



wadecollege

FISCAL MANAGEMENT HANDBOOK

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## **FISCAL MANAGEMENT POLICIES AND PROCEDURES**

### **I. REVENUE SOURCES**

Wade College receives its revenue from student tuition and fees.

### **II. COLLECTION OF FUNDS**

As a general rule, the collection of tuition and fees due the college will be the responsibility of the Business Office. Funds derived on behalf of approved student organizations may be collected by such organizations, under policies and procedures established by the Business Office and the administration; however, all such funds must be deposited and accounted for by the Business Office.

### **III. BUDGETARY POLICY**

The President of Wade College shall be responsible for preparing and presenting to the Board of Trustees annually an estimate of income and expenditures for the college, prepared on the cash-basis method of accounting, for each calendar year of operation. The estimated income and expenditures for each calendar year shall become the operating budget for the college when approved by a majority of all members of the Board of Trustees. The operating budget adopted by the Board of Trustees may be amended only by a majority vote of the Board.

Responsibility for coordinating the preparation of the college's operating budget and developing the necessary procedures for developing such rests with the President, with assistance provided by the administrative and educational support department heads. Initial budget requests will be prepared by each administrative and educational support department head. The department heads are responsible for forwarding the budget requests to the President for approval and/or modification.

The President shall then take steps to verify all estimates of income and to adjust estimates of expenditures to achieve a balanced operating budget for the college. The President shall make the final budget recommendation to the Board of Trustees.

The President shall review monthly income and expenditure statements, which reports year-to-date net income, to ensure fiscal responsibility amongst all administrative and educational support units.

### **IV. FISCAL MANAGEMENT**

#### **IV.1 CHIEF FISCAL OFFICER**

The President shall be the Chief Fiscal Officer of Wade College and shall be responsible for oversight of the receiving, obligating, and accounting for all college funds. He/she shall be responsible for developing and implementing procedures which are necessary to insure sound fiscal operation and internal controls.

#### **IV.2 ACCOUNTING**

The accounts of Wade College shall be maintained annually in accordance with generally accepted accounting principles and practices and audited in accordance with accepted rules and regulations for colleges and universities and will be audited annually by an outside firm. Independent accounting and financial aid services are utilized.

Internal interim reports are prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

#### IV.2.a Payroll Processing

Payroll data for all employees will be maintained by the President; such data includes salary, filing status, exemptions claimed, payroll deductions for insurance, contributions to retirement plans, direct deposit information, sick days, vacation days, and any other information necessary to complete payroll data. The Accounting and Finance Administrator shall be responsible for adding new employee information to payroll system.

The Vice-President of Compliance and Finance is responsible for the compilation of payroll records and timecards. Timecards are produced for employees paid on an hourly basis, if any; such timecards are maintained by the Vice-President of Compliance and Finance and presented to the President at least two business days prior to each scheduled payday for approval.

Payroll shall be processed by the Accounting and Finance Administrator via a third-party payroll servicing provider two business days prior to each scheduled payroll date via online with an internet-based solution. The President shall review payroll records when delivered by the third-party payroll servicer; any errors or omissions are corrected, and payroll is reprocessed by the Accounting and Finance Administrator. Payroll checks will be delivered to each employee on or before the payroll date, for those employees who did not elect direct deposit; employee access is granted to the online service for recordkeeping.

Payroll reports produced via the third-party payroll servicing provider are forwarded to the corporate shareholders and Board of Directors and the Wade College Board of Trustees on a monthly basis. Also see Section IV.5.

Payroll reports are used by Accounting and Finance Administrator to prepare monthly cash-basis financial statements for review and to aid in the budgeting process. Such financial statements are reviewed by the President and Department Heads.

##### IV.2.a.i Third-Party Payroll Services

A third-party payroll servicing provider shall be retained to complete necessary tax and compliance solutions, including, but not limited to the following:

- calculate and deposit payroll tax for federal, state, and local jurisdictions;
- prepare and submit payroll tax returns and compliance reports;
- respond to inquiries from tax agencies;
- capture new hire information;
- submits new hire reports to appropriate state agencies;
- provides management reports on all filings;
- handle unemployment claims processing and audit benefit charge statements;
- reviews State Unemployment Insurance tax rates annually; and
- assists with appeals as well as hearing preparation and representation.

