



Accounting Policies & Procedures

(Revised August 2021)

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I. Introduction

1. General

This manual documents the accounting and business policies and procedures for the College of the Marshall Islands. These policies and procedures have been designed to help safeguard the College's assets and to promote accuracy, efficiency and consistency in accounting and business operations throughout the College. The Vice President of Business Administrative Affairs is responsible for establishing and maintaining these procedures in accordance with policies established by the College's Board of Regents. Recognizing that the Accounting Policies and Procedures are varied and numerous, this manual is not intended to cover every possible issue or situation that may arise.

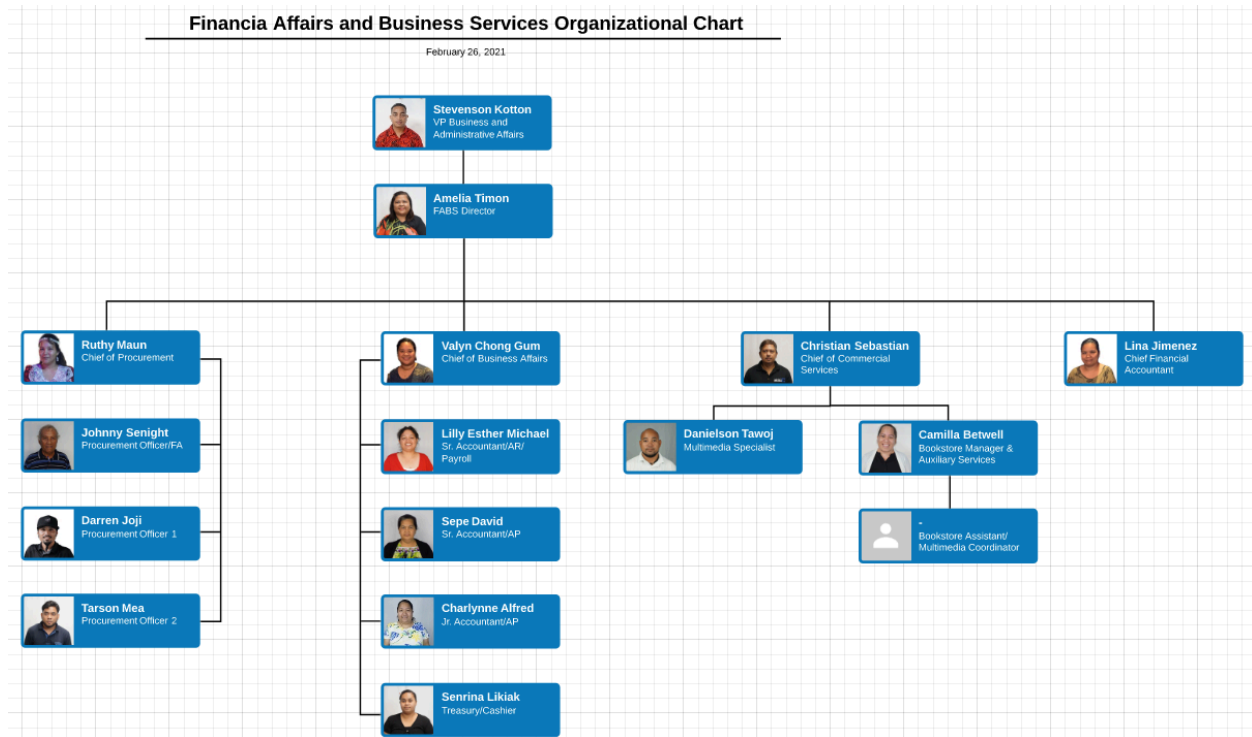
The manual is organized into eleven sections for the major business processes supported by the Business Office Department:

- Budget and Planning
- Treasury Management
- Accounts Receivable
- Inventories
- Fixed Assets
- Purchasing and Accounts Payable
- Payroll
- Restricted Fund/Grants Management
- Internal Controls and Risk Management
- Closing Procedures

Each section includes subsections corresponding to the sub-processes within each process. The documentation for each sub process includes the following information:

- Scope – Defines the applicable areas of operation subject to the policies and procedures.
- Policies – Summarizes the applicable policies that guide the procedure.
- People – Lists the key positions/individuals involved in the procedure.
- Technology – Lists the systems that support the procedure.
- Forms – Lists the documentation used as input to the procedure.
- Procedures – Documents the key work steps in the procedure.

2. Business Office Organizational Chart



3. Amending the Accounting Policies & Procedures

This manual contains the essential fiscal policies of the College of the Marshall Islands, as determined by the Board of Regents. This manual may be amended as additional matters require changes or revisions.

II. Overall Financial Policies and General Accounting Procedures

1. *General Financial Policies*

a. *Fund Accounting*

In order to ensure the observance of limitations and restrictions placed in the use of the available resources, the College accounts for financial activities through the use of fund accounting. The measurement focus is the determination of financial position and changes in fund balances.

The accounts of the College are organized and operate on the basis of Unrestricted, Restricted, Endowment and Plant Fund groups.

Unrestricted Funds group includes those economic resources of the College which are expendable for the purpose of performing the primary mission of the College and which are not restricted by external sources or designated by the Board for other than operating purposes. The term “current” means that the resources will be used for operating purposes.

Restricted Funds group are those available for the College’s operations but which are limited by donors and other external agencies to specific purposes or programs.

Property, Plant & Equipment are recorded in the *Plant Fund* at cost. In the case of gifts, they are recorded at fair value on the date of donation. In accordance with generally accepted accounting principles for governmental entities, *Governmental Accounting Standards* Board Statement No. 35, depreciation on property, plant and equipment is recorded.

Endowment funds are received from a donor with the restriction that the principal is not expendable. A true endowment refers to amounts that have been contributed with donor-specific restrictions that the principal be invested in perpetuity; income from those investments may also be restricted by donors. A quasi-endowment refers to funds designated by the Board of Regents of the College of the Marshall Islands to be retained and invested for specified purposes for a long but unspecified period

b. *Basis of Accounting*

For Financial Statement purposes, the College is considered a special-purpose government-entity engaged only in business-type activities. Accordingly, the financial statements of the College are being prepared using the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred.

c. *Revenue recognition*

The College’s fiscal year starts on October 1 and ends on September 30. A percentage of the Revenues for Fall semester is included in the operating budget of the Unrestricted Fund. Tuition Revenues received as of September 30, relating to

the Fall semester will be deferred in the financial statements and is recognized in the applicable subsequent year.

d. *Encumbrances*

Encumbrances are represented by executed purchase orders and contracts and recorded as a designation of the funds balance at the end of fiscal year.

e. *Interfund borrowings*

Interfund borrowings are made between funds to finance expenditures until related receivables, due primarily from restricted funds, are collected.

f. *Budget Policy*

The Board of Regents has the ultimate authority to approve the College's operating and capital budgets. All unencumbered appropriations in the operating budget lapse at the end of the fiscal year. Budgets are prepared on a regular basis. CMI's Budgets and related processes must reflect, and aim to implement, its strategic master plan.

g. *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions are necessary to report the amount of assets and liabilities and disclosures of contingent assets, liabilities at the date of the financial statements and should be made based on professional judgment.

2. *General Accounting Procedures*

2.1 *Overall Accounting Systems Design*

A complete and comprehensive set of accounts is maintained using the MIP System. The account numbers are designed to provide some identification regarding the College's fund group, function, etc.

The College of the Marshall Islands will maintain records and make reports in such form and containing such information, as may be required. Furthermore, the College will maintain such accounts and documents which will permit expeditious determination of the status of funds and the levels of services, including the disposition of all monies received from its funding sources and the nature and amount of all charges claimed against these funds.

2.2. *Chart of Accounts*

The chart of accounts is the identification system for the five sections of the College accounting system: assets, liabilities, fund balances, revenues and expenditures.

The coding structure of the College is:

XXXX	XXXX	XX	XXXX	XXXX
Fund	GL Code	Function code	Department	Program

- 2.2.1. *Fund Code* - The fund is the first four digits of the coding structure of the College. This would identify which fund group the transaction will be charged.
- 2.2.2. *General Ledger (GL) code*- identifies the type of account: assets, liabilities, fund balances, revenues and expenditures
- 1XXX - Assets
 - 2XXX - Liabilities
 - 3XXX - Fund Balances
 - 4XXX - Revenues
 - 5XXX - Expenditures
- 2.2.3. *Function code*- used to identify an institutional function. These are functions which need to be tracked across all fund/organization/account combinations .
- 00 Non-functional
 - 01 Student Aid
 - 02 Instructional
 - 03 Administration
 - 04 Student Services
 - 05 Operations and Maintenance
 - 06 Post-Secondary Education
 - 07 Academic Support
 - 08 Auxiliary Enterprises/Bookstore
 - 09 Fixed Assets/Minor Improvements
 - 10 Extensions Services/Land Grant Programs
- 2.2.4. *Department code*-used to identify a unique organizational budgetary unit. Department codes are created so that reports can easily summarize a department's operations.
- 2.2.5. *Program code*- used to identify the financial activity of a program.

2.3. *General Ledger Activity*

- 2.3.1. All journal vouchers should be approved by the VPBAA and must be supported by adequate documentation that clearly shows the justification and authorization for the transaction.
- 2.3.2. A complete audit trail will be maintained by the use of account or reference codes from source documentation to the General Ledger.

- 2.3.3. Each balance sheet account should be reconciled monthly to ensure that postings are correct and adjustments have been properly processed. All differences and balances should be investigated on a timely basis.
- 2.3.4. Monthly reconciliations will be completed and submitted to the VPBAA for review before the 5th day of the following month.

III. Budget and Planning

This section presents the following College accounting procedures:

- Budget Development, Recording and Controls

A. Budget Development and Recording

Scope:

These policies and procedures apply to the development of the operating and capital budgets for the College (refer to the College's Budget Policy and Manual).

Policies:

1. ***Budget Authority*** – The CMI Board of Regents has the final authority in approving the annual Budget. The Board of Regents charges the President with the responsibility of preparing “a Budget that is in line with the needs of the college, and (of) expending funds appropriated to the college by the Nitijela Appropriation Committee, collected from tuition fees, or donated to the college by any other entity. The President as the Chief Executive Officer of the College has delegated the responsibility of Budget compilation to the VPBAA.
2. ***Budget Committee*** – A Budget Committee is established within the college to:
 - a. Review Budget for Unrestricted Fund submissions to ensure that the funding requested supports proposed program objectives and activities in accordance with CMI's goals as indicated in the periodic plans of the institutions.
 - b. Recommend funding allocations based on the priorities of the institution and on program performance and evaluation, which includes expenditure history and a review of current as well as projected needs; and

- c. Refine and balance the Budget based on the college priorities in times of inflation or if the resources are not sufficient enough to cover all departments' requests.

