

3.10.3 The institution exercises appropriate control over all its financial resources. **(Control of finances)**

Compliance Partial Compliance Non-Compliance

Narrative:

Chattahoochee Valley Community College (CVCC) demonstrates compliance in exercising appropriate control over all its financial resources.

Budgeting

Chattahoochee Valley Community College's internal budgeting system serves two purposes. The first purpose is to set guidelines for annual expenditures in department units under the control of campus budget coordinators. The second purpose is to serve as the foundation for the annual budget submitted to the Alabama State Board of Education. A summary of CVCC's campus budget process and management is documented in the [Finance and Budgeting Processes Handbook](#). The [Chief Financial Officer](#) is responsible for sound budget and management practices on campus and has the appropriate qualifications to exercise control over the financial resources of the College. After budget requests are submitted by instructional and non-instructional departments, reviewed and approved by the Cabinet, the CFO evaluates them and compiles each fiscal institutional budget based on available funds and Alabama State Board of Education guidelines. The budget is then submitted for review and final approval to the College President, to the Department of Postsecondary Education (DPE), and finally to the Alabama State Board of Education. Budget revisions may be requested through DPE if changes are required during the year. Budgets are available to campus online effective October 1st of each fiscal year. The [2010-11](#), [2011-12](#), and [2012-13](#) annual budgets are presented for review.

Revenues

All revenue is received by the College's cashiers and credited to appropriate accounts. The administrative computing software has security procedures to control and protect the College's revenues, and other internal controls have been established to safeguard assets as documented in the [Finance and Budgeting Processes Handbook](#). For example, daily revenue collections and deposits are verified and reviewed by the Restricted Fund Accountant or CFO. Then deposits are taken to the bank by the Mail/Copy Service Center Employee. The College's procedures for controlling cash comply with State Board Policy [308.01](#).

Expenditures

Chattahoochee Valley Community College's purchasing procedures are documented in the [Finance and Budgeting Processes Handbook](#). The College uses petty cash funds to cover purchases of small emergency items and small non-recurring items costing less than \$30 per day or \$100 per day for the campus maintenance department. The department chair/director authorizes the purchase and the account to be charged. Once purchased, the petty cash form is presented to the CFO with the items purchased clearly identified on the invoice. Once approved by the CFO, it is presented to the cashier for reimbursement. Petty cash funds can also be asked for and approved by CFO in advance of purchase instead of reimbursement. The person receives the requested funds, then invoice showing the item was purchased and paid for is presented to CFO to complete the advance pay petty cash transaction.

Other campus expenditure approvals begin with the budgeting process. Each department has control of its budget. Purchases are controlled by making requests through the campus' online requisition/purchase order system or check request format, both of which require multiple

approvals from appropriate department chairs/directors and college-wide administrators. Purchases that require bidding are handled by the Chief Financial Officer and Business Office Purchasing Clerk. Purchases of goods and services exceeding \$15,000 require a bid. All other services are by contracts approved by the President.

The College's online purchase order and budgeting systems give each division chair, director and administrator real time budget updates on expenditures to date and funds available in each expenditure category for the division or office. Requests for any expenditures above budgeted amounts must be approved by the President with the completion of a budget amendment form.

When an order is received, the campus purchaser signs and dates the bottom of the purchase order and attaches an original invoice/shipping receipt indicating that it is approved to pay the invoice. The invoice/shipping receipt and signed purchase order are forwarded to the accounts payable department. The invoice is entered for payment. Checks are processed when all invoices have been entered and checked for accuracy. As checks are printed and updated, expenses are immediately charged to the appropriate accounts; this procedure provides a current available budget balance for each account.

Investments

The State Board of Education has approved a [cash-management policy](#) that outlines rules and regulations for investment of College funds. This policy requires that all deposits be approved by the President, all funds insured by FDIC/FSLIC, and designated as a Qualified Public Depository under the Security for Alabama Funds Enhancement program. The President has designated the Chief Financial Officer to be responsible for the investment management of daily cash flows and short-term investments and for adhering to the cash management policy. Campus cash management and investment goals and procedures are documented in the [Finance and Budgeting Processes Handbook](#).

