

Little Big Horn College



2024 Financial Procedures Manual

09-20-2024

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1. Introduction

- a. *Purpose of financial procedures:* The financial procedures manual for Little Big Horn College (LBHC) provides guidance for the financial management of the College. The manual covers accounting systems, grants management, budgeting, purchasing, and other activities related to finance. This manual should guide employees of LBHC in the application of various federal and state laws and Tribal regulations to grants awarded by the U.S. government and other funding sources. This manual constitutes all current fiscal procedures and standards that have been developed by LBHC, unless otherwise noted, through the time of issuance.
- b. *Vision statement for the finance department:* “The finance department of LBHC seeks to provide efficient, systematic processes based on ethical financial principles and standards of accountability through effective communication and teamwork.”
- c. *Code of ethics:* Ethics in finance is the framework of moral principles and standards that guide individuals and institutions in the financial industry. It aims to influence their decision-making and conduct. Ethical finance extends beyond compliance with laws and regulations and encompasses a commitment to honesty, transparency, integrity, and fair dealing.

2. Budget

- a. *Purpose of the budget:* The budget is a road map for LBHC and can provide direction to meet its' goals and objectives. The College has general procedures related to budgeting and approval of the annual operating budget.
- b. *The budget advisory committee:* The purpose of the budget advisory committee is to create a draft budget for the Board of Trustees to review. The budget advisory committee has wide representation from the faculty council, staff council, president's council, and finance department – each for a 3 year term. When the 3-year term is completed, a representative replacement is selected by members of the president's council, faculty council, and staff council. The finance department has one rotating representative. The president and chief finance officer are standing members of the committee. Committee members elect a secretary and chair. The members of the budget advisory committee represent a variety of perspectives from which to assign resources.

The committee allows each department the opportunity to provide input as to how funds are allocated. Having the input of the various departments provides a wide range of perspectives from within the College, thereby encouraging more effective and efficient workflows and processes, as well as the ability to identify current and emerging patterns, trends, and expectations.

Annually, during the spring (March, April, May, and June) the chief finance officer (CFO) prepares a budget using input from the budget advisory committee. The finance office and the president use financial data from past fiscal years' audits, the most current Tribal College and University (TCU) appropriations data, the indirect costs projections for all LBHC grants and contracts, auxiliary services revenue, recognized budget surpluses, and investment/endowment earnings to prepare the budget. The budget advisory committee members compare the draft budget to the actual expenditures from three previous fiscal years as reference points.

- c. *Budget cycle:* The College follows a budgeting cycle that takes place in the following five steps.
 - i. The budget advisory committee (BAC) determines the needs of the College.
 - ii. The BAC prepares the budget, based on the president's council input, previous fiscal years, and financial projections.
 - iii. The BAC compares the budget to actual expenditures.
 - iv. The BAC chair presents the budget to the Board of Trustees for review and recommendations.
 - v. The BAC modifies the budget as recommended by the Board of Trustees.
 - vi. The Board of Trustees approves the budget.

3. Independent Auditor's Report

Yearly financial statements and the independent auditor's report is prepared in accordance with generally accepted accounting principles in the United States as well as guidance issued by OMB federal guidelines.

The annual financial report includes an analysis of the College's overall financial performance during the fiscal year ended June 30th of each year.

Note: The contract with independent auditors is reviewed by the Board of Trustees every three to five years.

Steps to complete the audit

- a. The finance staff and the CPA consultants prepare for the audit.
- b. The auditors do the field work (i.e., review the files) at LBHC.
- c. The auditors prepare and complete the audit on or before March 30th.
- d. The Board of Trustees reviews and approves the audits.
- e. The CFO submits the audit to the Clearinghouse and EZ Audit.

4. Record Keeping

To provide an accurate and auditable record of all financial transactions, LBHC books, records, and accounts must be maintained in conformity with generally accepted accounting principles. Managers and directors are responsible for safeguarding organization assets and for maintaining an auditable record of financial transactions.

Further, the organization specifically requires that...