The following members compose the Budget Committee

- VPBAA/Chief Finance Officer
- Vice-President for Academic & Student Affairs
- Executive Vice President
- Chief Administrative Officer
- Dean of Academic Affairs
- Dean of Student Services and Community Division
- Dean of Student Life
- Student Body Association Representative
- Academic Departments Heads

The VPBAA/Chief Finance Officer chairs and schedules the meetings of the Budget Committee. The Budget Committee provides advice to the President regarding detailed budget plans.

3. ***Revenue Categories*** – The source and nature of revenue determines the manner in which a Budget is prepared at the college. FOR BUDGET PREPARATION PURPOSES ONLY, revenues are classified into five (5) categories: 1) RMI Government Appropriations; 2) Tuition & Fees and Indirect Cost; 3) Auxiliary Enterprise; 4) Grants and Contracts; and 5) Capital Fund. The Budget guidelines and procedures for each revenue category differ slightly from one another due to the nature and source of the revenue.
 - a. *RMI Government Appropriations (Unrestricted)* – The RMI Government appropriate funds to support the College in General Expenses. These expenses include salaries of full time and part-time employees, regular employee benefits such as housing, supplemental and life insurance, and all other operating costs.
 - b. *Tuition Fees and Indirect Cost (Unrestricted)* – CMI generates this revenue from student admissions, registrations, tuitions, other fees and indirect cost revenue collected from sponsored projects, grants, and subrecipient agreements and from training contracts. This revenue also covers the general expenses of the college such as salaries of full time and part-time employees, regular employee benefits such as housing, supplemental and life insurance, and all other operating costs.
 - c. *Auxiliary Enterprise (Unrestricted)* – CMI generates this revenue from Dormitories and Bookstore Sales. This revenue is not restricted in use but currently, revenue is allocated for Bookstore Purchases, supplies and minor renovation of Dormitories.
 - d. *Grants and Contracts (Restricted)* – The College receives funding from sources that are generally used for personnel and/or operating cost of specific programs or projects. Accordingly, the grantor or donor generally restricts the use of these funds. The nature and sources of these revenues are 1) Federal Programs – CMI applies for and receives financial assistance from the U.S. Government in the form of grants or cooperative agreements. The conditions for the use of the funds

are established by the program and defined in the grant award. The duration of the grants or agreements range from one to five years. Federal funds are considered to be supplemental and should not supplant local funds, 2) Contracts and Local grants – The College receives funds for specific projects through various contracts with private and public entities. These contracts are usually for training activities.

CMI also receives grants from organizations and from agencies of the RMI Government for carrying out special projects. The use of these funds is usually restricted by contract or grant conditions.

- e. *Capital Fund (Restricted)* – CMI applies for and receives funding from the Capital Improvement Fund of the RMI Government. The use of these funds is restricted for capital improvements, construction of facilities, and equipment purchases.

4. ***Budget Structure & Establishments-*** The budgeted amount for tuition and fees and indirect costs for the current year is based on the level of revenue collected in the previous academic year while appropriation of the funds to the College by the RMI Government is based on the annual allocation approved by the Nitijela.

5. ***Expenditure Authority*** – The President has the authority to expend funds for the designated purposes of the institution. The President, however, has delegated this authority to the Department Heads, Deans, and Directors. This decentralized arrangement empowers Department Heads, Deans, and Directors to use funds prudently and to manage their programs responsibly.

6. ***Budget Monitoring*** – The VPBAA is responsible for monitoring all funds and expenditures of the College. However, Administrators and Directors within the College that have a Budget for their department and/or unit are responsible for monitoring and tracking expenditures in the areas for which they have oversight.

The Business Office provides monthly expenditure reports to the President, Department Heads, Deans, and Directors for use in monitoring their expenditures in relation to their budget.

Expenditures must comply with the budgetary limits established by the RMI Government appropriation committee and the budget for tuition & fees as approved by the Board of Regents. However, in the event that the expenditures are forecasted to exceed the budgetary limits, the VPBAA will inform the President of the expected budget shortfall. The President then informs the Budget Committee of the expected shortfall and will propose an action plan to the Budget Committee to develop to address the Budget shortfall.

7. ***Budget Reprogramming*** – Although Budgets may have been established and approved by all relevant parties, adjustments or re-allocations to budgets may be necessary for various reasons such as revenue fluctuations, higher than expected expenditures within budget categories, and projected lapses of funds that could be reallocated to other areas. Adjustments or reallocation to the Budgets is commonly

referred to as “reprogramming”. Reprogramming entails a transfer of a certain amount of available funding out of one or more expenditure categories and into one or more other expenditure categories. Once approved and signed, the Budget Transfer Form should be forwarded to the VPBAA for entry into the accounting system. The signed and approved original is retained by the VPBAA and attached to the original Budget, and a copy is given to the Department Head, Dean, or Director with expenditure authority indicating that the reprogramming request is in effect.

The Department Head can reprogram up to the maximum amount equivalent to 10% of the total Department’s Budget without approval of the Board of Regents per request. If the request is more than 10%, the Department Head should submit the proposal to the President through the VPBAA. The President presents the proposal to the Board of Regents. If the request is denied by the Board of Regents the request will not be granted.

People:

- Board of Regents
- Executive Council
- CMI Budget Committee Members
- VPBAA

Technology:

- MIP Fund Accounting System, Budget and Reporting modules
- EXCEL Budget spreadsheets

Forms:

- Approved Budget Form
- Request For Budget Change Form
- Budget Reprogramming form

Procedures:**1. Budget Development and Controls****1.1 Budget Formulation**

- 1.1.1 Each Department Head or Budget Managers compiles budget estimates on the budget worksheet, based upon organizational goals and strategic plans.
- 1.1.2 The Budget Committee makes revenues projections based on historical data and anticipated funding sources.
- 1.1.3 The VPBAA compiles all budget worksheets to prepare the preliminary budget package.
- 1.1.4 Each Department will present their proposed budget to the Budget Committee.

- 1.1.5 The Budget Committee recommends funding of proposed programs based on the identified priorities for the fiscal year.
- 1.1.6 The President reviews the recommended budget by the Budget Committee and recommends a preliminary budget to the Finance Committee of the Board of Regents.
- 1.1.7 The Board of Regents approves the recommended budget on its September meeting.

1.2 *Budget Timeline*

February

- Department Heads begin to develop departmental budgets at departmental level.
- Department Heads begin assessing departmental needs and priorities.
- Budget Committee will compile priorities and needs of the college based on various departments' recommendations
- Budget Committee will determine the highest priority and needs of the college

March to April

- Department Heads should submit a budget to the VPBAA.
- The VPBAA will compile and review all departments budget and match it to the budgeted revenue
- The VPBAA will call a meeting with all the Department Heads to review the compiled budget. If there's a deficit, the Department Heads should cut some of their expenses base on the priority and needs of the College

MAY

- VPBAA compiles the final draft of the Budget

JUNE to JULY

- VPBAA submits the compiled budget to the President for further discussion

AUGUST

- The balance budget will be submitted to the Board of Regents Finance Committee for preliminary approval.

SEPTEMBER

- The approved budget will be submitted to the Board of Regents for final approval.
- The approved budget by the Board of Regents will be submitted to the RMI appropriations committee, through the Office of the President for funding appropriations.
- If the appropriations committee approves the requested amount, the Board of Regents will do final approval of the Final Budget.
- If the Appropriations Committee disapproves the requested amount, the Budget Committee should meet again to balance the Budget according to the priorities.

OCTOBER

- The College new fiscal year begins.
- College begins implementation of priorities

1.3 Preliminary Capital Budget Estimates

- 1.3.1. The capital budget process is conducted concurrently with the operating budget process.
- 1.3.2. The VPBAA meets with CMI Budget Committee to identify capital budget requirements and estimates and make revenue projections.
- 1.3.3. The VPBAA and the Budget Committee compile the capital budget estimates.
- 1.3.4. The President reviews the recommended budget by the Budget Committee and recommends a preliminary budget to the Board of Regents.
- 1.3.5. The Board of Regents approves the recommended budget on its September meeting.

2. Budget System Controls

- 2.1 Upon Board of Regents' approval of the Budget in conjunction with the Nitijela appropriation in September, the VPBAA enters the budget into the MIP fund accounting system and distributes the budget to all Budget Committee Members.
- 2.2 CMI Budget Committee members may make budget adjustments within their total allocated budgets using the Request for Budget Change Form, which is submitted to the President and VPBAA for approval as long as the budget transfer will not exceed 10% of their total Department budget per transfer. Any budget transfers more than 10% shall be approved by the Board of Regents.
- 2.3 The VPBAA receives the approved Request for Budget Change Form from the President and enters the adjustments into the MIP fund accounting system. The approved Request for Budget Change Form is filed with the approved budget.
- 2.4 All Department Heads/Managers will have access to the Budget Module in the MIP Accounting System to monitor expenditures against budgets.

IV. Treasury Management

This section presents the following College accounting procedures:

- Cash Management
- Cash Account Reconciliation

A. Cash Management

Scope:

These procedures apply to the maintenance of the College's cash, cash equivalents and investment accounts.

Policies:

Cash Receipts- It will be the policy of the College to record cash receipts completely and accurately.

Cash Disbursements- All disbursements shall be made through checks and prepared on designated days upon receipt of properly authorized disbursements requests that contain appropriate documentation.

Investment- It is the policy of the Board of Regents of the College of the Marshall Islands to invest public funds in a manner which will provide the highest return with the maximum security while meeting the daily cash flow demands of the College and conforming to all statutes governing the investment of public funds and other policies of the Board.

The Business Office Department monitors cash position on a daily basis.

Participants:

- VPBAA
- FABS Director
- Accounts Payable Accountant
- Student's Accountant
- Payroll Officer

Technology:

- MIP Fund Accounting System
- EXCEL Cash Position spreadsheet

Procedures:

1. Daily Cash Position Process

- 1.1. Cash receipts (Treasury Section), cash disbursements (Accounts Payable & Treasury section) and payroll should be communicated to the VPBAA on a daily basis.
- 1.2. The VPBAA prepares a Projected Cash Flows Report per month to determine the level of cash needed for the month. This report will be the basis in approving requests for payment and release of checks to the vendors.

