

Rio Hondo Community College District



Accounting Policies and Procedures Manual



PREFACE

This procedures manual has been prepared to assist District personnel with the preparation and management of documents, requests, and procedures that are handled in the Accounting Department. Careful attention and adherence to these procedures will enhance internal controls and reduce the amount of time required to process requests and complete transactions.

This manual will be revised regularly as procedures change or topics are added and deleted.

CODE OF ETHICS

Per Board Policy 3050, District employees shall adhere to the following ethical standards:

(a) Exercise due diligence in the ethical performance of his or her duties and model ethically responsible behavior at all times

(b) Facilitate a climate of trust and mutual support through actions that demonstrate respect for reason, freedom of expression, and the right to dissent. Avoid knowingly making false or malicious statements about other employees or students

(c) Use care and integrity in sharing information, guard privacy rights of all individuals, and avoid disclosing information about colleagues or students obtained in the course of professional service unless disclosure serves a compelling professional purpose or is required by law

(d) Avoid entering into or continuing relationships with other employees or students that create or sustain conflicts of interest, such as those that may be viewed as harassment, unequal power relationships, or those of a sexual nature

(e) Avoid entering into or continuing relationships that create or sustain conflicts of interest as they relate to contractual obligations for and with the District and which may lead to personal gain

Revised May 2019

ACCOUNTING DEPARTMENT MISSION STATEMENT

The mission of Accounting Department is to execute Board policy for the fiscal stability of the District through the administration of budgets and financial programs within the District, including providing the necessary support to other departments to facilitate their individual mission and vision statements.

MAJOR FUNCTIONS

The Department prepare and account for a variety of accounting activities that provide the necessary documentation to the Board of Trustees, State Chancellors Office and other governmental agencies and support for all District functions.

- Prepare and process on a monthly basis payroll for all employees.
- Process purchase requisitions for District, Foundation and Auxiliary Organizations.
- Process all the accounts payable warrants for all vendors and reimbursement checks for staff. Provide the necessary information to departments in monitoring their annual budget.
- Process and present the final budget to the Board of Trustees for approval.
- Prepare a variety of fiscal reports as requested by the Board and outside agencies.
- Process student financial aid disbursements.
- Review and monitor all grants accounting for reporting to respective agencies for compliance.
- Process all revenue from the state apportionment; local revenues; student fees; all grants; enterprise funds and other revenues.
- Oversee collection procedures for delinquent accounts.
- Facilitate and provide all the necessary documentation to external auditors.

Establishing, Naming and Terminating District Accounts:

The district adheres to the California Community Colleges Budget and Accounting Manual that follows generally accepted governmental accounting principles and promotes consistency and validity of reported financial data. District cost centers track financial transactions by monitoring their accounts through PeopleSoft.

Account codes are made up of several components, which permit district personnel to precisely identify each financial transaction. These components are:

Fund: An accounting entity with self-balancing set of accounts for recording assets, liabilities, a fund to insure observance of limitations and restrictions placed on the use of these resources. (For example: Unrestricted, Restricted, Capital Outlay etc.)

Activity: An accounting authorization to incur expenditures for specific purposes, especially Categorical Funds. (For example: CalWORKs, EOPS, DSPS, SSSP etc.)

Cost Center: The various operating functions within the district. (For example: Instruction, Administration, Plant Operation, etc.) The various district programs within the District. (For example: Instructional disciplines - Art, History; Athletics, Admissions & Records, etc.)

Expense Code: Identifies the type of revenue or expenditure (For example: instructional supplies, equipment, etc.)

Location Code: Identifies the revenue or expense location.

Establishing New Accounts:

New accounts are established to classify and track revenue and expenditures. Usually budgets are established at the beginning of the fiscal year or when new functions are authorized by the Board, or a new grant is approved. In these cases, the Accounting Office advises the administrator for the Department/ cost center of the account number. The Accounting Office evaluates the proposed types of expenditures and sources of revenue, a program-budget code is assigned to reflect the appropriate classification and the new budget is entered into the accounting system. If a new account requires an allocation of funds or a transfer of funds to the account, the dean or area administrator sends a memorandum to the Director of Accounting indicating the amount and source of funds. Approval of these fund transfers must then be approved by the President.

Terminating Accounts:

When a budget or account number is no longer required or utilized, it is the responsibility of the area administrator to notify the Accounting Office that the account number will be discontinued. Those budget, accounting and project numbers, which have been previously assigned and terminated, may not be used again.

Budget Statements/Reports:

The District budget statement or reports are a means of communicating financial information between District Department/cost centers. They provide information to permit the comparison of commitments (disbursements and encumbrances) with budgeted allocations.

Such comparison aids area administrators and program managers in monitoring and controlling each budget or project's financial activities.

District personnel can run and check budget reports by hardcopy or onscreen to make sure recorded commitments to the account are an accurate reflection of allocations, encumbrances and expenditures. Accurate accounting of a budget or project's financial status is critical when the budget or project is nearly out of money or when the end of the fiscal year is at hand.

All departments have access PeopleSoft for their specific location. The account balances reflect all transactions that have been posted by the end of the previous working day.

External Auditors:

The District cooperates with and assists external auditors whose responsibilities involve review and confirmation of District transactions. An external auditor is defined as any non-district auditor, e.g., county, state, federal, private firm. As part of the coordination process, the Accounting Office serves as a liaison between departments and the external auditors.