- a. No funds or accounts may be established or maintained for purposes that are not fully and accurately described in the books and records of the organization.
- b. Receipts and disbursements must be fully and accurately described in the books and records of the organization.
- c. No false entries may be made in the books or records, nor any false or misleading reports issued.
- d. Payments may be made only to the granting party or a valid assigned party and only for the actual services rendered or products delivered. No false or fictitious invoices may be paid.

If you have reason to believe that the organization's books and records are not in accord with the forgoing requirements, report the matter to the president.

5. Cash Receipts

- a. *Purpose:* The purpose of this section is to define the procedures related to the receipt of cash.
- b. *Segregation of duties:* Separation of duties is a principle that requires more than one person to complete a task. It's an administrative control that helps organizations prevent fraud, theft, sabotage, and other security threats. To the extent possible the separation of duties shall be in place. When the duties cannot be separated between two or more employees, a monitoring mechanism shall be in place to review the transactions that occur. Custody shall be with a separate person from the bank reconciliation function, accounts payable function and the general ledger entry function.
- c. *Cash receipts:* All cash received shall be given to a finance staff. The finance staff shall provide a receipt to the individual, a receipt to accompany the money and one to be left in a numerically numbered receipt book.
- d. *Cash deposits:* During the year, the cash shall be deposited weekly. This will alleviate large amounts of *cash on hand* generated by the LBHC bookstore, cafeteria, health and wellness center, and the registrar's office (transcripts). All cash is to be kept in a locked safe.
- e. *Petty cash:* Petty cash is kept on hand at the cafeteria, bookstore, and HWC health and wellness center of no more than \$300.

6. Direct Deposits

- a. *Direct deposits.* All direct deposits shall be entered into the system by finance staff, upon receipt of the transaction from the bank. After entering the transaction into the system the finance staff shall fill in the drawdown log with the recording date and initial.
- b. *Bank receipts.* The receipt from the bank and a receipt generated from the system shall be retained and kept on file in binders, in the finance office.
- c. *Grant funding deposits.* The College receives grant funding directly through an ACH transfer into a Federal Funds account set up at the Bank. This account is separate from the general operating account and the payroll account.
- d. *Electronic funds requests.* The finance staff shall be responsible to request the funds electronically from the various agencies. A log of requests shall be filled out completely with each transaction. The log shall include the corresponding grant requesting funds, system from which the money was drawn, account number (grant number) and date requested. In addition, all reports generated from the system that are used to determine the drawdown amount, shall be attached to the request. This paperwork will be kept in binders in the finance office and a copy placed in the grant file.

7. Bank Reconciliation

The amount of the drawdown will appear in the grant revenue line item for the corresponding program. Program directors and coordinators can check their individual line item and see the dollar amounts that have been drawn for their program.

A person independent of writing checks shall perform reconciliation of the bank account promptly at the end of each month. All bank reconciliations are to be retained in a binder in the finance office.

The finance staff shall reconcile the federal funds account monthly.

8. Accounts Payable

- a. *Purpose:* The purpose of the accounts payable section of the finance procedure is to define the practices related to the processing of vendor checks.
- b. *Definition:* The accounts payable office issues the purchase order numbers with required documentation and the checks for vendor payments.
- c. *Purchase orders:* Purchase order forms are in the file outside of the College reception area and are provided to supervisors electronically. All lines on the purchase order are to be filled out completely before a number will be assigned. In the line item column you must fill in a line item number from your program budget. The accounts payable office will not accept purchase orders with only a description for the account number. On the signature lines the person making the request will sign along with the program director/supervisor or the principal investigator on the grant. The dean that oversees the program will also sign on the president/dean's line. The president only signs for the programs in which he/she is directly supervising. Once all the necessary documentation is filled in and provided, the accounts payable clerk will assign a purchase order number and sign in the business office line. The purchase order then becomes a requisition.
- d. *Requisitions:* Only the items listed on the requisition will be paid for. The person making the request is responsible to obtain the most accurate unit prices available. Although at times shipping rates, taxes, etc. may vary, the requisition must be comparable to the invoice. All requisitions will be paid once an invoice is received and can be matched up with a purchase order number. Purchase orders will not be paid based on quotes.

e. *Checks*

Checks will be processed every Wednesday and will be ready for distribution on Thursday.