2. Investment

- 2.1. Investments shall be made with judgment and care. Investment officials should exercise the standard of prudence in the context of managing an overall portfolio.
- 2.2. Objectives- The primary objectives of the Board's investment activities shall be:
 - 2.2.1. Safety: Safety of principal is the foremost objective of the investment program. Investment of the Board shall be undertaken in a manner that seeks to ensure preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.
 - 2.2.2. Liquidity: The Board's investment portfolio will remain sufficiently liquid to enable the Board to meet all operating requirements which might be reasonably anticipated.
 - 2.2.3. Return on Investment: The Board's investment portfolio shall be designed with the objective of attaining a market rate of return throughout the budget and economic cycles, taking into account the Board's investment risk constraints and the cash flow characteristics of the portfolio.

B. Cash Account Reconciliation

Scope:

These procedures apply to the reconciliation of Business Office Department records with the statements provided by the College's bank.

Policy:

The Business Office Department shall perform a monthly reconciliation of general ledger cash balances to bank account statements.

Participants:

- VPBAA
- FABS Director

Technology:

- MIP Fund Accounting System
- EXCEL cash reconciliation spreadsheet

Procedures:

1. Bank Statement Reconciliation

- 1.1 The Business Office Department receives monthly bank account statements.
- 1.2 The FABS Director enters the cleared checks received with the bank statement as reconciled in the accounting system. The checks are filed with the bank statement.
- 1.3 The FABS Director begins the first section of the reconciliation spreadsheet using the ending cash balance from the general ledger of a given month. The FABS Director records interest and any other bank additions not yet recorded in the College's records and adds this to the cash balance. Bank charges, fees, and other bank deductions not yet recorded in the College's records are deducted from the cash balance. The adjusted "corrected" ending cash balance for the first section of the reconciliation is obtained.
- 1.4 The FABS Director begins the second section of the reconciliation spreadsheet using the ending balance from the bank statement. The FABS Director lists any deposits in transit (i.e. deposits made before the end of the statement period but not reflected on the statement) and adds these amounts to the bank balance.
- 1.5 The FABS Director generates the reconciled check report from the accounting system and verifies this total against the bank statement. Next, an outstanding check report is generated to identify checks written on the account but not yet cleared on the statement. The total of the outstanding checks is listed and subtracted from the bank balance. This calculation yields the adjusted "corrected" ending balance for the second section of the reconciliation.

- 1.6 The FABS Director verifies that the ending cash balance of the first section equals the ending cash balance of the second section. Any discrepancies are identified, researched, and reconciled. Discrepancies typically result from recording errors or omissions, mis-postings, or bank statement errors.
- 1.7 The payroll bank account reconciliation is performed in the same manner as the operating account, except that the payroll account is required to maintain a zero balance. As such, the reconciliation process is modified to work towards this balance. If additional funds are required, the VPBAA will arrange to transfer additional funds from the General Fund Account.
- 1.8 The VPBAA reviews and signs the bank account reconciliation as approved.

2. Cash Reconciliation Journal Entries

- 2.1 Upon review and approval of the monthly bank account reconciliation, the FABS Director will journalize book-reconciling items such as bank interest, service charges and other fees, and recording errors.
- 2.2 All Journal entries should be prepared by the FABS Director and approved by the VPBAA.
- 2.3 The FABS Director will research any checks outstanding over six months to determine why they were not cashed and whether the checks should be voided and reissued or written off.
- 2.4 The VPBAA reviews and authorizes any outstanding checks to reissue or write-off prior to their execution by the FABS Director.

V. Accounts Receivable

This section presents the following College accounting procedures:

- Tuition and Fees
- Bookstore Sales
- Pell Grant
- Cash Receipts
- Accounts Receivable Closing Procedures

A. Tuition and Fees

Scope:

These procedures apply for the billing of tuition and fees.

Policy:

Proper internal control procedures will be followed to ensure that the receivables of the College are properly recognized, billed, collected and managed.

People:

- VPBAA
- FABS Director
- Student Accountant
- Director of Financial Aid
- Registrar
- Faculty
- Staff
- Bookstore Manager
- Accounting/Treasury Specialist

Technology:

- MIP Fund Accounting System, accounts receivable module

Forms:

- Registration Form
- Permission to Charge Form/Assessment from the Business Office
- Add/Drop Form

Procedures:

- 1.1 New students pay the admission fee prior to admission to the College.
- 1.2 The registration process is conducted by the Student and Community Services Division Office, Academic Affairs Office, and the Business Office at the beginning of each semester (January, June and August).
- 1.4 After picking up the Registration form from the Student and Community Services Division Office, students pay the registration fee to the Accounting/Treasury Specialist. Students must pay any past due accounts or make arrangements to pay any past due amounts with the VPBAA. Past due accounts include all charges from previous semesters including library charges.
- 1.5 The students must present the cash receipt for registration and admission to the Admission's Office before enrollment can take place.
- 1.6 Students prepare a Registration Form and register for courses and obtain the required faculty approvals. After the Faculty Adviser approves the courses the student goes to the Financial Aid Office for PELL grant or scholarship awards.

- 1.7 The Financial Aid Officer (FAO) signs the Registration Form and indicates in the Registration form whether the student is eligible for Pell grant. If the student is eligible, the FAO provides the student with the Pell award notification form. If a student is not eligible for a Pell Grant, the student must pay 50% of the total tuition and fees by the end of the Registration period or negotiate payment terms with the VPBAA.
- 1.8 The Business Office calculates the approximate tuition and fees due, which is then deducted from the estimated Pell Award. The student is notified that the amount remaining is available to purchase school supplies in the Bookstore.
- 1.9 The Registrar will submit a report from the database of students registered together with the student registration forms. The Student Accountant enters the enrollment information into the accounts receivable system and selects the appropriate tuition fee categories to charge. An unposted accounts receivable report is printed and used to proof to the Registration Forms.
- 1.10 The un-posted accounts receivable report and Registration Forms are forwarded to the FABS Director for review, which is evidenced by tick marks and initials.
- 1.11 The FABS Director posts to the accounts receivable system and marks the Registration Forms “posted” and returns to the Student Accountant. The Registration Forms are filed alphabetically, and the accounts receivable report is filed by semester batch.
- 1.12 The Student Accountant is responsible for billing students through the accounts receivable module in the MIP system.

B. Bookstore Sales

Scope:

These procedures apply to the sales and recording of receipts for the bookstore of the College.

Policy:

Sufficient internal controls over the sale of books will be maintained at all times.

Participants:

- Financial Aid Office
- Bookstore Manager
- Students Accountant

Technology:

- MIP Fund Accounting System, Accounts Receivable Module

Forms:

- Book Charge Form
- Permission To Charge Form

Procedures:

- 1.1 After the Financial Aid Office determines the amount of Pell grant awarded to the student, the Business Office calculates the approximate tuition and fees due, which is then deducted from the estimated Pell Award. An assessment form is given to the students notifying the amount remaining and available to purchase school supplies in the Bookstore.
- 1.2 The assessment form is used by the Bookstore as a basis in granting a charge account to the student.
- 1.3 The Bookstore Manager approves the student purchase and releases the merchandise as evidenced by a Charge Invoice . The original copy is given to the student and the Bookstore Manager retains the yellow copies. Payments for cash purchases shall be made to the Accounting/Treasury Specialist. The official receipt issued will be presented to the Bookstore Manager by the student as evidence that payment has been made.
- 1.4 The Bookstore Manager prepares the daily transactions report and provides the Student Accountant the yellow copy of the Charge Invoice. The Bookstore Manager files the pink Permission to Charge Form sequentially.
- 1.5 The yellow copy of the Charge Invoice is entered into the accounts receivable system and filed in numeric order.
- 1.6 The unposted accounts receivable report and charge invoices are forwarded to the FABS Director for review, which is evidenced by tick marks and initials.
- 1.7 The FABS Director posts these charges to the accounts receivable system and marks the Charge Invoices as “posted” and returns to the Accounts Receivable Clerk. The Charge Invoices are filed alphabetically and the accounts receivable report is filed by semester batch.
- 1.8 Charges made by employees are made through permission to charge form approved by the VPBAA if deducted through salary allotment or bookstore requisition forms if the items are charged to a Department’s budget. The requisition form should be approved by the Department Head.

C. Pell Grant**Scope:**

These procedures apply to the awarding and receipt of Pell Grants for students of the College.

Policy:

The Policy that will have a further breakdown of the requirements and regulations of the Pell Grant is the Student Financial Aid Policy and Procedures Manual.

Participants:

- ❑ Financial Aid Office
- ❑ VPBAA
- ❑ FABS Director
- ❑ Student Accountant

Technology:

- ❑ MIP Fund Accounting System, accounts receivable module

Forms:

- ❑ Pell Award listing

Procedures:

- 1.1 The Financial Aid Office forwards the Pell Award Listing to the Accounts Receivable Clerk and the VPBAA.
- 1.2 The Student Accountant enters the Pell Award amount into the accounts receivable system as a reduction in the student's account. An unposted accounts receivable report is printed and used to prove to the Pell Award Listing.
- 1.3 The un-posted accounts receivable report and the Pell Award Listing are forwarded to the FABS Director for review which is evidenced by tick marks and initials.
- 1.4 The FABS Director posts to the accounts receivable system and marks the listing "posted" and returns to the Student Accountant. The Pell Award Listing and accounts receivable report are filed by semester batch.
- 1.5 The VPBAA requests a drawdown of funds up to the total amount listed on the Pell Award Listing. Funds are directly credited to the General Fund bank account. The bank notification is the source for preparation of the cash receipt. Refer to the Cash Receipts section below.

D. Cash Receipts

Scope:

These procedures apply to the receiving and recording of receipts from College students and other sources.

Policy:

Sufficient internal controls over receiving, applying and depositing cash receipts will be maintained at all times. Wherever possible, cash deposits will be made on the following business day unless the amount is less than two hundred dollars (\$200.00).

Participants:

- VPBAA

- FABS Director
- Accounting/Treasury Specialist

Technology:

- MIP Fund Accounting System, cash receipts module
- EXCEL Cash Position spreadsheet

Forms:

- Cash Receipt Form
- Deposit Form
- Permission to Withhold Federal Funds/Refunds

Procedures:**1. Cash Receipts**

General ledger receipts include registration and admission fees, grants, miscellaneous receipts for services, communication charges, rents paid of an employee in excess of allowances, and bookstore receipts. Accounts receivable receipts include cash payments for tuition and fees and services billed.

