# Internal Control Policy

## Table of Contents

<table>
<thead>
<tr>
<th>CHAPTER</th>
<th>FUNCTION</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>President’s Message</td>
<td>3</td>
</tr>
<tr>
<td>2.</td>
<td>Introduction</td>
<td>4</td>
</tr>
<tr>
<td>3.</td>
<td>Effective System of Internal Control</td>
<td>5</td>
</tr>
<tr>
<td>4.</td>
<td>Cash on Hand and in Banks</td>
<td>6</td>
</tr>
<tr>
<td>5.</td>
<td>Investments</td>
<td>7</td>
</tr>
<tr>
<td>6.</td>
<td>Revenues and Receipts</td>
<td>8</td>
</tr>
<tr>
<td>7.</td>
<td>Billings and Receivables</td>
<td>9</td>
</tr>
<tr>
<td>8.</td>
<td>Purchasing</td>
<td>10</td>
</tr>
<tr>
<td>9.</td>
<td>Travel</td>
<td>12</td>
</tr>
<tr>
<td>10.</td>
<td>Expenditures</td>
<td>13</td>
</tr>
<tr>
<td>11.</td>
<td>Accounts Payable</td>
<td>14</td>
</tr>
<tr>
<td>12.</td>
<td>Payroll</td>
<td>15</td>
</tr>
<tr>
<td>13.</td>
<td>Inventory Control</td>
<td>16</td>
</tr>
<tr>
<td>14.</td>
<td>Financial Aid</td>
<td>17</td>
</tr>
<tr>
<td>15.</td>
<td>Grant Management</td>
<td>18</td>
</tr>
<tr>
<td>16.</td>
<td>Financial Reports</td>
<td>20</td>
</tr>
<tr>
<td>17.</td>
<td>Records Retention</td>
<td>21</td>
</tr>
<tr>
<td>18.</td>
<td>Receiving</td>
<td>22</td>
</tr>
<tr>
<td>19.</td>
<td>Human Resources</td>
<td>23</td>
</tr>
<tr>
<td>20.</td>
<td>Administrative Data Processing</td>
<td>24</td>
</tr>
<tr>
<td>21.</td>
<td>Budgeting</td>
<td>25</td>
</tr>
<tr>
<td>22.</td>
<td>Addendum</td>
<td>26</td>
</tr>
</tbody>
</table>
CHAPTER 1: President’s Message

Holyoke Community College’s mission, vision and values are as follows:

Mission

Educate. Inspire. Connect.

Vision

Holyoke Community College aspires to be a college of academic excellence known for helping students overcome barriers to success.

Values

- Innovation
- Collaboration
- Kindness
- Inclusion
- Trust

Kindness, inclusion and trust are the foundation of the work that we do together. Innovation and collaboration enable us to explore and implement the ideas that will shape our future.

Holyoke Community College’s faculty and staff are entrusted by the students and the citizens of Massachusetts to perform our duties as efficiently and professionally as possible. It is an obligation that we all share. Holyoke Community College’s faculty, staff, and financial officers are accountable to ensure efficient operations while maintaining uncompromising integrity.

The College’s Internal Control Policy, Internal Control Plan, and Administrative Policies and Procedures Manual form the foundation that ensures the college provides an education in a controlled, accountable, and fiscally responsible manner. These documents are reviewed and updated annually. They are important reference materials to be used by administrators, supervisors, faculty and staff to carry out the college’s mission and fulfill the obligation entrusted to us.

Christina Royal. Ph.D.
President
Chapter 2: INTRODUCTION

The Massachusetts General Court passed legislation (Chapter 647 of the Acts of 1989) to improve the internal controls within state agencies. This law mandates that state agencies be responsible for establishing and maintaining an internal control system. The objectives of an internal control system are to provide agency officials with reasonable, but not absolute, assurance that:

1. Assets are safeguarded against loss from unauthorized use or disposition.
2. Transactions are executed in accordance with agency officials’ authorization and recorded properly.

Three areas of the law, that should be highlighted, are as follows:

1. Internal control systems of the agency are to be clearly documented and readily available for examination.
2. There should be an official, equivalent in title or rank to an assistant or deputy to the department head, whose responsibility, in addition to his/her regularly assigned duties, shall be to ensure that the agency has written documentation of its internal accounting and administrative control systems.
3. That unaccounted for variances, losses, shortages or thefts of funds or property shall be immediately reported to the State Auditor’s Office, who shall review the matter.

This internal control document is not intended to be all-inclusive. It should not be regarded as a substitute for any other personal observations of the effectiveness of a specific system of internal control. This Internal Control Policy Manual supports Holyoke Community College’s Internal Control Plan.

The internal control document can be applied effectively with proper funding and staffing of the college.
CHAPTER 3: EFFECTIVE SYSTEM OF INTERNAL CONTROL

The College will maintain an effective system of internal control in order to monitor compliance with policies and procedures established by the Comptroller of the Commonwealth of Massachusetts, the Holyoke Community College Board of Trustees, and management.

