROJECT NO. 2 XXX  TOTAL PROJECT EXPENSES PXXX  OPERATIONAL EXPENSES  1ST SEMESTER  MEALS/REFRESHMENTS PXXX  MATERIALS/SUPPLIES XXX  TRANSPORTATION XXX  OTHERS XXX  2ND SEMESTER  MEALS/REFRESHMENTS XXX  MATERIALS/SUPPLIES XXX  TRANSPORTATION XXX  OTHERS XXX  TOTAL OPERATIONAL EXPENSES XXX | | |
| **TOTAL CASH OUTFLOWS** | | XXX |
| INCREASE (DECREASE) IN CASH DURING THE SCHOOL YEAR PXXX  CASH TURNED OVER FROM PREVIOUS SCHOOL YEAR XXX | | |
| **CASH AT THE END OF SCHOOL YEAR**  **PXXX** | | |
| **Prepared by: Approved by:**  ***Treasurer*  *President***  **Checked by:**  ***Auditor* *Adviser*** | | |

**VII. TREASURER’S REPORT**

The Student Organization prepares annual Treasurer’s report that summarizes all cash inflows and cash outflows of the organization. This report serves as the University’s record of the transactions and current balance in the organization’s account.

**VIII. LIQUIDATION REPORT**

1. During project execution make sure that all financial transactions are documented through receipts. Keep all the receipts in a safe place and make a duplicate
2. Paste each receipt on a clean white short bond paper. Clean sides of the scratch papers may use. Observe proper margin.
3. Staple all documents having the Liquidation Report Summary as front page followed by receipts. Put a page number for reference.
4. Seven (7) days after the event, the organization’s treasurer and auditor should submit the Liquidation Report to the Student Development.
5. All expenses should be receipted. The following receipts are acceptable:

a. OFFICIAL RECEIPTS, including the machine-generated. (Thermal receipts must be photocopied)

b. Cash Sales Invoice

c. Petty Cash Acknowledgement Receipt, for expenses below P100

d. Acknowledgement receipt for tokens/honoraria for speakers

e. Itinerary Sheet/Details of Transportation Expense, for transportation expenses except for cab and bus fare

1. All organizations are required to post a monthly Liquidation Report (Summary of Cash Flow) in their bulletin boards.

Each organization’s auditor should carefully check the liquidation report of the treasurer. An audit team composed of JPIA and IIASC members will be commissioned to audit the liquidation reports of each student organization.

**IX. REVIEW BY STUDENT DEVELOPMENT OFFICE**

The office of Student Development will review the financial records of student organizations. The purpose of the review is to determine whether the organization is maintaining an accurate and complete set of financial records. Internal Audit will review the following records to make this determination. These records should be submitted to the Student Development every on or before two weeks after the final examination of classes in the undergraduate level.

1. The monthly transaction register sheet showing the debits and credits to your account with the cash balance.

2. Documentation supporting the entries to the transaction registers such as deposit receipts, invoices/disbursement vouchers and campus vendor invoices.

3. The annual treasurer’s reports.

Your organization will be notified by Student Development when their review is complete. A memorandum to report the results of the review will be issued to the organization with copies sent to the organization’s faculty adviser.

**IX. DEFINITION OF TERMS**

**Accounts Receivables –** Represent a right to receive cash or claims against debtors arising from services rendered on account

**Accounts Payable -** This includes amounts due to creditors for assets acquired on account

**Asset** *–* Resources or properties owned and controlled by the organization

**Cash on Hand** – This includes not deposited cash collections and other cash items awaiting deposit

**Cash in Bank –** This includes demand deposit or checking account and saving deposit which are unrestricted as to withdrawal

**Drawings –** Withdrawals or the cash taken out of the organizational funds for an expenditure

**Deficit –** Excess of expenses over income or liabilities over assets

**Equity –** Residual interest in the assets after deducting all its liabilities

**Liabilities** *–* Present financial obligation or debts of the organization

**Net Worth –** A grand total of all assets minus liabilities

**Savings –** Refers to money set aside for the purpose of future use