All purchase orders or requisitions that need to be paid that week must be in the accounts payable office by 12 noon on Monday. At noon the accounts payable clerk will gather all requests and receive them with the date, time, and initials. Any late requests will be processed the following week. When a holiday conflicts with the deadline, the deadline will be changed based on when the holiday falls.

Once a purchase order is given a number and entered into the system, the dollar amount is encumbered. A time limit of 60 days is allowed to maintain encumbrances on the system. Employees will be notified that a purchase order is outstanding for 60 days. The employee will be asked to verify the purchase order is still active or the employee will be asked to reissue a requisition and a new purchase order number will be assigned. The old purchase order will be deleted.

Once checks are paid, on Friday the accounts payable clerk will separate the check copies according to fund. If the program requires copies of checks, they have one week to request them. The finance staff will make these requested copies and place them in the campus mail. No original check copies will leave the accounts payable office! Individuals who do not request copies within the week must schedule an appointment at the accounts payable clerk's discretion.

f. *Contracts for consultants*

Required contract information: Consultant contracts must be completed with the following information: (1) description of services or work to be performed, (2) account expense number to charge the services or work, (3) duration of the contract, (4) amount to be expensed in total, (5) payment/compensation schedule, and (6) all required signatures. All contracts should be submitted one week prior to work starting.

Contracts do not need a separate purchase order as all the information is stated on the contract.

Contracts for consultants/speakers must have attached the documentation of the work completed. Program directors must submit a brief written statement outlining the experience/background of cultural consultants for those who do not have a resume on file.

The minimum and maximum rate must be established and relayed to the consultant/speaker prior to engaging in the contract. The human resources officer will need to initial off on the contract before the contract can be executed.

W-9 required: A W-9 with current information must accompany all contracts. W-9 forms are in the file outside of the reception area or in the accounts payable office.

Multiple payments: Multiple payments stemming from one contract will require authorization from the contract initiator.

1099s: Independent contractors who earn in excess of \$600.00 in any one year will receive a 1099 at the end of the year. This includes contractors, consultants and students who receive living stipends. Please refer to the Internal Revenue Service guidelines for additional clarification.

Employees on regular payroll cannot be paid through accounts payable for additional contracts. Employees cannot be paid through multiple contracts that would be more than 80 hours per pay period.

- g. *Gas cards:* A monthly list is to be updated for persons who are authorized to use the gas card. If an employee is not on the list, they will be denied the use of the credit card. This is the responsibility of the transportation coordinator. This list is to only include bus drivers for the student transportation routes. Otherwise, all employees must individually check out a card.

- h. *Credit Cards*

Issuance of an LBHC credit card requires authorization by LBHC President.

College credit cards are intended primarily for travel and related costs consistent with, and relative to, the duties of the College credit card holder.

College credit cards may be used for emergent situations or extenuating circumstances, requires immediate supervisor approval.

In the event the credit card is used for such purposes, the employee will have a maximum of 3 consecutive pay periods to pay back the college via payroll deduction.

All individual card holders have the responsibility to keep accurate, complete cost records and to submit adequate documentation to the finance office to support all charges made on the credit card.

Cardholders are responsible for reviewing and coding the specific card charges prior to submission of the appropriate purchase requisition to the finance office.

The cardholder will be responsible for any charges. Any inappropriate charges may be deducted in full on the cardholder's next paycheck. Consistent failure to adhere to these procedures will be reported to the cardholder's supervisor and may result in the revocation of the cardholder's credit card privileges.

9. College Travel

- a. *Authorized college travel:* A request for authorization to travel is on the file outside of the receptionist office. The request needs to be filled out completely with all signatures and supporting documentation. All travel requests must have the president's signature. The date of travel and time of departure must be filled in. A separate purchase order must be filled out for hotel accommodations and for airline flights. A printout of per diem rates must be attached. The rates can be obtained at www.firstgov.gov and go to federal rates tab and select the city.
- b. *Mileage:* If a privately owned vehicle is used, mileage will be paid according to the federal rate and will be paid from the place of employment. An auto mileage report form in the file outside of the receptionist office must be filled out when claiming mileage. Mileage must be pre-approved.
- c. *Mileage vs. flight:* If an employee is going on travel and wishes to drive, a comparison between the mileage costs and the cost of a 14 day advance notice for an airline ticket must be analyzed. The person can only claim the amount that is the lesser of the two.
- d. *Trip report form:* Upon return of being on travel status, a traveler has five working days in which to submit a trip report. Trip report forms are found on the file outside of the College receptionist office. On the report a traveler must complete the following: name, program traveled on behalf of college office or program, dates of travel, purpose of the trip, and results of the trip. Additional space is provided for a brief list of functions attended, contacts made and any recommendations for action or suggestions for follow-up.

