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4 FISCAL MANAGEMENT

5
6 GENERAL ACCOUNTING

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8 **A. Functions**

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10 The Accounting Office, under the direction of the Chief Business Officer and Fiscal
11 Services Supervisor shall provide the following functions:

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13 1. Central accounting functions for all District funds.
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15 2. Preparation of documents for transmittal to the County Treasurer's office for payroll
16 and commercial warrants.
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18 3. Preparation of payroll reports.
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20 4. Preparation of revolving cash checks.
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22 5. Processing of payments to vendors.
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24 6. Disbursement of scholarship, financial aid and loan funds.
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26 7. Accounting services for sponsored programs, student financial aid, auxiliary
27 enterprises, and student body funds.
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29 8. Maintenance of accounting data on the District's data processing system.
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31 9. Preparation of the District's financial reports.

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33 **B. Internal Controls**

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35 To provide adequate internal controls, it is necessary for certain procedures to be followed
36 at the operating level to prevent errors from occurring. The work of an employee is verified
37 by the work of another, each working separately and independently. One employee should
38 not have control of a complete financial transaction that includes authorizing the
39 transaction, receiving, disbursing, recording and/or posting the transaction. Instead,
40 different employees should participate at various stages in the transaction so that each will
41 arrive at the same result independently and, without unnecessary duplication of work, verify
42 the accuracy of the work of others. Such a division of duties provides a procedure whereby
43 errors of omission or commission, whether intentional or unintentional will be minimized.

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46 ACCOUNTS RECEIVABLE

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48 **A. Types of Accounts Receivable:**

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50 1. Receivables from students
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52 2. Sponsored third party receivables
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54 3. Receivables from other District funds
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56 4. Employee receivables

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B. Controls

1. Access to accounts receivable ledger is controlled by a security code.
2. Each entry to the accounts receivable ledger file is supported by documentary evidence.
3. All invoices are pre-numbered and all numbers are accounted for.
4. Subsidiary ledgers are balanced monthly.
5. Postings are made by someone other than those having access to incoming receipts.
6. Statements are mailed in a timely manner by someone other than the bookkeeper or cashier.
7. All non-cash credits such as credit memos, allowances, or bad debts are properly authorized.
8. Holds are placed on student records for students who have a financial obligation to the District.
9. An SBCCD invoice will be prepared for all transactions where an obligation to the District is incurred.
10. A copy of the invoice is kept on file in the Accounting Office in the outstanding invoices file until the remittance is received.
11. All accounts receivable remittances will be sent to the Campus Business Office on campus or to the Accounting Office in the District Office.
12. The Accounting Office must be notified of any collection so that the invoice can be removed from the "outstanding" file.
13. The collection of cash receivables should be handled as an ordinary cash transaction according to cash receipting procedures.

C. Student Loans

1. All student loan transactions will be accounted for through subsidiary ledgers.
2. Billing functions should be separated from collection functions and general ledger postings.
3. Upon receipt of a duly authorized promissory note, a loan receivable record will be initiated by the Accounting Office/Financial Aid Section. The file of these records becomes the subsidiary ledger.
4. The record must contain the student's social security number, loan number, address, telephone number, loan amount, interest rate, payments received, and current balance due.

- 111 5. Upon receipt of payment, a cash receipt will be prepared. A copy of the payment
112 will be sent to the Accounting Office/Financial Aid Section for posting to the
113 subsidiary ledger.
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115 6. The receipt will be posted to the general ledger by the Financial Aid Accountant.
116 The subsidiary balance will be reconciled to the general ledger balance on a
117 monthly basis.
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119 7. The Student file and general ledger may be posted simultaneously, but a District
120 receipt should be prepared as a secondary source document.
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122 **D. Grant and Sponsored Program Accounting**

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124 In addition to the District procedures listed here, state and federal grants require special
125 accounting procedures. General directions are provided in the board policy on Grants and
126 Sponsored Programs. Recipients of grant awards are also cautioned to study specific
127 requirements of the grant that may vary from traditional procedures.
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130 **CASH DISBURSEMENT**

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132 **A. Disbursement Procedures**