Policy:

1. The College shall have:
   a. A mission statement.
   b. An organizational chart.
   c. Written job descriptions for all employees.
   d. A budgetary control system.
   e. An administrative policies and procedures manual.
   f. A reporting system, which adequately focuses on management requirements and provides information for both internal and external needs.

2. The College shall make every effort to achieve segregation of duties among fiscal affairs employees.

3. The College has available, for all employees, a policies and procedures manual for administrative functions. The internal control procedures described in the manual are referenced to respective sections of the Internal Control Plan and this Internal Control Policy Manual.

4. The College shall make every effort to evaluate expeditiously the results of audits and to implement recommendations to improve internal controls where appropriate. The college will evaluate the internal controls policies and procedures on a continuous basis and implement changes as needed.
CHAPTER 4: CASH ON HAND AND IN BANKS

Internal Control Objective:

The objective of this policy is to protect Cash on Hand and in Banks of the College and to properly deposit them to the appropriate account. The cash internal control system should reflect the following:

1. Internal control over cash transactions is adequate.
2. All cash accounts are accurately recorded in a timely manner.
3. Cash schedules are mathematically correct and reconcile with general ledger accounts.
4. Presentation and disclosure of cash, including restricted funds is adequate.

Policy

The College shall maintain a system that safeguards cash and includes the following:

1. The collection of cash occurs in designated and secure areas of the College.
2. Cash is deposited promptly.

1. Location
   a. The College has a centralized receiving counter for all student cash transactions in the Student Account Services. The counter is equipped with locked cash drawers and there is a safe in the rear office.

2. Administrative
   a. At the end of each shift each cashier will prepare a deposit slip and place that with the cash in a sealed envelope. The envelopes are then placed in the safe.

3. Accounting
   a. The College has several different memo bank accounts for receipt and disbursement purposes. The senior accountant completes the bank reconciliations one week before the close of the next month for all memo bank accounts.
   b. The senior accountant that completes the bank reconciliations is not involved in the receipt or disbursement function, therefore ensuring adequate segregation of duties.
   c. The assistant comptroller is responsible for reviewing bank reconciliations on a monthly basis.
CHAPTER 5: INVESTMENTS

Internal Control Objective

To ensure, within the policies stated, that funds available for investments are as fully invested as is practical to meet the College’s financial and operations needs.

Policy

1. Safety:
   Funds are invested in a prudent manner, and funds of the College are to be adequately protected from fraud, theft, misappropriations, and imprudent market risk.

2. Liquidity:
   Funds must be managed in such a manner that the College will have sufficient funds available to meet cash flow requirements.

3. Portfolio Management:
   Long-term investment decisions are made by the Finance Committee of the College’s Board of Trustees, within the guidelines of the investment policy approved by the Board or Trustees. The College will not invest in derivatives or similar speculative securities.

Procedures:

1. Administrative
   a. The College has established an Audit & Finance Committee, consisting of members from the Board of Trustees, the College’s President, the Vice President for Administration and Finance, and the Comptroller.
   b. The committee has developed an investment policy, with the approval of the Board of Trustees and consistent with State laws and requirements.
   c. All proposed changes to the investment policy must have the approval of the full Board prior to any change being initiated.

2. Accounting
   a. The College has established accounts to record and monitor all investment activity.
   b. The College has developed accounting procedures for the processing of all entries related to the complete investment cycle.
   c. It is the responsibility of the Comptroller, or designee, to ensure the accuracy and timeliness of the recording of all investment activity.
   d. All investment activity should follow existing internal control polices and procedures, and be reported in accordance with Generally Accepted Accounting Principles (GAAP).
   e. It is the responsibility of the Comptroller, or designee, to reconcile quarterly all investment activity recorded in the College’s ledgers with statements received from the various investment depositories.
CHAPTER 6: REVENUES AND RECEIPTS

Internal Control Objective:

To ensure that revenue and receipts are properly recognized in the accounting records and reconciled timely.

Policy:

1. **Collection and deposit of funds:**
   All funds collected shall be promptly deposited in the designated bank accounts and credited to the appropriate College ledger accounts.

2. **Periodic reconciliation of receipts collected:**
   On at least a monthly basis all amounts received by the College will be reconciled with statements issued by the depositories.

3. **Overages/shortages:**
   The Comptroller or designated employee will review all overages and shortages on a periodic basis. Any material differences shall be reported immediately to the Comptroller and the Vice President for Administration and Finance.

Procedures:

1. **Administrative:**
   a. The College has a centralized receiving area for all incoming postal packages, which are processed and delivered to various departments on a daily basis.
   b. The Business Office processes and disburses its mail on a daily basis and all checks received are given to the designated employees for processing. The daily receipts, are deposited in the bank the following afternoon.
   c. Receipts collected by other departments daily are to be delivered to the Business Office or Student Account Services on a daily basis for processing by the designated employees. Receipts totaling less than $50 shall be deposited at least weekly.

