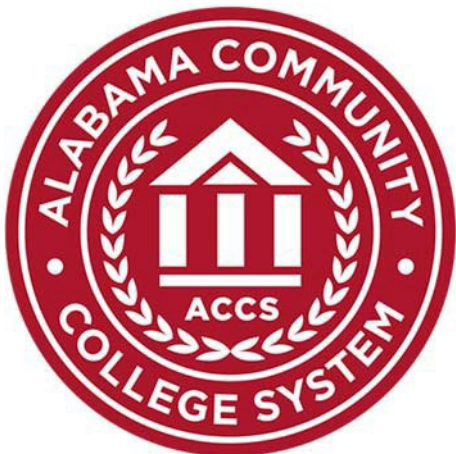


ALABAMA COMMUNITY COLLEGE SYSTEM

Fiscal Procedures Manual



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Fiscal Procedures Manual Distributed: July 2010

Revision to Cover: September 2016

Revision to VII: June 2018

Revision to Chart of Accounts: October 2016

Revision to VII, Part F: November 2017

Revision to IV: September 2021

Revision to Bank Proposals Feb 2022

Revision to Chart of Accounts and Personnel Management (Sick Leave) May 2024

Revision to Capital Asset Threshold October 2024

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I. CHART OF ACCOUNTS

Institutions in the Alabama Community College System are required to maintain uniform accounting records in accordance with the National Association of College and University Business Officers (NACUBO) Manual. This manual, with detailed descriptions of each fund, basic coding structure explanations, and account numbers has been updated and revised for use by the institutions in the Alabama Community College System and is based upon NACUBO's procedures, State of Alabama laws, Board of Trustees policies, and Alabama Community College System procedures.

A. EXPLANATION

BASIC CODING STRUCTURE

The key to the Chart of Accounts used in the Alabama Community College System lies in the coding structure. To be able to fully understand the Chart of Accounts and to obtain maximum benefit from this manual, it is extremely important that the user first become totally familiar with the coding structure.

The account codes have been designed to enable each institution to accumulate financial data according to several different classifications such as fund, function, organization unit, source of income, and type of expenditure. In addition, the logic of the coding structure makes it compatible with accounting systems processed on electronic data processing equipment.

B. CODING STRUCTURE

The coding structure adopted for use by the Alabama Community College System consists of four primary and two secondary code sections. This is commonly referred to as the FOAP or FOAPAL:

- Fund Code (FTMFUND): 6 digits
- Organizational Code (FTMORGN): 6 digits
- Account Code (FTMACCT): 6 digits
- Program Code (FTMPROG): 4 digits
- Activity Code (FTMACTV): 6 digits (alphanumeric and optional)
- Location Code (FTMLOCN): 12 digits (alphanumeric and optional)

C. EXPLANATION OF CODES

Fund Type (FTMFTYP)

Fund Types: Level 1 Fund Types = Internal Fund types on the System Control Page (FTMSDAT).

Level 2 Fund Types = what is defined in Chart of Accounts –Standardized Chart

Fund types 21, 22, 23, and 24 are for funds that are one year long and follow the fiscal year.

Fund types 25 and 95 are for funds that take more than one fiscal year to deplete all of their funds.

Funds in these fund types will be using the grant module to track the cost of the grant or project over the course of its life (Inception to date).

Fund Type Hierarchy: FGRFNDH (FTVFTPY)

The major fund type code identifies the fund entity to which each transaction belongs. Nine fund groups are used in the Chart of Accounts. The first two digits are standard systemwide and the subsequent digits are institutional specific.

10 Current Unrestricted

20 Restricted Funds

30 Auxiliary Funds

40 Loan Funds

50 Quasi Endowment Funds

60 Endowment Funds

70 Annuity and Life Income Funds

80 Agency Funds

90 Plant Funds

Fund Code Hierarchy (FTMFUND)

Fund Hierarchy levels 1 through 3 are standardized.

Some level 4 funds are standardized.

Some fund ranges that require the funds to be broken out by campus

Organization Code Hierarchy (FTMORGN):

Organization Hierarchy levels 1 through 5 are standardized.

Many level 6 organizations are standardized.

Institutions may:

- Inactivate a standardized level 6 organization if it is not applicable to their institution.
- Add a level 6 organization if it does not exist within the standard set. The organization needs to be added at the bottom of the proper level 6 groupings.
- Add a level 4 and a level 5 organization if their college has more than one dean in a particular area. See below how the new levels can be added.
- At Institution A there are 2 Deans that run Fine Arts. The second dean can be added, but the college can only 1 up the number and use the similar titles. Also, the standardized level 6 organization codes cannot be renumbered either. Below is an example final hierarchy when the second dean is added

Organizational Code: FGRORCH (FTVORGN)

The organization code identifies the major functional area of the institution that the transaction being recorded will affect. The leading digit is standard systemwide and the subsequent digits are institutional specific.

1000 Executive	60 Institutional Support
2000 Instruction	70 Operation & Maintenance of Plant
3000 Public Service	80 Scholarships
4000 Academic Support	90 Auxiliary Enterprises
50 Student Services	

Account Type (FTMATYP):

The System Office will manage the Level 1 and 2 Account Types

Level 1 Account Types = Internal Fund types on the System Control Page (FTMSDAT).

Level 2 Account Type = what is defined in Chart of Accounts –Standardized Chart

Account Code Hierarchy (FTMACCT):

Account Hierarchy levels 1 through 3 are standardized

Many level 4 accounts are standardized.

Some account ranges can be add for institution-specific account codes

Inactivate a standardized level 4 account if it is not applicable to their institution.

Institutions may:

- Inactivate a standardized level 6 organization if it is not applicable to their institution.

Account Code: FGRACTH (FTVATYP)

Account codes separate entries or transactions into balance sheet (or general ledger) transactions or revenue and expenditures transactions. The account codes are standard systemwide.

10 Assets	60 Labor
20 Liabilities	70 Direct Expenditures
30 Control Accounts	80 Transfers
40 Fund Balance	90 Fund Additions
50 Revenue	95 Fund Deductions

Program Code Hierarchy (FTMPROG):

Program Hierarchy levels 1 through 2 are standardized

Many level 3 programs are standardized.

Some program ranges that require the programs to be broken out by campus

Institutions may:

- Inactivate a standardized level 3 program if it is not applicable to their institution.

Program Code: FGRPRGH (FTVPROG)

Institutions are required to account for program codes by major discipline levels. The leading digit is standard systemwide and the subsequent digits are institutional specific.

10 Instruction	50 Student Services
20 Research	60 Support
30 Public Service	70 Operation and Maintenance of Plant
40 Academic Support	80 Scholarships and Fellowships
	90 Auxiliary Services

Activity (FTMACTV):

Use a 6-digit code. The code can be alphanumeric.

Not required; each institution may decide if the Activity Code is utilized

Location (FTMLOCN)

Highly Recommended and advised set up for locations codes:

- Use Level 1 as a 2-digit, numeric only code. The level 1 code equals the campus location(s)
- Use Level 2 as a 4-digit, alpha numeric code where the first two digits are alphas and the last two numeric. The level 2 code equals a building, or a court, or a parking lot. The first two letter of building must be unique since the room codes at level 3 will use the first two letters of the building code.
- Use Level 3 as a 5 or 6-digit, alpha numeric code where the first two digits are alphas and is equal to the building alphas code devised at level 2 and the remaining is the room number. The level 3 code a room in a building
- Use Location used only for Fixed Assets

Do not tie location code to any student location codes

Institutions may:

- Determine the numbering scheme used.

Bank Codes (GXR BANK):

10 – Operating
20 – Payroll
30 – Deposits
40 – Federal
60 – Plant
90 – Mobile Refunds
D1 – Dummy Bank (use for special circumstances)

Descriptions

Fund Code Definitions

The term “fund” is defined as “a sum of money or resources segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations and constituting an independent fiscal account entity.”

In this coding system, the **first** digit of the coding structure must always be the code number of the fund through which the activities are financed.

Current Funds

The Current Funds group includes those economic resources of a institution that are expendable for the purpose of performing the primary and supporting missions of the institution - instruction, research, and public service - and which are not restricted by external sources or designated by the governing board for other than operating purposes. The term “current” means that the resources will be expended in the near term and that they will be used for operating purposes.

The Current Funds group has two basic subgroups - Unrestricted and Restricted.

10 **Current Fund - Unrestricted**

This fund includes all monies received for which no stipulation was made by the donor or other external agency as to the purposes for which they should be expended. The only restrictions placed on the use of resources in this fund are those that are imposed by law and the budget.

Auxiliary enterprises will be accounted for in the unrestricted current fund and will be identified by organization codes. Auxiliary enterprise activities are intended primarily to provide noninstructional services to students, staff and/or institution departments and are intended to be self-supporting. Examples are Bookstores, Vending Machines, Central Stores, Student Activities, and Dormitories. Auxiliary enterprise operations should charge a fee that is directly related to the cost of the goods or services. The general public may be served incidentally by these enterprises.

This category includes all expenditures and transfers relating to the operation of auxiliary enterprises, including expenditures for operation and maintenance of plant and for institutional support; also included are other direct and indirect costs, whether charged directly as expenditures or allocated as a proportionate share of costs of other departments or units.

20 **Current Fund - Restricted**

Restricted funds are those available for financing operations but which are limited by

donors and other external agencies to specific purposes, programs, departments or schools. Externally imposed restrictions are to be contrasted with internal designations imposed by the governing board on unrestricted funds. Internal designations do not create restricted funds, inasmuch as the removal of the designation remains at the discretion of the governing board.

Examples of restricted funds include most all federal grants, special state appropriations (such as an appropriation made for library instructional materials), and donations from the private sector for some specified operational purpose. Since there are different restrictions on the use of funds in this fund group, it may be necessary to maintain separate self-balancing subfunds for the various grants and contracts in this fund group.

The distinction between unrestricted and restricted funds is maintained through the use of separately balanced groups of accounts in order to provide acceptable reporting of stewardship to donors and other external agencies. This distinction also emphasizes to governing boards and other sources of financial support the various kinds of resources of the Current Funds group that are available to meet the institution's objectives.

30 Auxiliary Funds

Auxiliary enterprises will be accounted for in the unrestricted current fund and will be identified by organization codes. Auxiliary enterprise activities are intended primarily to provide noninstructional services to students, staff and/or institution departments and are intended to be self-supporting. Examples are Bookstores, Vending Machines, Central Stores, Student Activities, and Dormitories. Auxiliary enterprise operations should charge a fee that is directly related to the cost of the goods or services. The general public may be served incidentally by these enterprises.

This category includes all expenditures and transfers relating to the operation of auxiliary enterprises, including expenditures for operation and maintenance of plant and for institutional support; also included are other direct and indirect costs, whether charged directly as expenditures or allocated as a proportionate share of costs of other departments or units.

40 Loan Funds

The purpose of this fund group is to account for the resources available for loans to students, faculty and staff where the institution determines the recipient. Separate accounts should be maintained to indicate the wide variety of fund sources and the diverse responsibilities for their use.

Interest rates on loans are determined under a variety of conditions; such interest should be credited to the specific fund balance account.

Examples of loan funds include National Direct Student Loans (NDSL), Nursing Loans, and Institutional Loans.

The accounting procedures and guidelines are provided in the Federal Guidelines Procedures Manual.

50 **Quasi Endowment Funds**

This fund includes those funds whose principal is non-expendable and is invested, or is available for investment, for the purpose of producing income. Generally, only the income from these funds may be used. Reference should be made to the College and University Business Administration, Revised Edition, Sections 4:1 and 4:2:1, for a detailed discussion of the use of these funds.

Quasi-endowment funds (funds functioning as endowment) are funds that the governing board of the institution, rather than a donor or other external agency, has determined are to be retained and invested. The principal as well as the income may be totally utilized at the discretion of the governing board.

60 **Endowment Funds**

This fund includes those funds whose principal is non-expendable and is invested, or is available for investment, for the purpose of producing income. Generally, only the income from these funds may be used. Reference should be made to the College and University Business Administration, Revised Edition, Sections 4:1 and 4:2:1, for a detailed discussion of the use of these funds.

The two categories of funds in the endowment fund groups are as follows:

- a. True endowment funds are those for which donors or other external agencies have stipulated under the terms of the gift instrument creating the fund that the principal of the fund is not expendable - that is, it is to remain inviolate in perpetuity and is to be invested for the purpose of producing present and future income, which may be expended or added to the principal.
- b. Term endowment funds are like endowment funds except that all or part of the principal may be used after a stated period of time or upon the occurrence of a certain event as set forth by the donor or source.

70 **Annuity and Life Income Funds**

The Annuity Funds subgroup consists of funds acquired by an institution under agreements in which money or other property is made available to an institution on condition that it bind itself to pay stipulated amounts periodically to the donors or other designated individuals, which payments are to terminate at the time specified in the agreement. Assets of annuity funds belong to the institution.

