

**SAN FRANCISCO COMMUNITY COLLEGE DISTRICT
ADMINISTRATIVE PROCEDURE MANUAL**

Title: FISCAL MANGEMENT AND ACCOUNTING	Number: AP 8.12
Legal Authority: Education Code Sections 70902, 84740 et seq; Title 5, California Code of Regulations Sections 58300 et seq.	Page: 1 of 8

A. Functions

The Accounting Office, under the direction of the Vice Chancellor for Finance and Administration and the Associate Vice Chancellor for Finance shall provide the following functions:

1. Central accounting functions for all District funds.
2. Preparation of documents for payroll and commercial checks.
3. Preparation of payroll reports.
4. Preparation of revolving cash checks.
5. Processing of payments to vendors.
6. Disbursement of scholarship, financial aid and loan funds.
7. Accounting services for sponsored programs, student financial aid, auxiliary enterprises, and student body funds.
8. Maintenance of accounting data on the District's data processing system.
9. Preparation of the District's financial reports.

B. Internal Controls

To provide adequate internal controls, it is necessary for certain procedures to be followed at the operating level to prevent errors from occurring. The work of an employee is verified by the work of another, each working separately and independently. One employee should not have control of a complete financial transaction that includes authorizing the transaction, receiving, disbursing, recording and/or posting the transaction. Instead, different employees should participate at various stages in the transaction so that each will arrive at the same result independently and, without unnecessary duplication of work, verify the accuracy of the work of others. Such a division of duties provides a procedure whereby errors of omission or commission, whether intentional or unintentional will be minimized.

C. Accounts Receivable

1. Types of Accounts Receivable:
 - a. Receivables from students
 - b. Sponsored third party receivables
 - c. Receivables from other district funds
 - d. Employee receivables
2. Controls:
 - a. Access to accounts receivable ledger is controlled by a security access.
 - b. Each entry to the accounts receivable ledger file is supported by documentary evidence.
 - c. All invoices are pre-numbered and all numbers are accounted for.
 - d. Subsidiary ledgers are balanced monthly.

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- e. Postings are made by someone other than those having access to incoming receipts.
- f. Statements are mailed in a timely manner by someone other than the bookkeeper or cashier.
- g. All non-cash credits such as credit memos, allowances, or bad debts are properly authorized.
- h. Holds are placed on student records for students who have a financial obligation to the District.
- i. A City College of San Francisco invoice will be prepared for all transactions where an obligation to the District is incurred.
- j. A copy of the invoice is kept on file in the Accounting Office in the outstanding invoices file until the remittance is received.
- k. All accounts receivable remittances will be sent to the Campus Bursars Office on campus or to the District Business Office.
- l. The Accounting Office must be notified of any collection so that the invoice can be removed from the "outstanding" file.
- m. The collection of cash receivables should be handled as an ordinary cash transaction according to cash receipting procedures.

3. Student Loans:

The District has contracted out student loans/deferred payment plans to Nelnet.

4. Grant and Sponsored Program Accounting:

In addition to the procedures listed here, state and federal grants require special accounting procedures. General directions are provided in the Administrative Procedure on Grants and Sponsored Programs. Recipients of grant awards are also cautioned to study specific requirements of the grant that may vary from traditional procedures.

D. Cash Disbursement

1. Disbursement Procedures

- a. Disbursements must be properly authorized and supported by adequate documentation.
- b. All disbursements shall be made by check unless required by contractual terms.
- c. All checks shall be pre-numbered.
- d. All disbursements shall be substantiated by supporting documents including evidence of purchase, receipt, and approval.
- e. All supporting documents shall be canceled in such a manner as to preclude their reuse.
- f. Bulk check stock shall be adequately controlled and accounted for.

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- g. Daily use check stock shall be issued to the check-preparer on an adequate transfer/control document.
- h. There shall be adequate separation of duties to reduce the risk of collusion and fraud.
- i. The drawing of a warrant to "cash" or "bearer" is prohibited.
- j. Electronic signature plates shall be secured and issued only to authorized individuals.

2. Documentation

Documentation shall include:

- a. A purchase order authorizing the commitment of funds by an appropriate approving authority;
- b. An original invoice;
- c. An original receiving report with date and signature of an employee acknowledging receipt of goods or services.

3. Authorization

All checks must bear a Board authorized signature.

4. Controls

- a. All invoices and/or supporting documents will be marked with the check number in ink to prevent their reuse.
- b. Checks will be recorded in the check registers as of the date written and the register closed promptly at the end of each month.
- c. Unused checks shall be adequately controlled through sign-out logs, listing where bulk stock is located and by warrant number.
- d. Voided checks shall be mutilated or spoiled to prevent reuse.
- e. Checks shall be signed only after comparing them with authorizations and supporting documents.

