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AP 6300 Fiscal Management

(Replaces current SBCCD AP 6300)

GENERAL ACCOUNTING

A. Functions

The Accounting staff, under the direction of the Director of Fiscal Services, shall provide the following functions:

1. Central accounting functions for all District funds.
2. Preparation of documents for transmittal to the County Treasurer's Office for payroll.
3. Preparation of payroll reports.
4. Processing of payments to vendors.
5. Preparation of warrants.
6. Disbursement of scholarship, financial aid and loan funds.
7. Accounting services for sponsored programs, student financial aid, auxiliary enterprises, and student body funds.
8. Maintenance of accounting data on the District's financial system.
9. Preparation of the District's financial reports.

B. Internal Controls

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

ACCOUNTS RECEIVABLE

A. Types of Accounts Receivable:

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

B. Controls

1. Access to the 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 regularly.
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 SBCCCD invoice will be prepared for all transactions where an obligation to the District is incurred.
10. A copy of the invoice is kept in the Fiscal Services Department until the remittance is received.
11. All accounts receivable remittances will be sent to the Campus Business Office on campus or to the Fiscal Services Department in the District Office.
12. Accounting staff must be notified of any collection so that it can be applied against the outstanding invoice.
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 Fiscal Services/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.
5. Upon receipt of payment, a cash receipt will be prepared. A copy of the payment will be sent to Fiscal Services/Financial Aid Section for posting to the subsidiary ledger.
6. The receipt will be posted to the general ledger. The subsidiary balance will be reconciled to the general ledger balance on a regular basis.
7. The Student file and general ledger may be posted simultaneously, but a District receipt should be prepared as a secondary source document.

D. **Grant and Sponsored Program Accounting**

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

CASH DISBURSEMENT

A. **Disbursement Procedures**

1. Disbursements must be properly authorized and supported by adequate documentation.
2. All disbursements shall be made by check or electronic payment.
3. All checks shall be pre-numbered.
4. All disbursements shall be substantiated by supporting documents including evidence of purchase, receipt, and approval.
5. All supporting documents shall be canceled in such a manner as to preclude their reuse.
6. Bulk check stock shall be adequately controlled and accounted for.
7. Daily use check stock shall be issued to the check-preparer on an adequate transfer/control document.
8. There shall be adequate separation of duties to reduce the risk of collusion and fraud.
9. The drawing of a warrant to "cash" or "bearer" is prohibited.
10. Electronic signature plates shall be secured and issued only to authorized individuals.
11. For payments from federal awards, the District minimizes the time between transfer of funds and disbursement.

B. **Documentation**

Documentation shall include:

1. A purchase order authorizing the commitment of funds by an appropriate approving authority.
2. An original invoice.
3. An original receiving report, or other appropriate method, of an employee acknowledging receipt of goods or services.

C. **Authorization**

All checks must bear a Board authorized signature.

D. **Controls**

1. All invoices and/or supporting documents will be marked with the check number, or by another appropriate method, to prevent their reuse.
2. Checks will be recorded in the check registers as of the date written and the register closed promptly at the end of each month.
3. Unused checks shall be adequately controlled through sign-out logs, listing where bulk stock is

- located and by warrant number.
4. Voided checks shall be mutilated or spoiled to prevent reuse.
 5. Checks shall be signed only after comparing them with authorizations and supporting documents.

E. Records

1. All original invoices and supporting documents shall be stamped, or otherwise appropriately canceled, to prevent duplicate payments.
2. All voucher documents shall be attached to the documentation and filed in the vendor file in alphabetical order.

CASH RECEIPTS

A. General Provisions

1. Persons who receive cash shall have no access to post payments to the general ledger. All cash received must be recorded by cash register receipt, pre-numbered cash receipt, or terminal receipt. These documents provide the accounting controls and are prepared by the employee first receiving checks or cash. An independent audit trail must be maintained for all cash receipts. The receipt must be given or mailed to the client.

All cash received must be adequately safeguarded and promptly deposited. All cash shall be deposited in the Campus Business Office within 24 hours of receipt.

2. All checks must be made or endorsed payable to the San Bernardino Community College District, San Bernardino Valley College, or Crafton Hills College.
3. All checks shall be stamped "For Deposit Only" upon receipt with the appropriate endorsement stamp.
4. Payments received in the mail shall be logged and routed to a party who can write receipts and make deposits.
5. Cash registers/drawers/terminals shall be cleared daily even if no receipts are recorded. Tape totals, including those with zero receipts, shall be signed by the individual responsible for the cash drawer and submitted to the Campus Business Office.
6. Cash receipts shall be reconciled against cash register tapes, log-outs and/or handwritten receipts and signed by the individual responsible for the cash drawer.
7. Cash, checks, credit card slips and deposit slips from one register shall not be commingled with receipts from another register. Cash, checks, credit card slips and deposit slips from one receipting date shall not be commingled with receipts from another date.