Travel documentation: The traveler should provide copies of receipts, certificate of completion of training/attendance (if applicable) to support payment of trip expenditures.

Trip report received: The accounts payable clerk will maintain the copy of the check paid out for per diem, etc. in a suspension file. Once the report is received in the allotted five days, the report is attached to the check and filed in the proper place.

Travel receipts suspension file: The accounts payable will periodically review the suspension file. If a trip report is not turned in within the allotted time a standard memo/form will be sent to the individual, their supervisor and or dean. After the memo/form is sent, the traveler has five more days in which to complete the report. Failure to submit the report after the five additional days has expired will result in disciplinary action. The traveler will be required to pay back the advance received or a payroll deduction will need to be signed.

Incomplete travel: If a person fails to go on a trip, they must immediately return the advance given to them. If this does not happen, a payroll deduction will need to be signed as soon as possible.

10. Process of Authorized Checks

Please use black or blue pen on all documents. No white out, red pen, or pencil is to be used on checks and/or original documents.

Voided checks must be retained and placed in numerical order. Void shall be stamped on them immediately upon recognition of the spoiled transaction.

A copy of check register kept in binders in the accounts payable office.

Signatures-Two signatures are required on all checks. Original documentation must be attached to the checks and completed with all required backup and signatures. Unused checks shall be kept in a locked cabinet and access is limited. Checks will be utilized in numeric order.

The finance office will not be responsible for withholding checks from vendors or consultants.

If an employee is unable to pick up their check, a note with their original signature may be presented to the payroll officer releasing their check to the specified person. No phone calls telling the payroll officer to release a check, will be accepted.

11. Payroll

- a. *Purpose*: The purpose of the payroll section of the procedures is to define the practices related to the processing of payroll.
- b. *Definition*: Payroll is the issuing of payroll checks based on timesheets and documentation along with the payment of all related liabilities.
- c. *Personnel action form*: When a person is hired, they are rated according to the Board approved salary schedule. The human resources officer fills out the information on the form and then forwards the information to the payroll officer. All authorization for payroll comes from a personnel action form from the human resources officer. No one is to be paid without a personnel action form. If a person is being paid from various sources, a personnel action form needs to be in place for each funding source.

All changes regarding payroll need to be reflected on the personnel action form.

- d. *Time & effort reporting*: The College requires the documentation of actual hours worked on various programs. Each employee must have contracts in place with signatures prior to beginning work. All contracts (e.g., mini grants, short term projects, added hours) for all employees must be on contract and a copy given to the human resources officer.
- e. *Payroll changes*: All changes regarding payroll need to be reflected on a PAF.
- f. *Status of residence*: The payroll officer needs to know status of residence for state income tax purposes. Enrolled Tribal members living on the reservation are exempt from paying state income tax.

g. *Timesheets*

Timesheets available: Timesheets are on the file outside of the receptionist area. The payroll officer will e-mail an electronic version of the timesheet and leave slip. Please make sure the current version of the timesheet is being used.

Employees to sign own timesheet: To insure that unauthorized payments are not being made to individuals, each employee is to sign their own timesheet. When signing the timesheet the employee is verifying and testifying to the hours worked for which they claim. The Supervisor and Dean are also attesting that the hours claimed are the hours worked by their signature on the timesheet. All hours must add up correctly. The proper leave categories must be filled in and the total for the two week pay period must not exceed 80 hours. All timesheets need to be filled out completely before being turned in.

Timesheet submission: Timesheets are due no later than 12 noon on the Monday of payroll. No late timesheets will be accepted. If a timesheet is turned in late, payment will be made on the following payday. Please arrange to have your timesheet turned in, when you will be out of town. Employees must fill in their employee identification number. This number is no longer your social security number and may be obtained from the payroll officer. The correct pay period must also be filled in. A payroll schedule may be obtained from the payroll officer.