The Life Income Fund subgroup consists of charitable remainder trusts for which the institution is trustee and remainderman. These trusts are composed of four types: (1) pooled life income funds, (2) charitable remainder unit trusts, (3) charitable remainder

annuity trusts, and (4) charitable remainder trusts made prior to the Tax Reform Act of 1969.

80 Agency Funds

These funds account for the resources held by the institution as custodian or fiscal agent for individual students, faculty, staff members and/or organizations. The recipient of agency funds must be determined by the party depositing the funds with the institution; otherwise, the funds are not agency funds.

Examples of agency funds include student clubs' funds and funds administered under the Guaranteed Student Loan Program.

90 Plant Funds

Generally, these funds are used to:

- a. Account for resources available for the acquisition or construction of physical property to be used for institutional purposes and resources designated for the major repair and/or replacement of institutional property. This includes purchase of land, site development, building construction costs (including architect fees), initial furnishings and equipment for new buildings, major repairs, and similar items.
- b. Account for the long-term debt of an institution and for the resources that will be used to retire the debt and pay the interest on the obligation(s).
- c. Account for the cumulative costs of plant assets.

The assets consist of:

Land
Buildings
Improvements Other Than Buildings
Alterations
Equipment
Construction In Progress
Art Museums and Collections
Library Books and Audiovisuals
Leased Equipment
Livestock

The fund balance should be detailed to show the source of the Investment in Plant account as State and local sources and federal government sources.

Each institution must comply with Title 55, Section 145 (1) - 145 (3) of the Code of Alabama in accounting for equipment (tangible personal property) in this fund. See Section 19 for a more

detailed discussion of plant assets.

Plant funds consist of those funds to be used for (1) acquisition, rehabilitation, and construction of physical properties for institutional purposes; (2) renewals and replacements; (3) funds accumulated and available for debt retirement; and (4) funds previously expended for plant properties and their associated liabilities. The plant funds section of the balance sheet is divided into four self- balancing subgroups as follows:

- a. Plant Funds. Funds available for the acquisition of long- lived assets for institutional purposes.
- b. Renewals and Replacements. Funds set aside for the renewal and replacement of institutional properties.
- c. Retirement of Indebtedness. Funds set aside for debt service charges and for the retirement of indebtedness on institutional plant.
- d. Investment in Plant. Funds reflecting the cost (or fair value at time of donation) of long-lived assets (other than those of endowment and similar funds) and the sources from which the cost is funded, including associated liabilities. All long-term debt is in this account.

Fund balances represent the unexpended resources of this subgroup, and should be maintained to distinguish between unexpended resources originating from Board-designated unrestricted funds transferred for the purposes of this subgroup and those restricted for these purposes by external parties. Separate accounts for each project within each fund often are maintained to assist in establishing this distinction.

Account Code Definitions

Account codes are represented by the third set of 6-digits in the account coding system. When new account numbers are needed, it will be necessary to contact the State Alabama Community College System in order to maintain uniformity of account classification. Below is a sample of the current accounts and definitions. This may not be an all-encompassing list, as accounts are added when needs require.

<u>ASSETS</u>		<u>DEFINITION</u>
110100	Bank Operating	Money on deposit in checking account(s), money market account(s), savings account(s), or other type of depository/demand account(s).
110200	Bank Other	
110300	Bank Payroll	
110400	Bank Restricted	
110500	Depository Account	

110510	Advanced Tech Money Market	
110520	Reserve Fund	
110600	Financial Aid Cash Account	
110700	Retirement of Indebtedness	Record in this account administrative costs associated with a bond issue. These costs should be capitalized and amortized over the life of the debt associated with the bond issue.
110800	Payroll Clearing	
110900	Petty Cash	
120000	Investments	
120100	Deposits with Trustees Investments	This account is used to record deposits with trustees for specified purposes as required in binding agreements.
120100	Deposits with Trustees Construction	
120105	Deposits with Trustees - Warrant	
120200	Endowment Investments	This is a contra asset account used to record gains (losses) for endowment investments.
120300	Held by Trustee Agency Investments	Record in this account Deferred Compensation contributions made by the institution on behalf of the participating employees. In accordance with Internal Revenue Code Section 457, all amounts of compensation deferred under the plan are solely the property and rights of the institution, subject only to the claims of the institution's general creditors.
120400	Long-Term Investments	This account is used to record bonds, notes, and other securities that the institution purchased for investment purposes. These investments have an original maturity date exceeding one year.
120500	Short-Term Investments < 90 Days	This account is used to record bonds, notes, and other securities that the institution purchased for investment purposes. These investments have an original maturity date 90 days or less.
120600	Short-Term Investments > 90 Days	This account is used to record bonds, notes, and other securities that the institution purchased for investment purposes. These investments have an original maturity date exceeding 90 days.
120700	Stock Investments	
130000	Accounts Receivable	This account is used to record all revenue-type receivables.
130100	Allowance for Doubtful Accts - AR	This account is used to accumulate an amount for doubtful accounts for receivables such as that allowable for loans under the NDSL Program.
130200	Allowance Uncollectible Pledge - AR	

130300	Grants Federal - AR	
130400	Grants Other - AR	
130500	Grants State - AR	
130600	Installment Plan - AR	
130700	Installment Principal - AR	
130800	Interest - AR	This account is used to record interest received.
130900	Miscellaneous - AR	
130902	Student 3rd Party Reimbursement-AR	
131000	Notes - AR	This account is used to record notes receivable of all types <u>except</u> for student loan notes.
131100	Pledges - AR	
131200	Prior Year - AR	
131300	Returned Checks - AR	This account is to record checks returned by banks because of insufficient funds or other valid reasons. The checks should be redeposited or converted to an image or substitute check by the drawer and redeposited.
131400	Student - AR	
131450	Non-credit Student - AR	
131500	Student Loans - AR	This account will be used only in the Loan Fund and is used to account for loans receivable from students. This account is debited when a loan is made and credited when a payment is made by the maker.
131600	Student NDSL Interest Past Due - AR	This account is used to record past-due interest from students under the NDSL Program.
131700	Suspense - AR	
132000	Third Party - AR	
132450	Elevate Non-credit Clearing - AR	
140000	Inventory	This account is used to record all inventories of merchandise, material, and supplies that are delivered to a centralized or controlled location to be resold to individuals or organizations or distributed on requisitions to organizational units of the institution.
140100	Bookstore - Inventory	
140200	Maintenance - Inventory	
140300	Other - Inventory	
140400	Paper - Inventory	
140500	Postage - Inventory	

160000	Prepaid Expense & Other Assets	This account is used to record all prepayments that extend beyond the accounting period. Periodic adjustments should be made so that the balance of this account reflects the prepaid amount for subsequent periods.
160100	Deposits Refundable - PE	
160200	Prepaid Insurance - PE	
160300	Prepaid Interest - PE	
160400	Prepaid Scholarships - PE	
160500	Prepaid Tuition - PE	
170000	Property Plant & Equipment	
170100	Building Alterations - PPE	
170200	Art Museums and Collections - PPE	This account is used to record the cumulative value of Art Museums and Collections. The actual purchase of these items is charged to 790200.
170300	Buildings & Fixed Equipment - PPE	This account is used in the "Investment in Plant Fund" to maintain the acquisition value of buildings. The actual purchase of buildings will be charged to Buildings and Fixed Equipment and will be transferred at the end of each year to this asset account in the Plant Fund.
170400	Capital Software - PPE	This account is used to record the ownership or right to use computer programs that control the functioning of computer hardware and other devices, regardless of whether it is referred to by the vendor as a purchase, license, lease, rental, maintenance agreement or other terminology. Computer software comprises both operating systems and application programs, regardless of what type of equipment it is installed on, including computers, telecommunications equipment, cellular and satellite phones.
170500	Construction in Progress - PPE	This account may be used to record construction costs of a project. This is a temporary account and should be closed and the value of the construction transferred to the Plant Asset Account at completion of the project. A separate account should be maintained for each project.
170600	Easement and Land Use Rights - PPE	This account is used to record the contractual right related to land not owned by the institution that grants the institution the right to use the surface of the land (easement) or water, timber, or minerals for a specific purpose.
170700	Furniture & Equip < \$25,000 - PPE	
170800	Furniture & Equip > \$25,000 -	

	PPE	
170900	Improvements other than Bldgs - PPE	This account is used to record the cumulative value of fixed assets other than land, buildings, furniture, and equipment. Items included here will be sidewalks, parking lots, site development, fences, flagpoles, and lighting systems. The actual purchase of these assets will be charged to Improvements Other Than Building and will be transferred at the end of each year to this asset account in the Plant Fund.
171000	Internal Computer Software - PPE	This account is used to record computer software and websites that are internally generated. Computer software is considered internally generated if it is developed in-house or by a third-party contractor. Commercially available software that is purchased or licensed but is modified using more than minimal effort is also considered internally generated.
171100	Land - PPE	This account is used in the "Investment in Plant Fund" to maintain the acquisition value of land. The actual purchase of land will be charged to Land (expenditures). At the end of each year, all of the purchases of land will be transferred to this asset account in the Plant Fund.
171200	Leased Equipment - PPE	This account is used to record equipment capital lease principal amounts until such time as the capital lease is paid. At the time the capital lease principal is paid, the asset under capital lease would then be transferred to the fixed asset account.
171300	Library Books & Audio Visual - PPE	This account is used to record the cumulative value of library books purchased and the cost of bound periodicals. It also includes other library resources and audiovisuals, such as films and microfilm. The actual purchase of these items is charged to 795500 account.
171400	Other Assets < \$25,000 - PPE	

171500	Patent Trademark & Copyright - PPE	This account is used to record patents, trademarks and copyrights. A patent is a grant of property right by the U.S. Patent and Trademark Office to the inventor for an invention. A trademark is a word, name, symbol or device which is used in trade with goods to indicate the source of the goods and to distinguish them from the goods of others. Trademarks used in interstate or foreign commerce may be registered with the U. S. Patent and Trademark Office. A copyright is a form of protection provided to the authors of "original works of authorship" including literary, dramatic, musical, artistic, and certain other intellectual works, both published and unpublished. Copyrights are registered by the Copyright Office of the Library of Congress.
175000	Accumulated Depreciation	This account is used to measure the cumulative total of annual depreciation to capital assets.
175100	Automobile under Capital Lease - AD	
175200	Buildings & Alterations - AD	This account is used to record the cumulative value of alterations made to the plant that increase the value of the buildings, including renovations. The actual expenditure for these items will be charged to the Alterations object code and transferred at the end of the year to this account.
175300	Furniture & Equipment < \$25 ,000 - AD	This account is used to record the cumulative value of furniture and other movable equipment for which line-item inventory control should be maintained. It is the control account for "accountable" equipment which costs \$10,000 or more and has an ordinary life of more than one year. These items should be tagged or otherwise identified. The actual purchase cost of these items is charged to the appropriate expenditure account and will be transferred at the end of the year to Account 174. Equipment costing less than \$10,000 is not to be carried in inventory and should be charged to expense. Deductions should be made periodically for items lost, destroyed, or surplusued due to obsolescence or physical condition.
175400	Furniture & Equipment > \$25,000 - AD	This account is used to record in the "Investment in Plant Fund" the cumulative value of furniture and equipment exceeding \$25,000.
175500	Improvements - AD	
175600	Intangible Assets - AD	
175700	Leasehold Improvements - AD	
175800	Library Holdings - AD	
175900	Office Furniture& Equip Cap	

	Lease - AD	
176000	Other - AD	
176100	Software - AD	
190000	Deferred Outflows	Employer contributions made after the measurement date of the net OPEB liability, including amounts paid directly by the employer for OPEB as they come due, would be reported as deferred outflows of resources.
190100	Net Pension Liability - DO	
190200	OPEB - DO	
190300	Other - DO	
<u>LIABILITIES</u>		
210000	Accounts Payable	This account is to be used to record amounts due others. As invoices on payable orders are paid in the current year, they are charged to current year budgets in the same manner as current expenditures.
210100	Bookstore - AP	
210200	Bond Surety Fee Payable - AP	
210300	Clearing Account - AP	
210400	Clearing AR Conversion - AP	
210500	Clearing Returned Check - AP	
210600	Collateral Securities Loaned - AP	
210700	Contract Clearing Account - AP	
210800	Unearned Revenue - AP	
210900	Deposit Liabilities - AP	
211000	Digital Books - AP	
211100	Installment Clearing - AP	
211200	Other - AP	
211300	Sales Tax - AP	This account is used to record Sales Tax Payable.
211400	Unapplied Payments - AP	
211500	Unapplied Whole Dollar Adjust - AP	
21155	YMCA - PP	
211800	ACCS Credentialing Payable - AP	
220000	Payroll Payables	
220100	Accrued Leave - PP	This account is used to record accrual of annual and sick leave earned by employees but not yet taken.
220200	Alabama Teachers Retirement - PP	This account will be credited for retirement contributions withheld from employees' salaries. This account will be debited when payment is remitted to Teachers' Retirement System of Alabama.
220300	Annuity - PP	

220400	Annuity & Life Currently Due - PP	This account is used to record annuity and life income payments currently due. Said payments are required by agreements involved in acquiring the Funds in annuity and life income accounts.
220500	Annuity & Life Undistributed - PP	This account is used to record accumulated income prior to distribution. Said income is earned on Funds acquired by the institution under binding agreements requiring periodic payments to donors of the income earned on said assets.
220600	Clearing Direct Deposit Return - PP	
220700	Deferred Comp Liab Agency - PP	
220705	RSA-1 Deferred Comp Liab - PP	
220800	Federal Income Taxes - PP	Credit this account for income taxes withheld from employees' salaries, but not yet remitted to the IRS. Debit this account when the amount withheld is remitted to the Internal Revenue Service Depository Account.
220900	FICA - PP	
221000	Medicare - PP	
221100	Miscellaneous Deductions - PP	
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221175	Child Support - PP	
221180	IRS Tax Lien - PP	
221185	State Tax Lien - PP	
221190	Garnishment - PP	
221200	Payroll Suspense - PP	
221300	SEIB Insurance - Employee - PP	This account will be credited for insurance contributions withheld from employees' salaries. This account will be debited when payment is remitted to the Public Education Employees' Health Insurance Plan (PEEHIP).