2. **Accounting:**
   a. The Bursar is responsible for ensuring that all receipts and revenues are processed on a daily basis. This responsibility extends to any delays due to the questionable status of certain receipts or revenues. The Comptroller is to be notified of any receipts or revenues that Student Account Services is unable to process due to their questionable status. A separate account has been established to record unclassified receipts until the appropriate account can be determined.
   b. The Student Account Services designated employee is responsible for the accuracy of the accounts used for processing all receipts and revenue. The Bursar is responsible for verifying daily cash reconciliations from cashiers (cashiering reports to actual cash deposited). The Bursar must sign off on journal entries to correct any discrepancies.
   c. It is the responsibility of the Comptroller, or designated employee, to ensure that the College adheres to all federal, state, and local accounting procedures and policies that ensure accurate and appropriate year end closing records.
CHAPTER 7: BILLINGS AND RECEIVABLES

Internal Control Objective:

To ensure that all amounts due to the College anticipated receiving from tuition, fees and other sources are billed and recorded in appropriate accounts in accordance with GAAP, State Comptroller and Trustee guidelines.

Policy:

1. Recognition of amounts due to the College:
   The Accounts Receivable designated employee shall record all amounts due to the college in a timely manner by the Accounts Receivable designated employee upon notification by the head of the College department initiating the charge. All departmental billing must be communicated to this individual.

2. Billings for amounts due:
   Billings for tuition and fees will be the responsibility of the Bursar. Billings for other amounts due that are the responsibility of the department initiating the charge and must be forwarded to the Accounts Receivable area for accounting control purposes.

Procedures:

a. The College adheres to the tuition rate set by the State’s Board of Higher Education, which applies to all day courses and is based on the student’s residency status.

b. The College, through the Board of Trustees, establishes on an annual basis, the rates for all student fees and the tuition and fees for all programs.

c. It is the responsibility of the Bursar to ensure that all approved rates for all tuition and fees are properly established in the College’s computerized, fully integrated billing system.

d. The Bursar is responsible for the input and any follow up maintenance necessary to ensure the tuition calculation mechanism adheres to the appropriate rates as approved by the respective governing body. Any difficulties in achieving such adherence are to be brought to the attention of the Comptroller.

e. The Bursar is responsible for the creation and maintenance of all student billing system sub-codes necessary for the accurate application of the billing and receivable system records to Banner.

f. The Comptroller or designee is responsible for the reconciliation of the detailed student accounts receivable listing to the Banner total accounts receivable balances. Any material discrepancies are brought to the attention of the Vice President for Administration and Finance.

g. The Bursar is responsible for updating and running the tuition calculation process and the subsequent billings to the students. This is to be done in concert with the efforts of both the Registrar’s and Financial Aid Office to ensure accurate and timely billing statements.

h. Summary receivables and collections are reported on New MMARS using the BARS System.

i. The Bursar will review any account that has been uncollected for seven (7) years. If all due diligence has been completed, including dunning, collection and tax intercept process, the account must be taken off the fiscal records. Restriction flags to block future registrations and availability of transcripts will remain on the accounts.

j. Tuition that has been charged and collected on behalf of the state general fund will be remitted through the state sweep account periodically and a year-end reconciliation of accounts receivable will be performed to finalize collections and amount owed to the state.
CHAPTER 8: PURCHASING

Internal Control Objective:
To ensure that the goods and services are acquired that best meet the College’s requirements, at competitive prices.

Policy:
1. Authorization to expend funds will be verified only after it is determined that funds are available in the College’s operating budget and/or accounts.
2. To obtain sufficient information about the goods and services to be purchased in order to properly identify qualified vendors.
3. To ensure that the acquisition of goods and services are best suited to the College's requirements at competitive prices.
4. To make reasonable efforts to solicit competitive quotations from vendors as appropriate within the market for particular goods and services.
5. To provide for terms and conditions which are consistent with good business practice.
6. To make use of Massachusetts Higher Education Consortium (MHEC), State contracts, Educational and Institutional Cooperative (E&I), and other existing contracts and resources when in the best interest of the College.

Procedures:

1. Administrative
   a. The College has a fully integrated, centralized encumbrance system and administers the system through the Business Office and Administrative Purchasing.
   b. Certain requisitions, dependent on the dollar amount and/or type of goods or services, require additional process or approval from specific designated individuals. Unless items are on a contract, quotes from three vendors must be obtained for orders costing $10,000 to $49,999.99. If items are not on a pre-existing contract but are $50,000 or greater such items must go out to bid to at least three different vendors unless exempted by the Vice President for Administration and Finance or designee. Computer software must have the approval of the Chief Information Officer or designated employee. Orders for equipment must have the approval of the Vice President for Administration and Finance or designee, as well as the Vice President of Academic Affairs, if the item is instructional.
   c. The College has established that all purchases must be made through the encumbrance system to ensure proper funding and timing of purchase.
   d. It is the responsibility of the individual department head to ensure that every effort is made to investigate the various potential sources of all goods and services, and to make the most prudent choice in the best interest of the College.