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134 1. Disbursements must be properly authorized and supported by adequate
135 documentation.
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137 2. All disbursements shall be made by check.
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139 3. All checks shall be pre-numbered.
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141 4. All disbursements shall be substantiated by supporting documents including
142 evidence of purchase, receipt, and approval.
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144 5. All supporting documents shall be canceled in such a manner as to preclude their
145 reuse.
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147 6. Bulk check stock shall be adequately controlled and accounted for.
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149 7. Daily use check stock shall be issued to the check-preparer on an adequate
150 transfer/control document.
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152 8. There shall be adequate separation of duties to reduce the risk of collusion and
153 fraud.
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155 9. The drawing of a warrant to "cash" or "bearer" is prohibited.
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157 10. Electronic signature plates shall be secured and issued only to authorized
158 individuals.
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160 **B. Documentation**

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162 Documentation shall include:

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164 1. A purchase order authorizing the commitment of funds by an appropriate approving
165 authority.
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- 167 2. An original invoice.
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169 3. An original receiving report with date and signature of an employee acknowledging
170 receipt of goods or services.
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172 **C. Authorization**

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174 All checks must bear a Board authorized signature.
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176 **D. Controls**

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178 1. All invoices and/or supporting documents will be marked with the check number in
179 ink to prevent their reuse.
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181 2. Checks will be recorded in the check registers as of the date written and the
182 register closed promptly at the end of each month.
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184 3. Unused checks shall be adequately controlled through sign-out logs, listing where
185 bulk stock is located and by warrant number.
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187 4. Voided checks shall be mutilated or spoiled to prevent reuse.
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189 5. Checks shall be signed only after comparing them with authorizations and
190 supporting documents.
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192 **E. Requirements for County Controlled Funds**

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194 1. Payments shall be released electronically through the County Superintendent's
195 system only by authorized agents.
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197 2. If a payment batch is chosen for audit, one copy of the District Prelist with an
198 original invoice and other documentation required above shall be submitted to
199 School Claims in one package.
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201 3. Upon receipt of the warrant and warrant listing from the County Superintendent's
202 office, the accounts payable clerk shall reconcile the County Postlist to the copy of
203 the District Prelist.
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205 4. An accounts payable clerk other than the payment batch preparer shall mail the
206 warrant to the appropriate vendor for payment.
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208 **F. Records**

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210 1. All original invoices and supporting documents shall be stamped to prevent
211 duplicate payments.
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213 2. All voucher documents shall be attached to the documentation and filed in the
214 vendor file in alphabetic order.
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217 **CASH RECEIPTS**

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219 **A. General Provisions**

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221 1. Persons who receive cash shall have no access to general ledger. All cash
222 received must be recorded by cash register receipt, pre-numbered cash receipt, or

- 223 terminal receipt. These documents provide the accounting controls and are
224 prepared by the employee first receiving checks or cash. An independent audit
225 trail must be maintained for all cash receipts. The receipt must be given or mailed
226 to the client.
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- 228 2. All cash received must be adequately safeguarded and promptly deposited. All
229 cash shall be deposited in the Campus Business Office within 24 hours of receipt.
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 - 231 3. All checks must be made or endorsed payable to the San Bernardino Community
232 College District, San Bernardino Valley College, or Crafton Hills College.
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 - 234 4. All checks shall be stamped "For Deposit Only" upon receipt with the appropriate
235 endorsement stamp.
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 - 237 5. Payments received in the mail shall be logged and routed to a party who can write
238 receipts and make deposits.
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 - 240 6. Cash registers/drawers/terminals shall be cleared daily even if no receipts are
241 recorded. Tape totals, including those with zero receipts, shall be signed by the
242 individual responsible for the cash drawer and submitted to the Campus Business
243 Office.
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 - 245 7. Cash receipts shall be reconciled against cash register tapes, log-outs and/or
246 handwritten receipts and signed by the individual responsible for the cash drawer.
247
 - 248 8. Cash, checks, credit card slips and deposit slips from one register shall not be
249 commingled with receipts from another register. Cash, checks, credit card slips
250 and deposit slips from one receipting date shall not be commingled with receipts
251 from another date.
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253 **B. Deposit of Cash Receipts**