District records are public documents and are available for audit purposes subject to the normal privacy safeguards and availability.

CASH MANAGEMENT PROCEDURES

Cash Collections

Although the ultimate responsibility for cash management of the District lies with the Superintendent//President, the operational responsibility for cash collections, deposits, maintenance of proper records and the timely preparation of cash collection reports to the Los Angeles County Office of Education (LACOE) lies with the Accounting Office.

It is also the responsibility of the Accounting Office to ensure that complete accounting records are maintained for audit purposes and that proper controls are in place for the safeguarding of District funds. All cash, checks and credit card shall be paid at the College Cashier's Office.

To ensure that a proper accounting of District funds occurs, all collections of cash must be deposited with the college cashier's Office on the day collected or no later than the morning of the subsequent business day. Collections received by Cashiers' Office shall be deposited to the Bank of the West account on the following deposit date (usually weekly) after being received.

Cash collections include, but are not limited to:

- Enrollment fees
- Tuition fees
- Material fees - (Public Safety)
- Non-resident tuition
- Parking fees
- Library fines
- Deposits for District property loaned to students
- All ASO and ASB income
- Transcript fees
- Drop fees
- Child Development Center fees
- Other

A receipt must be issued at the point of initial collection for all cash received.

The Cashier's Office use the Touchnet cash registers for all over-the-counter collections. Collections are keyed into the register and each student or payee is to be provided with a Touchnet system generated register receipt. (See Education Code sections 72600 and 76065).

If Touchnet register is not available, pre-numbered cash receipt forms should be used. The cash receipt form should include: the date received, customer's name, description of receipt, amount received, account(s) credited and payment type (cash, check or credit card).

For collections received in the mail, a schedule is prepared/copies of checks is maintained. The schedule shall record the date received, payee, purpose, amount and account(s) to be credited. All remittances received in the mail should be delivered directly to the Cashier's Office for deposit.

The Cashier's Office shall deposit cash collections on a weekly basis.

All money received directly by the Cashier's Office shall be counted and batched each day and prepared for deposit.

Money collected by Departments shall be recounted by the Cashier's Office in the presence of the person making the deposit. A receipt is to be issued upon completion of the count. If there is a discrepancy between the amount counted and the transmittal, the discrepancy must be resolved before money is deposited with the Cashier. The deposit must always be for the actual dollar amount received, and any missing funds must be accounted for.

The Cashier's Office use the services of an armored delivery service for all deposits.

Internal Controls

No unauthorized personnel are allowed in the Cashier's Office or the Vault at any time. The cashier's Office is under lock and key and out of bound for unauthorized persons.

All cash collection amounts are to be pre-counted before final count in the Safe/Vault. Pre-counts and final counts (deposits) shall be reconciled by a different cashier.

To ensure the integrity of the deposit, no employee shall operate an individual cash register and also be responsible for the day's final count and deposit.

Numbered receipts shall be stored in a secure location. A log book recording the inventory of numbered receipts on hand and staff signatures identifying who has been issued receipts shall be kept in the vault.

Cash Security

(a) Safes should remain secured at all times

(b) The number of people knowing the combination to a safe is at the discretion of the Superintendent/President. A good internal control, however, is to have safes where both a key and a combination are required. In this case, no one person should be given access to both the key and the combination. Another good solution is to have a row of safe deposit boxes (similar to those found in banks) where each box is only accessible by one individual. A less secure solution, but an acceptable one, is to allow no more than three people to know the combination to any safe. Changing combination should also be considered if a combination holder leaves on vacation, particularly if a substitute employee is given access to the safe.

(c) All cash shall be deposited to the bank weekly except for a reasonable amount needed for current operations (change fund)

Banking

Reconciliations

All bank accounts must be reconciled monthly. Formal reconciliations must be prepared by the accountant and reviewed by Director of Accounting on a monthly basis. To ensure separation of duties and proper internal controls, the individual preparing the reconciliation shall not be allowed to record transactions affecting the account nor to write checks from or make deposits to the account.

Returned Checks

As soon as the District receives notice of a returned check, the cashier shall place a hold on the student's record on the Banner. A complete record shall be kept on file at the cashier's Office showing the check copy and any other notes relating to the check or interactions with the student.

It is critical that this file be kept up-to-date and in proper order since students often question these holds. All returned checks should also be maintained in an Excel spread sheet to facilitate the collection process. The District participates in the Chancellor's Office Tax Offset Program (COTOP) and also through a collection agency (First Financial Resources, Inc.). If we should not have accepted the check because it was defective in some way (for example it was not signed, or modified), every effort must be made to provide prompt feedback to the cashiers in order to avoid the same problem in the future.

Counterfeit Bills

Every person who handles cash should be educated about counterfeit bills. With some training, all cashiers should be able to identify the security features embedded in U.S. currency. In addition, the cashiers have counterfeit bill detectors.

If the cashier is suspicious about the authenticity of a bill, he/she can refuse to accept it.

Acceptance of Checks

1. A Picture I.D. is required in all cases
2. The cashier's Office is responsible for maintaining a current bad check list.
3. All checks must be pre-printed (no temporary checks shall be accepted)
4. Checks from students' parents may be accepted at the discretion of the supervisor.