5. Records

- a. All original invoices and supporting documents shall be stamped to prevent duplicate payments.
- b. All voucher documents shall be attached to the documentation and filed in the vendor file in alphabetic order.

E. Cash Receipts

1. General Provisions

- a. Persons who receive cash shall not have access to the general ledger. All cash received must be recorded by a cash receipt, pre-numbered cash receipt, or terminal receipt. These documents provide the accounting controls and are prepared by the employee first receiving checks or cash. An independent audit trail must be maintained for all cash receipts. The receipt must be given or mailed to the client.

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- b. All cash received must be adequately safeguarded and promptly deposited. All cash shall be deposited in the Bursars Office within 24 hours of receipt.
 - c. All checks must be made or endorsed payable to the San Francisco Community College District. All checks shall be stamped "For Deposit Only" upon receipt with the appropriate endorsement stamp.
 - e. Payments received in the mail shall be logged and routed to a party who can write receipts and make deposits.
 - f. Cash registers/drawers/terminals shall be cleared daily even if no receipts are recorded. Tape totals, including those with zero receipts, shall be signed by the individual responsible for the cash drawer and submitted to the Bursars Office.
 - g. Cash receipts shall be reconciled against cash register tapes, log-outs and/or handwritten receipts and signed by the individual responsible for the cash drawer.
 - h. Cash, checks, credit card slips and deposit slips from one register shall not be commingled with receipts from another register. Cash, checks, credit card slips and deposit slips from one receipting date shall not be commingled with receipts from another date.
2. Deposit of Cash Receipts
- a. All cash receipts shall be received through the Cashier in the Bursars except those received authorized by the Vice Chancellor for Finance and Administration to receive cash. Cash receipts received in locations other than the Cashier in the Bursars shall be deposited intact in the Cashier in the Bursars as prescribed above. When the deposit is made in the Bursars Office, the deposit must be verified in the presence of the depositor or the depositor's supervisor.
 - b. Cash inadvertently received by offices not authorized to accept cash shall be routed to the Bursars Office for deposit.
 - c. Deposits of money into any account other than an authorized Bursars Office account are prohibited. Violation of this policy may result in disciplinary action.
3. Pre-numbered Receipts
- Any area/department that receives cash and does not have a cash register shall use pre-numbered receipts provided by the Bursars Office. A copy going to the individual/group that makes the payment, a second copy going to the Campus Business Office with the cash deposit, and the third copy stays with the office which accepts the cash.
4. Registration Fees
- a. During periods of registration terminal receipts are required except in those instances where source identification is necessary and/or where the office receiving the fees does not have access to a computer terminal (off-campus, etc.).
 - b. The operator log-out report will be used as the primary source document. The operator's cash drawer should reconcile to the operator log-out report.

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- c. Receipts shall be conveyed to the Bursars Office daily. The Bursars Office shall prepare a deposit log/ticket for each day's deposit.
- d. Admissions and Records receipting clerks shall reconcile the drawer(s) against the daily log-outs, sign the log-outs verifying the reconciliation, and submit receipts and signed log-outs to the Bursar or designee.
- e. The Bursar shall verify the receipts and log-outs, prepare and sign the reconciliation form attesting to its accuracy, and prepare the daily receipts for transmission to the District Business Office.
- f. The Director of Admissions and Records, Registrar, or designee, with college police escort, shall transmit receipts daily to the Bursars Office.
 - i. When hand-carries are impractical, the receipts are to be transported by the Police via locked bank bag to the Bursars Office.
 - ii. The locked bank bag should be placed in the locked trunk of the police vehicle for transport. Receipts, when transported in this manner, must have been verified by two independent sources prior to giving them to the college police for transport. (is this needed?)
 - iii. The college police should receive a dated receipt for the locked bank bag from the Bursars Office.
 - iv. The Bursars Office shall verify the daily receipts, provide a receipt to the original source of receipts, and prepare a deposit slip by the close of the next business day following receipting. Any exception requires notification to the Associate Vice Chancellor for Finance or the Controller.

F. Petty Cash

1. Authorization

A petty cash fund may be approved by the Associate Vice Chancellor for Finance to pay for small emergency purchases of supplies or services. The Associate Vice Chancellor for Finance will review each request for the establishment of a petty cash fund and set the dollar amount of the fund if it is approved. Approval for expenditures from the fund must be granted by the appropriate Responsibility Center Manager or the fund custodian.

2. Establishment of a Petty Cash Fund

A Responsibility Center Manager may request a petty cash fund. The request must identify the fund custodian and a requested dollar amount. Upon approval, a check will be forwarded to the requesting party payable to the designated fund custodian.