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- 255 1. All cash receipts shall be received through the Central Cashier in the Campus
256 Business Office except those received authorized by the Chief Business Officer to
257 receive cash. Cash receipts received in locations other than the Campus Business
258 Office shall be deposited intact in the Campus Business Office as prescribed
259 above. When the deposit is made in the Campus Business Office, the deposit
260 must be verified in the presence of the depositor or the depositor's supervisor.
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 - 262 2. Cash inadvertently received by offices not authorized to accept cash shall be
263 routed to the Campus Business Office for deposit.
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 - 265 3. Deposits of money into any account other than an authorized Campus Business
266 Office account are prohibited. Violation of this policy may result in disciplinary
267 action.
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269 **C. Pre-numbered Receipts**

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- 271 Any area/department that receives cash and does not have a cash register shall use three-
272 part pre-numbered receipts provided by the Chief Business Officer. Part one goes to the
273 individual/group who makes the payment, part two goes to the Campus Business Office
274 with the cash deposit, and part three stays with the office which accepts the cash.
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276 **D. Registration Fees**

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- 278 1. During periods of registration terminal receipts are required except in those
279 instances where source identification is necessary and/or where the office
280 receiving the fees does not have access to a computer terminal (off-campus, etc.).
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282 2. The operator log-out report will be used as the primary source document. The
283 operator's cash drawer should reconcile to the operator log-out report.
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285 3. Receipts shall be conveyed to the Campus Business Office daily. The Campus
286 Business Office shall prepare a deposit ticket for each day's deposit.
287
288 4. Admissions and Records receipting clerks shall reconcile the drawer(s) against the
289 daily log-outs, sign the log-outs verifying the reconciliation, and submit receipts and
290 signed log-outs to the Director of Admissions and Records, Registrar or designee.
291
292 5. The Director of Admissions and Records, Registrar, or designee shall verify the
293 receipts and log-outs, prepare and sign the reconciliation form attesting to its
294 accuracy, and prepare the daily receipts for transmission to the Campus Business
295 Office.
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297 6. The Director of Admissions and Records, Registrar, or designee, with college
298 police escort, shall transmit receipts daily to the Campus Business Office.
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300 (a) When hand-carries are impractical, the receipts are to be transported by
301 the campus via locked bank bag to the Campus Business Office.
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303 (b) The locked bank bag should be placed in the locked trunk of the police
304 vehicle for transport. Receipts, when transported in this manner, must
305 have been verified by two independent sources prior to giving them to the
306 college police for transport.
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308 (c) The college police should receive a dated receipt for the locked bank bag
309 from the Campus Business Office.
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311 (d) The Campus Business Office shall verify the daily receipts, provide a
312 receipt to the original source of receipts, and prepare a deposit slip by the
313 close of the next business day following receipting. Any exception
314 requires notification of the Chief Business Officer or the Fiscal Services
315 Supervisor.
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PETTY CASH

A. Authorization

322 A petty cash fund may be approved by the Chief Business Officer to pay for small
323 emergency purchases of supplies or services. The Chief Business Officer will review each
324 request for the establishment of a petty cash fund and set the dollar amount of the fund if it
325 is approved. Approval for expenditures from the fund must be granted by the appropriate
326 Responsibility Center Manager or the fund custodian.
327

B. Establishment of a Petty Cash Fund

330 A Responsibility Center Manager may request a petty cash fund from the Chief Business
331 Officer. The request must identify the fund custodian and a requested dollar amount.
332 Upon approval, a check will be forwarded to the requesting party payable to the designated
333 fund custodian.

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C. Petty Cash Custodian's Responsibility

1. The petty cash custodian will sign for and assume responsibility for the safeguarding and proper utilization of the petty cash fund. The petty cash custodian is the only individual who may make cash transactions. If an authorized change in custodian occurs, the status of the fund should be verified before any transactions are completed by the new custodian. A status memo signed by both the outgoing and incoming custodians must be sent to the Chief Business Officer.
2. The petty cash fund will be maintained at the approved amount, and will at times be kept in balance with cash, petty cash vouchers, and receipts.
3. A copy of the Petty Cash Reconciliation Form will be retained by the custodian for a minimum of two years.
4. All cash, sales receipts, and other related documents shall be kept in a locked metal box. When unattended, the box shall be placed in a safe, desk or cabinet that is also to be kept locked.