22140	Life Insurance of Alabama - PP	
221400	SEIB Insurance - Employer - PP	
221500	Retirement Incentive - PP	
221600	Retirement Incentive FICA Tax - PP	
221700	Salaries & Wages - PP	This account is used to reflect amounts due to the Payroll Account(s) by other funds for salary checks cleared through the Payroll Account(s). Debit appropriate salary account.
221800	Social Security Tax - PP	Credit this account for Social Security Taxes withheld from employees' salaries. This account will be debited when payment is made to State agency for Social Security. Payment for the institution's portion for non-teacher retirement personnel will not be credited to this account but to Social Security Matching when paid.
221900	State Employee Retirement - PP	Credit this account for retirement contributions withheld from employees' salaries. The account is debited when payment is rendered to the State Employees' Retirement System of Alabama.
222000	State Income Tax - PP	Credit this account for State income taxes withheld from employees' salaries, but not yet remitted to State revenue. Debit this account when the amount withheld is remitted to the State Department of Revenue.
222100	SUI - PP	Credit this account for amounts due to the State Unemployment Insurance Compensation Fund.
230000	Student Payables	
230100	Clearing Bad Debt - SP	
230200	Clearing Refunds - SP	
230250	Elevate Clearing Refunds - SP	
230300	Deposits Refundable - SP	
230400	Unapplied Bad Debt - SP	
230500	Unapplied Cash Payments - SP	
230600	Unapplied Contract Aid - SP	
230700	Unapplied Deposits - SP	
230701	Unapplied External Scholarship - SP	
230800	Unapplied Exemptions & Waivers - SP	
230900	Unapplied Financial Aid - SP	
240000	Accrued Liabilities	
240100	Accrued Salaries - AL	
240200	Compensated Absences Current - AL	
240300	Compensated Absences Long-	

	Term - AL	
240400	Pension Liability - AL	
240500	Other Liabilities - AL	
240500	GASB 75 OPEB Liabilities - AL	
240600	Unearned Revenue - AL	
240600	Other Liabilities - AL	
240700	Unearned Revenue - AL	
250000	Bonds & Leases Payable	This account is used to record leaseholds on rents payable on physical plant assets or land held by lease.
250100	Bond Interest Payable - BLP	
250200	Cell Phone - BLP	
250300	Computers - BLP	
250400	Equipment - BLP	
250500	Long-Term Bonds Payable - BLP	Credit this account for the face value of bonds issued. This account is used in the Plant Fund. This account is reduced by each payment of debt principal made.
250600	Short-Term Bonds Payable - BLP	
250900	Bond Premium or Discount - BLP	The excess/deficit of face value over(under) the amount paid. Debit this account for premiums and credit for discounts.
290000	Deferred Inflows Of Resources	Record deferred inflows as defined by GASB 68 Accounting and Financial Reporting for Pensions. Amounts reported in this account are amortized over time as pension expense. The account should only reflect the allocated portion of deferred inflows for that agency for cost-sharing plans. [See GASB 68 Accounting and Financial Reporting for Pensions for more information.]
290100	GASB 68 Pension - DI	The portion or proportionate share of pension that is normally expected to be liquidated with expendable available financial resources.
290200	OPEB - DI	
290300	Other - DI	
<u>FUND</u>		
<u>BALANCE</u>		
410100	Unrestricted Fund Balance - FB	
410200	Restricted Fund Balance - FB	
419900	Fixed Assets Capital Equity - FB	
419900	Fixed Assets Capital Equity - FB	
<u>REVENUES</u>		
510100	Tuition - TF	Record only the basic amount charged for general tuition as set forth in the current Board of Trustees policy.

510200	Tuition - Waived - TF	Record in this account the amount of the institutions' fees waived for tuition.
510300	Aviation Comps Fees -TF	Record in this account the fees associated with the FAA A&P License testing.
510400	Aviation Fee - TF	This account is used to record aviation fees collected by the college.
510500	Aviation Fee Waived - TF	Record in this account the amount of the institutions' fee waived for aviation.
510600	Bond Reserve Fee - TF	Record in this account the bond reserve fee collected per credit hour per semester, to be transferred to a Presidents' Council to be invested to guarantee Board-issued revenue bond debt service on behalf of the various Alabama Community College System institutions.
510700	Bond Reserve Fee Waived - TF	Record in this account the amount of the institution's fee waived for Board scholarship students for bond reserve fee.
510750	ACCS Enhancement Fee - TF	Record in this account the <u>actual dollars</u> collected for the institution's fee charged to students for facilities renewal.
510755	ACCS Enhancement Fee Waived - TF	
510800	Facility Renewal - TF	
510900	Facility Renewal Waived - TF	Record in this account the amount of the institution's fee waived for Board scholarship students for facilities renewal. Board policy prohibits waiving the facility renewal fee for senior citizen and employee tuition assistance waivers.
511000	Other Board Approved - TF	This account is used to record all other fees collected by the college.
511100	Special Building Fee - TF	Record in this account the special building fee collected per credit hour per semester, approved by the Board of Trustees in order to secure bonded indebtedness. Such fee will expire after the life of the bond issue.
511200	Special Building Fee Waived - TF	Record in this account the amount of the institution's fee waived for Board scholarship students for Special Building fee.
511300	Student Fees - TF	

511400	Technology Fee - TF	Record in this account the technology fees collected per credit hour per semester, expended for resources and direct services for student technology services to include computers; software; Internet services; network computer systems; multi-media instructional systems; electronic video-broadcast communications within and among instructional locations, faculty and students; virtual libraries; faculty professional development to provide instruction integrating new technology into the curriculum; marketing of institution services as home pages providing institution information; and provision of student services as financial aid, counseling, and registration.
511500	Technology Fee Waived - TF	Record in this account the amount of the institution's fee waived for Board scholarship students for technology fee.
511600	Training for Business/Industry - TF	Record the fee charged for customized training activities specifically organized for the benefit of a particular company or coalition of companies. Revenue should be recorded only for non-credit institution activity.
520100	Local Appropriations - LF	This account is used to record any local appropriations allocated for either the general operation and maintenance of the institution or designated for a specific purpose.
520200	Local Contracts & Grants - LF	This account is used to record revenues received from local government agencies, regardless of the purpose for which the funds are intended.
530100	State Appropriation - O&M Reg - SF	This account is used to record the State appropriation allocated for the general operation and maintenance of the institution. This includes all community, junior, technical and prison O&M allocations. Also, include any separately funded pay increase allocations.
530200	State Appropriation - ETF Special - SF	Record in this account State appropriations which are designated for a specific purpose, such as for library enhancement, high technology equipment, deferred maintenance, and TBI.
530300	State Appropriation - Other - SF	Any State funds appropriated from sources other than ETF should be identified as to source and recorded in this account. (Example: Truck Driving)
530400	State Contracts & Grants - SF	This account is used to record revenues received from State government, regardless of the purpose for which the funds are intended.
530500	State Professional Development - SF	Record in this account any State funds received for professional development activities.

540100	Federal Contracts & Grants - FF	Record in this account all revenues received from federal Grants and Contracts, such as Historical Black Colleges and Universities (HBCU), and Displaced Homemakers.
540200	Federal Revenue - Student Aid - FF	This account is used to record any federal funds received for student financial aid, such as Pell, SEOG, and College Work Study.
550100	Cash Gifts - GGC	Includes resources donated to the institution for unrestricted or restricted institutional purposes except those gifts received as additions to permanently restricted net assets which are recorded in other support. Gifts are non-exchange transactions. Income from funds held in revocable trusts or distributable at the direction of the trustees of the trusts should be reported here.
550200	Noncash Gifts - GGC	This account is used to record non-cash contributions.
550300	Private Grants & Contracts - GGC	Includes amounts from non-governmental organizations and individuals, including funds resulting from contracting for the furnishing of goods and services of an instructional, research, or public service nature. This excludes revenues derived from contracts and other activities that are not related directly to instruction, research, or public service. This may be either exchange or non-exchange transactions. They include the following:
560100	Cash Overages - VIF	
560200	Endowment Income - VIF	Record in this account income from investments of endowment funds. Endowment income is revenue in the unrestricted fund when an endowment is unrestricted. Endowment income is revenue in the restricted fund when an endowment is restricted.
560300	Expired Term Endowments - VIF	This account is used to record the receipt as revenue in current funds (principal of expired term endowments). Endowment funds should be reduced by a corresponding amount.
560400	Investment Income - VIF	Interest or dividends received from investments (except endowment) are recorded in this account.
560500	Miscellaneous Revenue - VIF	Record all other revenue not otherwise accounted for in this account.
560510	Gas & Oil Royalties - VIF	
560520	Court Settlement Case 07CR202 - VIF	
560530	Court Settlement Case 408CR14 - VIF	
560540	Court Settlement Case	

	707CR50 - VIF		
560545	Court Settlement Case		
	208CR196A-VIF		
560600	Realized Gains and Losses - VIF		This account is used to record gains and losses from the sale of securities or other investments.
560700	Unrealized Gains and Losses - VIF		This account is used to record unrealized gains and losses on investments.
570100	Accrued Interest - Bond Sales - SS		This account is used to record accrued interest on proceeds of bond sales before their use. This account is for revenue resulting from the timing of bond sales and premiums paid at the sale.
570200	Administrative Fee - SS		
570300	Advertising - SS		Revenue received for advertising is recorded in this account. Such revenue may be derived from advertising in programs, school newspaper, yearbook, and other publications.
570400	Commissions - SS		Record revenue received as commissions paid from sales through vending operations or other sources of non-institutionally operated enterprises.
570500	Community Services - SS		Record the fee charged by the institution for community services.
570600	Discounts Earned - SS		Discounts earned and taken on purchases are recorded in this account. The proper procedure for recording these transactions is to debit Purchases for Resale with the total amount before discounts are taken. This account is credited with the amount of the discount and cash is credited for the amount paid.
570700	Dormitory Fees - SS		Fees charged students for dormitory rooms are recorded in this account. Meal tickets are revenue received for board and should be recorded as SALES.
570800	Gate Receipts - SS		This account is used to record revenue received as gate receipts at institutional activities.
570900	Indirect Cost Revenue - SS		Record in this account the amount due to the institution for indirect cost from other programs. These funds are recorded as revenue from the appropriate source in fund one and as another deduction from fund two.
571000	Insurance Adjustments - SS		Include receipts for the settlement of insurance claims.
571100	Meal Plan - SS		
571200	Prior Refunds/Adjustments - SS	Year	Use this account to record refunds to the institution for expenditures made in a prior year. If refunds were received for current year expenditures, then expenditures would be credited rather than this

account.