3. Petty Cash Custodian's Responsibility

- a. The petty cash custodian will sign for and assume responsibility for the safeguarding and proper utilization of the petty cash fund. The petty cash custodian is the only individual who may make cash transactions. If an authorized change in custodian occurs, the

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status of the fund should be verified before any transactions are completed by the new custodian. A status memo signed by both the outgoing and incoming custodians must be sent to the Associate Vice Chancellor of Finance.

- b. The petty cash fund will be maintained at the approved amount, and will at times be kept in balance with cash, petty cash vouchers, and receipts.
 - c. A copy of the Petty Cash Reconciliation Form will be retained by the custodian for a minimum of two years.
 - d. All cash, sales receipts, and other related documents shall be kept in a locked metal box. When unattended, the box shall be placed in a safe, desk or cabinet that is also to be kept locked.
4. Purchase Authorizations and Procedures
- a. Single disbursements from petty cash may not exceed \$100.00.
 - b. The petty cash custodian must approve all expenditures from the fund. The custodian must sign a Petty Cash Disbursement Voucher for each expenditure.
 - c. The purchaser may request a cash advance or be reimbursed for authorized purchases. If a cash advance is made, the purchaser must provide a sales receipt and change, if any, to the custodian and sign a petty cash voucher indicating reimbursement.
 - d. A sales receipt must be kept with each Petty Cash Disbursement Voucher.
5. Replenishment Procedure
- a. The petty cash fund will be replenished when substantially depleted. On June 30 of each fiscal year the account must be fully replenished or closed in order for expenditures to be recorded in the proper fiscal year.
 - b. A request for replenishment will be made on a purchase requisition signed by the Responsibility Center Manager.
 - c. An itemized list of expenditures is to be recorded on the Petty Cash Reconciliation Form. Separate Petty Cash Disbursement Vouchers with sales receipt shall be presented for each expenditure.
 - d. Reimbursements of petty cash are to be the only deposits into the fund.
6. Accounting Audit
- a. Any shortage must be adequately documented and explained by the fund custodian. Replenishment requests for shortages in excess of \$5 must be approved by the Associate Vice Chancellor for Finance. Overages must be deposited with the revolving cash accountant.
 - b. The Associate Vice Chancellor for Finance or designee or designated accounting personnel will periodically make unannounced audit reviews of the petty cash fund. The independent auditors will also make test counts and review the petty cash fund. The fund custodian and responsible manager should ensure the fund is balanced and available for audit at any time.

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- c. The internal control checklist is to be completed by each petty cash fund custodian at least once a year. The Vice Chancellor for Finance and Administration or designee will periodically review the petty cash operation and determine if the operation of the fund is in compliance with the checklist.

G. Change Funds

1. **Change Funds**
A Change fund may be approved by the Associate Vice Chancellor for Finance for the sole purpose of making change in the conduct of business. The funds shall not be used for cash advances, purchases, reimbursements, or other activities appropriate to a petty cash fund.
2. **Establishment of a Change Fund**
A Responsibility Center Manager may request a change fund from the Associate Vice Chancellor for Finance. The request must identify the fund custodian and a requested dollar amount. Upon approval a check will be forwarded to the requesting party payable to the designated fund custodian.
3. **Change Fund Custodian's Responsibility**
The custodian will sign a receipt for the change fund and assume responsibility for its security and proper use. The Associate Vice Chancellor for Finance must be notified in writing if there is a change in the custodianship of a change fund. The change fund will be maintained at the approved amount and will at all times be kept in balance.
4. **Accounting/Audit**
The Accounting Department will retain records and documentation for all change funds. Change funds must be available for audit at any time.

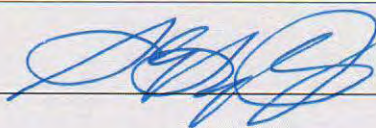
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H. Revolving Cash

1. Revolving Cash
The revolving cash fund shall be used only when goods, services, or payroll are required prior to the date available within the normal purchasing process. Disbursements shall be supported by proper documentation and authorization as prescribed in the Cash Disbursement Policy. There shall be adequate separation of duties to reduce the risk of collusion and fraud.

2. Procedures
 - a. The fund shall be managed so that accountability for the fund, including proper identification of fund resources, can be readily established.
 - b. Cash funds are maintained on an imprest basis with the same standards of developing documentary evidence as for other disbursements.
 - c. Disbursements from the fund shall be limited to transactions that cannot be paid through the regular disbursement process in a timely manner.
 - d. The Accounting Department will review, and the Associate Vice Chancellor for Finance must approve, requests for payment through the Revolving Cash Fund.
 - e. Employees shall not authorize revolving fund checks payable to cash or to themselves.
 - f. Check stock shall be kept in a secure place.
 - g. The Revolving Cash Fund shall be replenished in a timely manner through the normal purchasing procedure.
 - h. Daily balances will be maintained on the check stub; the fund shall be reconciled monthly.

Approved by Chancellor:	
Date: New Procedure	Date: 11/13/14