D. Purchase Authorizations and Procedures

1. Single disbursements from petty cash may not exceed \$25.00.
2. The petty cash custodian must approve all expenditures from the fund. The custodian must sign a Petty Cash Disbursement Voucher for each expenditure.
3. The purchaser may request a cash advance or be reimbursed for authorized purchases. If a cash advance is made, the purchaser must provide a sales receipt and change, if any, to the custodian and sign a petty cash voucher indicating reimbursement.
4. A sales receipt must be kept with each Petty Cash Disbursement Voucher.

E. Replenishment Procedure

1. The petty cash fund will be replenished when substantially depleted. On June 30 of each fiscal year the account must be fully replenished or closed in order for expenditures to be recorded in the proper fiscal year.
2. A request for replenishment will be made on a purchase requisition signed by the Responsibility Center Manager.
3. An itemized list of expenditures is to be recorded on the Petty Cash Reconciliation Form. A separate Petty Cash Disbursement Voucher with a sales receipt attached shall be presented for each expenditure.
4. Reimbursements of petty cash are to be the only deposits into the fund.

F. Accounting/Audit

1. Any shortage must be adequately documented and explained by the fund custodian. Replenishment requests for shortages in excess of \$5 must be approved by the Chief Business Officer. Overages must be deposited with the revolving cash accountant.

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2. The Chief Business Officer or designee or designated accounting personnel will periodically make unannounced audit reviews of the petty cash fund. The independent auditors will also make test counts and review the petty cash fund. The fund custodian and the responsible manager should ensure the fund is balanced and available for audit at any time.
 3. The internal control checklist is to be completed by each petty cash fund custodian at least once a year. The Chief Business Officer or designee will periodically review the petty cash operation and determine if the operation of the fund is in compliance with the checklist.

CHANGE FUNDS

A. Change Funds

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A change fund may be approved by the Chief Business Officer for the sole purpose of making change in the conduct of business. The funds shall not be used for cash advances, purchases, reimbursements, or other activities appropriate to a petty cash fund.

B. Establishment of a Change Fund

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A Responsibility Center Manager may request a change fund from the Chief Business Officer. The request must identify the fund custodian and a requested dollar amount. Upon approval a check will be forwarded to the requesting party payable to the designated fund custodian.

C. Change Fund Custodian's Responsibility

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The custodian will sign a receipt for the change fund and assume responsibility for its security and proper use. The Chief Business Officer must be notified in writing if there is a change in the custodianship of a change fund. The change fund will be maintained at the approved amount and will at all times be kept in balance.

D. Accounting/Audit

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The Accounting Department will retain records and documentation for all change funds. Change funds must be available for audit at any time.

REVOLVING CASH

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- A. The revolving cash fund shall be used only when goods, services, or payroll are required prior to the date available within the normal purchasing process. Disbursements shall be supported by proper documentation and authorization as prescribed in the Cash Disbursement Policy. There shall be adequate separation of duties to reduce the risk of collusion and fraud.

B. Procedures

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1. The fund shall be managed so that accountability for the fund, including proper identification of fund resources, can be readily established.
 2. Cash funds are maintained on an imprest basis with the same standards of developing documentary evidence as for other disbursements.

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3. Disbursements from the fund shall be limited to transactions that cannot be paid through the regular disbursement process in a timely manner.
4. The Accounting Department will review, and the Chief Business Officer must approve, requests for payment through the Revolving Cash Fund.
5. Employees shall not authorize revolving fund checks payable to cash or to themselves.
6. Check stock shall be kept in a secure place.
7. The Revolving Cash Fund shall be replenished in a timely manner through the normal purchasing procedure.
8. Daily balances will be maintained on the check stub; the fund shall be reconciled monthly.

ADOPTED: 9/9/04