ACCOUNTS PAYABLE

Purchase Requisitions, Purchase Orders, & Invoices

Requests for the purchase of supplies and equipment are made on the appropriate Purchase Requisition form. Once the Department/cost center manager approves the purchase requisition, it is forwarded to the Accounting Department for verification of funds and accuracy of account coding and forwarded to the Superintendent/President for approval. The requisition is then forwarded to Purchasing Department where a Purchase Order (PO) is prepared in Escape System based on the information on the purchase requisition. The PO is then approved by the Director of Contract and Vendor Management and a copy is provided to the Department/cost center for their reference. The PO and the Invoice are then submitted to the Accounts Payable for processing.

Payment by the Accounts Payable can only be made upon receipt of all of the following:

- Confirmation that the merchandise was delivered (Goods Received report) or service was rendered
- The original vendor invoice signed by the authorized official (Department/cost center manager) who approved the purchase
- A Purchase Order that matches the vendor invoice

Direct Payments

Certain transactions, do not require a purchase order. The following are examples of direct payments:

- Mileage Reimbursement
- Travel Advance
- Conference Reimbursement under \$250.00

District Accounts Payable processes and posts all of the above invoices in the District's PeopleSoft Financial System.

An authorized District Official (Vice President of Finance & Business and Director of Contract & Vendor Management) will logon to the PeopleSoft to authorize the release of payments to vendors.

Credit Card Purchases

Payment Overview:

- After the end of each monthly billing cycle, the Bank of the West will send out Statement of account to each Cardholder.
- The Statement of Account lists all charges made by the Cardholder during the cycle. The card holder will raise a requisition for payment and forward to Accounts Payable.
- After reviewing the statement of charges, Accounts Payable will indicate the approved amount on the statement. The statement and a requisition is signed by superintendent/President and forwarded to Purchasing for a PO. Once the PO is approved, documents are forwarded to Accounts Payable for payment.
- Reconciliation will be done before Accounts Payable has authorized payment. The Department/Cost Center Manager is responsible for ensuring that the following documents are reconciled to one another and support the amount of the direct pay requisition:
 - (1) Cardholder Statements of Account with attached receipts, purchase logs, credit vouchers (if any) and Cardholder's Statement of Questioned Item
 - (2) Invoice as reflecting appropriate District expenditures.
- District Accounts Payable will issue a check against the statement after review of all the charges. Accounts Payable will process partial payments due to disputed charges but not because of missing or delinquent Cardholder statements or other documents.

Prohibited Transactions

While the primary responsibility for appropriate card use rests with the Cardholders, the Accounts Payable needs to be aware of prohibited transactions that should not be approved as follows:

- Capital assets (unit price \$5,000 or more) and low-value assets (useful life of more than one year)
- Alcoholic beverages, tobacco products, firearms, ammunition
- Consultants and contract services
- Memberships
- Utilities
- Salary or wage payments
- Capital outlay expenditures, building fixtures and improvements, electrical appliances except as approved by Superintendent/President.
- Payment of any invoice for which a purchase authority/order has been issued
- Any expenditure that requires approval of the Board

Reconciliation

The Accounts Payable will be responsible for reviewing Credit Card Statements, receipts, and other supporting documents.

After receiving the Statements, the cardholder will review and certify as correct all the charges listed on the Statement and then sign and submit the original Statement to the Accounts Payable.

Petty Cash Funds

The District does not use of Petty Cash Funds to make any purchase.

Reimbursements

Mileage and conferences

District employees are eligible to be reimbursed for the use of their personal automobiles in performance of District business and conference expenses as laid out in travel authorization policy and procedures.

ACCOUNTS RECEIVABLE

The accounts receivable policies and procedures govern the recording, collection, analysis and reporting of cash receipts on account. Accounts receivable is a significant asset for the District and must be carefully managed to ensure efficient and effective collection of all debts owed to the college.

The management of accounts receivable is an essential component of financial management and good business practice. Generally accepted accounting principles (GAAP) and internal control standards establish the framework for the District's accounts receivable system. Accounts receivable are often a significant part of the District's financial statements and will be audited in its annual audit.

Definitions

Accounts receivable, or receivables are monies due to the District which have not yet been received. Credit which has been extended to students, faculty, staff, or to outside customers is a receivable. This can include, but is not limited to, tuition and fees, sponsored projects, student loans and notes receivable.

Past Due receivables are those receivables that remain unpaid from 1 to 90 days beyond the initial due date.

Delinquent receivables are those receivables that are past due 91 days and beyond.

Write-off of receivables is the transaction which removes an account that management has determined to be uncollectible from the District's accounting records. Writing-off the receivable for accounting purposes does not discharge the debt owed to the college.

Third Party Receivables include tuition, fees for approved students for the current fiscal year and is semester specific. Third party receivables are established when charges are transferred from a student's receivable to a third party receivable. Third party vendors are typically state agencies (City Governments, State Rehabilitation Services, Veteran's Administrations or Job Training and Placement Act service providers. Collection of Third party receivables occurs during the semester the charges are incurred or the semester just following.

The Accountant responsible for the Receivables should determine that all charges are billed promptly and recorded accurately and that adequate collection efforts are made.

Establishing the Receivable

It is the responsibility of the Account Manager/ Department Manager to establish the terms and conditions for payment at the time an account is created. The debt must be acknowledged by a third party debtor or student at this time. The acknowledgement must be either in writing or, with automated registration processes, by a positive action that indicates that the debtor is accepting the terms and conditions for payment.