- 1.1 Cash receipts are recorded on a two-part cash receipt form. The form is distributed as follows:
 - Original is given to the payer.
 - Original copy is filed in numeric order.
- 1.2 The Accounting/Treasury Specialist is responsible for coding general ledger cash receipts with the proper account numbers. The cash receipts are entered into the cash receipts system. An un-posted daily cash sales report is printed.
- 1.3 The Accounting/Treasury Specialist counts the daily cash and prepares the daily cash count sheet. The cash count sheet is compared to the un-posted daily cash sales report total to identify cash shortages or cash overages.
- 1.4 The cash count sheet, unposted daily cash sales report and cash are packaged and forwarded to the FABS Director for review. Review is evidenced by tick marks and initials.
- 1.5 The FABS Director posts to the cash receipts system and marks the unposted daily sales report "posted" and returns to the Accounting/Treasury Specialist for filing in date order.
- 1.6 Once the daily cash transaction report is posted, the Accounting/Treasury Specialist forwards the report to the VPBAA for information purposes.
- 1.7 All checks received should be deposited directly to the College's General Fund bank account and should be restrictively endorsed with a deposit stamp.

2. Deposits

- 2.1 All cash/check receipts are deposited on the following business day into the College's general fund account. Cash that is less than two hundred dollars (\$200.00) will be kept in the safe vault until the minimum amount is obtained. In the event that there is no collection and the minimum amount is not obtained, the cash should be deposited at the end of the week. In the event that a deposit cannot be made on the following day, cash will be kept at all times in a locked safe until deposit is made.
- 2.2 The FABS Director reviews the package of cash documents and a three-part deposit slip prepared by the Accounting/Treasury Specialist. The package with the funds for deposit and three-part deposit slip is forwarded to an authorized staff for delivery to the bank.
- 2.3 The authorized staff delivers the deposit package to the bank and returns the validated/stamped deposit slip (yellow) to the FABS Director and the yellow copy to the Accounting/Treasury Specialist.
- 2.4 The FABS Director attaches the validated/stamped yellow copy of deposit slip to the cash count sheet and files in date order.
- 2.5 The Accounting/Treasury Specialist also attaches the validated/stamped copy of pink deposit slip to the duplicate copy of cash count sheet and files in date order.

E. Accounts Receivable Closing Procedures

Scope:

These procedures apply to managing and reporting accounts receivable and conducting the monthly accounts receivable close.

Policy:

An orderly, timely and comprehensive closing of the applicable cash and receivable general ledger accounts will be performed by the Business Office Department. The FABS Director will lead and be responsible for the month-end close procedures.

Participants:

- VPBAA
- FABS Director
- Student Accountant

Technology:

- MIP Fund Accounting System, accounts receivable module

Procedures:

1. Accounts Receivable Closing

- 1.1 The Student Accountant produces an edit report detailing all accounts receivable transactions entered during the month.
- 1.2 The Student Accountant reviews the edit list against supporting documentation (i.e. invoices and cash receipts) to validate the list.
- 1.3 The Student Accountant prints an open accounts receivable listing and accounts aging report and forwards the report to the FABS Director for review.
- 1.4 Note that credit balances of student accounts due to receipt of Pell Grant Awards, in excess of fees charged, shall be refunded to the students by check within 14 days of the drawdown or as directed by the student in writing. Refer to the Disbursement Processing section below.
- 1.5 The Student Accountant prints statements for all accounts and monthly aging schedule and forwards the statements to the VPBAA. The VPBAA will determine which accounts require follow-up and distribution of statements.
- 1.6 A monthly Aging Schedule of Accounts Receivable from students will be submitted to the VPBAA on no later than the 5th day of the following month being reported.
- 1.7 An allowance for bad debts equivalent to 20% of the total Accounts Receivable shall be made annually.

2. Collections

- 2.1 Outstanding receivables are not considered delinquent until aged three or more months. At that point, a letter is to be sent to the students in arrears. Additional action includes coordination with the VPBAA.
- 2.2 At the beginning of each semester the receivable accounts will be reviewed by the VPBAA. Students are required to make arrangements to pay at least 50% of the delinquent balance before they can register. Refer to the Tuition and Fees section above. If the student is still delinquent after graduation, transcripts and other related documents will not be released until the balance is fully paid.

VI. INVENTORIES

This section presents the following College accounting procedures:

- Inventories

A. Inventory

Scope:

These procedures apply to the valuation of inventory in the Bookstore.

Policy:

Inventories of books and supplies at the Bookstore are stated at cost. Cost is determined by the First-in/first-out (FIFO) method.

A regular physical count of inventory shall be made by the Bookstore Manager and shall be verified by a Business Office outside the Bookstore and observed by an outside Auditor.

Participants:

- Bookstore Manager
- VPBAA
- Business Office Staff
- FABS Director

Technology:

- Bookstore system

Forms:

- Inventory Count form
- Receiving Report
- Textbook Requisition form

Procedures:

1. Inventory Control and Perpetual Inventory

- 1.1 The inventory of the Bookstore is controlled through the application of the Bookstore automated system.
- 1.2 Textbook orders are handled through a textbook requisition form approved by the Academic Department Head and the Dean of Academic Affairs.
- 1.3 School and other supplies to be sold at the Bookstore are determined through school supplies needed by students and sales performance of items.

- 1.4 All purchases of inventory items are recorded in the system. Upon receipt of inventory items, the Bookstore Manager prepares the selling price calculation based on the cost of the items purchased including freight and shipping charges. The selling price calculation shall be approved by the VPBAA.
- 1.5 The Bookstore Manager enters all inventory received in the system including information on the quantity received, vendor, Purchase Order Number, Invoice number, cost and selling price.
- 1.6 Items received shall be posted by the VPBAA. A posted bookstore transaction report shall be marked "posted" and forwarded to the Bookstore Manager for filing.
- 1.7 Decrease in inventory is evidenced by charge invoices for purchases made by students on account, permission to charge forms for items purchased by employees through salary allotment, bookstore requisition forms for requests made by employees charged to their Department's budget and cash invoices for cash purchases. All of these forms are generated from the Bookstore automated system as transaction occurs.
- 1.8 The Bookstore automated system will update information of each inventory item as the transaction occurs.

2. Periodic/Year-end Verification

- 2.1 The Bookstore Manager will conduct a periodic physical inventory count of bookstore items in March and September.
- 2.2 The periodic physical inventory count shall be verified by a Business Office Staff outside of the Bookstore division.
- 2.3 The inventory count team shall use an inventory count form printed by the Bookstore Manager.
- 2.4 The inventory count form shall be signed by the Bookstore Manager and the Business Office staff who verified the inventory count.
- 2.5 The inventory report shall be forwarded both to the VPBAA and FABS Director. The FABS Director shall use this information to record Inventory in the Accounting system. The VPBAA shall use this form to evaluate future orders for the Bookstore.
- 2.6 An outside Auditor shall observe the annual physical inventory count in September.

VII. Fixed Assets

This section presents the following College accounting procedures:

- Recording and Tagging of Capital Assets
- Fixed Assets Management
- Depreciation
- Asset Disposal

A. Recording and Tagging of Capital Assets

Scope:

These procedures apply to the recording and tagging of capital assets acquired by the College.

Policy:

Proper internal control procedures will be enacted and followed to ensure timely and accurate recording of the College's capital assets.

Items that have a useful life exceeding one year and unit acquisition cost of \$500.00 and more are capitalized, as are some items under that threshold but associated with large projects. The VPBAA has the authority to determine which assets are to be capitalized.

Participants:

- VPBAA
- FABS Director
- Accounts Payable Accountant
- Procurement Director
- Fixed Assets Officer

Technology:

- EXCEL fixed assets spreadsheet
- MIP Fixed Assets system

Procedures:

1. Acquisition and Recording

- 1.1 The acquisition of capital assets is in accordance with the capital budget process (see Section 1.3 of Budget and Planning).
- 1.2 Items are coded in the system as capital assets during purchase order and accounts payable processing.

- 1.3 A Capital Asset's cost includes acquisition costs, shipping charges and other costs associated with readying the asset for use.
- 1.4 The FABS Director establishes the fixed asset as a record in the system.
- 1.5 Donated assets, which at the time of receipt, meet the College's criteria for capitalization will be capitalized at their fair or appraised value at the time of the gift.
- 1.6 A lien or interest in all equipment with a unit acquisition cost of \$5,000 or more for property acquired as a direct cost with the funds granted by the awarding agency will vest with the awarding agency during the duration of the grant. Upon termination of such a grant, the grantee may arrange for acquisition of such equipment or property at a fair, reasonable price, seek temporary custody if such equipment if service will be continued with other funding, or make arrangements for a duly authorized representative of the granting agency to obtain custody.

2. Asset Tagging

- 2.1 Generally, the Fixed Assets Officer assigns the inventory tag number, enters the number in the system, and forwards the tag to the department that has received the fixed asset. The Fixed Asset Officer maintains a record of all the fixed assets including information such as the Department the assets were assigned and the personnel accountable.

3. Inventory of Fixed Assets

- 3.1 To maintain the accuracy and completeness of fixed assets, a complete physical inventory count shall be made annually. The physical inventory count shall be done in coordination with the IT and Physical Plant Departments. The results of the inventory will be reconciled to the books of record and appropriate adjusting entries will be recorded.

B. Fixed Assets Management

Scope:

These policies and procedures apply to the management of fixed assets by the College.

Policy:

Proper internal control procedures will be enacted and followed to ensure accounting for the College's capital assets are in accordance with generally accepted accounting principles.

The Business Office is responsible for the fixed assets system of the College. All Department Heads are responsible for all movable property in use within their departments and are expected to exercise reasonable care in securing and maintaining such property. Generally movable property is defined as furniture and equipment having a value of \$500 or more and an expected life of more than one (1) year.