2. Accounting
   a. It is the responsibility of the Purchasing Bookkeeper, or designated employee, to ensure that all submitted requisitions are completed fully and accurately. Each request will be reviewed to ensure adherence to the above policies.
   b. If the vendor on the requisition is new, it is the responsibility of the Accountant III to add new vendors into the Banner system in accordance with the data standards.
CHAPTER 8: PURCHASING continued

c. It is the responsibility of the Purchasing Bookkeeper, or designated employee, to ensure timely, and accurate input of all approved requisitions.
d. All requisitions require adequate and approved budgeting. It is the responsibility of the Comptroller to assess the status of any requisition that requires a budget override in order for the Business Office to process. The Vice President for Administration and Finance, the Comptroller or designee, has responsibility for approval of budget overrides.
CHAPTER 9: TRAVEL

Internal Control Objective:

To ensure that all travel requests and expenditures are consistent with the College’s travel policy and are adequately documented and approved by proper authorities prior to being processed.

Policy:

1. All travel expenditures must be approved by the Vice President for Administration and Finance or designee prior to making any travel arrangements.
2. All cost center directors submit budget requests, including travel, for the upcoming year and then review the request with the Vice President for Administration and Finance. Only after the Board of Trustees approves the final budget is it distributed to each cost center director.
3. Reimbursement of travel costs will follow state laws and regulations regardless of source of funds. Grants and trust funds are subject to the same rules.

Procedure:

1. A Request to Travel form must be prepared, authorized by the cost center director and the respective divisional Vice President, and then forwarded to the encumbrance desk in the Business Office.
2. Request to Travel forms are then forwarded to the Vice President for Administration and Finance’s Office. The Vice President for Administration and Finance or designee approves requests.
CHAPTER 10: EXPENDITURES

Internal Control Objective:

To ensure all expenditures are recorded in a timely manner and are adequately documented and approved by proper authorities prior to being processed.

Policy:

1. Expenditures will be processed only after verification that goods are received and services have been provided as applicable.
2. Prepayments are only allowed in certain specific categories of expenditures with prior approval from the Comptroller or Vice President for Administration and Finance.

Procedures:

1. Administrative

   a. The College’s expenditure budgets are approved by the Board of Trustees, and may include both state appropriated funds and local trust funds.
   b. The Vice President for Administration and Finance and the Comptroller review expenditure-to-budget reports and will notify board of trustees of any additional funding requirements, to ensure that there are adequate budget dollars available for all anticipated expense activities or that activities will be curtailed or postponed.
   c. All cost center directors submit budget requests for the upcoming year and then review the request with the Vice President for Administration and Finance or Comptroller. A final approved budget is distributed to each cost center director only after the Board of Trustees has approved the overall college budget.

2. Accounting

   a. It is the responsibility of the Accounts Payable Accountant, or designated employee, to ensure that each payment request is supported by authentic and accurate documentation that has been authorized for payment by the appropriate cost center director or grants manager.
   b. It is the responsibility of the Comptroller, or designated employee, to ensure that all expenditures of state funds are recorded in a timely manner in both the state system (MMARS) and in the College’s Banner system.
   c. 901 Reporting is completed and reported to the state on a quarterly basis. The income statement from the Banner accounting system is reconciled against the following MMARS reports, the NGA341S report (appropriation activity) and the NAR405S report (statement of revenue).
CHAPTER 11: ACCOUNTS PAYABLE

Internal Control Objective:

To ensure that all obligations of the College are both properly and timely recorded.

Policy:

1. The College shall adhere to all laws and regulations of the Commonwealth and the College with regard to the maintenance of accounts payable.
2. The college will periodically prepare, maintain, and update a record of all accounts payable.
3. There will be regular reviews over all outstanding accounts payable to ensure that they are accurate and valid.
4. Payments shall be processed in a timely manner.

Procedures:

1. Administrative

   a. As stated in earlier sections, the College has a fully integrated, centralized encumbrance system, and therefore, all payments should be made through the accounts payable mechanism, referencing an encumbrance document. Any exceptions should be reviewed and approved by the Vice President for Administration and Finance, Comptroller or designee.
   b. All cost center directors are provided with an approved annual budget, reviewed by both the director and the Vice President for Administration and Finance, and after such review, considered adequate and appropriate for all foreseeable fiscal activity.

2. Accounting

   a. It is the responsibility of the Accounts Payable Accountant, or designated employee, to reconcile the weekly check run of Banner with the detail summary processing sheets of the individual Accounts Payable personnel. Any unresolved differences are to be brought to the attention of the Comptroller for final determination.
   b. It is the responsibility of the Accounts Payable Accountant, or designated employee, to reconcile the appropriate Banner reports with the appropriate reports from the State’s New MMARS system monthly. Any unresolved differences are to be brought to the attention of the Comptroller for final determination.
   c. The Accounts Payable Accountant, or designated employee, is responsible for ensuring that all accounts payable documentation from the various college departments is completed properly and accurately, with appropriate and authorized individuals’ signatures, and authentic vendor invoices attached.
   d. The Accounts Payable Accountant is responsible for ensuring that all outstanding accounts payable are reviewed periodically and any appropriate adjustment are made on a timely basis.
   e. The Accounts Payable Accountant is responsible for printing the checks. Any checks below $5,000 are automatically signed with a facsimile of the President’s signature as the checks print. Checks $5,000 and above require a second signature by the Vice President for Administration and Finance or the Comptroller. For checks above $100,000 two non-facsimile signatures are required.
f. It is the responsibility of the College Comptroller or his/her designee to approve all bills paid from state funds. The supporting documentation is reviewed and the Comptroller approves the Payment Voucher (PV) or substitute in MMARS.