##### IV.2.a.ii Retirement Plan

The President shall be responsible for the administration of the college's retirement plan; additionally, the college-sponsored retirement plan shall be established with an independent third-party financial institution. Retirement plan contributions shall be processed by the Accounting and Finance Administrator via the third-party financial institution's online internet-based solution.

#### IV.2.b Purchasing and Acquisitions

The purchase of supplies, materials, equipment, and services for the operation of Wade College shall be accomplished in a controlled and systematic manner which supports the interests of

economy and quality. The President shall be responsible for developing and implementing procedures and guidelines consisting of generally acceptable purchasing practices and in accordance with the approved operating budget.

All employees must adhere to the following institutional purchasing procedures:

1. The originator/requestor makes a requisition/purchase request to the Vice-President of Compliance and Finance. The originator should provide a description of the item(s) or service(s) requested. If a specific brand/model is required, it should be noted along with a recommended vendor. Price, quality, serviceability, and potential travel and/or freight expenses involved in the purchase should be considered in determining potential vendors. An estimate of unit and total cost and a justification for the purchase should be provided;
2. If the Vice-President of Compliance and Finance determines that the purchase is necessary and appropriate, the Vice-President of Compliance and Finance will forward the purchase request to the President for approval;
3. If the purchase is approved by the President, the President shall validate that the requested amount is within budgetary limitations and a requisition/purchase order will then be presented to the vendor by the Vice-President of Compliance and Finance;
4. Upon receipt of the item(s) purchased or service(s) rendered, the President will examine the item(s) or service(s) to make certain that what was ordered has been received in good condition or done in a complete and acceptable manner. Upon inspection/acceptance of the good(s) or service(s), the President shall order that payment should be made by the Accounting and Finance Administrator or the Vice-President of Compliance and Finance (also see Section IV.2.c) to the vendor and assign the budget account number[s] against which the purchase is to be charged. Any invoices or other relevant documentation should be attached to the requisition/purchase order by the originator/requestor.

In the event the item(s) are not received in good condition and/or the order is short, the President will be responsible for contacting and arranging for satisfaction. No payment will be made by the college to the vendor until full satisfaction has been achieved.

#### IV.2.c Accounts Payable

Institutional authority for the routine procurement of goods and services has been delegated to the President of Wade College and the procedures for such are outlined in Section IV.2.b.

The President shall receive invoices from all its suppliers following the receipt of goods and services in accordance with Section IV.2.b. Once an invoice has been approved as ready for payment by the President, the Accounting and Finance Administrator makes payment via check or the Vice-President of Compliance and Finance makes payment via credit card; prior to payment, the President determines the proper chart of account to which the payable will be debited. All invoices shall be paid within thirty (30) days of receipt and attached to the appropriate payment type in the accounting software.

Accounts payable information is used by Accounting and Finance Administrator to prepare monthly cash-basis financial statements for review and to aid in the budgeting process. Such financial statements are reviewed by the President and Department Heads.

#### IV.2.d Accounts Receivable [Student Accounts]

Wade College receives its revenue solely from student tuition and fees. The maintenance of the receivable accounts shall be separated, wherever practicable, from the functions of (1) establishing the charges to the receivables account; (2) recording cash receipts and preparing deposits; (3) distributing funds to students; and (4) returning Title IV Aid to the Department of Education. The following internal controls have been incorporated into and form the basis for the policies and procedures governing the recording, collection, analysis, and reporting of student account receivables:

### Establishing Receivable Accounts

1. After a student registers for classes, a Statement of Account shall be prepared for such student by the Vice-President of Compliance and Finance outlining actual educational costs for the current trimester;
2. The President shall prepare an accounting spreadsheet listing all students registered by trimester enrolled. Included on the accounting spreadsheet will be the student's cost of attendance incurred for the trimester, expected sources of receivables for the trimester which may include Direct Subsidized, Unsubsidized, and PLUS Loans, Pell, private loans, scholarships, cash, veterans' benefits, and all other sources. Charges are determined from the student's Statement of Account; expected sources of receivables are determined from the student's initial Student Financial Plan [prepared by the Financial Aid Department] and/or Statement of Account;
3. The Director of Financial Services shall enter student billing statements into the student management database system; and
4. Each student's Statement of Account, cost of attendance on the accounting spreadsheet, and student billing statement in the student management database system will be reviewed for accuracy and uniformity monthly. All necessary and confirmed adjustments to charges from the monthly reconciliations will be recorded promptly in all three accounting systems by the accountable party.

