

## PROCEDURES FOR INTERNAL CONTROL

### 1. Cash Receipts

A person, independent of cash records, logs and endorses incoming checks. This person turns the checks over to the cashier to be cashiered. Due to the number of employees in the Business Office it is sometime necessary for the employee processing accounts receivable to cashier student receipts. On these occasions the Business Office Manager reconciles all receipts and reviews receivables. Checks presented at the cashier windows are made payable to the college and immediately endorsed for deposit. Validated cash receipts are used for cash transactions processed at the cashier's window. All cashiered checks, cash and credit cards are reconciled to the cashier batch by the business office manager. Deposits are taken to the bank each business day to minimize the amount of cash on hand. Personnel independent of cash transactions do the Bank reconciliation. The College Store, Food Service and The Arts Center Box Office generate daily sales reports from the online sales systems which are used to support and record all sales. The Child Development Center collects payments from patrons; checks are picked up two to three times weekly by an employee from Business Services and delivered to the Business Office to be reconciled with the list of children enrolled in the Child Development Center. The checks are cashiered into the College cashiering system and deposited with the daily deposit. Athletic events and agency cash collections and reconciliation are deposited in the night deposit to be counted and cashiered the following day. The individual responsible for the funds goes the Business Office the following day to verify the cash count. The cash is reconciled with the number of tickets sold. The amount is cashiered into the cashier system and deposited in the bank with the daily deposit.

### 2. Cash Disbursements

All disbursements, with the exception of petty cash and certain wire transfers, are made by check. All checks are pre-numbered by the general ledger system. Checks are printed in the Finance Office using Pro-Check, check printing software. Checks are printed on blank stock with the check number assigned in by the general ledger software and authorized signatures are programmed in the Pro-Check software. A representative from the Finance Office accesses the check printing program and a second person representing the President's office must sign onto the program to authorize the printing of checks. The signed checks are given to the Business Office Manager for validation against the invoice for payee and amount prior to distribution. Petty cash disbursements must have original approved receipts and are limited to \$75.00. The requestor and their Administrator must sign all petty cash reimbursement requests. Wire transfers are automated and restricted to limited users and specified beneficiaries. Historically, wire transfers are only used in the event of a transfer of cash between the College's bank to the state investment pool or for land purchases.

### 3. Appropriations and Budgetary Controls

The Board of Trustees approves all budget amendments for the Unrestricted Fund, Restricted Fund and the Unexpended Plant Fund. The college allocates the budgets to specific departments via the accounting system. All departments are limited by these

budgets and can spend the allocations through the use of the Purchasing Requisition system. The data processing department controls access to this system by user id and password. The Finance Office, with access codes limited to the purchasing staff, handles purchase requisitions. Budgetary controls are in place limiting purchase requisitions to the amount of budget that is available. Budget adjustments are approved by appropriate department heads, reviewed by the Budget director, and then approved by the Vice President of Administration and Finance.

#### **4. *Receivables***

Posting of accounts receivables are made by personnel independent to those having access to incoming receipts. The Board of Trustees approves all bad debt write-offs. Subsidiary ledgers are produced by the accounting system based upon input from accounts receivable staff. Management reviews these ledgers monthly.

#### **5. *Investments***

Investments are registered in the name of the College. Electronic Fund Transfers are limited to personnel that have been authorized by the President and Finance. Investment Pool software is utilized that has limited access by user id and password to initiate a transfer to and from investment accounts. Investments are under the control of a statutorily authorized custodian, currently a state investment pool. A person independent of the above procedures verifies these trades. Finance personnel independent from investment transfers perform the reconciliation of investment and cash balances. A signed letter from the President is required by the bank to initiate transfers from the bank to the investment accounts.

#### **6. *Inventories***

Periodic physical inventories are conducted and properly supervised by a college administrator. Inventories currently include College Store, Library, Physical Plant and all College assets determined to be highly desirable; computer equipment, special items required by the Public Safety department and all purchases with a purchase price equal to or greater than the amount specified in FS 274.02. Employees who are responsible for the physical inventory do not perform any purchasing, billing, or accounting activities.

#### **7. *Accounts Payable***

Accounts payable subsidiary ledgers are produced by the Accounting System and periodically reviewed by management. Cutoff procedures at year-end are adhered to ensuring inclusion of items purchased during the previous year. Accounts Payable staff reviews vendor statements. Payable staff is independent of purchasing staff. All payments processed by the Accounts Payable department are preauthorized through the Finance system. Prior to the authorization of processing a payable, a three-way match is required including the purchase order, receiving report and the vendor invoice. The vendor invoice is signed by the requesting department and the College centralized receiving department validates that the goods were received. Disbursement Request may be entered into the Accounting System by Departments then are processed through the Accounts Payable System and approved by Administrators. After all appropriate approvals and receipts have been received in the Finance Office the Disbursement Request is forwarded to Accounts Payable for payment. Refer to the Cash Disbursements section above for additional controls following the processing of a payable.

#### **8. *Fixed Assets***

Centralized receiving affixes a property decal number on equipment with a value equal to or greater than the amount specified in FS274.02, all computer equipment and items in the Department of Public Safety considered hazardous. Procedures are established to track transfers of equipment from one property custodian to another. A bar-coding system is in place to properly track college owned assets. The purchasing clerk in conjunction with the Inventory and Plant Fund accountant ensures that all capital purchases are properly recorded in the accounting and property systems. The Board of Trustees approves all property dispositions. All stolen/missing items are identified through physical inventory processes. The NWFSC employee responsible for the physical inventory investigates these items prior to being reported to the Board. Procedures are in place that requires employees to sign out college-owned equipment if there is a need to take the equipment off campus. Transportable items such as laptop computers and cell phones are required to be presented periodically to the inventory clerk.

9. *Payroll*

The payroll department is separate from the Human Resources department. All changes in payroll deductions are documented and signed by the requesting employee. Payroll records are verified prior to the running of the payroll checks. The college uses payroll certifications and time sheets which are authorized by each budget signature authority including the President as documentation to support payroll checks. Payroll checks are mailed or electronically deposited. Access to the payroll system is limited to appropriate personnel by use of access codes and personal ids.

10. *Purchases*

Purchases must be supported by a signed purchase order. Purchasing personnel are independent of receiving and payables personnel. Requisitions submitted by departments must have proper approval. The Purchasing System limits the encumbrance of funds that exceed a department's budget. Proper coding of expenditures is maintained by limiting access to only those general ledger codes authorized by the State Accounting Manual for Florida's Public Community Colleges.

11. *Personnel*

All College employees are required to be finger printed at the time they are hired. In the event there is a problem with the background check the Director of Human Resources will take the matter to the President who will determine the appropriate response depending on the position and the offense. Credit checks may be performed on certain financial positions. Search committees are used for most full time positions. Documentation, such as original transcripts and letters of recommendation, is required prior to formal job offers. Prior to extending a job offer, proper approval must be obtained by the administration.