Participants:

- VPBAA
- Procurement Director
- Fixed Asset Officer
- Department Heads
- Safety & Security

Technology:

- EXCEL fixed assets spreadsheet
- MIP FAS

Procedures:

1. Responsibility of the Department Heads

- 1.1 It shall be the responsibility of the Department Heads to monitor all fixed assets assigned to their Department
- 1.2 Upon receipt of the fixed assets purchased, the Fixed Assets Officer shall tag the items and record the assigned tag number in the fixed assets record. A Memorandum of Fixed Assets Received form in 2 copies shall be filled out by the Fixed Assets Officer and forwarded to the Department Manager for signature. One copy will be forwarded to the Department Manager and the other copy will be retained by the Fixed Assets Officer.
- 1.3 When assets are transferred to another location or Department, the Department Head shall fill out a Transfer of Assets form and notify the Fixed Assets Officer in order to update the fixed assets records.
- 1.4 When assets are missing and believed to be stolen, the Department Head or personnel accountable for the said item should notify the Safety & Security Department immediately and an incident report should be made. An affidavit of loss should be filed and a copy together with the incident report should be forwarded to the Business Office. A disposal form shall be filled out.

2. Responsibility of the Fixed Assets Officer

- 2.1 The Purchasing Department will identify each fixed asset item as it is purchased. The Fixed Asset Officer will maintain an inventory of fixed assets and place a tag number on each piece for positive identification.
- 2.2 Each Department Head will be furnished with a list of all fixed assets under their Department and shall be accountable for them.
- 2.3 Any errors or omissions on the list shall be communicated directly with the Fixed Assets Officer.

3. Inventory of Fixed Assets

3.1 To maintain the accuracy and completeness of fixed assets, a complete physical inventory count shall be made annually. The physical inventory count shall be done in coordination with the IT and Physical Plant Departments. The results of the inventory will be reconciled to the books of record and appropriate adjusting entries will be recorded.

C. Depreciation

Scope:

These procedures apply to the recording of depreciation for capital assets acquired by the College.

Policy:

Proper internal control procedures will be enacted and followed to ensure accounting for the College's capital assets are in accordance with generally accepted accounting principles.

Capital Assets should be depreciated over their estimated useful lives, unless they are inexhaustible.

All items required to be depreciated will follow a straight-line method of depreciation over their useful lives.

The basis of depreciation will be the cost of the respective asset plus the amount expended to bring such assets into service. Salvage value will not be factored in the equation as assets tend to be utilized by the College beyond the defined useful life, to a point where there would be minimal, if any, salvage value.

The established useful lives for determining depreciation expense by category are as follows:

Building Improvements	10 years
Buildings	20 years
Furniture & Equipment	5 years
Vehicles	5 years

Repairs to fixed assets amounting to more than \$1,000 and will increase the estimated useful life of the asset will be capitalized.

Participants:

- VPBAA
- FABS Director

Technology:

- EXCEL fixed assets spreadsheet
- MIP FAS

Forms

- Memorandum of Fixed Assets Received form

Procedures:

1. Depreciation

- 1.1 When entering fixed assets into the system, the FABS Director establishes the asset class, useful life, and depreciation method to be used.
- 1.2 At year-end, the FABS Director generates a depreciation report from the accounting system. The report details the active assets, total opening cost, change, ending cost, year-to-date depreciation, accumulated depreciation, and remaining net book value.
- 1.3 The Depreciation expense computation shall be forwarded to the VPBAA for approval.

D. Asset Disposal

Scope:

These procedures apply to the disposal of capital assets acquired by the College.

Policy:

Proper internal control procedures will be enacted and followed to ensure the disposal of capital assets is properly authorized and reflected in the College's accounting records.

The authority to dispose of the College capital assets rests with the Department Heads responsible for the assets, approved by the VPBAA and authorized by the College President.

Participants:

- Department Heads
- VPBAA
- FABS Director

Technology:

- EXCEL fixed assets spreadsheet

Forms:

- Fixed Assets Disposal Form
- Transfer of fixed assets form

Procedures:

1. Disposal

- 1.1 The Department Heads determine whether the asset has become obsolete or no longer able to meet the Department's needs.
- 1.2 The Department Heads shall notify the Fixed Assets Officer its intention to dispose of the assets.
- 1.3 The asset can be disposed through transfer to other departments, by sale, by soliciting bids from interested parties where required and practicable, or by using the item for trade-in when acquiring a new item, by spot bid sales which will be announced to the CMI Community, or by donating to other government agencies or not-for-profit organizations.
- 1.4 The Fixed Assets Officer and the Department Head shall identify whether the assets are still in good condition.
- 1.5 The Fixed Assets Officer shall notify the other Departments whether they want the items otherwise, the assets will be designated for disposal through the manner of disposal specified in section 1.3 above.

2. Recording

- 2.1 The Department Heads prepare the Fixed Assets Disposal Form and forwards to the Fixed Assets Officer with the fixed assets tag. The Fixed Assets Disposal Form should indicate item tag number, description, reason for disposal, and salvage price obtained.
- 2.2 The Fixed Assets Disposal Form shall be approved by the VPBAA and authorized by the President. Once done, the Fixed Assets Officer forwards the fixed assets disposal form to the FABS Director. The FABS Director maintains the form on file and adjusts the item's record in the fixed asset system to reflect its disposal.

VIII. Purchasing and Accounts Payable

This section presents the following College accounting procedures:

- Purchasing
- Accounts Payable Processing
- Disbursement Processing
- Accounts Payable Closing Procedures

A. Purchasing

Scope:

These procedures apply to the purchasing of goods and services by the College.

Policy:

Appropriate policies and procedures will be implemented to ensure proper accounting for the approval, acquisition, storage, and disposal, tracking and recording of all assets purchased by the College.

All equipment, goods and services acquired for the College from sources outside the College are to be purchased through the Purchasing Department. All requests for products or services are to be referred to the Procurement Officer. No commitments should be made with any vendor without a purchase order issued by the Purchasing Department.

College policy prohibits the purchase of any equipment, goods, or services through the Purchasing Department for the personal use of any member of the College faculty or staff.

The College's credit card shall be used to purchase airfares and other off-island purchases deemed necessary. The use of personal credit cards for college purposes is prohibited unless specifically approved in advance by the VPBAA or the President.

All Federal Program purchases should have three quotations regardless of the amount, or need proper bidding if the amount is more than Twenty Five Thousand (\$25,000.00).

General Fund purchases that are less than One Thousand Dollars (\$3,500), need at least one quotation subject for review and approval by VPBAA.

Purchases more than One Thousand Dollars (\$3,500.00), but less than Twenty Five Thousand Dollars needs three or more quotations and is subject to review and approval by the Procurement Officer and VPBAA.

Purchases more than Twenty Five Thousand Dollars (\$25,000.00) are subject to competitive bids. The VPBAA takes the information from the Procurement Officer or Department Head and develops a Request for Proposal or a Bid Announcement. The Request for Proposal is delivered to all vendors and may be advertised locally and internationally. A committee consisting of the VPBAA, the Procurement Officer, the Requesting Departments Head, will do the selection of the

Vendor to ensure that the proper vendor is selected. The approved bid shall be forwarded to the President for approval.

Participants:

- VPBAA
- Procurement Director
- Accounts Payable Accountant
- Department Heads

Technology:

- MIP Fund Accounting System, encumbrance module

Forms:

- Purchase Order Form
- Purchase Order Logbook Form
- Request For Budget Change form
- Receiving Report
- Procurement Analysis Form

Procedures:

1. Requisitions

- 1.1 Each Department is assigned a username and a password for requesters and approvers to access the Electronic requisition (e-req) module.
- 1.2 The requisitioner requests items for purchase from the Department Head. Once approved, the e-req user assigned in the Department requests to purchase the said items in the e-req module using the category codes assigned to the Department. The category codes are assigned based on the budget approved for the fiscal year. The requestor writes the a-req number in the request.
- 1.3 The requestor forwards the price quotes and other supporting documents to the approver assigned for that department for approval. Once approved, the request with the supporting documents are forwarded to the Business Office for final approval and PO preparation,
- 1.4 Supporting documents include price quotes (at least 3 quotes for purchases more than \$1,000 using General Fund and any amount if federal funds are used), price analysis form
- 1.5 The Procurement Officer reviews the requisition submitted for completeness of supporting documents attached.
- 1.6 The requisitions received for the cut-off day are forwarded to the VPBAA for final approval.
- 1.7 If budget is not sufficient for the items requested, the Department Head should request transfer of funds from one line item to another through a budget transfer form in accordance with the Budget policy of the College.

2. Purchase Order

- 2.1 After final approval of the requisitions, the VPBAA prints the Requisition forms and forwards them to the Procurement Officer for Purchase Order preparation.
- 2.2 The Procurement Director prepares the Purchase Order from the Purchase Order module in the MIP Accounting system and verifies information from the requisitions approved. An encumbrance session is created for POs processed and forwarded to the VPBAA for posting.
- 2.3 The posted encumbrance sessions will be filed sequentially by the Procurement Director.
- 2.4 The Purchase Orders are certified for funds availability by the VPBAA and authorized by the President.
- 2.5 The approved Purchase Orders are forwarded back to the Procurement Director for distribution.
 - Original (white) - sent to the vendor
 - Yellow - retained by the Business Office
 - Gold - requesting department
- 2.6 In coordination with the Business Office, the Requesting Department has primary responsibility to deliver the Purchase Orders to the vendors and follow up the shipment from the supplier.

3. Travel Authorization

- 3.1 Travel Authorizations are processed in the same way Purchase Orders are processed in the e-req module.
- 3.2 A traveler prepares a Travel Authorization and forwards it together with the copy of the itinerary, approved request for travel, invitation and other supporting documents for the travel requested to the Department Head.
- 3.3 The requestor assigned for the Department enters the travel authorization in the e-req module and forwards the travel authorization package to the Department Head for approval.
- 3.4 Once approved, the travel authorization package is forwarded to the Business Office to be included in the batch of requisitions for processing.
- 3.5 The VPBAA verifies that the travel conforms to the travel policy and compares the Travel Authorization Form amount to the Requesting Department budget. The VPBAA also verifies that the airfare found in the itinerary submitted is the most economical. If funds are available and it conforms to the travel policy, the Travel Authorization Form is certified and forwarded to the President for final approval.
- 3.6 The number assigned for travel authorizations will follow the same sequence of numbers assigned for Purchase orders in the Purchase Order Module of the MIP system.
- 3.7 A separate form and encumbrance sessions shall be used for travel authorizations in the PO module.