571300	Proceeds from Sale of Property - SS	Record receipts received by the institution as a result of the sale of property.
571400	Rent - SS	Revenue realized from the rental of institution property is recorded in this account.
571500	Sales Non-taxable - SS	This account is used to record all non-taxable sales
571600	Sales Taxable - SS	This account is used to record all sales of whatever nature regardless of the fund or organizational unit making the sale. Sales derived from the bookstore, concessions, pictures, and similar items are recorded in this account.
571700	Skills Training Division - SS	Record in this account all revenue received for the Adult Education Skills Training Division.
571800	Live Work - SS	
<u>LABOR</u>		
611000	Executive/Managerial Salaries - SW	
611100	President's Expense Allowance - SW	Includes cost of \$200 per month for the president's expense allowance in accordance with ACCS Board Policy.
611200	President's Housing Allowance - SW	This account is used to record payments for housing to the institutional president, or any other authorized official, when institution-owned housing is not provided.
612000	Professional Salaries - SW	
613000	Support Salaries - SW	
613100	Overtime - SW	
614000	Hourly Wages - SW	Record in this account amounts paid to employees who are paid on an hourly basis. This account <u>excludes instructional</u> staff who may be paid on an hourly basis.
615000	Instructional Salaries - SW	
615100	Instructional Salaries(Temp/PT)-SW	
616000	Student Assistants - SW	Include wages paid to students employed through an institutional student assistance program. Do not include CWSP salaries or matching funds in this account.
617000	Work Study Students - SW	Include in this account wages paid to institution work-study students.
618000	Longevity Pay - SW	

619000	Leave Payout - SW	This account is used to record amounts for annual leave paid to personnel at termination or retirement from the institution.
620100	Compensated Absences - FB	This account is used to record the compensated absence expense accrued on employees' annual leave for the current fiscal year.
620200	Compensated Time - FB	Authorized employee compensated time due to the employee upon retirement or termination.
620300	FICA - FB	Record the institution's matching share of Social Security payments in this account.
620400	Group Health Insurance - FB	Record in this account the institution's or employer's share of health insurance premiums authorized by the Board of Trustees.
620499	GASB 75 OPEB- FB	
620500	Leave Payout - FB	
620600	Other Benefits - FB	
620650	Non-Overnight Meals Tax per diem-FB	
620699	Payroll Suspense - FB	
620700	Retirement - FB	Record the institution's matching share of State Teachers' Retirement System payments in this account.
620799	GASB 68 Retirement - FB	This is the college's change in net pension liability between fiscal years, adjusted for the effects of certain other changes in the net pension liability (the amortization of deferred inflows and outflows of resources). The amount attributable to the school is actuarially determined similarly to an institution's proportionate share of the net pension liability.
620800	Unemployment Compensation - FB	Record institutional payments to the State Unemployment Insurance Compensation Fund in this account.

EXPENSES

710100	Commercial Transportation - IS	
710200	Conus (meals) - IS	
710300	Lodging - IS	
710400	Mileage - IS	
710500	Non-Overnight Meals Tax per diem IS	
710600	Overnight (non tax per diem) - IS	Include in this account those expenses for which expense accounts are filed for in-state travel (including in-state actual). Such expenses may include cost of travel, per diem, registration fees, and such other expenses that may be reimbursed under Alabama Law.
710700	Registration Fees - IS	

710800	Other Travel Expenses - IS	Record the non-overnight travel allowances of \$11.25 for a trip six to twelve hours, and \$30.00 for a trip over twelve hours.
715100	Commercial Transportation - OS	
715200	Conus (meals) - OS	
715300	Lodging - OS	
715400	Mileage - OS	
715500	Registration Fees- OS	
715600	Other Travel Expenses - OS	Include in this account those expenses resulting from out-of-state travel. Such expenses may include transportation, registration fees, lodging and meal expenses, and such other expenses that may be reimbursed under Alabama Law.
720100	Computer Software(non capital) - MS	Record in this account the purchase of computer software made during the current fiscal year.
720200	Culinary Consumables	This account is used to record the cost of instructional expenses for culinary consumable.
720300	Equipment - non capitalized - MS	
720400	Internal Purchases - MS	This account is used to record internal transactions with Auxiliary Enterprises.
720500	Materials and Supplies - MS	Record the purchase of materials and supplies used in the institution including the library. This account includes expendable items such as welding rods, paper, staples, and other instructional aids. Laboratory expendable supplies, such as test tubes and beakers, should be included in this account.
720600	Purchases for Resale (COGS) - MS	Items purchased for resale to individuals, organizations, or other organizational units of the institution will be charged to this account. Normally, this account will only be used by the Auxiliary Fund or activities related to instruction. All materials and supplies charged to customers on work orders should be charged to this account.
720700	Technology - non capitalized - MS	Record in this account the non-capitalized expenses purchased with Technology Fees.
730100	Accounting & Auditing Services - PS	Record in this account any expenses resulting from contracts with accounting or auditing consultants.
730200	Accreditation Expense - PS	This account is used to record the cost of accreditation expenses.
730300	Athletic Insurance Deductible - PS	Record the cost associated with filing a claim for damages of a institution sponsored athletic event.
730400	Bank Card Fees - PS	This account is used to record the cost of credit card processing.

730500	Board of Adjustment Payments - PS	
730600	Debt Collection Expense - PS	
730700	Engineering & Architectural Svc -PS	Record in this account any expenses resulting from contracts with engineering and architectural consultants.
730800	Honorariums - PS	Record in this account, payments to speakers or lecturers in recognition of a contribution to the institution.
730900	Insurance and Bonding - PS	Record the cost of fiduciary bonds carried by the institution on employees, insurance policies for buildings and contents, boiler policies, and other similar items.
731000	Investment Transaction Expense - PS	
731100	Judgments/Settlements - PS	Record in this account expenses arising from a court order or a settlement agreement in resolution of a legal claim. Also, this account should include deductibles pursuant to an insurance policy and judgments, excluding personnel costs, from the Board of Adjustments.
731200	Legal Services - PS	Record in this account the expenses resulting from contracts with attorneys or legal consultants.
731300	Memberships - PS	Record in this account the cost of institutional memberships in professional organizations.
731400	Other Contractual Services - PS	All other contractual services not accounted for in 601-628 may be entered in this account. An example of a service to be charged to this account is a contractual agreement for janitorial services.
731500	Other Legal Expenses - PS	Record other related legal expenses incurred by the institution in this account such as court reporting and filing fees.
731600	Other Professional Fees - PS	Record in this account expenses for consultants for institutional improvement and/or development, amounts paid intramural or athletic officials, and any other fees of a professional nature.
731700	Professional Development - PS	Record in this account all expenditures for professional development activities which are funded through State-level appropriation, but which are conducted at the discretion of the individual institution. Activities conducted with State-level appropriations that are at the direction of the Chancellor and may be conducted by a institution should not be coded in this category.
731800	Trustee Handling Fee - PS	Include in this account all costs paid to trustees for their fees in handling monies on behalf of public institutions.

731900	Bond Issuance Costs - PS	
740100	Cable - UC	
740200	Electricity - UC	The cost of providing electrical service to the physical plant is included in this account.
740300	Gas & Heating Fuel - UC	Record in this account the cost of providing gas (natural, butane, other), coal and heating oil to the institution. Gas for use in laboratories should be charged to instructional materials and supplies.
740400	Internet - UC	
740500	Landline Phones - UC	This account should include telephone and any other costs arising from telecommunications other than data processing and cellular.
740600	Water & Sewer - UC	The cost of water used by the institution is recorded in this account. Include in this account charges for sewage and/or garbage pick-up services if separately identifiable from water service charges.
740700	Waste Disposal - UC	
740800	Wireless Phones - UC	
750100	Advertising & Promotions - OOS	Expenses incurred as a result of the promotion or the advertising of such items as the institution and its programs or courses are charged to this account.
750200	Amortization Expense - OOS	This account is used to record the costs associated with the issuance of bonds.
750300	Bad Debt Expense - OOS	Cost of collecting debts due the institution are recorded in this account and should include such items as cost of litigation, photostat expense, and other similar expenses.
750400	Bond Reserve Fee Expense - OOS	Record in this account the collected bond reserve fees to be submitted to the Presidents' Council at the designated times.
750500	Cash Shortages - OOS	This account is used for closing the year-end balance of operating cash shortages from account 325, Reserve for Cash Operating Differences.
750600	Freight - OOS	Record the cost of transportation of items by means other than the U.S. Mail, such as United Parcel Service, rail, and truck.
750700	Gasoline & Oil - Motor Veh - OOS	Use this account to record the cost of gasoline and oil used in motor vehicle equipment by State-owned or controlled cars, buses, farm machinery and equipment, grounds maintenance equipment, and similar items.

750800	Grants, Awards and Prizes - OOS	Record in this account expenses for all federal student financial aid in the form of grants, loans, or other type payments to students. This account should also include miscellaneous awards and/or prizes for institution business.
750900	Indirect Cost Expense - OOS	Record in this account the amount paid to the institution for indirect cost to other programs.
751000	Institutional Use - OOS	These accounts may be assigned and used by the institution for items that cannot be categorized under other accounts.
751100	Maintenance & Repairs - OOS	Include in this account expenses relating to the general maintenance and repair of institutionally owned equipment or facilities.
751200	Postage - OOS	Record the cost of transportation of items through the U.S. Mail Service in this account. Also include the cost of postage meters.
751300	Printing and Binding - OOS	Charge to this account expenses incurred in the printing, reproduction or binding of material. Record in this account institution catalogs and quarterly class schedules.
751400	Service Contracts on Equipment -OOS	Record the cost of contractual service agreements in this account. Service contracts for the maintenance and repair of such items as office machines, heating or cooling equipment, and transportation equipment.
751500	Short-Term Building Rentals - OOS	The cost of subscriptions to magazines or newspapers is recorded in this account. Do not record the cost of books in this account.
751600	Short-Term Equipment Rentals - OOS	
751700	Subscriptions - OOS	
751800	Taxes and Licenses	Charge to this account all sponsored scholarship and tuition waiver amounts on behalf of students. Do <u>not</u> include payments to students for loans or for services rendered.
753000	ACCS Enhancement Fee Expense - OOS	
760100	Scholarship & Waivers - SW	
760200	Grant Awards - SW	This account is used to record the expenditures for art museums and collections. The cumulative value of these items is charged to account 176.
790100	Building Alterations - CE	
790200	Art Museums and Collections - CE	

790300	Audiovisuals - CE	Include in this account the purchase of films, filmstrips, slides, records, tapes, and similar items. Do not include items such as projectors, tape recorders or players, and record players. Such items should be classified as equipment.
790400	Bonds - Interest Payments - CE	This account is used for payment of interest on bond obligations of the institution.
790500	Bonds - Principal Payments - CE	
790600	Books - CE	Capital expenditures for books are recorded in this account.
790800	Capitalized Software (\$1M+) - CE	Include in this account costs related to the ownership or right to use computer programs that control the functioning of computer hardware and other devices, regardless of whether it is referred to by the vendor as a purchase, license, lease, rental, maintenance agreement or other terminology. Computer software comprises both operating systems and application programs, regardless of what type of equipment it is installed on, including computers, telecommunications equipment, cellular and satellite phones.
790900	Construction in Progress - CE	This account is used to record the expenditures for construction in progress. This is a temporary account and should be closed and the value of the construction transferred to the Plant Asset Account at completion of project. A separate account should be maintained for each project.
791000	Easement and Land use Rights - CE	Include in this account costs related to the contractual right to land not owned by the institution that grants the institution the right to use the surface of the land (easement) or water, timber, or minerals for a specific purpose.
791100	Furniture and Equip \$10K - \$25K - CE	Record in this account all furniture and equipment other than motor vehicle equipment costing between \$10,000 to \$25,000.
791200	Furniture and Equip > \$25K - CE	Record in this account all furniture and equipment other than motor vehicle equipment costing more than \$25,000.
791300	Improvements - Other - CE	
791400	Land - CE	Record in this account the original cost of land plus acquisition costs. Do not include site development costs.
791500	Lease Purchase - CE	Include in this account the principal amount paid on lease purchases that will be credited towards the purchase of equipment at any given time. That portion of the payment that is interest should be debited to interest, object code 661.

791600	Long-Term Equipment Lease - CE	Record in this account the monthly expenditures associated with a non-capitalized lease payment.
791700	Notes - Interest Payments - CE	
791800	Notes - Principle Payments - CE	
791900	Patent, Trademark & Copyright - CE	Include in this account costs related to the development of patents, trademarks and copyrights.
792000	Technology \$10K to \$25K - CE	Record in this account the capitalized expenses purchased with Technology Fees for \$25,000 or less.
792100	Technology > \$25K - CE	Record in this account the capitalized expenses purchased with Technology Fees for more than \$25,000.
792200	Transportation Equip \$10K-\$25K - CE	Include the purchase of buses, cars, vans, and trucks in this account costing \$25,000 or less. The equipment may be purchased for general institutional use or for restricted use as for student activities or athletics, but it should still be charged to this account.
792300	Transportation Equip > \$25,000 - CE	Include the purchase for more than \$25,000 of buses, cars, vans, and trucks in this account. The equipment may be purchased for general institutional use or for restricted use as for student activities or athletics, but it should still be charged to this account.
795000	Depreciation Expense - BP	This account is used to record the portion of the cost of capital assets that is expensed. (Worksheet only at this time.)
795100	Buildings and Alterations - DE	Charge to this account all costs of acquiring buildings. Architect fees, drawings, blueprints, construction contracts, and other costs incurred in the construction of buildings are charged here. The installation of equipment that is permanently attached to a building such as an elevator, central heating or cooling system conditioners and water coolers is charged here.
795200	Capitalized Software - DE	
795300	Equipment - DE	
795400	Improvements- DE	Charge this account with the costs of site development, parking lots, flag poles, sidewalks, outdoor lighting systems, utility systems, fences, and similar items.
795500	Library Holdings - DE	
795600	Other - DE	

TRANSFERS

810100	MT In - Facility Renewal Fee	This account will include transfers to the Plant Renewal and Replacement Fund group from Current Unrestricted Fund group. The transfer is mandatory in compliance with guidelines established by the Alabama Community College System.
810200	MT In - Other Funds	
810300	MT In - Principal and Interest	
810400	Non MT In - Other Funds	
820100	MT Out - Facility Renewal Fee	This account will include transfers from Current Unrestricted Fund group to the Plant Renewals and Replacements Fund group. The transfer is mandatory in compliance with guidelines established by the Alabama Community College System.
820200	MT Out - Other Funds	
820300	MT Out - Principal & Interest	
820400	Non MT Out - Other Funds	
830000	Release from Restriction	

FUND**ADDITIONS**

910000 Fund Additions

FUND DEDUCTIONS

960000 Fund Deductions

Program Code Definitions

An institution is a complex organization composed of many program units designed to accomplish different purposes or functions. To aid in the classification and analysis of financial information, the following functional areas are to be used in the accounting system and represent the second set of 6-digit codes.