Advanced pay/expended annual and sick leave: Supervisors and deans must take initiative to ensure leave is available. When employees have used all their leave, they cannot be paid for leave hours they do not have. Payroll will not pay if leave is expended. No approval from a supervisor is needed. Notification will be sent to the employee and their supervisor regarding this action.

Annual leave carryover: Refer to HR policies in section 3.6 (leave categories) of the employee policy and procedure manual.

Personal leave: 40 hours of personal leave is available to each employee per fiscal year for emergency purposes only. Prior approval from the president is required for personal leave. This is provided on a use or lose basis. Personal leave can be used for immediate family only for bereavement, when imminent death is apparent, or for family sick leave (extenuating factors).

Deductions: Payroll does not make bill payments for employees. AFLAC, 401K, IRS, student loans, and LBHC's Student Bill, health & wellness center, and bookstore are the only allowable voluntary deductions through payroll.

Garnishments: Any legally required deductions (e.g., IRS, student loans, child support) will be made.

Employee pay: No employee is to be paid over 80 hours per pay period.

Voided payroll checks: Voided payroll checks must be retained and placed in numerical order. Void payroll checks shall be stamped on them immediately upon recognition of the spoiled transaction.

Check register: A copy of check register kept in binders in the payroll office.

Payroll check signatures: Two signatures are required on all payroll checks. Original timesheets and documentation must be attached to the checks and completed with all required backup and signatures. Unused checks shall be kept in a locked cabinet and access is limited. All checks will be utilized in numerical order.

Direct deposit for payroll: Employees may choose to have direct deposit of their payroll check. Employees must complete the direct deposit form with a cancelled check attached for permission to have direct deposits to the employees designated bank.

Permission for payroll check release: If an employee is unable to pick up their check, a note with their original signature may be presented to the payroll officer to release their check to the specified person. No phone calls telling the payroll officer to release a check, will be accepted.

12. Investment/Endowment and Reserve Funds

- a. *Purpose:* The purpose of this section is to provide guidelines for managing LBHC's investments.
- b. *Endowment management:* The procedures seek to minimize the risk, follow external guidelines, and to ensure a competitive rate of return on investments.

The authority to invest endowment funds rests with the president and president's council. Endowment funds are designated by the donor for the purposes of long term investment, not otherwise required or to be used by the daily operations of the College.

The funds shall be invested using sound judgment, discretion, and prudence. A comparison of investment opportunities shall occur annually. The endowment fund is invested by a bank's wealth management program, with direction from the president's council, using investments most beneficial to the College.

All investments must be insured from the FDIC or assets must be pledged to cover the amount of money invested.

- c. *TCU reserve account:* The TCU reserve account is invested in an income with growth objective, which is designed to provide income and some capital appreciation for investors with a low risk tolerance and a 3 to 5 year time horizon. It is a long-term target allocation of approximately 65% fixed income and a 35% equity investments. Historical returns for an income with growth portfolio are 4 to 5% annually.

13. Bank Accounts

- a. *Operating account:* LBHC maintains an operating checking account at a local bank. This account is used to meet LBHC's daily obligations. All accounts payable checks shall run through this account. All cash deposits are received in this account. The operating account will be a separate and distinct color from the payroll checks. All unused checks will be kept locked and have limited access.
- b. *Payroll account:* The College maintains a separate checking account for all expenses related to running payroll. All payroll checks and liabilities are to be paid from this account. Two signatures are required. The payroll checks will be a separate and distinct color from the accounts payable checks. A transfer will be made from the operating account to cover the total cost of a payroll run prior to the issuance of the payroll checks.
- c. *Repurchase account:* LBHC maintains a repurchase account at a bank. The repurchase account takes the money left in all the College's accounts at the end of the day and invests it in government securities and then puts the principal plus the interest back into the accounts the next morning. This account is insured for 103% of our available balance.
- d. *Certificates of deposit:* All certificates of deposits shall be kept in a locked safe or in a safety deposit box at the bank. Access to the original documents shall be limited to LBHC's check signers. A current list of CDs and amounts and maturity dates shall be always kept on file.
- e. *Construction and loans:* LBHC may have construction to expand the campus and this may require loans. There is a process to start construction, which is reviewed by the Board of Trustees. If a loan is required, the loan process is also reviewed by the Board. This is designated to the president and president's council for the construction and loan process.