The District maintains access to student receivables information in conformance with the provisions of the Family Educational Rights and Privacy Act of 1974 and the State of California Education Code. Employees accessing student receivables are to be familiar with these provisions. To access any District administrative system (including Banner), the employee must have been assigned the required user ID and associated system passwords.

Third party receivables invoices are mailed as soon as they are established. If not paid within 30 days, a second notice is mailed or telephone contact is made. A third party agreement will not be honored for a student if the company is delinquent for two semesters.

Collection Process

The college will follow up routinely and diligently on all accounts receivable. A structured timetable for collection activities should include, at a minimum:

- Billing
- Time frame for placing a hold on the student records
- Time frame for contacting departments generating non-tuition/fee revenues regarding past-due receivables

The procedure for collection of all receivables is as follows:

- Late notices (bills or letters) should be mailed 30 days after the due date.
- Past-due notices should be mailed 60 days after the due date.
- Final notices should be mailed 90 days after the due date.
- Uncollected receivables may be referred to a collection agency 120 days after the due date.

Current Receivables

Current term receivable activity should be reviewed monthly.

The reconciliation of the detail accounts receivable records to the corresponding accounts receivable amounts in the general ledger is performed on a monthly basis. The reconciliation document includes aged and subtotaled details of all receivables as compared to the general ledger sub-code totals as of the end of the particular month. Any differences are identified, analyzed, explained and corrected as applicable.

Past Due Receivables

Past due accounts will be reviewed monthly.

Chancellor's Office Tax Offset Program (COTOP)

The Rio Hondo Community College District is invited annually to participate in the Chancellor's Office Tax Offset Program (COTOP). AB 2347 (chapter 937, statutes of 1982) authorizes the Chancellor's Office to act on behalf of local community college districts for the purpose of collecting outstanding student financial aid obligations through participation in the Franchise Tax Board's Interagency Tax Offset Program. The program was enhanced in 1991 by legislation (AB 3929, Jones) to permit the offset of specific non-financial aid obligations owed to the district.

By contracting with the Chancellor's Office, local districts can recover outstanding student debts owed to the colleges such as enrollment fees, out-of-state fees, library fines, personal checks written with non-sufficient funds, student loans, financial aid overpayments and other approved debts.

Under the COTOP program, the Chancellor's Office requests the Franchise Tax Board to offset (deduct) the amount owed to a district from the student / debtor's personal state income tax refund, lottery winnings or other state refund. The Franchise Tax Board remits any amounts offset to the Chancellor's Office, which authorizes the state Controller to disburse the offset amount, minus a 25 percent (25%) administrative fee to the participating local districts.

Before the data is submitted to the Chancellor's Office, the District must send a notification letter to the student 60 days before data submission. The student has 30 days from the date of the letter to either voluntarily pay the amount owed, object, or ignore the notice.

Write-offs

The District makes every reasonable effort to collect an account before a write-off. In most cases, the collection effort should include written notices and attempted phone contact.

Writing-off an accounts receivable is sensitive and should therefore be subject to strong internal accounting controls. All write-offs of uncollectible accounts receivable require the approval of the president.

A debt is considered to be uncollectible when it meets one of the following criteria:

- All reasonable collection efforts have been exhausted.
- The cost of further collection action will exceed the amount recovered.
- The debt is legally without merit or cannot be substantiated by evidence.
- The debtor cannot be located.
- The available assets or income (current or anticipated) are insufficient.
- The debt was discharged in bankruptcy.
- The applicable statute of limitations for collection of the debt has expired.
- It is not in the public interest to pursue collection of the debt.
- The debt has been compromised in the best interests of the state.

Determining that the debt is uncollectible does not cancel the legal obligation of the debtor to pay the debt.

Reporting

Because of the significance of accounts receivable, it is important for management to receive periodic reports that both measure the effectiveness of collection activities and inform or alert management of problem accounts. Reports should be generated on a monthly basis, but depending on the size of the receivable balance and collections staff, the issuance of such reports may range from weekly to quarterly.

Drawdown of State or Federal Funds

Monthly, quarterly, or periodic requests may be made to State and Federal sources to call down funds depending on the requirements of a specific grant or funding source. The District policy is to request funds through the reimbursement process. The Grants Accountant and the Project Manager will run a GL Summary Account Availability Report. This report is reviewed to determine the dollar amount requested. Once the amount to be reimbursed has been determined, the dollar amount is requested from the funding source.

Funds are deposited by ACH to the Bank of the West. Once the funds have been received, a journal entry is made to record the deposit.

Funds deposited into the Bank of the West are deposited into the Federal Financial Aid bank account. Funds that are not for student financial aid are transferred to the District's revolving account by check. The Accounting Office will prepare journal entries to record the deposits.

AUXILIARY ORGANIZATIONS

Auxiliary funds are revenues from those operations that the board has decided should recover their total cost of providing goods and services on a continuing basis primarily through user charges. The board has established a separate bank account for each of these enterprise funds. Utilities and maintenance costs should be charged directly to each fund where practical. The auxiliary organizations at Rio Hondo College are the Associated Student Body Organization (ASB) and the Auxiliary Service Organization (ASO).