CHAPTER 12: PAYROLL

Internal Control Objective:
To ensure that all payrolls are supported by appropriate evidence for authorized work actually performed and properly reflected in the accounting records.

Policy:

The payroll internal control system reflects the following:
1. All paperwork and the approval process in the hiring of all employees must be complete and on file before the employee can start work and be compensated.
2. All employees shall be compensated only for actual time worked or for previously earned leave.
3. All payrolls processed shall comply with all Internal Revenue and Massachusetts Department of Revenue laws.
4. All additions and/or changes to a payroll must have proper authorization before the payroll can be processed.

Procedures:

1. Administrative
   a. There exists a distinct segregation of duties between the individual responsible for processing the personnel/position control information, and the individual who processes the actual payroll.
   b. The Dean of Human Resources and Payroll Manager are responsible for ensuring that all necessary and required paperwork for each employee is on file prior to the disbursement of any payroll funds.
   c. The College uses Interview Exchange to track non-benefited employment contracts, adhering to all Commonwealth of Massachusetts policies and regulations.
   d. It is the responsibility of the Payroll Manager, or designated employee, to ensure that the processes are completed timely so that all employees receive their pay timely via direct deposit, on in a few cases via paper check.

2. Accounting
   a. It is the responsibility of the Comptroller to ensure that all applicable federal and state regulations are followed when processing payroll information, and subsequent reporting requirements.
   b. It is the responsibility of all non-faculty employees to enter their time worked into the Commonwealth’s Self-Service Time and Attendance system (SSTA) each week. It is the responsibility of each non-faculty employee’s supervisor to timely review and approve in SSTA the time entered by the employees for whom they are responsible, certifying that the entry is accurate. Standardized time worked by faculty is entered into HR/CMS by payroll/Human Resources staff each pay period. Employees should be given adequate opportunity for employees to receive their paychecks.
   c. The Assistant Comptroller or designated employee is responsible for ensuring that all payroll and payroll-related taxes are recorded accurately and appropriately in the College’s accounting system on a
timely basis and all subsequent reports to the Internal Revenue Service or Massachusetts Department of Revenue are submitted accurately and on a timely basis.

d. It is the responsibility of the Assistant Comptroller or designated employee, to reconcile all payroll clearing and suspense accounts on a monthly basis. Any unresolved differences are to be brought to the attention of the Comptroller for final determination.
CHAPTER 13: INVENTORY CONTROL

Internal Control Objective:

To ensure that supplies, fixed assets, surplus property and obsolete equipment of the College are properly safeguarded and accounted for.

Policy:

1. The Vice President for Administration and Finance will designate an employee as the Physical Inventory Coordinator to perform/oversee annual inventories and will designate an employee as the Surplus Property Officer to facilitate the identification and disposal of surplus or obsolete property.

2. The College’s inventory system will ensure that all property valued at $1,000 or more and have a life expectancy of more than one year (fixed assets) will:
   (1) Be monitored by a property ID number
   (2) Adhere to local and state policies and regulations.

3. When equipment is purchased through grants, provisions will be made to adhere to the terms and agreements entered into with funding agencies regarding inventory control and disposal.

Procedure:

1. Administrative
   a. The Vice President for Administration and Finance has designated the storekeeper as the Physical Inventory Coordinator and the Director of Facilities as the Surplus Property Officer. The Vice President for Administration and Finance is responsible for ensuring that the College has implemented procedures to monitor the physical inventory.
   b. The Vice President for Administration and Finance is responsible for ensuring that all procedures relating to the movement of physical inventory adhere to the existing state policies and regulations. The College uses a standard form, which is prepared by the cost center directors and sent to the Director of Facilities for approval.
   c. The Property Inventory Coordinator (the storekeeper) is responsible for ensuring that all applicable inventory items have been properly tagged and identified for accurate reporting within the College’s internal physical inventory tracking system.

2. Accounting
   a. The Property Inventory Coordinator (storekeeper) is responsible for ensuring that the internal accounting system for tracking the physical inventory has reliable and accurate cost figures for all items.
   b. It is the responsibility of the Surplus Property Officer, in conjunction with the Property Inventory Coordinator, to ensure the proper disposal, and accounting, of surplus or obsolete property.
   c. The Property Inventory Coordinator is responsible for providing appropriate and accurate accounting information for financial purposes as requested by the Vice President for Administration and Finance or Comptroller.
   d. All equipment and capital projects over $50,000 are capitalized on the College’s financial statements.
CHAPTER 14: FINANCIAL AID

Internal Control Objective:

To ensure that financial aid funds are available, safeguarded and disbursed in the best interests of students, providers of these funds, and the College.