14. Chart of Accounts

The principal account groupings in the chart of accounts of LBHC are as follows:

- a. *Current assets:* 01-1-00000-000-00000-1005 to 1499 – Cash and other assets that will be realized in cash, sold, or consumed during the normal operating year of business.
- b. *Cash:* 01-1-00000-000-00000-1100 to 1105 – on deposit with banks and on hand at offices exclusive of time deposits shown below: Do not include funds that are in blocked accounts or bank overdrafts.
- c. *Marketable securities:* 01-1-00000-000-00000-1110 to 1999 – Securities held on a non-permanent basis and readily marketable.
- d. *Current liabilities:* 01-1-00000-000-00000-2100 to 2500 – Debits or obligations that are payable out of current assets within the current operating year.
- e. *Bank short-term fixed rate loans, unsecured:* 01-1-00000-000-00000-2115 – Bank loans for periods up to one year at a set rate without security pledged by the borrower.

15. Office of Sponsored Programs (Grants)

Purpose: The purpose of the office of sponsored programs is to oversee all grants awarded to the College regarding compliance and financial accountability.

New grants: A formal process is established and must be followed when applying for a grant.

Meet with dean, president, and sponsored programs officer: When the request for proposal is issued, a meeting needs to occur with the dean, chief finance officer, and president. The College needs to ensure the requirements of the grant can be accomplished and the objectives of the grant agree with the vision statement of the College.

Once this is approved a review of the grant and each person needs to sign off on the grant. The dean will be responsible for knowing the scope of the grant and ensuring the grant is following the mission of the College. The sponsored programs officer ensures the budget is in line with LBHC's needs. The president has the final approval of the grant. The College limits the number of individuals who can submit grants.

Once a grant is awarded, it needs to contain the following information:

- a. Placement of the grant in terms of personnel on the organizational chart.
- b. How much and what type of in-kind is to be used (if applicable, see the "acceptable methods of accounting for in-kind costs" below).
- c. A description of the grant and a budget narrative.
- d. Catalog of Federal Domestic Awards (CFDA) number. This number must be used to report each federal grant on the audit.
- e. Amount of the grant. Please make sure this number matches the award. Not all money asked for is received and the budget must reflect this change.
- f. Duration of the grant.
- g. *Indirect costs:* Are indirect costs allowed on the grant and, if so, at what rate? LBHC sends in an indirect cost proposal each year to be negotiated and accepted by its cognizant agency. A copy of the proposal and rate may be obtained from the CFO. LBHC manages grants and contracts that have indirect costs as a line item in the budget. Indirect costs are under the control of regulations by the federal government.
- h. *Reporting requirements:* A brief summary on when financial and programmatic reports are due.

Once the grant is awarded the principal investigator must email or notify finance staff, human resources, deans, and all interested personnel of the official award.

All original award letters, budgets, and narratives must be in the grant file in the finance office.

It is the program directors responsibility to make sure all pertinent correspondence and original documentation is filed in the finance office – most importantly the award letter and budget.

The sponsored programs officer will review the budget and set up the proper accounts in the accounting system. Five days from the receipt of the official Federal Assistance Award is needed to setup the accounts on the accounting system.

The program director needs to get rights to Jenzabar and at the initial meeting with the grants manager they will go over the process to view all the program's accounts on the system. The sponsored programs officer will go over the budget, account numbers and handout a spreadsheet of the official budget. The budget does not always use the same exact names and accounts as the grant. Some programs have anywhere from ten to one hundred line items. All these line items cannot be put into the general ledger on the system. The spreadsheet is to serve as a basis to reconcile printouts from the actual accounting system. After the sponsored programs officer initially sets up the spreadsheet in Excel, it is the responsibility of the program director to maintain and upkeep the figures.

If at any time a figure is in the system incorrectly, it is the responsibility of the program director to immediately inform the finance officer by e-mail or in writing to make the correction. Each program is given the opportunity to reconcile before the year end and before the audit is completed. Once the audit is completed, no changes will be made.

