

**SOUTH FLORIDA STATE COLLEGE  
ADMINISTRATIVE PROCEDURES**

**PROCEDURE NO.** 4020

**TITLE:** FINANCIAL MANAGEMENT

**BASED ON POLICY:** 4.02 BUDGET

**OFFICE OF PRIMARY RESPONSIBILITY:** VICE PRESIDENT FOR ADMINISTRATIVE SERVICES/CONTROLLER

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I. Purpose:

To provide a written overview of the financial management system at the College

II. Procedure:

A. Reporting entity

1. The College is a component unit of the state of Florida and its governing body is the District Board of Trustees (DBOT). The DBOT is under the general direction and control of the Florida Department of Education and is governed by law and State Board of Education rules. The SFSC Foundation, Inc. is a component unit of the College and is reported in the College's financial statements as a discretely presented component unit.
2. The College's accounting policies conform to accounting principles generally accepted to colleges and universities as prescribed by the Governmental Accounting Standards Board (GASB). GASB allows public colleges various reporting options and the College has elected to report as a business-type activity. The College utilizes the accrual basis of accounting as it is required for a business-type activity.

B. Structure of financial records

1. The "Accounting Manual for Florida's College System" prescribes the minimum organization structure required for the general ledger. The College has integrated the accounting manual requirements into the chart of accounts employed within its Emergency Resource Planning software (ERP). It is the responsibility of the controller to ensure that changes to the accounting manual are updated within the College's ERP so that the College can satisfactorily report its financial performance.
2. Subsidiary systems are employed by the College to support operations. These subsidiary systems collect detail that is only summarized within

the general ledger. In these cases, procedures have been implemented to reconcile the total of detail transactions to the summary postings in the general ledger to ensure completeness and proper accountability. Examples in operation are the fixed asset, payroll, and student account subsidiary systems.

#### C. Structure of Single Audit

1. The College is audited annually by the state of Florida, Auditor General. As a component unit of the state of Florida, the College is included within the state's Comprehensive Annual Financial Report with discrete presentation. The Auditor General also provides the College a separately issued financial audit report on its financial statements.
2. The Auditor General includes the College in its statewide federal audit so that the College maintains audit compliance with the federal "Uniform Guidance." A stand-alone report for just the College is not issued and to look up information within the Federal Clearinghouse pertinent to the College, one needs to look under the state of Florida.
3. The Auditor General performs operational audits of the College about every two years and annually the College is included in the statewide Bright Futures report.

#### D. General controls

1. All revenues and expenses are budgeted as required by law and in accordance with SFSC Administrative Procedure 4030, Budget Development and Budget Amendment Procedure.
2. Revenue cycle
  - a. All deposits are required to follow SFSC Administrative Procedure 4090, Cash Collection and Receipting Procedure. Procedures for specific fees follow. Fees charged comply with laws and rules. There is specified due process for their creation.
    - 1) Procedure 4111, Graduation Application Fees
    - 2) Procedure 4112, Fees
    - 3) Procedure 4113, Application Fee
    - 4) Procedure 4114, Lab/Course and Distance Learning Fees
  - b. The ability to provide a refund is governed by SFSC Administrative Procedure 4130, SFSC Refund Procedure, while SFSC Administrative Procedure 4120, Outstanding Debt, establishes procedures for the handling of accounts receivable at the College.

### 3. Expenditure cycle

- a. Compensation and fringe benefits are primarily regulated by SFSC administrative procedures 5021, Fringe Benefits; 5130, Leaves of Absence; and 5140, Salary Schedule and Compensation. The salary schedule is approved as part of the budget annually by the DBOT. The DBOT directly establishes the president's compensation.
- b. There are several procedures related to human resources. Employees are provided an employee handbook that summarizes the procedures for them and the procedures are available on the College's website.
- c. In general, employees are paid once per month. Any leave is approved by supervisors via a Leave Request form. Timesheets signed by the employee and the employee's supervisor are required for non-exempt employees. Supervisors of exempt employees summarize leave on payroll authorization forms for each pay period and approve the summarized leave and time worked. Employees working on grants have to complete time and effort certifications to substantiate that the percentage of effort actually worked on a grant equaled or exceeded the percentage of salary charged to a grant. (See SFSC Administrative Procedure 4221, Grants and Contracts – Personnel Activity Reports).
- d. Procurement is generally governed by SFSC Administrative Procedure 4040, Purchasing of Goods and Services. The following are additional procedures that provide guidance for specific expenditure types or when purchasing from grant funds:
  - 1) Procedure 4041, Textbook Adoption
  - 2) Procedure 4180, Travel Reimbursement
  - 3) Procedure 4225, Additional Procurement Procedures for Purchases from Federal Funds
  - 4) Procedure 4226, Affirmative Procurement Programs for Federal Grant Purchases
  - 5) Procedure 7010, Contracting Architectural, Engineering, and Other Professional Services
  - 6) Procedure 7011, Contracting Construction Manager Services
  - 7) Procedure 7020, Change Order Affecting Construction Contracts/Final Payment
  - 8) Procedure 7040, Rental of Supplemental Facilities or Other Facilities to be Used by the College