- 3.8 Once approved, the Procurement Officer forwards the travel authorizations to the Accounts Payable Accountant for check processing of the travel allowance or per diem.
- 3.9 The Travel Authorization Form is distributed as follows:
- Original copy (white) - attached to the request for payment of airfare
 - Yellow - retained by the Accounts Payable Accountant
 - Gold - requesting department
- 3.10 Travel Authorizations (TA) approved by the requestor's Supervisor or the proper approver should be submitted to the Business Office for the VPBAA's certification of availability of funds at least 30 days before the travel date to get the cheapest and most economical airfare.

4. Use of College's credit card

- 4.1 Purchases for the College of the Marshall Islands may be made by the College's business credit cards issued to authorized cardholders when applicable.
- 4.2 To purchase by CMI's business credit card, the individual initiating the transaction will make a requisition through the e-req module, payable to Bankcard Center and indicated in the "Notes" section the name of the vendor and items to be purchased are to be paid through credit card. The requisition should be approved by the required approver and the account to be charged should also be indicated.
- 4.3 All the required documents should be attached in the requisition, such as price quotes, procurement analysis, etc.
- 4.4 The VPBAA will verify and certify that the vendor is the cheapest and the best choice based on the requirements stated in the requisition.
- 4.5 The VPBAA purchases the item using the College's credit card assigned. The transaction validated document or the bank statement is the proof that the credit card has been used.
- 4.6 Once purchase has been made, the VPBAA forwards the requisitions and the supporting documents to the Procurement Officer for purchase orders preparation. The purchase order or travel authorization shall be the basis of the Accounts Payable Accountant in paying the credit card charges.
- 4.7 Requests for payments of items through the College's business credit card should be submitted to the Business Office at least 15 days before the required shipment date.
- 4.8 All airfares should be purchased by CMI's business credit card, whether they are booked online or through the Continental Office.
- 4.9 The Business Office can accommodate payments for hotel reservations and car rentals of employees traveling for College-related activities but should advise the VPBAA at least 15 days before the travel date.
- 4.10 A monthly reconciliation of charges shall be made.

5. Receiving

- 5.1 Local orders are generally received by the Requesting Department or the Business Office or picked-up directly from the vendor. For off-island orders, the Procurement Officer receives air waybill and sea freight bill of lading
- 5.2 Deliveries are distributed to the Requesting Departments for formal receiving. A Receiving Report is prepared for all POs generated and signed by the Procurement Officer.
- 5.3 The Requesting Department is responsible for:
- Inspecting the delivery
 - Signing the Receiving Report as acknowledgement of receipt
- 5.4 The requesting department holds the original copy (white) of the Receiving Report. The Procurement Officer checks the goods and invoice against the Purchase Order. The Purchase Order is stamped “Received” “Completed” or “Incomplete” and dated; likewise the Receiving Report is stamped “Completed” or “Incomplete” and dated. The Purchase Order Logbook is updated with details from the Receiving Report.
- 5.5 The Procurement Officer forwards the invoice and supports the purchase order (yellow and gold copies) and receives a report (yellow copies) to the Accounts Payable Accountant. Refer to the Unposted General Ledger Transactions section below.

B. Accounts Payable Processing

Scope:

These procedures apply to all non-payroll disbursements that are generally of five types:

- Payment of closed purchase orders
- Payment of incomplete purchase orders
- Payment of invoices not involving purchase orders
- Reimbursement of member, faculty, or staff expenses
- Payment of surplus Pell Grants to students
- Remittance of withholding tax and social security tax payments

Policy:

Proper internal control procedures will be followed to ensure that only valid and authorized payables are recorded and paid. Accounting procedures will be implemented to ensure the proper authorization of expenditures, accuracy of amounts, accuracy of general ledger account coding, and appropriate timing of payments.

Participants:

- VPBAA
- FABS Director
- Accounts Payable Accountant

- Procurement Director
- Requesting Department

Technology:

- MIP Fund Accounting System, accounts payable module
- EXCEL Prepaid Purchase Orders spreadsheet
- EXCEL Cash Position spreadsheet

Forms:

- Check Request Form
- Purchase Order Form
- Receiving Report
- Travel Authorization Form
- Trip Report
- Travel Voucher Form

Procedures:

1. Unposted General Ledger Transactions - A/P Invoice Validation & APS Checks Validations

- 1.1 Each week, the Accounts Payable Accountant processes the invoices in the purchase order batch work desk file.
- 1.2 The Accounts Payable Accountant matches invoices from the work desk file against the closed Purchase Orders and Receiving Report and enters the invoice information (vendor, invoice number and date, amount, purchase order, receiving report numbers, and description) into the accounts payable module. Verification of invoice accuracy and performance of the independent matching process is evidenced by tick marks and initials of the Accounts Payable Accountant on the invoice.
- 1.3 The unposted AP invoice report is printed and used to prove the invoice data entered.
- 1.4 The unposted AP report and invoices are forwarded to the Chief Accountant for review of journal entries and to the FABS Director for approval for invoices less than Fifty Thousand Dollars (\$50,000.00) and to VPBAA for invoices more than Fifty Thousand Dollars (\$50,000.00) for check preparation
- 1.5 The FABS Director and/or the VPBAA posts to the accounts payable module and marks the unposted AP invoice report “posted” and returns to the Accounts Payable Accountant for filing in date order.

2. Invoice Processing

- 2.1 Invoices without Purchase Order numbers are forwarded to the FABS Director for account codes and to the VPBAA for approval. A Check Request Form is prepared except for Pell Grant refunds, rents, tax payments, allotments, and salary or cash advances.
- 2.2 The VPBAA certifies the availability of funds, approves the Check Request Form, and verifies the supporting documents and forwards to the Accounts Payable Accountant.
- 2.3 The Accounts Payable Accountant places the documentation in the work desk file for processing in the next batch. Refer to the Unposted General Ledger Transactions section above.

3. Travel Claims Processing

- 3.1 Once a travel authorization is approved, the Procurement Officer forwards the travel authorizations to the Accounts Payable Accountant for check processing of the travel allowance or per diem.
- 3.1 A manual check is prepared. Refer to the Manual Check Processing section below. Tickets for travel are paid in advance of the travel date. The yellow copies are retained by Accounts Payable Accountant and filed with the copy of the travel check. The per diem is paid in advance and a receipt of the trip report with supporting receipts must be given to the Accounts Payable Accountant within 15 days upon return from the trip.
- 3.2 Upon return, a trip report is prepared with supporting receipts. The requester will be required to reimburse the College for all expenses for failure of travel or provide a trip report, and/or valid supporting receipts.
- 3.3 The Accounts Payable Accountant compares the receipts to the travel authorization and prepares the Travel Voucher Form to determine the net balance. Refer to Manual Check Processing section below and Accounts Receivable section above.
- 3.4 Delinquent travel advances can be paid by payroll allotment. Refer to the Payroll Processing section below.

C. Disbursement Processing

Scope:

These procedures apply to the processing of College payments, including:

- Automated batch check runs
- Manual checks

Policy:

Proper internal control procedures will be followed to ensure that only valid and authorized payables are processed for payment.

Disbursement checks (excluding payroll checks) require two of the following four authorized signatures:

- President and/or Chief Administrative Officer and;
- One of two designated members of the Board of Regents

Participants:

- President
- Chief Administrative Officer
- VPBAA
- FABS Director
- Designated members of the Board of Regents
- Procurement Director

Technology:

- MIP Fund Accounting System, Accounts Payable Module
- EXCEL Cash Position Spreadsheet

Procedures:

1. Automated Batch Check Processing

- 1.1 After the purchase order batch has been posted for payment through the Accounts Payable Invoice , the Accounts Payable Accountant prepares to run the automated check run procedures.
- 1.3 Check stock is loaded into the printer and the checks are printed.
- 1.4 The Accounts Payable Accountant forwards the checks with the supporting documentation to the VPBAA for review and approval. The VPBAA shall verify that the batch of the checks are in agreement with the supporting documentation and authorize the checks. In addition, the VPBAA in his discretion may hold or delay payment of the check that requires further investigation, clarification or funding.
- 1.5 The VPBAA enters the total cash disbursements into the Cash Position Spreadsheet (refer to Treasury Management section).
- 1.6 The VPBAA forwards the batch to 2 of the designated check signatories of the College. The President should sign checks amounting to Twenty Five Thousand dollars (\$25,000) or more.
- 1.7 Once authorized with two signatures (except Payroll checks), the checks are forwarded to the Accounting/Treasury Specialist for disbursement; either for pick-up, delivery, wire transfer or mail to the payee.
- 1.8 For vendors who require payments through wire transfers, the check processed for that specific vendor shall be deposited into the bank account of CMI and shall be marked for wire transfer.

- 1.9 A wire transfer form shall be made by the Accounting/Treasury Specialist for all checks that need to be wired. The wire transfer form together with the copy of the check and deposit slip shall be forwarded to two of the designated check signatories of the College for approval.
- 1.10 Once the wire transfer form has been approved, it will be forwarded to the VPBAA for wiring online. The President shall authorize all online wire transfers.
- 1.11 Once the check has been picked-up or sent, the Accounting/Treasury Specialist forwards the copies of the checks to the Accounts Payable Accountant for filing.
- 1.12 The Procurement Officer updates the purchase order logbook and forwards the gold copy of the purchase to the Requesting Department and files the yellow copy of the purchase order and pink copy of the receiving report in numeric files.

2. Manual Check Processing

- 2.1 Requests for manual checks are made to the Accounts Payable Accountant to address payment on delivery (POD) and emergency situations in which the normal batch processing is not timely enough. Purchases to be paid by manual check are required to be approved in the same manner as normal payment requests (purchase order, Departmental administrator approval, etc.).
- 2.2 The Accounts Payable Accountant matches the Check Request Form to the supporting documentation, assigns the account code and forwards to the VPBAA. Requests for prepayment of purchase orders are coded to prepaid expenses.
- 2.3 The VPBAA certifies the availability of funds, approves the Check Request Form, and verifies the supporting documentation. The Accounts Payable Accountant enters the payment details into the check writing system. The description for prepayments shall be the purchase order number. Check stock is loaded into the printer and the checks are printed.
- 2.4 The Accounts Payable Accountant forwards the checks with the supporting documentation (purchase order, check request forms, quotations, etc.) and unposted transactions report to the FABS Director for review of entries.
- 2.5 The FABS Director forwards the package to the VPBAA for further review. The VPBAA shall verify that the batch of the checks are in agreement with the supporting documentation and authorize the checks. In addition, the VPBAA in his discretion may hold or delay payment of the check that requires further investigation, clarification or funding. The VPBAA posts the un-posted transactions report.
- 2.6 The VPBAA enters the total cash disbursements into the Cash Position Spreadsheet (refer to Treasury Management section).
- 2.7 The VPBAA forwards the batch to 2 of the designated check signatories of the College. The President should sign checks amounting to Twenty Five Thousand dollars (\$25,000) or more.