Monthly meetings will be setup with the sponsored programs officer during the first week of the month. During this meeting reconciling with the budget should occur along with a narrative of upcoming events. This is to help prepare for the events and make people aware of things that need to be processed. If an event is going to occur the Dean needs to sign off on the occasion. If a program director fails to attend the monthly meeting, a memo will be sent to the dean. These meetings are important to keep abreast of the progress of each grant.

Acceptable methods of accounting for in-kind costs

- i. By way of background, there are three accepted methods of accounting for in-kind costs: (1) a book of original entry, (2) general journal entries supported by worksheets detailing the in-kind costs, and (3) worksheet entries without recording in-kind in the institution's official books of account.
- ii. There is considerable concern that recording in-kind costs in the books of account could distort the financial position of the College, especially when more than minimum match is reflected. On the other hand, a true picture of the College's ability to achieve its mission would not be reflected if in-kind costs were not fully reflected.
- iii. In situations where in-kind services, equipment or space represented a major element whereby the agency can achieve its overall mission, in-kind costs should be recorded in the books of account in a special in-kind book of original entry or a general journal entry.

16. Retention of Records

- a. LBHC will retain Financial Records in chronological order, organized by fiscal year, consistent with guidelines established by appropriate and relevant authorities.

- b. *Retention thresholds*

In accordance with the “Guide to Record Retention Requirements,” National Archives and Records Administration, U.S. Department of Commerce, for the Internal Revenue Service, the following records will be retained for the indicated minimum periods:

- i. LBHC will retain the following records for a minimum of six years after the close of the fiscal year is completed: accounts payable and accounts receivable ledger, payroll register, inventory ledger, bad debt write-off supporting details, cash book check register and checks, invoices (funding sources and vendors), and insurance safety reports.
 - ii. LBHC will permanently retain the following: Audit reports, chart of accounts, financial statements, general ledger, fixed asset records, journal vouchers, profit and loss statements, tax returns, annual corporate reports, charters and by-laws and minutes, grants and agreements, tax and legal correspondence, incorporation records, labor grants, insurance claims and policies, accident reports and retirement and pension records.
 - iii. Grant records will be retained according to the guidelines above unless the grant agency specifications and requirements stipulate a longer retention period. Retention of the grant records, including accounting, financial and reporting records, supporting documents and all other administrative records pertaining to grant or contract activity are kept for a minimum of three years after the final financial status report (e.g., SF425) has been accepted by the sponsoring agency, unless litigation or an audit has started before the expiration of this period. This file shall be maintained as the institutional official record of the grant – no other separate file or record will be maintained.
 - iv. All records not supporting government grants or otherwise covered by the rules of the Internal Revenue Service will be retained for three years from the end of the fiscal year in which the records were originally prepared.
- c. *Retention location:* LBHC will retain records electronically, whenever it is possible to comply with funders criteria and maintain the records integrity.

When a physical copy of the file is required, LBHC finance office will retain files for three years in the office before sending them to LBHC Archives to be retained for a minimum of five additional years following the end of the fiscal year, or termination of the grant award.

If any litigation, claim, negotiation, audit other action involving the records has been stated before the expiration of the three-year period, the records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the regular three-year period, whichever is later.

- d. *Disposal of records:* Disposal of records occurs within the relationship with the LBHC archives. Transmittal of records includes records disposal parameters, consistent with this procedure as certified by the finance office employee designated by the chief finance officer for responsibility of records.

17. Financial Files

- a. *Retention of financial records:* All financial records shall be maintained for a period of seven years. All current and last fiscal year information will be stored in the finance office. Any years prior will be placed in storage and labeled by fiscal year.
- b. *Retention of grant records:* All records both financial and programmatic, pertaining to a grant, shall be retained for three years after the official end date of the grant. All grants that have ended within the last fiscal year shall be stored in the finance office. Any previous grants will be labeled and placed in storage until the destroy date.
- c. *Fixed asset account group:* A list of fixed assets must be maintained in the finance office. Type, serial number, description, location, date acquired, cost and useful life. Once a year, inventory shall be conducted and completed by June 1st. A list of program inventory shall be placed in the grant file. It is the responsibility of the director to maintain and update this list. If an item is stolen, a police report needs to be filed immediately. The original police report will be attached to the inventory list in the grant file in the finance office.
- d. *Capital asset purchasing:* A purchase order to the finance office is required for procurement of equipment and supplies. Equipment purchases must fall within the budgetary parameters and be approved by the immediate supervisor, respective dean, CFO, and president. All purchases of \$5,000 and over will require a written memo, a receipt of three bids, and approval by the Board of Trustees. Reimbursements for purchases are discouraged. The chief information officer and finance office maintain a campus-wide inventory which shall be updated annually during the month of January by all personnel.