Per Board Policy the Superintendent/President shall be the custodian of all fiscal matters pertaining to auxiliary organizations. Funds of auxiliary organizations shall only be used for purposes consistent with District policy.

Associated Student Body

The official Associated Student Body (ASB) is that organization, authorized by the District administration in accordance with Board policy whose officers are elected by students who are officially enrolled in the college. It is not a separate legal entity.

The governing body of the ASB shall have responsibility for and the authority over the raising and expending of ASB Funds under the trusteeship of the District Superintendent/ President, subject to review by the Board of Trustees, and in conformity with policies governing ASB finance.

The District Superintendent/ President shall be directly responsible for ASB financial activities and shall be governed in this exercise by the Board Rules and Administrative Procedures.

In compliance with administrative procedures, all funds raised or expended in and for the purpose of the ASB shall be managed by the Director of Student Life and Leadership in keeping with all District policies and procedures in consultation with the ASB Advisors and ASB Treasurer, under the direction of the District President.

ASB Club Presidents and Treasurers shall be made aware of District procedures and shall raise, manage, and monitor funds discreetly and according to these guidelines.

Management of the ASB Fund shall be in accordance with sound best business practices and budgetary and accounting procedures as outlined in administrative procedures.

The ASB utilize an accounting system (Quick Books) which is in accordance with generally accepted accounting principles and which meets the following requirements:

- Utilizes double entry accounting
- Utilizes fund accounting formats
- Produces the information necessary to provide accurate financial reporting

Cash Receipts

- A pre-numbered receipt must be filled out for all ASB, scholarship, and club collections brought to the Cashier's Office for deposit. The receipt must include the date, name, and account number to be credited.
- Cash receipts must be recorded daily to the individual ledger including club and scholarship accounts. A cash receipt summary journal should also be maintained monthly in Excel.
- The payment is then rung up on the register.
- The ASO Membership and the Student Representation fees are collected online on the student Banner information system. The collection is deposited along with all the other

online fees. At the end of each week, a cash receipt detail summary is compiled using the online collection report and is used for backup documentation to issue a miscellaneous check payable to the District ASB.

- The check is then deposited to the appropriate ASB account.

ASB Disbursements

- All requests for checks and purchase orders should be submitted at least seven (7) days prior to the date needed.
- All equipment purchases and building improvements exceeding \$2,000 require the approval of the District President, Vice President of Student Services and Director of Student Life and Leadership.
- Expenditures must be budgeted and approved by the ASB Finance Committee and Senate.
- Expenditures from a budget account require the signatures of the ASO Treasurer as well as the ASB Advisor the Director of Student Life and Leadership and the Vice President of Student Services.
- Expenditures from a club account require the approval of the Club Treasurer and the Club Advisor.
- Scholarship requests require the approvals of the Administrator of the scholarship and the Vice President of Student Services. The request must include the student's identification number. It should be verified that the student has no outstanding holds before issuing the check.
- Requests for checks must meet the following criteria: (a) the request must be scrutinized for legitimacy and accuracy (b) the item must be received (c) an original receipt or an original invoice must be attached.
- Checks will normally be released or mailed directly to the vendor or individual recipients. If a check is needed for an event occurring on a weekend, the Accounts Payable may give the check to the ASB Advisor or his/her designee.

Trust Accounts

The Accounting Office shall maintain a permanent file for each long-term arrangement that has been established in the trust accounts. The file should include the initial donor information form which stipulates the terms for awarding the scholarship and other pertinent information relating to how the scholarship will be funded and closed out. A record must be kept of all receipts and disbursements. Additional pertinent documentation such as applications, essays and references used for the awards should also be maintained for a reasonable amount of time. A five-year retention period is recommended.

When funds are received, a pre-numbered receipt must be filled out and the funds are deposited.

Disbursing Scholarship Funds

Scholarships shall be disbursed in accordance with the terms stipulated by the donors.

- The Scholarship Check Disbursement form is first received from the Financial Aid Office or The Foundation Office with all required signatures.
- The designated Accounting Office staff person should then clear the student's registration fee account.
- The balance of the funds should be disbursed to the student. The funds may be disbursed all at once or over a period of time depending on the terms of the donor.
- The disbursement is posted to the Trust accounting record and the student's folder is updated.

Instructional Service Agreements (ISAs)

The District (Public Safety) must follow all requirements contained in the State Chancellor's Office Contract Guide for Instructional Service Agreements between the District and Public Agencies. The District must have a written agreement or contract with the contractor stating the responsibilities of each party and that the District is responsible for the educational program conducted on site.

The agreement/contract contains procedures, terms and conditions relating to (1) the enrollment period (2) student enrollment fees (3) the number of class hours sufficient to meet the stated performance objectives (4) supervision and evaluation of students, and (5) withdrawal of students prior to completion of a course or program.

Receipts

- The Cashier's Office shall issue a pre-numbered receipt for all money received for Instructional Service Agreements. The receipt must include the date, name, and account number to be credited.
- A copy of the cash receipt or other form of acknowledgment must be sent to the Dean of Public Safety or official in-charge of the ISA.
- The collection is then deposited and recorded onto the Miscellaneous Report.