Policy:

1. The College shall adhere to all federal, state, trustee, and donor guidelines and regulations regarding the acquisition, disbursement, and record keeping of financial aid funds.
2. There shall be a separation of duties between the office awarding financial aid funds and the office disbursing financial aid funds.

Procedures:

1. Administrative
   a. The Director of Financial Aid is responsible for the adherence to all applicable federal, state, trustee and donor guidelines and regulations, with regard to the awarding of financial aid funds.
   b. The Comptroller or designated employee is responsible for the adherence to all applicable federal, state, trustee, and donor guidelines and regulations, with regard to the disbursing and subsequent accounting of financial aid funds.

2. Accounting
   a. The Comptroller, or designated employee, is responsible for the timely input and update of all financial aid disbursements, and the reconciliation of the following systems: Banner Financial Aid, Banner Finance.
   b. It is the responsibility of the Comptroller, or designee, to ensure that the Director of Financial Aid is notified when there is a material variance to the reports, or potential shortage of financial aid funds.
   c. It is the responsibility of the Comptroller, or designee, to ensure the accuracy and reliability of all financial aid funds expended and reimbursable to the College, and to ensure that such funds are reimbursed on a timely basis and in accordance with all applicable policies and regulations.
   d. The Comptroller, in conjunction with the Director of Financial Aid, is responsible for the preparation and filing of all financial aid reports, as well as the assurance that these reports adhere to all applicable reporting requirements.
CHAPTER 15: GRANT MANAGEMENT

Internal Control Objective:

To ensure that public and private grants and contracts are properly managed, accurately accounted for, and well documented.

Policy:

1. **Division of Responsibilities:** For each grant, a supervising Dean and Project Director will be designated and will be responsible for implementing and coordinating all programmatic and fiscal aspects of the grant/contract with pertinent college departments. Aspects of the grant funded project that obligate existing or future college fiscal, physical, or human resources will be jointly determined and managed by the designated Dean/Project Manager and the Vice President for Administration and Finance or Comptroller (or designee).

2. **Applications:** Grant applications to obtain funds, obligate college resources through cost sharing or matching, or determine an indirect rate that will be approved by the Vice President for Administration and Finance or Comptroller or designee.

3. **Terms and Assurances:** Grant and contract terms, assurances, or legislative directives agreed to by the funding agency and the College at the time of the award or through an approved amendment will be adhered to at all times.

4. **Fiscal Activity and Documentation:** Grant fiscal activity will follow existing internal policies and procedures and will be recorded in accordance with applicable federal, state, and local accounting practices and principles.

5. **Reporting:** The Project Manager/PI and the College’s Grants Manager will ensure that all required fiscal reporting will be done in a timely manner, and will adhere to all applicable terms, assurances and agreements entered into with the funding agency.

Procedures:

All procedures implemented by the Project Manager/PI in coordination with the Division of Administration and Finance will first be reviewed and approved by the Dean and/or Vice President supervising the grant-funded project.

1. **Administrative**

   a. The Project Director will review with the Comptroller or designee and the appropriate cost center directors any implications the pending grant funded program will have on pre-existing college programs and departments.

   b. The Project Director will review the grant request budget, cost-sharing commitments, and indirect rates with the Comptroller or Grants Manager for all proposed, newly awarded, continuation, or amended grant budgets.

   c. The supervising Vice President, Dean or Project Manager/PI will process all personnel requests through the Dean of Human Resources, and will review the financial liability with the Comptroller and Grants Manager, relative to specifics of the grant award.

   d. The Project Director will review the specifics of all-new or amended terms and assurances applicable for the duration of the award period with the Grants Manager.
CHAPTER 15: GRANT MANAGEMENT (continued)

e. Prior to the final approval and sign-off by the Vice President for Administration and Finance and the Comptroller.
f. The division Vice President/supervising Dean and Project Director will meet with the Chief Information Officer to determine pricing for technology equipment and the impact the project will have on the College’s IT network.

2. Accounting:

a. The Grants Manager will ensure that all expenditures are allowable and appropriate for the respective grants and that all related documents have required signatures.
b. The Grants Accountant is responsible for ensuring that all accounting information is entered on a timely basis and for providing financial information needed to complete reports and amendments.
c. The Grants Manager, in conjunction with the Project Director is responsible for compiling all financial information in a format acceptable to the funding agency and the College. All fiscal activity will be well documented and filed by the Grant Accountant.
d. The Grants Manager is responsible for informing Human Resources of award dates, changes in funding and contractual agreements that may affect employee contracts. In turn, Human Resources is responsible for informing the Grants Manager if any personnel policies or practices will affect the salaries or fringe and potentially the approved budget line items.
CHAPTER 16: FINANCIAL REPORTS

Internal Control Objective:

To ensure that all financial reports are filed accurately and timely to the respective Federal, State or local agencies, designated College administrators, and the local Board of Trustees.

Policy:

The College shall designate those employees responsible for preparing and submitting all financial reports. The designated employees shall submit reports including, but not limited to, the following:

1. Board of Trustees:
   a. Quarterly trust fund reports of expenditures.
   b. Annual trust fund budget and college spending plan.
   c. Annual audited financial statements.