18. Student Billing

- a. *Purpose:* To oversee the billing and distribution of student funds.
- b. *Student billing:* The financial aid office sends notices of awards (i.e., scholarships, grants, institutional and federal work study) to the finance office.
- c. *Institutional work study:* Students who are unable to receive financial aid may sign up with the financial aid office to work off their bill. Only tuition can be worked off. The student is still responsible for fees and books. The student's account will be credited with the hours worked and paid at the rate of minimum wage. Financial aid will place students in the areas they are needed. Supervisors sign off on timesheets and then will give it to the financial aid office. Financial aid sends a memo to student billing. Student billing credits account and returns a receipt memo.
- d. *Book orders:* All book order forms must be completed and submitted in a timely manner. Department heads will order books for adjunct faculty. All incomplete book orders will be returned and will not be processed until the form is complete. Book orders should be turned in as soon as possible to deter the expense of overnight shipping. All book orders must go through the bookstore clerk. Faculty are not to order books on their own. If this occurs, the faculty member will be responsible for payment of the order. Faculty are responsible for ordering their instructor manuals and go thru dean of academics.
- e. *Picking up books:* Students will be asked to turn in their schedule and the books will be ready in a timely manner. When the student picks up books, they must sign their schedule attesting they have received the books listed. If books are not in, the student will be asked to come back and must sign off when picking up the additional book. After all calculations are made on the cost of the books, the bookstore clerk manually enters in the book charges for each student. Once a student picks up a book, they will not be able to return the book unless they drop the class on or before the add/drop deadline, or the class is cancelled.
- f. *Disbursement of student checks:* The finance office will receive the paperwork for student awards by Monday at noon after the seventh week of classes. The finance department will process tuition refunds through student refund processing. Student financial aid and scholarships will be applied to the student's current and previous bill. All scholarships can be applied to the student's previous bill except for Pell.
- g. *Tuition waiver:* A tuition waiver is available to employees and board members for one class per semester. Employee's, senior citizens, and board members receive tuition waivers. The waivers may be obtained from the financial aid office. Once the waiver is complete the financial aid office will provide a memo and the student billing clerk will make the adjustment to the student's account. Only the cost of tuition may be waived. The student is still liable for all fees and books. The tuition waiver must be submitted to the financial aid office within the current semester of registration.

- h. *Tuition free classes:* Any person offering a tuition free class must obtain approval from the dean of academics and must notify the registrar/admissions office along with the financial aid office. The registrar will then inform the student billing clerk. A completed list of all tuition free classes is due in the finance office at the end of each semester from the registrar/admissions office. Any instructor or program director offering such classes must adhere to this process. Student's accounts need to be reflective of the most accurate and up to date information.
- i. *Payroll deductions:* Employees who have student bills for tuition may sign up for a payroll deduction from the payroll officer. Payroll deductions will be a minimum of \$50.00.
- j. *Student bills:* Any student with a current or past due bill of \$1,500.00 will not be able to register without paying the bill or setting up a deferred payment plan. A deferred payment plan breaks down the amount of the bill into four or eight equal parts with payment times throughout the semester. Payment on the deferred payment plan will be monitored each month by the student billing clerk throughout the semester. If a student has not made payment they will be asked to promptly provide for payment or be withdrawn from classes. If the student wishes to enroll later, the student's bill must be paid in full. Every attempt should be made and documented by the student to secure financial aid assistance. All students working for the College, in any capacity, with an outstanding student bill must arrange for a payroll deduction. Official transcripts and diploma will not be released without full payment of a student's bill.