All funds are held in interest bearing accounts in the College operating accounts, with excess funds being invested in Certificates of Deposits. CVCC submits a 'request for proposals' on monies that are invested in all banks in our service area in order to receive the highest return possible on funds invested. However, the drop in interest rates since 2008 has lowered materially the amount of investment income being earned which is beyond the College's control. At fiscal year-end 2011-12, the College had no funds invested in Certificates of Deposits; all short term investments had expired in September 2011 and were transferred to the operations' money market account which was earning the highest interest rate which had been negotiated through a bank services' bid in the Spring of 2010. Investments are audited annually during the regular financial audit.

Audit

As per State Board Policy [318.01](#), records and activities of the Business Office are audited annually by the Alabama Department of Examiners of Public Accounts. In addition, the Chancellor is authorized to initiate and direct internal audits and reviews of College operations and to determine appropriate procedures, compliance measures, and standards applicable to such audits and reviews through its [Department of Internal Audits](#).

Cash Management and Control

The College follows the procedures outlined in the State Board Policy [301.02](#) and [302.02](#) for cash management which authorizes the institution to manage its own funds responsibly. Campus cash management procedures are documented in the [Finance and Budgeting Processes Handbook](#).

The Business Office is the central cashing location for all College funds. A computer-numbered receipt is generated for all transactions. Daily approved updates of receipt transactions are forwarded to the Payroll Accountant for monthly reconciliation, and monthly bank reconciliations are performed to safeguard cash assets. Internal controls are maintained for the receipt and disbursement of funds. The President, Chief Financial Officer, and others are covered each by a \$500,000 fidelity bond as outlined in State Board Policy [302.01](#). A \$100,000 blanket bond is maintained for other personnel who are responsible for handling institutional funds.

Chattahoochee Valley Community College maintains \$1,495 in petty cash funds. All College funds are held by financial institutions in the State of Alabama's [Security for Alabama Funds](#) (SAFE) Program described in the auditor's FY2011-12 Audit Report.

Foundation

The Chattahoochee Valley Community College Foundation, Inc. is an externally funded, separate entity with an independent board. The Foundation is responsible to the College and exists to support its mission. The Foundation has the responsibility of providing the College with reports of external audits of their income and disbursements.

Fundraising

All fundraising activities on campus for student organizations, clubs, and the college's capital campaign must be approved by the College President (or his designee) and is conducted in coordination with the College's Office of Institutional Advancement. All events and activities must abide by CVCC Policy [515.01](#). Student fundraising must be supervised by faculty/staff sponsor(s); campus capital campaign will be supervised by the Director of Institutional Advancement. Campus fund-raising procedures are documented in the [Finance and Budgeting Processes Handbook](#). The College is required to report to State Board all gifts and donations received each fiscal year as stated in State Board Policy [315.01](#); as documented with the *Fiscal Year 2011-12 State Board Gifts and Bequests Report*.

SUPPORT DOCUMENTATION
Finance and Budgeting Processes Handbook, Section 4.0 - Campus Budgeting Procedures – Pages 10-12
Job Description – Chief Financial Officer
CVCC Budget 2010-11
CVCC Budget 2011-12
CVCC Budget 2012-13
Finance and Budgeting Processes Handbook, Section 19.0 - Campus Internal Control Procedures – Pages 56-57
State Board Policy 308.01: Cash Management
Finance and Budgeting Processes Handbook, Section 7 – Campus Purchasing and Receiving Procedures – Pages 21-25
Finance and Budgeting Processes Handbook, Section 15.0 - Cash Management and Investment Goals and Procedures – Pages 46-48

<u>State Board Policy 318.01 Audits</u>
<u>Department of Postsecondary Education Internal Audit Division</u>
<u>State Board Policy 301.02: Accounting Procedures</u>
<u>State Board Policy 302.02: Treasurer</u>
<u>Finance and Budgeting Processes Handbook, Section 9.0 Cash Collection Procedures – Pages 28-32</u>
<u>State Board Policy 302.01: Fidelity Bond Schedule</u>
<u>Alabama Safe Funds Law</u>
<u>Policy and Procedures Manual, Section 515.01 – Student and Organization Fundraising – Pages 66-69</u>
<u>State Board Policy 315.01: Gifts and Bequests</u>
<u>State Board Report, 2011-12 CVCC Gifts and Bequests</u>