2. Federal Government:
   a. FISAP annual report.

3. State Government:
   a. IPEDS Annual Report to the Board of Higher Education.
   b. Annual GAAP report to the State Comptroller.
   c. Annual spending plan to the Fiscal Affairs Division.
   d. BHE annual budget reports.

4. College Administration:
   a. On-line cost center budget reports.

Procedures:

1. Administrative:
   a. The Vice President for Administration and Finance, or designated employee, is responsible for ensuring that all financial reporting requirements are processed on a timely basis, and any supporting non-financial documentation is forwarded to the appropriate individual, for completion and returned to the Vice President for Administration and Finance.
   b. It is the responsibility of the Comptroller, or designated employee to notify the Vice President for Administration and Finance of any potential delays in producing specific financial reporting documentation, or any omissions of pertinent data.

2. Accounting:
   a. It is the responsibility of the Comptroller, or designated employee, to ensure that all financial information, provided to other college employees for various reporting requirements, is accurate, appropriate, and complete.
   b. It is the responsibility of the Comptroller, or designated employee, to ensure that all accounting information is processed on a timely basis, so that all system-generated reporting documentation is accurate, appropriate, and complete.
   c. It is the responsibility of the Comptroller, or designated employee, to ensure that the College maintains consistency and continuity in all accounting information reported from one fiscal year to another, and from one financial report to another.
CHAPTER 17: RECORDS RETENTION

Internal Control Objective:

To ensure that records are properly safeguarded, maintained and/or disposed of in accordance with all existing state and federal regulations.

Policy:

1. To adhere to the current records retention schedule and regulations as issued by the State's Records Retention Board.
2. To securely maintain those records designated for permanent retention by the State Comptroller's Office.

Procedures:

1. Administrative:
   a. It is the responsibility of the Comptroller, or designated employee, to ensure the College's adherence to all applicable state and federal record retention schedules and regulations.
   b. It is the responsibility of the Vice President for Administration and Finance, with the Comptroller, the Chief Information Officer, and the Director of Facilities, to ensure that the College has developed and implemented a physical record retention process that adequately addresses the needs of the State and the College.
   c. All audit trail reports are available on New MMARS through Document Direct. Seven years of reports are available.

2. Accounting:
   a. It is the responsibility of the Comptroller, or designated employee, to ensure that all of the College's accounting documentation is adequately protected and secured.
CHAPTER 18: RECEIVING

Internal Control Objective:

Cost center directors or designee will ensure that all goods are received by the College have been ordered and are in proper condition.

Policy:

1. All goods ordered by the College will be received under the supervision of the Receiving Department, which will have been provided with prior, proper, and timely notification from the Purchasing Department.
2. The receiving operation provides appropriate information and documentation to the Purchasing and Payable departments of the College.
3. Goods shall be delivered to the users' department in a timely manner.

Procedures:

1. Administrative:
   a. The College will provide to all outside shippers, an adequate and accessible area to unload all goods designated for shipment to the College, and will make available the hours of operation to all shippers.
   b. The College will provide and support the receiving station with proper staffing and equipment to effectively handle all incoming goods.
   c. The College will make every effort to provide an adequately secured and physically appropriate location for all goods received, until such goods are properly placed in their designated areas.

2. Accounting:
   a. The Banner system provides the Storekeeper with information on all shipments and adequate/authorized documentation for all goods.
   b. It is the responsibility of the Storekeeper, or designated employee to ensure that all goods received are the College's, and that they include appropriate and authorized documentation.
   c. It is the responsibility of the Storekeeper, or designated employee to notify Purchasing, Accounts Payable, and the end users of receipt of all goods.
   d. It is the responsibility of the individual who originated the order to ensure that the goods were received in proper and complete condition, and then to ensure that the invoice is processed for timely payments to the vendors.
CHAPTER 19: HUMAN RESOURCES

Internal Control Objective:

To ensure that personnel records are properly safeguarded and maintained and the confidentiality of those records are protected to the greatest extent allowed by law. To ensure that employees are made aware of, and have the opportunity to receive, all employee benefits to which they are entitled.

Policy:

1. The College shall adhere to existing collective bargaining agreements and all Federal, State, Trustee guidelines and regulations regarding sound personnel administration.
2. Aside from Human Resources Office staff, access to employee personnel files shall be available only to the employee and, for College business purposes only, to those members of the College staff who have supervisory responsibility over the employee.
3. The Human Resources Office staff shall maintain a log documenting all accesses to employee personnel files.

Procedures:

1. Administrative:
   a. There exists a distinct segregation of duties between the individual responsible for processing the personnel/position control information, and the individual who processes the actual payroll.
   b. The Payroll Administrator is designated as the individual responsible for providing adequate information for each employee to review in order to make a responsible decision as to the various employee benefits available.
   c. The Dean of Human Resources is responsible for ensuring that all employees are made aware of any changes in existing benefit policies and the introduction of any new policies.
   d. The Dean of Human Resources is responsible for ensuring that all grievances adhere to the policies and procedures of management and the related union, and that appropriate college personnel are informed of the grievances.
   e. The Dean of Human Resources is responsible for ensuring that all files are adequately secured, with access limited to authorized employees. Any requests for access to personnel files must be submitted through the Dean of Human Resources.
CHAPTER 20: ADMINISTRATIVE DATA PROCESSING

Internal Control Objective:

Administrative data processing systems should accurately gather information and report on the operations of the College.