B. Deposit of Cash Receipts

1. All cash receipts shall be received through the Central Cashier in the Campus Business Office except those received authorized by the Director of Fiscal Services to receive cash. Cash receipts received in locations other than the Campus Business Office shall be deposited intact in the Campus Business Office as prescribed above. When the deposit is made in the Campus Business Office, the deposit must be verified in the presence of the depositor or the depositor's supervisor.
2. Cash inadvertently received by offices not authorized to accept cash shall promptly be routed to the Campus Business Office for deposit.

3. Deposits of money into any account other than an authorized Campus Business Office account are prohibited. Violation of this policy may result in disciplinary action.

C. Pre-numbered Receipts

Any area/department that receives cash and does not have a cash register shall use three- part pre-numbered receipts provided by the Director of Fiscal Services. Part one goes to the individual/group who makes the payment, part two goes to the Campus Business Office with the cash deposit, and part three stays with the office which accepts the cash.

D. Registration Fees

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

PETTY CASH

A. Authorization

A petty cash fund may be approved by the Director of Fiscal Services to pay for small emergency purchases of supplies or services. The Director of Fiscal Services will review each request for the establishment of a petty cash fund and set the dollar amount of the fund if it is approved. Approval for expenditures from the fund must be granted by the appropriate Responsibility Center Manager or the fund

custodian.

B. Establishment of a Petty Cash Fund

A Responsibility Center Manager may request a petty cash fund from the Director of Fiscal Services. 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. 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 Director of Fiscal Services.
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 kept locked.

D. Purchase Authorizations and Procedures

1. Single disbursements from petty cash may not exceed 50.00.
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. At the end 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 Director of Fiscal Services. Overages must be deposited with the revolving cash accountant.

2. The Director of Fiscal Services or designee 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 Director of Fiscal Services 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

A change fund may be approved by the Director of Fiscal Services 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

A Responsibility Center Manager may request a change fund from the Director of Fiscal Services. 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

The custodian will sign a receipt for the change fund and assume responsibility for its security and proper use. The Director of Fiscal Services 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

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

Allowability of Costs for Federal Awards

The District assumes responsibility for administering federal funds in a manner consistent with underlying agreements, program objectives, and the terms and conditions of federal awards. The accounting practices of the District support the accumulation of costs and provide for adequate documentation to support costs charged to federal awards. The District does not earn or keep any profit resulting from federal financial assistance, unless expressly authorized by the terms and conditions of a federal award.

For federal awards, costs:

1. Are necessary, reasonable for the performance of the federal award, and allocable,
2. Conform to any limitations or exclusions set forth in the federal award,
3. Are consistent with policies and procedures that apply to both federally financed and other activities of the District,
4. Are accorded consistent treatment,

5. Are determined in accordance with Generally Accepted Accounting Principles,
6. Are not included as a cost or used to meet cost sharing or matching requirements of any other federally financed program,
7. Are adequately documented.

In determining reasonableness of a given cost, the District assesses:

1. Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the District or the proper and efficient performance of the federal award,
2. The restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining; federal, state and other laws and regulations; and terms and conditions of the federal award,
3. Market prices for comparable goods or services,
4. Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the District, its employees, its students, the public, and the federal government.

The District does not charge any cost allocable to a particular federal award to other federal awards to overcome fund deficiencies, to avoid restrictions imposed by federal statutes, regulations, or terms and conditions of the federal awards, or for other reasons. However, this prohibition does not preclude the District from shifting costs that are allowable under two or more federal awards in accordance with existing federal statutes, regulations, or the terms and conditions of the federal awards.

References:

Education Code Section 84040(c);
 Title 5 Section 58311;
 ACCJC Accreditation Standard III.D.9 (formerly III.D.2)

Code of Federal Regulations, Title 2, 200.302(b)(6)-(7), 200.305, 200.400 et seq. and Subpart E

Attachments

- [AP 6300 Fiscal Management- Comments](#)
- [AP 6300 Fiscal Management- Legal Citations](#)
- [Changes to be Reloaded After Approval of Federal Language Change](#)

Approval Signatures

Step Description	Approver	Date
	Policy Stat	08/2019
	Policy Stat	08/2019