Invoicing

- The Accounting Office shall be responsible for preparing, controlling, and monitoring all invoices that are generated by the District.
- All invoice payments should be sent to the Accounting Office. Upon receipt of any check payments, the Accounting Office may generate a receipt at the request of the vendor. All receipts shall be prepared in accordance with the procedures for cash receipts.
- Periodically, but not less than quarterly, the Accounting Office or other assigned area shall review the files for unpaid invoices and notify the Dean of Public Safety for further follow-up.

Reporting

- All collections must be reported on the weekly Miscellaneous Collections Report/Schedule to the appropriate income account.
- The report is reviewed by the Director of Accounting.
- The report is forwarded to the Accountant for posting in PeopleSoft.

STUDENT ACCOUNTING

Financial Aid Disbursements

Electronic Disbursements

Most student financial aid rewards are disbursed electronically through the District's partnership with Higher One/Bank Mobile. A student can elect to have an electronic deposit sent to his/her current bank account or to a checking account known as a "One Account." The One Account is a fully functioning FDIC checking account with no minimum balance and no monthly fees and is linked to a debit card.

The cards are issued to students who applied for financial aid with a matching Student ID to the mailing address on file. In order to receive their rewards electronically students need to activate their account by entering the 16-digit number on the card at their website. It is at this website that students choose their disbursement preference.

Post-9/11 GI Bill (Chapter 33)

The Post- 9/11 GI Bill, also known as Chapter 33, provides VA Education Benefits to eligible veterans and services members who served at least 30 continuous days on active duty after September 11, 2001. Certain qualifying dependents may also qualify.

VA benefits include:

- Tuition & Fees
- Books & Supplies

The District receives payments for students' fees and tuition directly from VA on behalf of each eligible student as follows:

- Veterans Certifying Official (VA Rep) certifies veteran enrollment by semester
- VA rep sends the list of veterans who have been certified to Accounting Office
- Accounting office covers the payments
- VA approves payment
- VA wires tuition & fees payment to bank reconciled by District Accounting Office
- District Accounting provides list of funds received for veterans
- District Office forwards the list to VA representatives
- Miscellaneous Collections Report shows VA 33 collection

If a student's classes are paid by Financial Aid/BOG waiver, the VA representative should bill for only the fees that the BOG waiver doesn't cover.

The Institution should report the amount of tuition and fees charged the individual after deducting any amounts paid with Federal Funds (excluding Title IV funds). The term "Title IV Funds" refers to the Federal Financial Aid Programs authorized under the Higher Education Act of 1965 (as amended) and includes the following programs:

- Unsubsidized and Subsidized Federal Family Education Loans (FFEL)
- Unsubsidized and Subsidized Federal Direct Stafford Loans
- Federal Perkins Loans
- FFEL Parent (PLUS) Loans, Federal Direct PLUS Loans
- Federal Pell Grants
- Federal Supplemental Educational Opportunity Grant

If the Veteran's Office submits an enrollment certification to VA and subsequently receives federal funds for the student's tuition and fees, the District will need to submit an amended enrollment certification correcting the amount of tuition, fees to VA. Likewise, if the District subsequently receives or applies a tuition discount or state waiver (if the discount/waiver must be applied to

tuition), then the amount of the discount/waiver must be deducted from the amount reported to VA.

Conditions Requiring the Return of VA Funds

- The student never attended classes for which he/she was certified (regardless of the reason for non-attendance). The student completely withdraws on or before the first day of the term
- The school submitted an amended enrollment certification and reported reduced tuition and fee charges.
- The student is not enrolled in the school
- VA paid more than the amount reported on the certified enrollment
- Student died during the semester, or before start of the term
- The school received payment for the wrong student
- The school received a duplicate payment

Situations Requiring Students to Pay Back Funds

Students' classes are paid by VA before BOG waivers are applied, therefore if a VA student receives a fee waiver then he/she may owe monies back to the VA.

- Contact the VA representative to adjust the fund
- VA will bill student
- Funds are limited to enrollment fees only

Institutional Charges / Holds

Definition

The student's Financial Student Aid disbursement may be credited to his/her account directly for allowable charges such as tuition and fees. Allowable charges may also include other educationally related charges incurred by the student at the school so long as the student or parent gives written authorization.

Institutional charges include enrollment, tuition, health fees, and student representation fees. However, book loans, emergency loans, advances, returned check fees, loan defaults, library holds, drop fees, Higher One card replacement holds, financial aid overpayments, equipment and lab fees, and other non-mandatory fees can be deducted from the students' financial aid disbursement subject to the limitations as stated in the Federal Student Aid handbook.

Placement of Institutional Charges

- Any fee hold placed against the students' financial aid should be done by designated and duly authorized staff.
- All supporting documents related to the placement of holds should have the amount, date when the hold was placed and the name of the staff that placed the hold. The supporting document must be filed and accessible to other staff at anytime.
- The hold is placed using the Banner Student Information System to create the charge.

Removal of Institutional Charges

- Institutional Charge holds should be removed upon receipt of payment. Only designated and duly authorized staff can apply and/or post payment.
- The student is due a receipt whenever a payment has been applied towards her/his account.
- Holds, along with any full or partial payments, are applied in the Banner Student Information System.

- Payments on institutional charges/holds for enrollment, tuition, health fees, and any other mandatory fees are automatically posted in the Banner Student Information System upon disbursement of financial aid funds.
- The date of payment(s) and the name of the designated and duly authorized staff responsible for the hold removal should be indicated.