### Cash and Student Financial Aid Receipts, Deposits, and Refunds

Policies and procedures for non-Title IV funds follow:

1. A student's portion of educational costs not being paid via Student Financial Aid funds will be billed to students in a timely manner and in accordance with the student's Student Financial Plan, Installment Plan, or Trimester Payment Plan. Such billings are prepared by the Director of Financial Services.
2. Billing and collection transactions shall be reviewed periodically to ensure compliance with established procedures.
3. Past due accounts will be reviewed monthly and follow-up collection efforts made.
4. Payments may be received by the President, Vice-President of Compliance and Finance, or the Director of Financial Services. When payment is made in person, the student shall be given a receipt for payment. When payments are received via mail, email, online, or telephone, a revised Statement of Account is provided to the student in his/her college network financial folder by the Vice-President of Compliance and Finance.
5. Payments are routed and posted within twenty-four (24) hours to the accounting spreadsheet by the President, the student's Statement of Account by the Director of Financial Services, and the student management database system by the Vice-President of Compliance and Finance. After posting, payment is routed to the President for deposit in accordance with III.4.4 below.
6. Receipts on each student's Statement of Account, the accounting spreadsheet, and billing statement in the student management database system will be reviewed for accuracy and uniformity monthly. All necessary and confirmed adjustments to receipts from the monthly reconciliations will be recorded promptly in all three accounting systems by the accountable party.

Policies and procedures for Title IV funds follow:

1. The Vice-President of Compliance and Finance and Director of Financial Services determine the Student Financial Aid eligibility of a student requesting funds under Title IV of the Higher Education Act.
2. After eligibility is determined, the Director of Financial Services prepares for the student a Student Financial Plan reflecting the approximate amounts of all estimated financial aid awards and institutional charges for the student's educational program.
3. The Vice-President of Compliance and Finance packages each student's financial aid file and forwards such to a third-party servicer for verification of compliance with all applicable regulations.

4. Once the third-party servicer determines compliance, it issues an Award Letter confirming a student's eligibility and forwards it to the Vice-President of Compliance and Finance to be placed in the student's file.
5. The third-party servicer produces and forwards pending student financial aid disbursement reports outlining registered students and their scheduled awards under the Federal Pell Grant and the William D. Ford Direct Loan programs to the Vice-President of Compliance and Finance and the college President.
6. The Vice-President of Compliance and Finance and President verify the awarded students' enrollment. The President, with assistance from the Vice-President of Compliance and Finance, adjusts, as needed, to the pending disbursement reports based on enrollment status and costs of attendance of each student and forwards to the third-party servicer.
7. The third-party servicer forwards confirmed disbursement reports to the President and the Vice-President of Compliance and Finance and electronically requests the corresponding funds directly from the U.S. Department of Education to the college's federal funds accounts held at a depository bank.
8. The President, upon notice of receipt of electronic deposit, transfers such funds to the college's operating account held at a depository bank per applicable federal regulations.
9. The President posts the Student Financial Aid receipts from the disbursement reports to the accounting spreadsheet; the Director of Financial Services posts the receipts to the appropriate Statement of Accounts; and the Vice-President of Compliance and Finance posts the receipts to the student management database system accordingly.
10. The Vice-President of Compliance and Finance emails Student Financial Aid disbursement notices to each student provides his/her up-to-date Statement of Account in his/her college network financial folder.
11. Any excess cash on a student's account is either returned to the U.S. Department of Education per applicable regulations or, if requested, distributed to the student and/or parent [if excess cash results from a PLUS loan]; otherwise, authorization by a student to hold excess cash on his/her account that is allowed by federal regulation must be in written form.
  - a. If excess cash is returned to the U.S. Department of Education, the third-party servicer makes the adjustments to the appropriate Direct Loan disbursement amounts using the U.S. Department of Education software and electronically refunds the corresponding cash directly from the appropriate college federal fund account held at a depository bank to the U.S. Department of Education. Disbursement adjustments are forwarded to and used by: (1) the President to post adjustments to the accounting spreadsheet; (2) the Director of Financial Services to post adjustments to each student's Statement of Account; and (3) the Vice-President of Compliance and Finance to post adjustments to the student database management system.
  - b. If excess cash is to be distributed to the student and/or parent, such request must be presented in written form by the student or parent to the President. The President posts the amount requested to the accounting spreadsheet and forwards the produced and signed check and request form to: (1) the Director of Financial Services to post the check request to the student's Statement of Account; and (2) the Vice-President of Compliance and Finance to post the check request to the student database management system.
12. Regarding student withdrawals, policies outlined in the Wade College Catalog shall be followed. The President, with assistance from the Vice-President of Compliance and Finance and the Director of Financial Services, forwards appropriate withdrawal forms to the third-party servicer to process the required Return of Title IV Aid calculation. If Title IV aid is to be returned to the U.S. Department of Education, the third-party servicer makes the appropriate adjustments to the applicable federal student financial aid disbursement amounts using the U.S. Department of Education software and, after the President has transferred from the college's operating account the required amount to the appropriate federal funds account held at a depository bank, electronically refunds the corresponding cash directly from the appropriate federal funds account to the U.S. Department of Education. Disbursement adjustments are forwarded to and used by: (1) the President to post adjustments to the accounting spreadsheet; (2) the Director of Financial Services to post adjustments to each