Policy:

1. All systems should contain appropriate security measures to limit access to authorized employees only.
2. Whenever possible, systems should be on-line and integrated with other relevant systems in the College.
3. A program of continuing maintenance, program updating and staff training should be followed.
4. Systems should provide sufficient flexibility to respond to the ever-changing records/reporting needs of the College.
5. MMARS and HRCMS are state managed systems. The V.P. for Administration and Finance or his/her designee authorizes access to those systems. THE CIO is responsible for maintaining the physical access to these systems.

Procedures:

1. Administrative:
   a. The Vice President for Administration and Finance, as the College's Security Officer for the various specific applications, and the Chief Information Officer, as the Security Administrator, have developed standardized procedures for determining security levels for college personnel with access to both the State and the College systems.
   b. The Chief Information Officer is responsible for the development and implementation of procedures for assuring that all responsible individuals for the various sub-systems of the College's computerized records have been properly notified of requests for access. Such requests must have all appropriate and authorized signatures prior to approval and access.
   c. It is the responsibility of the Chief Information Officer to ensure the overall security of the College's computer system, and to provide and implement appropriate backup procedures in the event of an emergency.
   d. It is the responsibility of the Chief Information Officer to ensure the overall physical security of all computer-readable data.
   e. The Chief Information Officer has developed an "Acceptable Use of Information Systems at HCC", which can be found starting on page 7.100 in the Administrative Policies and Procedures Manual.
CHAPTER 21: BUDGETING

Internal Control Objective:

To ensure that revenue and expenditures are carefully budgeted and periodically reviewed on an ongoing basis in keeping with sound financial management, and college priorities.

Policy:

1. All projected revenues and expenditures of the College will follow a budget process.
2. Annual budgets, and when appropriate, budgetary adjustments and modifications, must be submitted to the College's Board of Trustees for approval.
3. Departmental and college-wide budgets shall be reviewed periodically to ensure that actual revenues and expenditures are in line with projections.
4. Budget information for cost center directors is available at all times by accessing the Banner system.

Procedures:

1. Administrative:
   a. The College's overall operating budget is submitted to the Board of Trustees for review and discussion on an annual, fiscal year basis. Only after final approval by the Board will the actual budget dollars be input in Banner for administrative control purposes.
   b. All cost center directors review their fiscal activities and requirements, and then prepare and submit an annual budget request to the Vice President for Administration and Finance. Upon approval, cost center directors receive approved budgets, which are monitored monthly by the Comptroller.

2. Accounting:
   a. The cost center director must authorize requests for subsidiary transfers within approved budgets. Request for transfers among accounts within the responsibility of the cost center director must carry his or her signature. An email directly from the cost center director will be considered a signature. The responsibility for entering approved changes lies with the Comptroller, or designated employee.
   b. The Comptroller or designee will be responsible for ensuring that budget information on Banner for departments is current and accurate. The Comptroller or designee will be available to answer questions and review individual accounts with cost center directors to ensure that any errors, actual or anticipated, are identified and resolved. If necessary, the Comptroller will inform the Vice President for Administration and Finance of any problems for final determination.
   c. The Vice President for Administration and Finance and Comptroller will meet on a regular basis to review various department budgets and investigate any material variations in revenue and expenditure activities.
   d. It is the responsibility of the cost center directors to ensure that their budgets are not over expended (excluding benefited payroll expenses).
   e. It is the responsibility of the Vice President for Administration and Finance and Comptroller to follow up with any cost center director responsible for budget overruns in specific accounts, and to assist the director in resolving any expected shortages in funding.
   f. The Vice President for Administration and Finance and Comptroller meet with cost center directors to perform mid year reviews as requested.
CHAPTER 22: ADDENDUM

For certain areas of the fiscal operations for the college, there are specific procedures manuals to be used as guidelines for processing the respective data and information. The College has a responsibility to maintain and update these manuals, and to develop, where appropriate, additional manuals to ensure consistency and accuracy of all fiscal records. As mentioned in the General Administration section, the College has an Administrative Policies and Procedures Manual that should be referenced when necessary. It is not included in this addendum. Overall responsibility lies with the Vice President for Administration and Finance or designee. The Vice President for Administration and Finance or designee reviews and approves any addendum to these manuals. The actual development and implementation of, and continued adherence to, the described procedures are the responsibility of the Comptroller. The College’s internally and externally developed specific procedures are:

2. Faculty Handbook
3. MMARS job aids and procedures

All final approved addenda should be sent to the Vice President for Administration and Finance and the Business Office. It is the responsibility of the Comptroller to review any new procedures and changes with the Business Office staff to ensure a complete understanding of the duties and responsibilities emanating from these changes.