- 2.8 Once authorized with two signatures (except Payroll checks), the checks are forwarded to the Accounting/Treasury Specialist for disbursement; either for pick-up, delivery, wire transfer or mail to the payee.
- 2.9 For vendors who require payments through wire transfers, the check processed for that specific vendor shall be deposited into the bank account of CMI and shall be marked for wire transfer.
- 2.10 A wire transfer form shall be made by the Accounting/Treasury Specialist for all checks that need to be wired. The wire transfer form together with the copy of the check and deposit slip shall be forwarded to two of the designated check signatories of the College for approval.
- 2.11 Once the wire transfer form has been approved, it will be forwarded to the VPBAA for wiring online. The President shall authorize all online wire transfers.
- 2.12 Once the check has been picked-up or sent, the Accounting/Treasury Specialist forwards the copies of the checks to the Accounts Payable Accountant for filing.
- 2.13 For prepayment checks, the purchase orders shall be forwarded to the Procurement Officer until the items have been received.
- 2.14 The FABS Director enters details of prepaid checks into the prepaid purchase orders spreadsheet.

3. Void Checks

- 4.1 Void checks are defaced “Void” and maintained in the check file.
- 4.2 At the end of each month, the FABS Director enters the voided checks into the manual cash disbursements system. The VPBAA updates the cash position spreadsheet for voided checks.

4. Unclaimed Checks

- 5.1 Unclaimed checks are retained for a period of 90 days. Within this time the Accounting/Treasury Specialist will attempt to contact the payee. If the check remains unclaimed, the FABS Director will void the check and revert the funds to the appropriate General Fund, Restricted Fund or Capital Fund account.
- 5.2 Unclaimed Pell Grant refund checks are retained for a period of 20 days. During this period, CMI will attempt to contact the student. If the check remains unclaimed at the end of this period, CMI will return the funds to the U.S. Department of Education.

D. Accounts Payable Closing Procedures

Scope:

These procedures apply to the monthly closing for accounts payable.

Policy:

Proper internal control procedures will be followed to ensure that vendor payments are properly reported.

Participants:

- VPBAA
- Accounts Payable Accountant
- Requestor/Department

Technology:

- MIP Fund Accounting System, accounts payable module

Procedures:**1. Accounts Payable Monthly Closing**

- The Accounts Payable Accountant produces an edit report detailing all accounts payable transactions entered during the month.
- The Accounts Payable Accountant reviews the edit list against supporting documentation (i.e. vendor invoices and cash disbursements) to validate the list.
- The Accounts Payable Accountant prints the Accounts Payable ledger and forwards the report to the FABS Director for review.
- The Procurement Officer prints the encumbrance report and compares to the purchase order logbook. Unmatched and delinquent purchase orders are investigated to determine the required follow-up action or adjustment to the encumbrance module. The information is forwarded to the FABS Director for review and reconciliation.
- The Accounts Payable Report Reconciliation shall be forwarded to the VPBAA.
- The FABS Director prepares the prepaid items report. Delinquent prepaid items are investigated to determine follow-up action or adjustment to the Prepaid Expense and Accounts Payable account. The Requesting Department will be notified of the reason for delay of item(s).

IX. Payroll

This section presents the following College accounting procedures:

- Payroll File Maintenance
- Timekeeping
- Payroll Processing

A. Payroll File Maintenance

Scope:

These procedures apply to establishing, modifying, and removing faculty and employees from the College's payroll system.

Policy:

Proper internal control procedures will be enacted and followed to ensure that only authorized employees are maintained on the College's payroll and that the payroll master file data for these employees accurately reflects their authorized payroll profile.

Participants:

- VPBAA
- HR Director
- President
- Payroll Technician
- Employees

Technology:

- MIP Fund Accounting System, payroll module

Forms:

- Employment Contract
- Personnel Action Form (PAF)
- Payroll Allotment Form

Procedures:

1. Additions

- 1.1 Employees receive a letter of employment from the HR Department upon their start date. The employment contract is signed by the HR Director, certified by the VPBAA for availability of funds, approved by the President, and accepted by the employee.
- 1.2 The HR Department prepares a Personnel Action Form (PAF) for each employee. The HR Department retains a copy of each employment contract and PAF and forwards the yellow copy to the Payroll Clerk.
- 1.3 The HR Department inputs the name of the employee and other relevant information in the payroll system using the data provided on the PAF.

2. Changes

- 2.1 The HR Department initiates all changes (step increase, promotion, re-appointment) to individual payroll records by preparation of a PAF. This procedure is done at least once per year to reflect salary adjustments, and changes are initiated on an as-needed basis.
- 2.2 The HR Department modifies individual payroll records in the payroll system based on the PAF and files the PAF in the individual's payroll file.

3. Terminations

- 3.1 Employee terminations are processed through the HR Department. A PAF is prepared.
- 3.2 The Payroll Officer receives from the HR Department a copy of the employee's termination letter and PAF, which specifies the last date of employment, the benefits, termination date, unpaid vacation or salary, etc. The Payroll Officer will not release the final payroll check until all outstanding debts (such as Library fines, Payroll advances, unliquidated travel advances, and housing deposits) have been cleared at the respective departments. The Payroll Officer will use this data to prepare the employee's final payroll.
- 3.3 The Payroll Officer files the termination letter and PAF in the employees payroll file, and transfers the file to the inactive files.

B. Timekeeping

Scope:

These procedures apply to employees paid on the bi-weekly payroll that use the computerized timekeeping system. These include salaried employees, hourly full-time staff, part-time employees and special contract employees.

Policy:

Hourly employees are paid biweekly on a "positive pay" process in which their daily hours are recorded and approved prior to the processing of payroll.

Participants:

- VPBAA
- Payroll Clerk
- Departmental Supervisors
- Employees

Technology:

- CalcTime Timekeeping System
- MIP Fund Accounting System, payroll module

Forms:

- Overtime Authorization Form

Procedures:**1. Time Card Approval**

- 1.1 Employees enter in/out times per shift to track total hours by day during the payroll period.
- 1.2 The HR Department prints the timecard for the biweekly period and forwards to the respective Department Supervisors
- 1.3 The Department Supervisors review, make manual adjustments and sign the timecards as approved. The Department Supervisors attach the approved Overtime/Comp time and Leave Authorization Forms to support adjustments to standard hours. The employee in concurrence to the adjusted hours also signs the timecard. The Department Supervisors forward the approved timecard batch to the Payroll Officer.

2. Time Card Processing

- 2.1 The Payroll Officer manually enters the approved hours for each timecard/timesheet into the payroll system. The system defaults to the standard 80 hours per biweekly pay period. The system automatically calculates the gross pay, salary deductions, and net pay.
- 2.2 The biweekly calculated check register report is generated, reviewed against the timecards/timesheets, and processed. (Refer to Payroll Processing section below).
- 2.3 The employee time cards/timesheets are attached to the yellow copy of the check and filed in numeric order.

C. Payroll Processing**Scope:**

These procedures apply to the processing and payment of all payrolls.

Policy:

Proper internal control procedures will be enacted and followed to ensure that only valid and authorized payroll transactions are paid. Accounting procedures will be implemented to ensure the proper authorization, accuracy of amounts and appropriate timing of payment.

Participants:

- VPBAA
- FABS Director
- Payroll Clerk
- President
- Chief Administrative Officer
- Employees

Technology:

- MIP Fund Accounting System, payroll module

Forms:

- Summary Check Transaction Register Form
- Allotment Form

Procedures:**1. Payroll Edit Report**

- 1.1 The Payroll Officer generates the calculated check register report from the payroll system.
- 1.2 The payroll system automatically calculates gross pay, salary deductions, and the net pay based on the data maintained in the system pay record for each employee. The payroll system also interfaces automatically with the general ledger system to record payroll-related amounts to the appropriate account codes.
- 1.3 The Payroll Officer verifies the accuracy of the calculated check register report by comparison to the timecards/timesheets and the PAFs. Verification is evidenced by tick marks on the calculated check register report.
- 1.4 The calculated check register report is forwarded to the FABS Director for review and to the VPBAA for approval, which is evidenced by initials on the report.
- 1.4 The Payroll Officer prepares the check/advice batch and forwards the batch to the FABS Director for comparison to the approved calculated check register report. The approved calculated check register report is returned to the Payroll Officer and filed in date order.
- 1.5 The payroll batch is forwarded to the one of the designated check signatories of the College.

- 1.6 Once authorized with one signature, the checks are returned to the Accounting/Treasury Specialist, who prepares the checks/advice for distribution and prints the Summary Check Transaction Register.
- 1.7 Employees pick up their checks from the Accounting/Treasury Specialist at the Business office and sign the register form as acknowledgement of receipt. Only individuals with written authorization may pick-up checks on behalf of employees. The signed register form with attached written authorizations and the payroll calculated check register report are filed separately in date order.
- 1.8 The Payroll Officer prints the unposted payroll report and forwards to the FABS Director for review which is evidenced by tick marks and initials.
- 1.9 The FABS Director posts to the payroll module and marks the unposted payroll report “posted” and returns to the Payroll Officer for filing in date order.

2. Allotment Payments

- 2.1 Allotments are automatically made by the payroll system according to each employee’s payroll system record.
- 2.2 Employee prepares an allotment form and is signed by the employee, VPBAA or Payroll Officer and the payee. The Payroll Officer enters the allotment information into the payroll system. The copy of the allotment form is filed in the employee’s payroll file. Current allotments cannot be stopped unless verification is received that the employee has fulfilled commitment with the payee.
- 2.3 At the end of the biweekly payroll period, the Payroll Officer generates a payroll system report that identifies the allotments withheld from each employee’s pay.
- 2.4 The allotment report is forwarded to the FABS Director for verification.
- 2.5 The verified allotment reports are forwarded to the Accounts Payable Accountant for manual check processing.

3. Monthly Withholding Tax Payments

- 3.1 At each four-week period, the Payroll Officer generates a payroll system report that indicates the amount of employment taxes withheld.
- 3.2 The report is forwarded to the FABS Director for review and used in preparation of withholding tax report.
- 3.3 The withholding tax report is forwarded to the VPBAA for second review and then forwarded to the Accounts Payable Accountant for manual check processing. Refer to the Manual Check Processing section above.