student's Statement of Account; and (3) the Vice-President of Compliance and Finance to post adjustments to the student database management system.

13. Receipts and/or returns of Title IV aid on each student's Statement of Account, the accounting spreadsheet, and invoice in the student management database system will be reviewed for accuracy and uniformity monthly. All necessary and confirmed adjustments to receipts or returns from the monthly reconciliations will be recorded promptly in all three accounting systems by the accountable party.

Accounts receivables information is used by President to prepare monthly cash-basis financial statements for review and to aid in the budgeting process. Such financial statements are reviewed by the President and Department Heads.

### IV.3 AUDITING AND CONTROL

The financial records of Wade College shall be audited each year and an independent audit report shall be prepared and certified by a Texas licensed or certified public accountant. Such independent audit report shall be submitted to agencies or offices as may be required by law. Responsibility for additional and continuous evaluation of fiscal procedures and practices of financial control shall rest with the President.

### IV.4 DEPOSITORY

The President of Wade College shall select, by means of competitive bidding, a depository bank[s]. All funds subject to the college shall be deposited in the depository bank[s] daily, but not later than within seven days from the date of collection. Once funds are deposited and accounted for, monies may be invested and/or transferred in a manner consistent with the Wade College Investment Policy.

A depository shall pay interest on the deposits at a rate agreed on by the depository and the President.

#### VI.4.a Investment Policy

All funds of the college shall be invested in accordance with any and all applicable state and federal laws and regulations and shall be managed responsibly and in accordance with this policy, for investment and not for speculation.

##### IV.4.a.i Investment Objectives

The investment objectives of Wade College shall be:

##### A. Preservation and safety of the principal.

The primary objective of all college investment activity is the preservation and safety of the principal. Each investment transaction shall ensure that capital losses are avoided, whether from security default, sale of instruments prior to maturity, or erosion of market value. Consequently, institutional funds will be invested in relatively low-risk, short-term interest-bearing vehicles including certificates of deposit and money-market mutual funds.

##### B. Maintain sufficient liquidity.

The investment portfolio will remain sufficiently liquid to provide adequate cash flow to meet the operating requirements of the college on a timely basis.

##### C. Minimize risks involving interest rates, maturity, and market value.



All investments will be made by the President given the President's assessment of the desired investment risk (i.e., credit risk, market risk, opportunity risk) in order to provide the college with the best available yield on instruments or securities with minimal risk.

- D. Maximize investment income within the above objectives of preservation, liquidity, and risk.

To provide diversification in the investment portfolio with regard to maturity, instruments, and financial institutions.

#### IV.4.a.ii Investment Responsibilities

The President is responsible for the investment of the college's funds. The transfer between the college's investment/banking accounts is the responsibility of the President.

#### IV.4.a.iii Financial Institution Accounts Reconciliation

The Accounting and Finance Administrator and a third-party servicer shall perform monthly depository bank account reconciliations. Such reconciliations are reviewed by the President and then forwarded to the corporate shareholders and Board of Directors and the Board of Trustees on a monthly basis. Also see Section IV.5.