For educational and general support funds (Current Funds-Unrestricted and Current Funds-Restricted) use the following function codes:

Program Codes**01 INSTRUCTION**

Institutions are required to account for program codes by major discipline levels in the 01 Instructional function area. Coding by department is optional, except for ALLIED HEALTH that must be coded to the department level.

1000 – Allied Health

2000 – Business

3000 – Fine Arts

4000 - Health & Physical Education

5000 - High Technology
6000 - Language/Math
7000 – Science
8000 – Developmental
9000 – Vocational

*System course directory has all courses approved for the college to offer; some programs may not have courses in a directory if the course is utilized from another directory.

- 02 RESEARCH (Used only by Athens State University)**
- 03 PUBLIC SERVICE**
- 04 ACADEMIC SUPPORT**
- 05 STUDENT SERVICES**
- 06 INSTITUTIONAL SUPPORT**
- 07 OPERATION AND MAINTENANCE OF PLANT**
- 08 SCHOLARSHIPS**
- 12 AUXILIARY ENTERPRISES**
- 14 PLANT**
- 15 AGENCY**
- 16 ANNUITY AND LIFE INCOME**
- 17 LOAN**
- 18 ENDOWMENT AND SIMILAR FUNDS**
- 98 TRANSFERS – MANDATORY**

Program Code Descriptions - EDUCATIONAL AND GENERAL

01 INSTRUCTION

This category should include expenditures for all activities that are part of an institution's instructional program. Expenditures for credit and noncredit courses, for academic, vocational, and high technology instruction, for remedial and tutorial instruction, and for regular, special, and extension sessions should be included.

Expenditures for research and public service that are not separately budgeted should be included in the classification. This category excludes expenditures for academic administration when the primary assignment is administration - for example, academic deans.

The instruction function includes the following categories:

General Academic Instruction

Includes expenditures for formally organized and/or separately budgeted instructional activities that are: (1) carried out during the academic year (as defined by the institution), (2) associated with CIP categories classified below and which are listed in the State master academic inventory, and (3) offered for credit

as part of a formal postsecondary education degree or certificate program. Open university, short courses, and home study activities falling within these CIP categories and offered for credit would therefore be included. Also, Developmental, code 8000, includes instructional offerings that are part of programs leading toward degrees or certificates at levels below the higher education level, such as adult basic education.

Instructional Categories

1000 Allied Health
2000 Business
3000 Fine Arts
4000 Health and Physical Education
4500 Education
5000 High Technology
6000 Language/Math
7000 Science
7500 Social Science
8000 Developmental
8500 Special Programs
9000 Vocational
9800 Alabama Fire College

A. Community Education (code 9900)

Community Education includes expenditures for formally organized and/or separately budgeted instructional activities that do not generally result in credit toward any formal postsecondary degree certificate. It includes noncredit instructional offerings that are part of the adult education or continuing education program. This subcategory also includes expenditures for activities associated with programs leading toward a degree or certificate at a level below the higher education level.

B. Vocational/Technical Instruction

This subclass includes expenses for formally organized and/or separately budgeted instructional activities that are associated with activities characterized as vocational/technical instruction in the IPEDS instructional program categories and offered for credit as part of a formal postsecondary education degree or certificate program. Open university, short courses, and home study falling within this classification and offered for credit are included.

This subclass does not include instructional offerings that are part of programs leading toward degrees or certificates at levels below the higher education level, such as adult basic education.

C. Preparatory/Remedial Instruction

Includes expenses for formally organized and/or separately budgeted

instructional activities that give students the basic knowledge and skills required by the institution before they can undertake formal academic course work leading to a postsecondary degree or certificate. Such activities, which are supplemental to the normal academic program, generally are termed preparatory, remedial, developmental, or special educational services. These instructional offerings may be taken prior to or along with the course work leading to the degree or certificate. They are generally noncredit offerings, although in some cases credit may be provided specifically for required preparatory or remedial skills or knowledge. If students may satisfy preparatory requirements by taking offerings provided primarily for other than remedial or preparatory purposes, those offerings should be classified elsewhere.

D. Instructional Information Technology

This subclass includes expenses for formally organized and/or separately budgeted instructional information technology. If an institution does not separately account for information technology resources, the costs associated with the three primary programs—instruction, research, and public service— will be classified as academic support and the remainder as institutional support

02 **RESEARCH**

Note: Research is to be conducted only by Athens State University; no activity should be reprinted in “02 Research” for the community and technical colleges.

This category should include all expenditures for activities specifically organized to produce research outcomes, whether commissioned by an agency external to the institution or separately budgeted by an organizational unit within the institution. Subject to these conditions, it includes expenditures for individual and/or project research as well as those of institutes and research centers. This category does not include all sponsored programs (training grants are an example) nor is it necessarily limited to sponsored research, since internally supported research programs, if separately budgeted, might be included in this category under the circumstances described above. Expenditures for departmental research that are separately budgeted specifically for research are included in this category. However, the research classification does not include expenses for departmental research that are not separately budgeted. Departmental research that is not separately budgeted is included in the instructional category.

This category includes the following subcategory:

Individual and Project Research includes expenditures for research activities that are managed within academic departments. Such activities may have been undertaken as the result of a research contract or grant or through a specific allocation of the institution’s general resources.

Institutes and Research Centers includes expenses for research activities that are part of a formal research organization created to manage a number of research efforts. While this subclass includes agricultural experiment stations, it does not include federally funded research and development centers, which are classified as independent operations.

Institutes and Research Centers includes expenses for formally organized and/or separately budgeted research information technology. If an institution does not separately account for information technology resources, the costs associated with the three primary programs—instruction, research, and public service—will be classified as academic support and the remainder as institutional support.

03 PUBLIC SERVICE

This category should include funds expended for activities that are established primarily to provide non-instructional services beneficial to individuals and groups external to the institution. These activities include community service programs (excluding instructional activities) and cooperative extension services. Included in this category are conferences, institutes, general advisory services, reference bureaus, radio and television, consulting, and similar non-instructional services to particular sectors of the community.

This category includes the following subcategories:

Community Service includes expenditures for activities organized and carried out to provide general community services, excluding instructional activities. Community service activities make available to the public various resources and special capabilities that exist within the institution. Examples include conferences and institutes; general advisory services and reference bureaus; consultation; testing services as soil testing, carbon dating, and structural testing; and similar activities. The activities included in this subcategory are generally sponsored and managed outside the context of both the agricultural and urban extension programs and of the institution's public broadcasting operation.

Cooperative Extension Service includes expenditures for non-instructional public service activities established as the result of cooperative extension efforts between the institution and outside agencies such as the U.S. Department of Agriculture's extension service and the affiliated State extension services. This subcategory is intended primarily for land-grant colleges and universities and includes both agricultural extension and urban extension services. The distinguishing feature of activities in this subcategory is that programmatic and fiscal control is shared by the institution with the U.S. Department of

Agriculture's extension service, the related State extension service, and agencies of local government.

Public Broadcasting Services includes expenditures for operation and maintenance of broadcasting services operated outside the context of the institution's instruction, research, and academic support programs. Thus excluded from this subcategory are broadcasting services conducted primarily in support of instruction which should be classified in the subcategory "Ancillary Support", and broadcasting services that are primarily operated as a student service activity which should be classified in the social and cultural development subclass of student services. Also, broadcasting services that are independent operations, which should be classified in the independent operations/institutional subclass of independent operations.

Public Service Information Technology includes expenses for formally organized and/or separately budgeted public service information technology. If an institution does not separately account for information technology resources, the costs associated with the three primary programs—instruction, research, and public service—will be classified as academic support and the remainder as institutional support.

04 ACADEMIC SUPPORT

This category should include funds expended primarily to provide support services for the institution's primary missions - instruction, research, and public service. It includes (1) the retention, preservation, and display of educational materials as libraries, museums, and galleries; (2) the provision of service that directly assists the academic functions of the institution, such as demonstration schools associated with a department, school, or institution of education; (3) media such as audiovisual services and technology such as computing support; (4) academic administration including academic deans but not department chairpersons and personnel development providing administrative support and management direction to the three primary missions; and (5) separately budgeted support for course and curriculum development. For institutions that currently charge certain of the expenditures as computing support directly to the various operating units of the institution, such expenditures are not reflected in this category.

This category includes the following subcategories:

Libraries include expenditures for organized activities that directly support the operation of a cataloged or otherwise classified collection.

Museums and Galleries include expenditures for organized activities that

provide for the collection, preservation, and exhibition of historical materials, art objects, scientific displays, etc. Libraries are excluded.

Educational Media Services include expenditures for organized activities providing audiovisual and other services that aid in the transmission of information in support of the institution's instruction, research, and public service programs.

Academic Support Information includes expenses for formally organized and/or separately budgeted academic support information technology. Institutions that do not separately account for information technology resources, the costs associated with the institution's three primary programs—instruction, research, and public service—will be included to this subclass and the remainder will be included in institutional support.

Ancillary Support includes expenditures for organized activities that provide support services to the three primary programs of instruction, research, and public service, but that are not appropriately classified in the previous subcategories. Ancillary support activities usually provide a mechanism through which students can gain practical experience. An example of ancillary support is a demonstration school associated with the school of education. The expenditures of teaching hospitals are excluded.

Academic Administration includes expenditures for activities specifically designed and carried out to provide administrative and management support to the academic programs. This subcategory is intended to separately identify only expenditures for activities formally organized and/or separately budgeted for academic administration. It includes the expenditures of academic deans including deans of research, deans of graduate schools, and institution deans, but does not include the expenditures of departmental chairpersons which are included in the appropriate primary function categories. It also includes expenditures for formally organized and/or separately budgeted academic advising. Expenses associated with the office of the chief academic officer of the institution are not included in this subclass but should be classified as institutional support due to the institution-wide nature of that individual's responsibilities.

Academic Personnel Development includes expenditures for activities that provide the faculty with opportunities for personal and professional growth and development to the extent that such activities are formally organized and/or separately budgeted. This subcategory also includes formally organized and/or separately budgeted activities that evaluate

and reward professional performance of the faculty. Included in this subcategory are sabbaticals, faculty awards, and organized faculty development programs. Course and Curriculum Development includes expenditures for activities established either to significantly improve or to add to the institution's instructional offerings, but only to the extent that such activities are formally organized and/or separately budgeted.

05 STUDENT SERVICES

This category should include funds expended for offices of admissions and registrar and those activities whose primary purpose is to contribute to the student's emotional and physical well-being and to his or her intellectual, cultural, and social development outside the context of the formal instructional program. It includes expenditures for student activities, cultural events, student newspapers, intramural athletics, student organizations, counseling and career guidance excluding informal academic counseling by the faculty, student aid administration and student health service if not operated as an essentially self-supported activity. According to NACUBO, intercollegiate athletics may be included in this function if the program is operated as an integral part of the department of physical education and not as an essentially self-supporting activity.

The Student Services category includes the following subcategories:

Student Services Administration includes expenditures for organized administrative activities that provide assistance and support excluding academic support to the needs and interests of students such as activities of the institution's chief administrative officer for student affairs. This subcategory includes only administrative activities that support more than one subcategory of student activities and/or that provide central administrative services related to various student service activities. In particular, this subcategory includes services provided for particular types of students as minority, veterans, and handicapped students. Some institutions consolidate various activities in a unit titled enrollment management. Expenses of an enrollment management unit would be included in this subclass. Excluded from this subclass are activities of the institution's chief administrative officer for student affairs, whose activities are institution wide and therefore should be classified as institutional support.

Social and Cultural Development includes expenditures for organized activities that provide for students' social and cultural development outside the formal academic program. This subcategory includes cultural events, student newspapers, intramural athletics, student organizations, and similar items. Intercollegiate athletics is to be operated as an essentially self-supporting operation and reported within auxiliary

enterprises. Excluded from this subclass are expenses for an intercollegiate athletics program that is operated as an auxiliary enterprise. While NACUBO states that intercollegiate athletics may be included in this category, if the activities are not operated as an essentially self-supporting operation, the Alabama Community College System chooses to categorize all intercollegiate athletics within auxiliary enterprises for consistent reporting of these type activities.

Counseling and Career Guidance includes expenditures for personal counseling services for students. This subcategory includes vocational testing and counseling services and activities of the placement office. Excluded from this subcategory are formal academic counseling activities (academic support) and informal academic counseling services (instruction) provided by the faculty in relation to course assignment.