- e. Guidelines for grant and/or contract administration are defined within SFSC Administrative Procedure 4220, Grants Procedures. Within the procedure, a grant or contract is handled in the same manner.
  - f. Guidelines to disclose conflicts of interest are contained within SFSC Administrative Procedure 4040, Purchasing of Goods and Services and SFSC Administrative Procedure 4223, Conflict of Interest Procedure for Federal Grants. The College has detailed the expectation for someone to report an instance of suspected fraud in SFSC Administrative Procedure 2060, Fraud Reporting Procedure. This in conjunction with the College's core value of integrity comprises a conceptual code of conduct for its officers, employees, and agents in the performance of their duties.
4. Responsibility for College Property and Property Records is primarily defined in Procedure 2074. Additional procedures that provide guidelines for maintenance of College property, physical safeguards, or insurance requirements include the following:
- a. Procedure 2070, Insurance on Newly Completed Construction Projects
  - b. Procedure 2071, Safes and Vaults
  - c. Procedure 2073, Use of College Vans
  - d. Procedure 7038, Key Control
  - e. Procedure 7070, Standard of Sanitation, Housekeeping, and Maintenance
5. Cash is managed by the controller in accordance with Procedure 4150, Investment of Funds. The controller authorizes federal grant drawdowns and the accounting coordinator has procedures to verify cash prior to cash disbursements. The accounting coordinator records daily any Automated Clearing House (ACH) deposits that have been credited to the College's account. The accountant for each grant is responsible for managing the cash within a grant. The coordinator of student accounting and financial services supervises actual cash collection and credit card collection processes College-wide.
6. Bank reconciliations are performed at least monthly by the 20th of the month following every month end by the accounting coordinator.
- a. Deposits and direct payments are reconciled manually.
  - b. The payroll and accounts payable zero balance accounts provide detailed information that are uploaded into the College's ERP system and an electronic reconciliation process is used. Detailed system instructions are contained within the department.

- c. Reconciliations are reviewed by the controller to ensure timeliness and accuracy.
7. Records management
- a. Financial records are stored in locked file cabinets, offices, and file rooms.
  - b. Electronic records are stored on the College's network and employees are expected to comply with the following procedures:
    - 1) Procedure 2154, Information Systems Security
    - 2) Procedure 2158, Information Security
    - 3) Procedure 2159, Identity Theft Prevention Program
  - c. Confidentiality of records is determined by applicable federal and state laws, rules, and regulations. Any requests of records is governed by SFSC Administrative Procedure 2156, Inspection, Examination, and Duplication of College Records.
  - d. SFSC Administrative Procedure 2150, College Records Retention and Disposal of College Records establishes timeframes to maintain College records and provides a procedure for the disposal of College records.
- E. Financial reporting
- 1. Every month, the DBOT is presented with budget to actual information for the current unrestricted fund revenues and expenditures in addition to some financial graphs. The DBOT's financial liaison is presented with a listing of all disbursements for review prior to each meeting.
  - 2. The DBOT reviews all grant applications and respective budgets as they occur. The unexpended plant fund budget is approved by the governing board alongside the unrestricted fund budget prior to the start of the fiscal year.
  - 3. At the end of the year the controller coordinates the year-end process to generate timely financial statements that will fairly represent the financial performance and outcomes of the College for the fiscal year in accordance with generally accepted governmental accounting standards. Additionally, the controller is responsible for ensuring that the internal control structure, in operation over financial reporting and compliance, includes requirements to prevent material misstatement.

4. The controller is responsible for financial reporting. The controller is a licensed certified public accountant that obtains 80 hours of continuing education every two years in topics related to the controller position.
5. The controller relies on the general controls documented in this procedure and generally does the following to produce timely financial statements able to earn an unmodified audit opinion:
  - a. The controller notifies inventory managers by November of the dates that inventories need to be completed by and also provides instructions for how to complete the inventory. Managers are paired with someone from the business office to do the final inventory so the inventory has an impartial party involved.
  - b. The controller has a MS Excel list of all items to be completed for year-end that is updated for each year-end no later than June 1. Each item is assigned to a person and the person is given a date range for expected completion. This facilitates the completion of items in a logical fashion so that items are done in the proper order. For instance, it would not be prudent to distribute interest to all funds until after cash is cut off so that the distribution of interest is done on something other than final cash totals.
  - c. The student accounting and financial services coordinator organizes the counting of all cash on hand on June 30, or the last working day prior to June 30, by someone other than the custodian of the cash fund. On this same day, College business is stopped at mid-afternoon so that student transactions are fed to finance and a copy of the ERP database is made so that there is a stagnant set of data to work with to do the final reconciliation between the student and finance module of the ERP.
  - d. The accounting coordinator works with accounts payable staff to pay invoices for goods and services received prior to June 30 by the last working day of June. Similarly, the accounting coordinator works with payroll staff to ensure that all time worked in June is recorded in a June payroll. Between the last June payroll and the first July payroll, the compensated leave liability report is run and audited by the accounting coordinator and then forwarded to the controller to record.
  - e. The accounting coordinator for restricted accounting works with the senior accountant and grant managers to closeout grants for year-end. The controller signs off on final grant reports. The grants and foundation accounting coordinator prepares the schedule of revenues and expenditures in the format provided by the controller to support the Schedule of Expenditures of Federal Awards (SEFA). The grants and foundation accounting coordinator also prepares the SEFA and forwards it to the controller for review and approval.

- f. The controller utilizes the trial balance information from system printouts to enter data into Excel files that were previously designed to produce financial statements in the current GASB 35 format for financial presentation of what are essentially the balance sheet, income statement, and statement of cash flows. Once the statements are balanced, the notes to the financial statements (including required supplementary information) are prepared as well as the required state file is prepared. Tables from the state file are then used as part of the graphical presentation in the management discussion and analysis section of the financial statements. The statements and all exhibits are then proofed and compared to check for inconsistencies and errors.

**HISTORY: Last Revised: 12/8/20**

**Adopted: 12/1/15**

**Reviewed:**

**Revised: 12/8/20**