### IV.5 REPORTING TO THE INSTITUTIONAL STAKEHOLDERS

Monthly, the President shall forward the following financial statements and documents—prepared and/or procured by the Accounting and Finance Administrator—to the corporate shareholders and Board of Directors and the Wade College Board of Trustees: (1) all bank statements; (2) third-party payroll servicing provider payroll reports; (3) monthly financial statements to include: a monthly and year-to-date profit and loss statement, balance sheet, and general ledger; (4) a monthly and year-to-date budget vs. actuals profit and loss report; and (5) bank reconciliations.

All such financial statements and documents should be received by each institutional stakeholder via email by the 15<sup>th</sup> of each month; the financial statements and/or documents will cover the financial activity for the most previous month and all months for that calendar year up to and including the most previous month.

## V. TITLE IV AID DISBURSEMENT REPORTING, EXCESS CASH, AND RECONCILIATION REQUIREMENTS

### V.1 DISBURSEMENT REPORTING REQUIREMENTS

The disbursement and disbursement adjustment reporting requirements for all Title IV aid specifies that a school must submit disbursement records no later than 15 days after making the disbursement or becoming aware of the need to adjust a student's previously reported disbursement.

### V.2 EXCESS CASH REQUIREMENTS

The USDE considers excess cash to be any amount of Title IV funds that the college does not disburse to students or parents by the end of the third business day after the date the school (1) received the funds from the USDE, or (2) deposited or transferred to its federal account previously disbursed Title IV funds received from the USDE. In some circumstances, cash may be held for up to 7 calendar days if the college meets the excess cash tolerance and can disburse the aid to students within that time frame. In no circumstance should cash balances remain beyond the 7-day period.

### V.2 RECONCILIATION

Reconciliation is the process by which the college reviews and compares Title IV aid (grants and loans) recorded on the USDE's systems with the information in the college's internal records. The college

reconciles both internally (between the Business Office and Financial Aid Office data) and externally (between the college data and the COD System/G5). Through reconciliation, disbursement and cash discrepancies are identified and resolved in a timely manner to ensure the college meets all regulatory requirements. The college documents its reconciliation efforts and retains this documentation for auditing purposes. At a minimum, the college reconciles its FSA financial records monthly to identify issues and resolve them before they become part of a systemic problem. Frequent reconciliation is an important internal control procedure that can make a significant contribution to increasing the overall program integrity of the FSA programs at the college. In addition, having systems in place to compare and identify discrepancies between internal records and data from USDE reports makes closing out a year less time consuming.

#### V.2.a Internal Reconciliation

Before the college reconciles to the USDE's records, it ensures the Financial Aid Office and the Business Office agree on the amount of funds that should have been drawn down from G5 to cover the funds disbursed to students. The first step in the reconciliation process is to confirm that Business Office records of actual disbursements posted to student accounts are consistent with Financial Aid Office records of student award and scheduled disbursement amounts.

Internal reconciliation also includes steps to reconcile cash transactions such as drawdowns and refunds of cash. The college ensures that bank statements correctly reflect all funds drawn or returned and confirm that any returns of Title IV aid calculated by the Financial Aid Office are reflected correctly in the Business Office student account records and ensures that any funds not necessary for immediate use have been returned to the USDE.

In addition, the college compares Business Office and Financial Aid Office records of adjustments (refunds of cash) made during the month.

#### V.2.b External Reconciliation

During internal reconciliation, the college resolves any differences between records in the Financial Aid Office and those in the Business Office. In external reconciliation, the college reconciles its records to the USDE's records.

#### V.2.c Final Reconciliation

If the college is meeting all disbursement/adjustment reporting, excess cash, and reconciliation requirements, a final reconciliation should begin no later than the last award or payment period end date for a given program and year. The college should be able to reconcile to a zero-ending cash balance soon after its final disbursements and should not carry an ending cash balance (positive or negative) for an extended period.

#### V.2.d Reconciliation and Third-Party Servicers

Although Wade College uses a third-party servicer, it is ultimately responsible to ensure that all regulatory requirements are being met and that it is reconciling on a regular basis. A part of the college's reconciliation should include ensuring that internal records match what is at the third-party servicer as well as what is in the COD System.

The college's third-party servicer not only reconciles Direct Loan accounts on a monthly basis, it also reconciles Pell each month to ensure they are balanced. The final reconciliation for both programs is done by the third-party servicer.