Financial Aid Administration includes expenditures for activities that provide financial aid services and assistance to students. This subcategory does not include outright grants to students that should be classified as scholarships, which should be classified as revenue reductions, agency transactions, or expenses.

Student Admissions include expenditures for activities related to (1) the identification of prospective students, (2) the promotion of attendance at the institution, and (3) the processing of applications for admissions.

Student Records include expenditures for activities to maintain, handle, and update records for currently enrolled students as well as for students who were previously enrolled. NACUBO recommends that the printing of quarterly class schedules should be coded to student records.

Student Health Services include expenditures for organized student health services that are not self-supporting rather than those organized as auxiliary enterprises.

Student Services Information Technology includes expenses for formally organized and/or separately budgeted student services information technology. If an institution does not separately account for information technology resources, the costs associated with the three primary programs—instruction, research, and public service—will be classified as academic support and the remainder as institutional support.

06 INSTITUTIONAL SUPPORT

This category should include expenditures for: (1) central executive-level activities concerned with management and long-range planning of the entire

institution, such as the governing board, planning and programming operations, and legal services; (2) fiscal operations, including the investment office; (3) administrative information technology (when not included in other categories); (4) space management; (5) employee personnel and records; (6) logistical activities that provide procurement, storerooms, , printing, and transportation services to the institution; (7) support services to faculty and staff that are not operated as auxiliary enterprises; and (8) activities concerned with community and alumni relations including development and fund raising.

Appropriate allocation of institutional support should be made to auxiliary enterprises, hospitals, and other activities not directly related to the primary programs—instruction, research, and public service—or their related support classifications.

This category includes the following subcategories:

Executive Management includes expenditures for all central, executive-level activities concerned with management and long-range planning for the entire institution as distinct from planning and management for any one program within the institution. This subclass includes such operations as executive direction (for example, governing board), planning and programming operations, legal, risk, compliance, and internal audit operations. All officers with institution-wide responsibilities are included, such as the president, chief academic officer, chief business officer, chief student affairs officer, chief research officer, chief enrollment management officer, and chief advancement officer.

Fiscal Management includes expenditures for operations related to fiscal control and investments. It includes the accounting office, bursar, and external audits, and also includes such “financial” expenses as allowances for bad debts and short-term interest expenses. Public institutions report all interest in a separate classification as a nonoperating expense. Record bad debts from receivables (other than student loans) as a reduction of the specific revenue source that generated the receivable (e.g., tuition, auxiliary fees) rather than as an expense.

General Administration Services include expenditures for activities related to general administrative operations and services with the exception of fiscal operations and administrative information technology. Included in this subcategory are personnel administration, space management, purchasing and maintenance of supplies and materials, campus-wide communication and transportation services, general stores, and printing shops.

Administrative Information Technology includes expenditures for computer services that provide support for institution-wide administrative functions. If an institution does not separately account for information technology resources, the costs associated with the three primary programs—instruction, research, and public service— will be classified as academic support and the remainder as institutional support.

Public Relations/Development includes expenses for activities to maintain relations with the community, alumni, or other constituents and to conduct activities related to institution-wide development and fundraising.

07 OPERATION AND MAINTENANCE OF PLANT

This category should include all expenditures of current operating funds for the operation and maintenance of physical plant, in all cases net of amounts charged to auxiliary enterprises, hospitals, and independent operations. It does not include expenditures made from the institutional plant fund accounts. It includes all expenditures for items such as janitorial and utility services; repairs and ordinary or normal alterations of buildings, furniture, and equipment; care of grounds; maintenance and operation of buildings and other plant facilities; security; earthquake and disaster preparedness; safety; hazardous waste disposal; property, liability, and all other insurance relating to property; space and capital leasing; facility planning and management; and central receiving. Also included are utilities, fire protection, property insurance, and similar items.

This category includes the following subcategories:

Physical Plant Administration includes expenditures for administrative activities that directly support physical plant operations. Activities related to the development of plans for plant expansion or modification, as well as plans for new construction, should also be included in this subcategory. Also included are property, liability, and all other insurance relating to property.

Building Maintenance includes expenditures of activities equipment related to routine repair and maintenance of buildings, and other structures, including both normally recurring repairs and preventive maintenance.

Custodial Services includes expenditures related to custodial services.

Utilities include expenditures related to heating, cooling, light and power,

gas, water, and any other utilities necessary for operation of the physical plant.

Landscape and Ground Maintenance include expenditures related to the operation and maintenance of landscape and grounds.

Major Repairs and Renovations include expenditures related to major noncapital repairs, maintenance, and renovations. Minor repairs should be classified in the subcategory “Building and Equipment Maintenance.” The distinction between major and minor equipment repairs should be defined by the institution.

Security and Safety This subcategory includes expenses related to security; earthquake and disaster preparedness; safety, including environmental safety; and hazardous waste disposal.

Logistical Services This subcategory includes expenses related to logistical services such as central receiving as well as space and capital leasing.

Operations and Maintenance Information Technology This subcategory includes expenses for formally organized and/or separately budgeted operation and maintenance information technology. If an institution does not separately account for information technology resources, the costs associated with the three primary programs—instruction, research, and public service will be classified as academic support and the remainder as institutional support.

08 SCHOLARSHIPS & FELLOWSHIPS

This category should include expenditures for scholarships and fellowships in the form of outright grants to students selected by the institution and financed from current funds, restricted or unrestricted. It also should include trainee stipends, prizes, and awards, except trainee stipends awarded to individuals who are not enrolled in formal coursework that should be charged to instruction, research, or public service as appropriate. If the institution is given custody of the funds, but is not allowed to select the recipient of the grant (ROTC scholarships), the funds should be reported in the Agency Funds group rather than in the Current Funds group. The recipient of an outright grant is not required to perform service to the institution as consideration for the grant, nor is he expected to repay the amount of the grant to the funding source. When services are required in exchange for financial assistance, as in the federal College Work Study Program, the charges should be classified as expenditures of the department or organizational unit to which the service is rendered. Aid to students in the form of tuition or fee remissions also should be included in this category. However, remissions of tuition or fees granted because of faculty or staff status or family relationship of

students to faculty or staff, should be recorded as staff benefit expenditures in the appropriate functional expenditure category. The scholarships and fellowships classification includes the following two subclasses:

Scholarships - This subclass includes grants-in-aid, trainee stipends, tuition and fee waivers, and prizes to undergraduate students.

Fellowships - This subclass includes grants-in-aid and trainee stipends to graduate students. It does not include funds for which services to the institution must be rendered, such as payments for teaching.

90 AUXILIARY SERVICES

An auxiliary enterprise exists to furnish goods or services to students, faculty, staff, other institutional departments, or incidentally to the general public, and charges a fee directly related to, although not necessarily equal to, the cost of the goods or services. The distinguishing characteristic of an auxiliary enterprise is that it is managed to operate as a self-supporting activity. Over time, the revenues will equal or exceed the expenses, although in any individual year there may be a deficit or a surplus. Examples are residence halls, food services, intercollegiate athletics (if operated as essentially self-supporting), college stores, faculty clubs, parking, and faculty housing. Student health services, when operated as an auxiliary enterprise, also are included. Hospitals, although they may serve students, faculty, or staff, are classified separately because of their financial significance.

The auxiliary enterprise category includes all expenses relating to the operation of auxiliary enterprises. Because of a desire to assess whether the enterprise is self-supporting, an allocation of funds for operation and maintenance of plant, depreciation, interest, and administration expenses are included, even though that allocation is not required of public institutions for financial statement purposes. Also included are other direct and indirect costs, whether charged directly as expenses or allocated as a proportionate share of the costs of other departments or units. To ensure that data regarding individual auxiliary enterprises are complete and adequate for management decisions, cost data should be prepared using full costing methods. Full costing means that the costs attributed to each enterprise includes a portion of indirect costs related to that enterprise, as well as the costs directly attributable to its operation.

The auxiliary enterprise classification includes the following seven subclasses:

Auxiliary Enterprises—Student includes expenses for auxiliary enterprise activities primarily intended to furnish services to students. A student health service, when operated as an auxiliary enterprise, is included. However, intercollegiate athletics is excluded from this category.

Auxiliary Enterprises—Faculty/Staff includes expenses for auxiliary enterprise activities primarily intended to provide a service to the faculty, staff, or both. Such activities include the faculty club, faculty-staff parking, and faculty housing.

Intercollegiate Athletics includes expenses for an intercollegiate sports program when it is operated in accordance with the definition of an auxiliary enterprise (that is, it is essentially self-supporting).

Auxiliary Enterprises—Other includes expenses for auxiliary enterprise activities primarily intended to furnish goods and services that are related to the higher education mission. Customers for these goods and services generally are not students, faculty, or staff. Entities of this type are formed to meet the geographic and public service needs of a region and generally relate to an institution's mission of teaching, research, or public service. Examples of such an entity would be a drug testing center or a university press department.

Other Self-Supporting Enterprises includes activities that were established primarily to provide goods and services to other campus units on a fee-for-service basis. The following characteristics assist in identifying these units:

- They are self-supporting units that, over time, operate on a break-even basis for those goods and services offered to other units;
- They may provide, to a lesser extent, the same goods and services to faculty, staff, students, and related entities;
- The goods and services are provided at an institutional level. This characteristic excludes enterprises that only serve units within the same department.

For example, a telecommunications department that services the entire institution would be considered a self-supporting enterprise while the chemistry stores department that only services other chemistry units would be reported net within the academic support classification.

Expenses incurred under this subclass should be netted against revenues since the predominance of transactions is internal. Use of this classification does not preclude entities from reporting these and similar activities in other functional categories (e.g., research, academic support).

Auxiliary Enterprises –Depreciation includes depreciation expense for facilities, equipment, and infrastructure assets of the institution's auxiliary enterprises. Independent institutions are required to allocate depreciation among their functional classes. Public institutions may report depreciation

expense separately, include it with operation and maintenance of plant expenses, or allocate it among all the functional expense classifications. If a public institution chooses to report depreciation as a separate line item or to include all depreciation in the operation and maintenance of plant classification, this subclass would not be used.

Auxiliary Enterprises Information Technology includes expenses for formally organized and/or separately budgeted auxiliary enterprise information technology. If an institution does not separately account for information technology resources, the costs associated with the three primary programs—instruction, research, and public service—will be classified as academic support and the remainder as institutional support.

II. INTERNAL CONTROLS

Sources: NACUBO-Internal Control Components and Activities and Professional Standards, vol.1, Sec. AU 322.07, June 1999, AICPA.

Internal control is a combination of the activities, plans, attitudes, policies, and efforts of everyone in an institution working together to provide reasonable assurance that the institution will achieve its mission and objectives. For internal control to work, everyone working for the institution must be involved. Internal control must be dynamic, continuously adapting itself to the changes within and without the organization.

There are basically four purposes of internal control:

- To promote orderly, economical, efficient and effective operations and to produce quality services or products consistent with the institution's mission;
- To safeguard resources against loss due to waste, abuse, mismanagement, errors and/or fraud;
- To ensure adherence to laws, regulations, contracts, and management directives; and
- To develop and maintain reliable financial and management data and to accurately present that data in a timely manner.

There are five interrelated components of internal control as outlined in Professional Standards of the AICPA. These are 1) Control Environment; 2) Risk Assessment; 3) Information and Communication; 4) Control Activities; and 5) Monitoring.

CONTROL ENVIRONMENT-Internal control starts with the management of the institution. It is up to those charged with the management of the institution to develop a philosophy and style of management which contributes to the competence, ethical values, integrity, and morale of the workers; the Control Environment. As in life, this is best done by example. Having a published organizational structure with accountability relationships is the first step to promoting a healthy

internal control atmosphere. The second step, almost as important, is to have a published job description for each position within the institution. Each job description should be reviewed and updated periodically as requirements for the position may change. Another aspect of the Control Environment is making sure that the personnel hired are capable of handling the duties and responsibilities of their jobs and providing training as needed when and if the duties and responsibilities change.

RISK ASSESSMENT-A risk assessment should be made at specific intervals, but at least annually. The risk assessment involves a review and an analysis of program operations to determine where risk exists, what those risks are, and what the effects of those risks could be. If the effect of the risk is negligible, change may not be necessary, but it should be known and watched to ensure it stays negligible. If the effect could do damage to the mission or objective of the institution, it should be studied to find a solution which reduces the risk. Methods used to control or correct risks may include changes to policies, procedures, or personnel.

INFORMATION AND COMMUNICATION-One of the most important ingredients in an internal control system is information and communications. Employees need to know what is to be done and how to do it. Effective communication should have clear, understandable information flowing down, across and up the institution within a time frame which allows the employees to get their jobs done efficiently and effectively. Communication also involves those interacting with the institution and procedures and policies should address the way in which employees handle this.