4. Social Security Tax Payments

- 4.1 Payroll deductions for employment taxes are automatically made by the payroll system according to each individual’s payroll system record.

- 4.2 At the end of the quarter, the Payroll Officer generates a payroll system report that indicates the social security taxes to be paid by each employee and the total amount of tax. MISSA is to be paid before the 10th day of the month following the end of each quarter.
- 4.3 The report is forwarded to the FABS Director for review and used in preparation of the Social Security tax report.
- 4.4 The social security tax report is forwarded to the VPBAA for second review and then forwarded to the Accounts Payable Clerk for manual check processing. Refer to the Manual Check Processing section above.

X. Restricted Fund/Grants Management

This section presents the following College accounting procedures:

- Grant Application and Reporting
- Grant Revenues
- Indirect Cost/Overhead Rates

A. Grant Application and Reporting

Scope:

These procedures apply to the application, acceptance, and reporting on grants awarded to the College by government and other sources.

Policy:

Refer to the Grant Award Management and Compliance Policies and Procedures Manual (“Grants Policy”) for further guidance.

Participants:

- Financial Aid Director
- Principal Investigators (P.I.)
- Executive Vice President
- Grant Coordinator
- President

Technology:

- MIP Fund Accounting System, report module

Procedures:

1. Grant Proposals

- 1.1 Current and prospective Principal Investigators, in coordination with the Executive Vice President and the Grant Coordinator, prepare grant budget proposals in conjunction with the technical proposal prepared by the department applying for the grant.
- 1.2 The grant application is reviewed by the Executive Vice President and approved by the President prior to being submitted to the granting agency.
- 1.3 Copies of the completed proposal are filed according to the grant database procedures in the Grants Policy.

2. Grant Acceptance

- 2.1 Notice of award of the grant is received by the College and forwarded to the appropriate department(s).
- 2.2 The grant contract's terms and conditions are reviewed by the PI to identify any differences between the awarded and proposed budget.
- 2.3 The PI will provide copies of the approved grant with the approved proposal and budget to the Executive Vice President and the Grant Coordinator.
- 2.4 The PI and Grant Coordinator maintain the documentation for each grant in its own file.
- 2.5 The Business Office establishes a unique cost center code (separate restricted fund account) in the accounting system so that grant expenditures can be accounted for through the College's normal procedures.

3. Grant Amendments and Maintenance

- 3.1 Written permission must be received from the grantor agency if the College seeks to use the grant in a manner inconsistent with the terms of the grant agreement.
- 3.2 The VPBAA or a designated officer reviews the actual expenses against the grant budget to verify that expenses have been charged to the appropriate accounts and have been maintained within the limits of the grant budget. Copies of the monthly budget statement for each grant are distributed to the Project Investigators and/or the Department administering the grant on a monthly basis.

4. Grant Completion/Termination

- 4.1 Within the timeframe specified in the grant agreement, the Grant Coordinator prepares a final financial statement of expenditures for each grant completed/terminated. This accompanies the "technical report" prepared by the PI.

B. Grant Revenues

Scope:

These procedures apply to College's application for reimbursement through grants awarded by government and other sources.

Policy:

Proper internal control procedures will be enacted and followed to ensure timely and accurate reimbursement of grant expenditures consistent with the requirements of the Institute's funding agencies.

Participants:

- Principal Investigators
- Vice Presidents of Business and Administration Services
- Executive Vice President

Technology:

- MIP Fund Accounting System, report module

Procedures:

1. Government Grants

- 1.1 On a monthly basis, the VPBAA generates an income statement sorted by cost center using the accounting system. The system tracks grant expenditures on a monthly, year-to-date, and life-to-date basis.
- 1.2 On a monthly or quarterly basis as provided by each grant, the VPBAA prepares the reimbursement request for each grant. Each granting agency has specific forms to be completed, either on-line or off-line.
- 1.3 The granting agency receives and reviews the reimbursement requests and makes payment by wire transfer or check.
- 1.4 On an annual basis a financial report (SF270 or SF272), if required, and request for reimbursement (SF269), if required, are prepared and submitted by the VPBAA to the grantor agency. Copies of these financial reports are provided by the VPBAA to each Grant Director/PI, the President and/or Department administering each grant.

2. Other Grants

- 2.1 The procedures for receiving grant revenues from other sources will vary. Other sources may include grants from other nation governments. Typically, the VPBAA and the Grant Coordinator prepare and submit an annual financial report, and the Grant Administrator prepares and submits the accompanying narrative progress report.

C. Indirect Cost Rate

Scope:

These procedures apply to the maintenance of the College's official grant indirect cost rate.

Policy:

Proper internal control procedures will be enacted and followed to ensure timely and accurate substantiation of the College's indirect cost rate to each reporting agency.

Participants:

- VPBAA

Technology:

- MIP Fund Accounting System

Procedures:

1. Monthly Monitoring

- 1.1 On a monthly basis, the VPBAA determines the indirect cost for each applicable government grant. The grantor defines allowable indirect costs.
- 1.2 The allocation of indirect cost to each applicable grant is compiled into a journal entry for posting to the grant cost centers.

2. Annual Oversight Reporting

- 2.1 The VPBAA prepares an annual report to the College's approved grant agency to substantiate the College's indirect cost.

XI. Risk Management

This section presents the following College accounting policies and procedures:

- Risk Management

A. Risk Management

Scope:

These procedures apply to the risk management policy and procedures for the College

Policy:

It shall be the policy of the College to have a Risk management program that limits the College's exposure to various financial risks such as risks due to theft, damage to property, lawsuits and employee benefits.

The College may purchase commercial insurance to protect its interest in property and equipment against claims for employee dishonesty, employee health coverage and workman's compensation.

A regular evaluation of the College's risk management program will be done to respond to issues that affect the risk management policies.

Participants:

- VPBAA
- FABS Director
- President
- HR Director
- Safety & Security Department

Technology:

- MIP Fund Accounting System, report module

Procedures:

1. General Liability

- 1.1 The College shall secure a General Liability insurance every year.
- 1.2 The Safety & Security should be notified immediately of any serious accident or one involving personal injury or property damage. The report should be in writing and contain as much detail as reasonably practicable.

- 1.3 All employees should report any existing or potential hazards and correct immediately if possible.
- 1.4 All insurance policies will be filed by the Business Office.

2. Vehicle Insurance

- 2.1 The College shall secure a vehicle insurance every year for all vehicles of the College.
- 2.2 The vehicle insurance covers an employee using a college vehicle within their normal or assigned duties.

XII. Closing Procedures

This section presents the following College accounting procedures:

- Month-End Close
- Year-End Close

A. Month End Close

Scope:

These procedures apply to the preparation of month-end closing journal entries and internal financial statement preparation.

Policy:

Proper internal control procedures will be enacted and followed to ensure the orderly, timely, and comprehensive month end closing of all general ledger accounts to ensure accurate representation of the College's financial position.

The month end close does not reflect the following:

- Fixed asset depreciation is booked at year-end (see Fixed Assets section).

Participants:

- VPBAA
- FABS Director
- President
- CMI Budget Committee Members

Technology:

- MIP Fund Accounting System, report module

Procedures:**1. Closing Procedures**

- 1.5 The month-end close begins with the closing of the accounting system sub-modules (accounts receivable, accounts payable, payroll, treasury and fixed assets).
- 1.6 The FABS Director reconciles the sub-modules to the general ledger accounts and prepares adjusting journal entries based on the result of the reconciliations.
- 1.7 The FABS Director also reconciles interfund balances, prepaid expenses, accruals and deferred revenue and prepares adjusting journal entries based on the results of the reconciliations
- 1.8 The VPBAA reviews and approves the journal entries prepared by the FABS Director.
- 1.9 The FABS Director posts the approved journal entries to the general ledger to close the month.

2. Month End Financial Reports

- 2.3 The FABS Director produces monthly summary expenditure budget reports by department. The VPBAA reviews and approves these reports prior to their distribution to the CMI Budget Committee Members and the President. Copies of the reports are filed in the Accounting Department.
- 2.4 The FABS Director produces on a monthly basis, a trial balance, balance sheet and statement of revenues and expenditures. The VPBAA reviews and approves these reports prior to their distribution to the President. Copies of the reports are filed in the Accounting Department.
- 2.5 The monthly financial reports are archived in the Business Office.

B. Year End Close**Scope:**

These procedures apply to the preparation of year-end closing journal entries and external financial statement preparation.

Policy:

Proper internal control procedures will be enacted and followed to ensure the orderly, timely, and comprehensive fiscal year closing of all general ledger accounts to ensure accurate representation of the College's financial position and results of operations in accordance with generally accepted accounting principles (GAAP).

The College's fiscal year ends September 30th.

Participants:

- VPBAA
- FABS Director
- President
- CMI Budget Committee Members

Technology:

- MIP Fund Accounting System

Procedures:

1. General Closing Procedures

- 1.1 The FABS Director prepares the assigned year-end journal entries. See the list of year-end entries listed in paragraph 2 below in this section.
- 1.2 The VPBAA reviews and approves the journal entries prepared by the FABS Director.
- 1.3 The journal entries are posted to the general ledger and the supporting documentation is filed in the journal entry support binder.
- 1.4 The MIP Fund Accounting System general ledger is closed in accordance with system guidelines and the new fiscal year is established in the system.
- 1.5 The annual financial statements and general ledger are archived.

2. List of Year End Closing Journal Entries

1. Adjustment to allowance for doubtful accounts.
2. Physical inventory adjustment for bookstore inventory.
3. Defer insurance expense for general insurance agreements for the College (due to the difference between the College's year-end and the insurance agreement renewal dates).
4. Adjustment for annual depreciation of fixed assets.
5. Adjustment for change in fair value of investments.
6. Accrual for invoices received but not yet entered into the accounting system.
7. Standard payroll accrual (accrue for payroll amounts earned in the current year, but which will be paid in the following year).
8. Payroll accrual for members' stipends.
9. Unused vacation leaves liability accrual adjustment.
10. Deferred revenue adjustment for unearned tuition and fees.
11. Receivable from grantor agency adjustment for government grant awards (for reimbursement) that have not yet been received (due to timing).

12. Deferred income adjustment for money received for certain grant awards which have not yet been expended.