Student Refunds

A refund, if applicable, can be issued to a student only during the refund period and only if he/she provides proof that a refund is due. The following refund schedule applies to all fees paid:

- For regular-length session (fall, spring, summer), a full refund may be issued through the fourth week of instruction; no refund after fourth week of instruction.
- For short-term sessions (less than regular), a full refund may be issued through 10% of class length; no refund after 10% of class length has elapsed.

There will be no refunds made for parking fees unless the parking decal is returned undamaged within the refund period stated above.

All refunds must be requested by the student on the Refund Request form. All refunds are by check, no cash or credit card.

PAYROLL

Employee or Contractor

Area administrators and Payroll Services will use the following guidelines when evaluating whether an individual is an employee or contractor. If the individual is determined to be an independent contractor, those services are handled under purchasing department.

The determination as to whether an individual is an employee or independent contractor is based upon the right to control the method of work:

- If the means and methods of a person's job are under his or her discretion and control, he or she is an independent contractor.
- If the means and methods of a person's job are under the discretion and control of the person for whom he or she is performing the work, the person is an employee.

Tests for Employee

The following indicators suggest that the personal service is provided by an employee:

- The employing department sets or approves hours of work.
- The employing department furnishes the place to work and usually provides the tools.

Tests for Contractor

The following indicators suggest that an independent contractor provides the personal service:

- The person is free to accept employment from other person at the same time.
- The person employs his or her own assistants who cannot be discharged by the district.

W-4 - Withholding Federal and State Income Taxes

An employee must complete, sign, and submit to the Payroll Services a W-4 form (Employee's Withholding Allowance Certificate) before Payroll Services makes any salary or wage payments. The employee declares the IRS filing status and the number of withholding allowances or the percent of income to withhold on the W-4 form.

Payroll uses this information to compute the amount to withhold from the employee's taxable gross salary.

Time Cards

Student Employees:

All student employees are required to complete a Student Employees Time Report (time card) each month. The time card is to be signed by the employee's direct supervisor and submitted to Payroll Services no later than the 10th day of each month.

Time cards not received on the 10th of the month will not be processed until the next regular payroll period. It is the responsibility of the area administrators to ensure that all employee time cards are submitted to the Payroll Services on or before the 10th of each month.

Adjunct Faculty

Adjunct faculty pay is process based on the Notice of Assignment.

Regular Classified Employees:

All District classified employees are required to complete an Employees Time Report (time card) each month. The time card is to be signed by the employee's direct supervisor and submitted to the Payroll Services and Human Resources Department by the end of the month.

Overtime Payment

Payment of any overtime hours worked will be included on the employee/s regular paycheck. Any overtime worked is to be authorized by the employee's area administrator, Area Vice President

and the Superintendent/President prior to working the overtime and a copy of the authorization to work overtime is to be on file in the Payroll Services before payment can be made.

Part-time, temporary and student employees are not eligible for comp time. Any overtime earned should be reported on the employee's timecard for payment on the last day of the month. Permanent part-time employees must have an Overtime Authorization form on file in the Payroll Services prior to working any hours over their regularly scheduled hours.

Payroll Advance

General payroll advances are not permitted or authorized.

Payroll Errors

In the event that the District is responsible for a time card error resulting in payroll non-payment for that month, the employee may request a supplemental pay for that month.

Payroll Deductions for Regular and Final Paychecks

Income Taxes are deducted from all payments according to the employee's W-4 withholding statement and may include:

- Federal
- State
- Social Security
- Medicare

Retirement contributions are deducted from all payments:

- Certificated - STRS
- Classified - PERS
- All Other Non-bargaining unit employees - APPLE

Employee requested deductions are deducted from all payments and may include:

- TSA's
- 403(b) Plans
- Additional Life Insurance Policy Premiums
- Additional Federal or State Income Tax withholdings
- Any non-profit organization identified in writing.

Outstanding obligations to the district may be deducted from all payments.

Pay Dates/Payroll Cycles

The District issues paychecks and earnings statements on the last normal working day of each month. District payroll cycles are as follows:

| Payroll Cycle | Description | Pay Date |
|----------------------|---|-----------------|
| E4 Cycle | Classified Permanent, Classified Manager and Confidential | 10th & 25th |
| H1 Cycle | Classified hourly as needed and student workers | 10th & 25th |
| C1 Cycle | Certificated Managers | 1st |
| C5 Cycle | Overload , Part time and Admin. of Justice Instructors | 5th |
| C2 Cycle | Full Time Instructors | 30th |
| V2 Cycle | Summer instructors | 5th |

MONITORING & INTERNAL CONTROL PROCEDURES

Program Directors/Manager for each grant monitor and enforce program compliance.

Program directors are required to follow the federal laws, regulations and program compliance requirements under the contracts and grant agreements that apply to the program.