CONTROL ACTIVITIES-Control activities are tools that help prevent or reduce the risks that impede the institution from fulfilling its objective. These can include policies, procedures, auditing, and investigations. Control activities should be flexible and weigh the costs and benefits of implementation. Some examples are:

1. Authorization-Proper authorization of all transactions and activities to reduce the possibility that incorrect or fraudulent transactions or activities occur.
2. Recording transactions-Procedures should be available which capture all financial transactions made by the institution and allow for the records to be kept for a length of time deemed appropriate.
3. Documents and records- Design and use of adequate documents and records to help ensure proper recording of transactions and events.
4. Physical controls- Adequate safeguards over access to and use of assets and records to reduce the possibility of theft of those assets and concealment of illegal activity.
5. Periodic independent verification-At random intervals, someone other than the employee responsible for the records should double-check the

records to assure there are no problems.

6. Separation of duties-Assignment of different people with the responsibilities of authorizing transactions, recording transactions, and maintaining custody of assets to reduce the opportunity for any individual employee to both commit and conceal errors or theft of assets.
7. Sound personnel procedures-Written procedures for managers. These may include: supervision; rotation of key people among difficult jobs; insistence that employees take vacations and bonding of personnel who handle cash or inventories.

MONITORING-Another important ingredient is monitoring (auditing) the internal control system. If there is no standard by which to measure the quality of performance over time, there is no sense in having an internal control system. Monitoring should include policies and procedures for tracking audit findings and other reviews to ensure that the problems have been addressed and changes have been made which will eliminate the problem from occurring again.

With the advance of technology and more of an institution's business being conducted through electronic means, more care must be taken to ensure the integrity and the reliability of the data. Some specific controls that should be maintained and controlled are:

1. Written Policies and Procedures - To support security and proper operation of all information systems, down to the individual user level. They should include guidelines informing authorized users of the proper use of the systems.
2. Unique User ID and Passwords - To ensure each employee is accountable for the work he/she has done.
3. Limited Staff Access - To limit access so only the functions necessary to perform an employee's assigned duties are available to that employee.
4. Software-Security Controls and Audit Capability - To support monitoring and documenting user and system activity; controls should be sufficient to indicate or detect possible misuse, abuse, or unauthorized activity on the system.
5. System and Data-file Back Up - To support adequate provisions for contingency, disaster recovery, and business resumption.

No system for internal control can catch every error or risk factor. But if everyone works together and management stays aware of the control environment, the likelihood of significant problems will be kept to a minimum and the institution should be able to achieve its missions and objective. That's the goal for which we work.

III. FINANCIAL MANAGEMENT, REPORTING, AND YEAR END CLOSING

References: NACUBO Financial Accounting and Reporting Manual for Higher Education Code of Alabama 1975 Section 16-4-19 and 16-60-111.2
Principles of Accreditation: Foundations for Quality Enhancement
(December 2008)
ACCS Board of Trustees Policies Series 300.

A. Long-range Planning

Long-range planning has long been viewed as an effective management tool. The ability to prepare for the future while managing daily institutional activities can dramatically affect each institution and the Alabama Community College System. A Facilities Master Plan (FMP) is required from each institution annually to request funds for immediate capital requirements (year 1-Budget Request); intermediate capital requirements (year 2); and long-term capital requirements (3 to 5 years). The immediate capital requirements are submitted with the Legislative Budget Request.

B. Legislative Budget Request

Annual requests are made to the Governor and the Legislature for the state appropriation from the Education Trust Fund (ETF). The Alabama Community College System prepares the Executive Budget Office (EBO) Request for the community and technical colleges, Alabama Technology Network, and Marion Military Institute. Individual requests are made by AIDT, Fire College, and Athens State University.

C. Institutional Budget Planning

Sound educational planning must precede the preparation of the detailed annual budget. The institution's mission statement, current operational needs, and long range goals should be reviewed in the budget planning process. Budget planning should begin early enough to involve the members of each organizational unit. According to the *Principles of Accreditation: Foundations for Quality Enhancement* (February 2010) 2.11.1, the Southern Association of Colleges and School Commission on Colleges requires "an annual budget that is preceded by sound planning, is subject to sound fiscal procedures and is approved by the governing board."

An institution's annual budget estimates revenues and expenses for a twelve-month period. The business office is assigned the responsibility of combining all

organization budget requests into an institutional budget. The revenue portion of the budget is based on the state appropriation allocation, estimated tuition collections, state, local, and federal grants and contracts, and other miscellaneous revenues. Estimated tuition collections should be based on the estimated credit hour production on a historical basis. Revenues should be carefully projected by the chief financial officer, in order to adequately plan the current expense level and estimate ending fund balance. Budget expenses may at no time exceed estimated available funds: the Department will not accept budgets with a negative fund balance.

D. Internal Budget Control

The business office is responsible for providing periodic budget information to department heads for unit management purposes.

E. Fund Balance

A fund balance is the difference between the assets and liabilities of a fund. Fund balances can be composed of cash, investments, accounts receivable, and inventories. The estimated fund balance available on September 30 (year-end) must be considered in the budget planning process. The available fund balance at the beginning of the fiscal year, plus the estimated revenue, will equal total funds available. The deduction of estimated expenses from total available funds equals the estimated fund balance at fiscal year-end. Sound budget and fiscal management practices should allow for a contingency amount for unforeseen or emergency situations. SBE Policy 301.01 requires each institution operate within available resources and maintain adequate operational balances as defined by the Chancellor.

F. Budget Approval

An annual balanced budget for each institution must be prepared in the Alabama Community College System's prescribed format and submitted to the Chancellor. The budget is submitted electronically on a date set by the Alabama Community College System, usually the latter part of June, and submitted to the ACCS Board of Trustees for approval in August. The budgets are reviewed, analyzed, and processed by the Fiscal Services Division for approval by the State Board of Trustees. The business office is responsible for entering the approved budget amount into the accounting records and maintaining budgetary control.

G. Budget Amendment Process

Institution presidents are authorized by ACCS Board of Trustees policy to amend their institution's budget within functional areas, such as instruction, academic support, and

student services. When actual conditions require budget revisions, the business office and the organizational units affected within the institution should revise collaboratively.

The budget amendment provides the same detail as the original budget. Budget amendments should be submitted at any time during a fiscal year when a material change occurs. August 15 is the deadline for budget amendments; therefore, the Department will not accept any budget amendments after August 15 of each year.

H. Financial Statements

The financial statements required annually by the Alabama Community College System consist of five basic elements: the Management's Discussion and Analysis (MD&A); a Statement of Net Assets, a Statement of Revenues, Expenses, and Changes in Net Assets, a Cash Flow Statement, and Required Supplemental Information. These statements follow the reporting procedures as set forth by the Governmental Accounting Standards Board (GASB) and the National Association of Colleges and University Business Officers (NACUBO). In addition to these statements, institutions must also submit a detailed statement of expenses and capitalization of fixed assets.

Notes to the financial statement reflect conditions that affect the institution's financial position. It is important that notes be completed, and additions made when necessary. The Alabama Community College System and/or the Examiners of Public Accounts may advise the institution of procedures to be used in completing required notes to the financial statement.

The financial statement, prepared by the institution in the prescribed format, is electronically submitted to the Alabama Community College System in early November of each year. Accuracy of the financial statement depends upon the accounting procedures, internal controls, and internal audit functions maintained by the business office during the fiscal year.

I. Interim Financial Reporting

Occasionally, a situation may arise at an institution dictating the need for the institution to submit an interim financial report to the Chancellor. The institution should then provide the Department with the financial information requested in the format requested. This process provides the documentation needed by the Chancellor to advise administrators in making decisions regarding institution finances. In the past, institutions have been a party to lease-purchase agreements, and/ or local bond issues that have dictated the need for the Chancellor to review the financial position of the institution.

J. Electronic Posting of Financial Data

The guidelines to ACCS Board of Trustees Policy 304.02 provide detailed instructions on the posting of financial contract and employee data. The intent of this requirement is to provide transparency of disbursement through the Alabama Community College System.

K. Suggested Accounting Control Check List

1. End of Month and Term Check List
 - a. Adjusting Entries – Monthly
 1. Record Interest Earned on Bank Accounts
 2. Record Returned Checks
 3. Record Receivable Amounts
 4. Transfer Funds for Federal Grants
 - b. Adjusting Entries Term
 1. Record Tuition Waivers
 2. Transfer Renewal and Replacement Fees
 3. Transfer Building Fee (Institutions with Bond Indebtedness)
 4. Transfer Facilities Renewal Fee
2. Reconciliation of General Ledger Accounts
 - a. Bank Reconciliation
 - b. Account Receivable Reconciliation Aging of Account Receivable Return Check Reconciliation
 - c. Accounts Payable Reconciliation
 - d. Schedule of Due To and Due From Reconciliation
 - e. Schedule of Transfer In and Transfer Out Reconciliation
 - f. Revenue Control Account Reconciliation
 - g. Expense Control Account Reconciliation
 - h. Student Financial Aid Reconciliation.

The report to the Federal Government listing student awards must agree with the expenses reported in the general ledger.

Capital Assets Account Reconciliation

3. End of the Year Check List

The year-end procedures will vary from institution to institution based on the number of personnel, accounting system and computer system. Some chief financial officers may adjust and/or reconcile some items monthly, quarterly or at the completion of a semester. At a minimum, the adjustments and/or reconciliations should be completed at year-end.

Suggested Reconciliations and Adjusting Entries (may vary from institution to institution)

- a. Adjust tuition and fees based on the number of fall semester days in each fiscal year.
- b. Adjust scholarship expenses based on the number of fall semester days in each fiscal year.
- c. Adjust salary and benefit expenses based on the number of contract days worked in each fiscal year.
- d. Adjust expenses and inventory accounts based on physical inventory of supplies. These may include cafeteria, bookstore and departmental inventories.
- e. Reimburse petty cash funds for all outstanding vouchers.
- f. Allocate final indirect costs to all grants.
- g. Reconcile fixed assets making adjustments as necessary. Deletions and donations should be adequately documented. Run subsidiary listing by category of asset.
- h. Provide accumulated depreciation and depreciation listing for each fixed asset category as applicable.
- i. Reconcile cash and record adjusting entries.
- j. Reconcile investments and record adjusting entries.
- k. Record and reconcile receivables. Reconcile general ledger to subsidiary listings or backup documentation.
 - 1. Leases
 - 2. Notes
 - 3. Student Accounts
 - 4. Returned checks
 - 5. Work orders
 - 6. Interest
 - 7. Amounts due from grantors (Revenue should equal expenses for restricted funds.)
 - 8. Accounts receivable for contractual agreements (TEBI, rent, etc.)
- l. Run aging of accounts and pledges receivables and record allowances for bad debts.
- m. Record and reconcile liabilities. Reconcile general ledger to subsidiary listings or backup documentation.
 - 1. Deposits held in trust for others (including students funds

received on account in excess of amounts owed) & work order deposits.

2. Student (such as insurance, exam fees, etc.)
 3. Sales tax payable (net of applicable discount)
 4. Compensated absences should be calculated based on the fall salary scale for employees.
 5. Accounts payable for goods received but not yet paid. Do not forget PSCA funds.
 6. Bond Reserve Fund Fee Payable
- n. Reconcile debt to backup documentation. Reconcile change in liability accounts to current year expenses.
1. Leases
 2. Bonds
 3. Notes
- o. Reconcile bond sinking funds. Make sure that the amount on deposit with trustee meets the requirements of the bond agreement.
- p. Amortize bond discount, premium, and/or issuance costs.
- q. Enter final transfer for facility renewal fee.
- r. Enter final transfer for building fee (if required by bond issue).
- s. Reconcile transfers among funds.
- t. Reconcile detail financial aid listing to general ledger.
- u. Schedule data for scholarship allowances for elimination entry.
- v. Schedule data for internal purchases elimination entry.

L. Other Items

1. Review outstanding purchase order listing. Cancel purchase orders that are not needed. Contact vendors for invoices for open purchase orders if goods have been received.
2. Proper documentation of all computations and adjustments performed in "A" above should be maintained for audit. Other items to maintain for auditors include:
 - a. Printout of *Grant Administration and Payment System (G5)* at September 30
 - b. List restatements to fund balance
 - c. LEA listing traced to detail account with receipt numbers

M. Footnote Information

The following information will be required for the "Notes to the Financial Statement".

1. Information concerning construction contracts and lease agreements.
2. Employee retirements and terminations for the year and amounts expended as compensated absences.
3. Amount expended for unemployment compensation.
4. Employer costs for teacher retirement and health insurance benefits.
5. Schedule of financial institutions used by the institution with average daily balances and interest earned on each account.
6. Schedule of construction projects in progress.
7. Schedule of state bond fund balances available.
8. Schedule of library book volumes and additions and deletions for the year.
9. Schedule of the number of acres of land owned by the institution.
10. Schedule of fall semester headcount and FTE.
11. Schedule of on-behalf payments made by PEEHIP.