- Circular A-21 Cost Principles (2 CFR 220)
- Uniform Administrative Requirements 29 CFR Part 95 & 97

Some of the fiscal responsibilities are:

- Prepare and maintain and record a variety of accounts and transactions in accordance with established laws, regulations and administrative requirements for accounts payable, accounts receivable and general ledger accounting.
- Maintain controls to assure proper accounting of income and expenses for assigned accounts. This includes verification of account codes, encumbrance of obligations, approval and payment of invoices. Verify payroll is coded correctly.
- Periodic site visits performed to make sure procedures are being followed.
- Train, instruct and advise staff on accounting principles and procedures
- Keep track of all time cards and time allocation sheets for grant funded positions.
- Prepare Monthly Invoices for reimbursement. Prepare quarterly and annual Federal, State and District financial reports and statements.
- Drawdowns done monthly
- Meet with program directors on a monthly basis to review budget, expenditures, projections and actuals.
- Make sure all supporting documentation is in order and attached to expenditures.
- Maintain inventory of Equipment purchase through grant funds
- Maintain grant records in Accounting Office
- Work with Grant staff to make sure everyone is doing time allocation sheets and turning in time cards.
- Make sure District fiscal policies and procedures are being followed.
- Run Reports and monitor budgets to make sure they are aligned with grant and track progress. Approve expenditures to make sure they are an allowable cost and that all of the proper backup documentation is submitted to Accounting Office.
- Make sure that all reporting is completed on time.
- Work with Program Directors/Managers to prepare budget modification for a grant if needed.
- All monthly, quarterly and annual budget reporting is completed and submitted.
- Accounting system reflects Federal, State and Local Grants with their separate fund. We have revenue cost centers that reflect whether they are state or federal monies. All of this information is in the Chart of Accounts.

ACCOUNTING RECORDS & DOCUMENTS

Records

Definition of Records

The term "records" shall mean all documents, maps, books, papers, computer output, and electronic documents of the Rio Hondo Community College District deemed necessary or convenient to the operation of the District or required by law to be retained.

The following are not considered "records" and therefore may be destroyed at any time:

- Copies other than the original
- Correspondence between District employees that does not pertain to personnel matters, or constitute a student record
- Advertisements and other sales material received
- Textbooks and other instructional materials including library books, pamphlets and magazines

Records Exempt from Public Disclosure

Although State law guarantees citizens' certain rights to public records, State and Federal statutes and regulations affect the public's access to certain types of records.

Records that are exempt from public disclosure may not be inspected and/or copied. Examples of records that are exempt from public disclosure are preliminary drafts, records pertaining to litigation and legal advice, law enforcement investigatory records, intellectual property records, donor profile records, personnel files, medical files (the disclosure of which would amount to an unwarranted invasion of privacy), test questions, and other information provided by the District on a confidential basis. Some of the records exempt from public inspection are set forth in sections 6253.5, 6254, and 6254.3 of the Government Code.

The Federal Educational Rights and Privacy Act of 1974 (FERPA) restricts public access to most student records and information without consent from the student. However, College officials who have a demonstrated need to know as part of their official duties may have access to relevant student records.

Privacy

The accounts and records of the Accounting Office shall be maintained in an accurate manner that provides full disclosure and documentation. All transactions shall be in conformance with established business practices, generally accepted accounting principles, and all government laws and regulations. Except for acceptable operational amounts, all District funds must be retained in their appropriate bank accounts and no undisclosed funds or assets shall be maintained for any purpose. All reports, bills, invoices, payroll information, and other business records shall be prepared with care, honesty, and full transparency. Access to all District reports, records and financial data shall be closely monitored and shall not be disclosed to any unauthorized party.

Retention Policy

According to the Board Policy (3300) the District shall classify documents and records as either Class 1 (Permanent), Class 2 (Optional), or Class 3 (Disposable). Records of a continuing nature (those that are deemed to have use of an administrative, legal, or fiscal nature) should not be classified, but rather should be held until their usefulness has ceased.

Records originating during a current fiscal year shall not be classified during that year. Once records are appropriately classified, they must be either retained or destroyed in accordance with the policy. Class 1 records shall be retained indefinitely unless copied or reproduced in accordance with Title 5, California Code of Regulations, section 59022(e). Examples of Class 1 records may include but are not limited to annual reports, official budget reports, financial fund

reports (including cafeteria, bookstore, and student body funds), audit reports, Board minutes, election documents, bond documents, tax documents, employee records, and payroll documents, student records (including enrollment records, grades, accounting, and insurance and medical-related documents), and real property records (related to real estate, buildings, and equipment).

Any record not classified as a Class 1 record shall be classified as a Class 2 record (Optional) and shall be retained until it is reclassified as a Class 3 (Disposable) record. Class 3 records may include but are not limited to: student attendance records, purchase orders, invoices, ledger sheets, cancelled check stubs, and other detail records used in the preparation of other reports.

Records Destruction

Only Class 3 (Disposable) records shall be destroyed. Class 3 records may be destroyed during the third school year after the completion of the following scenarios as applicable:

- The completion of any legally required audit. For example, records basic to an audit shall not be destroyed until after the third July 1 succeeding the completion of the audit required by Education Code section 84040 or of any other legally required audit. Class 3 records basic to an unresolved audit citing shall not be destroyed until five years after the audit citing is first presented to the Board as provided under 5, California Code of Regulations, section 59118
- The retention period required by any agency other than the State of California
- The retention period under a Federal program, including various student aid programs

The District president or his/her designee shall personally supervise the classification of records and designate the year in which specific records may be destroyed. Further, the president or his/her designee shall submit to the Board a report of records recommended for destruction with a certification that no records are included in the list which conflict with the Board Rules pertaining to records.

Once the Board determines that specific records shall be destroyed, such records shall be permanently destroyed by such fool-proof methods such as shredding, burning, or pulping.