IV. CAPITAL ASSETS

References: ACCS Board of Trustees Policy and Procedures
302.01, 315.01, 324.01, 500.01, 501.01, 520.01
GASB Statements 34 and 35
Legislative Act 93-748

Capital assets include land, improvements to land, buildings and building alterations, improvements other than buildings, furniture and equipment, library books, collections of art and historical treasures that are used in operations and that have initial useful lives extending beyond a single reporting period.

Effective October 1, 2024, the capitalization threshold for tangible capital assets is increased from \$5,000 to \$10,000. This change aligns with federal regulations and is considered a change in accounting estimate, implemented prospectively, in accordance with GASB Statement No. 100.

Assets previously capitalized under the \$5,000–\$9,999.99 range that are not fully depreciated as of the effective date will continue to be depreciated over their remaining useful lives and remain recorded in the Property, Plant & Equipment (PP&E) ledger.

Assets in this cost range that are fully depreciated as of the effective date will be transferred out of the PP&E ledger.

This policy does not affect the requirement to manage and safeguard property per ACCS Fiscal Procedures Manual and the ACCS Board of Trustees Policies — including sensitive or controlled items — nor the requirement to track all assets per state and federal regulations.

A. Inventory Records of Capital Assets: BOE 324.01

Institutions are required to maintain an annual inventory of capital assets in accordance with the amount prescribed by current federal government regulations for capitalization (currently \$10,000 or more). All costs incidental to the acquisition of capital assets are included in the value assigned to the asset.

It is the responsibility of the president to delegate property management duties to the property manager for the institution. The property manager shall be responsible for accounting for all physical property of the institution and shall require a written receipt of property entrusted to other employees or officers of the institution. The receiving signature on the purchase order is sufficient. All inventories shall be subject to examination by any and all state auditors, employees of the Department of Examiners of Public Accounts, the Chancellor, and the Alabama Community College System staff. The property manager shall resolve discrepancies between official records and physical location of all property. Unresolved discrepancies should be reported to the chief financial officer.

When institutional equipment is lost, stolen, or destroyed, the property manager should immediately inform the chief financial officer and contact law enforcement agency to file a report. An employee may be held responsible for the value of any item of equipment lost, stolen, damaged, or destroyed through his or her negligence. After a report has been filed with law enforcement, the institution may remove the stolen equipment from inventory. Any equipment that is removed from inventory must be supported by adequate documentation for auditing purposes.

Inventory records for the separate classes of capital assets are required to include the following components:

1. Complete Description
2. Manufacturer's Serial Number, if Applicable
3. Acquisition Cost
4. Date of Purchase

5. Location
6. Institution Property Control Number

The value of capital assets is recorded in the Investment in Plant Fund in the following account codes. Additional data listed below is specific for each class of asset:

170100	Building Alterations
170200	Art Museums and Collections
170300	Buildings & Fixed Equipment
170400	Capital Software
170500	Construction in Progress
170600	Easement and Land Use Rights
170700	Furniture & Equipment < \$25,000
170800	Furniture & Equipment > \$25,000
170900	Improvements other than Buildings
171000	Internal Computer Software
171100	Land and Non-depreciable Land Improvements
171200	Leased Equipment
171300	Library Books & Audio Visual
171400	Other Assets < \$25,000
171500	Patent Trademark & Copyright

1. Building Alterations (170100): BOE 501.01

Include significant improvements or betterments changes which increase the usefulness, efficiency, or life of a building. Changes that do not increase useful life should be recorded as an expense. Components should not be considered part of a building if they can be removed without the need for costly or extensive repairs or alterations to the building. These components are more properly classified as equipment.

Expenditures attributable to individual assets after the asset has been placed in service will be capitalized if the individual expenditure meets the criteria for the capitalization of a fixed asset (including the \$50,000 threshold) and the related original asset has a remaining economic life of at least 1 year after the additional expenditure.

The expenditure should extend the useful life of an existing fixed asset by more than 1 year, significantly increase a capitalized asset's normal rate of output, significantly decrease a capitalized asset's operating cost, extend or expand an existing asset by significantly increasing its physical size, or significantly increase the efficiency of an existing fixed asset. These expenditures can be categorized as follows:

A. **Improvements** – include additions of new components to previously capitalized assets that either increase the assets' value, extend the useful life, increase the normal rate

of output, lower the operating cost, or increase the efficiency of the existing assets. Replacements of components of existing capitalized assets with improved or superior units, such that the value or useful life of the assets is increased, are also classified as improvements. (Example - Construction of a new wing on a building. A new roof structure with additional or enhanced trusses.) An improvement that individually exceeds the capitalization threshold of \$50,000 should be capitalized as a stand-alone fixed asset separate from the previously existing asset. Otherwise, the improvement will be expensed as maintenance and repairs. The description should show that the capitalized improvement is related to the previously capitalized asset. The building alterations that are improvements should be depreciated 25 years. This will not affect the depreciation of the original asset.

B. **Betterments** - enhance an existing capitalized individual or group asset to a condition beyond that achieved through normal maintenance repairs. A betterment increases the useful life of the asset by at least 1 year without the introduction of a new component. (Example - Tuck-pointing (mortar repair) of a building). Only alterations that significantly rebuild existing portions of an asset will be capitalized as betterments. Betterments that involve replacement (enhancement) of an existing component of an asset will be capitalized only when the value or useful life of the asset is increased and the amount spent exceeds \$50,000.00. In such cases, the percentage value of the buildings enhanced component (and the related depreciation) should be removed to prevent an overstatement of the asset's value. A request should be made of your architect to identify the percentage of the asset replaced. Since the architects are required for projects valued in excess of \$50,000, this should information be easily accessible. The remaining value of the asset enhanced will continue to be depreciated for the remaining portion of the 50 years. Betterment that individually exceeds the capitalization threshold of \$50,000 should be capitalized as a stand-alone fixed asset separate from the previously existing asset that was enhanced. The enhancement (that will be depreciated for 25 year) should be capitalized and the description should show that the capitalized enhancement is related to the previously capitalized asset.

Alterations that change the physical structure of assets (e.g., cutting new entry and exit openings or closing old ones; erecting new walls, windows, and partitions or removing old ones), but neither materially add value to the asset nor prolong its expected life, will be considered maintenance and expensed.

C. **Maintenance and repairs (751100)** - are not intended to alter or change the asset or to increase the useful life of the asset, but rather to sustain the asset in its present condition.

- a. Maintenance and repair costs incurred to keep a fixed asset in normal operating condition will be expensed. Maintenance costs are not capitalized and are not recorded as part of the associated asset in the fixed asset record.

- b. Improvements and betterments that do not either individually meet the capitalization threshold or add to the asset significantly will be treated as maintenance and expensed.
- c. Maintenance and repairs may be distinguished from improvements and betterments in that maintenance and repairs are not intended to alter or change the asset or to increase the useful life of the asset, but rather to sustain the asset in its present condition. (Example - Resurfacing roof gravel or reflashing a roof)
- d. A project or activity will qualify as maintenance if it:
 - i. recurs on an ongoing basis (scheduled maintenance) and keeps the asset in a useable condition;
 - ii. simply restores a fixed asset to its former condition, addressing normal wear and tear associated with the use of an asset;
 - iii. does not add substantially to the value of the asset;
 - iv. facilitates asset utilization for its original estimated useful life; and
 - v. does not significantly extend the useful life of the existing asset.

Additional data useful for recording an alteration include:

- a. Date, nature, and cost of significant alterations of structural changes that increase the usefulness, efficiency, or asset life of existing buildings.
- b. Authorization for construction or acquisition either from the (ACCS Board of Trustees approval and/or the State Building Commission (if applicable) approval).
- c. Source of funds (federal, state, local, etc.).

2. Buildings and Fixed Equipment (170300)

All costs incidental to the construction or purchase of the building such as architectural fees, site testing and preparation, engineering, and other costs must be included in the cost of the building (Effective 10/01/2020, GASB 89 interest costs are no longer capitalized). Low-cost buildings such as prefabricated storage buildings or small storage buildings should be depreciated over 15 years. Using the Building Asset type in Banner. Components should not be considered part of a building if they can be removed without the need for costly or extensive repairs or alterations to the building. These components are more properly classified as equipment.

Each Institution shall maintain a current facilities inventory file in accordance with the format prescribed by the Chancellor. A Facilities Master Plan shall be filed yearly with the Alabama Commission on Higher Education (ACHE). In addition, every two years, Facilities Inventory Surveys which include a building inventory, an inventory of space by category, and a land inventory are required to be filed with ACHE.

Additional data useful for recording a building include:

- a. Authorization for construction or acquisition (ACCS Board of Trustees approval and/or State Building Commission (if applicable) approval).

- b. Original cost or other value, including description of valuation method.
- c. Date, description, and value of deletions from recorded cost.
- d. Source of funds (federal, state, local, etc.).

3. Construction in Progress (170500)

This category is used during the construction period to record payments to contractors. Upon completion of the project and acceptance by the ACCS Board of Trustees and/or Alabama Building Commission (if applicable), the construction in progress asset is closed and the asset is transferred to the institution's Investment in Plant Fund.

4. Furniture and Equipment (170700 and 170800)

To keep a current furniture and equipment inventory, an equipment inventory system should include the following components:

- a. Inventory Card or computerized system record that includes the following in addition to the required components for all inventoried assets:
 - 1. Department Assignment
 - 2. Location
 - 3. Classification (instructional, office, transportation, other)
 - 4. Purchase Order Number
 - 5. Source of Funds (state, federal, local, etc.)
 - 6. Disposition (record status when disposed, sold, or traded-in.)
- b. Inventory Ledger
- c. Interdepartmental Transfer Form
- d. Report of Missing Property or Damage of Equipment Claim Form. When Institution equipment is lost, stolen, or destroyed, the property manager must file a police report.
- e. Disposal of Equipment Form

5. Improvements Other Than Buildings and Infrastructure (170900)

Infrastructure assets such as roads, bridges, tunnels, sidewalks, and utilities owned by the institution. Improvements that are considered part of a structure or that deteriorate with use or the passage of time, such as parking lots and fencing, should be considered depreciable and classified as improvements other than buildings.

Additional data useful for recording improvements other than buildings include:

- a. Authorization for construction or acquisition (ACCS Board of Trustees approval and/or Alabama Building Commission (if applicable) approval).
- b. Original cost or other value, including description of valuation method.
- c. Date, description, and value of deletions from recorded cost.
- d. Source of funds (federal, state, local, etc.).

6. Land and Non-depreciable Land Improvements (171100)

Improvements that produce permanent benefits—for example, fill and grading costs that

ready land for the erection of structures and landscaping—are not depreciable.

Alternatively, improvements that are considered part of a structure or that deteriorate with use or the passage of time, such as parking lots and fencing, should be considered depreciable and classified as improvements other than buildings.

Additional data useful in recording land include:

- a. Area in acres or square feet.
- b. Legal description.
- c. Zoning or other description.
- d. Use of land.
- e. Authorization for acquisition (ACCS Board of Trustees approval).
- f. Reference to title documents (deed, abstract, title insurance).
- g. Cost or other value, including description of valuation method.
- h. Source of funds (federal, state, local) if purchased.
- i. Reference to pertinent documents for gifts and bequests.
- j. Reference to any accounting documents involved, included ledger account numbers, if applicable.

The Chancellor is authorized by the ACCS Board of Trustees to grant rights-of-way and various easements.

B. Disposition of Surplus Property (Legislative Act 93-748)

Furniture and equipment deemed by the institution as surplus may be disposed of by auction or sealed bid sale. If property is sold through auction, the institution shall file Surplus Property Sale Form which includes a list of the property to be sold, the auctioneer to be used, the location the auction will be held, and when and where the property will be advertised, with the Alabama Community College System. Under certain circumstances inventoried equipment may be used as a trade-in by the Institution.

No property shall be disposed of, transferred, assigned, or entrusted to any other department, division, or employee thereof without the written permission of the property manager.

C. Disposal of Real Property: BOE Policy 520.01

Generally, sales and leases of all real property must be accomplished by open, competitive, advertised public auction or advertised sealed bids to the highest bidder, in conformance with state law and must be approved by the State Board of Trustees. An institution may ask Board permission to list the real property with a licensed real estate broker when it is economically justified and in the best interest of the institution.

An institution should have a proposed real estate transaction summary and an action item for ACCS Board of Trustees approval. One Appraisal of the subject property is required. If the

property has an estimated value in excess of \$250,000 the Board of Trustees Facilities Committee shall determine the number of appraisals required for property

D. Leasing and Rental of Institutional Real Property: BOE Policy 500.01

Any lease of facilities or land in which the institution becomes the lessee must be approved by the Chancellor. Leases of College/ACCS property and leases of property from third parties for terms of 3 years or less and having annual lease payment amounts of \$165,000 or less must receive approval from the Chancellor. All other leases must receive Board of Trustees approval.

For temporary use or rental of institution facilities, the president shall establish the criteria for use. The president or their designee has the authority to establish insurance requirements and appropriate fees. In the case of residential property, the president must set the rental rate annually in accordance with the rental rate for similar housing in the community and shall be based upon the fair market value. Fair market value shall be reassessed every three years. Rental of an institution-owned residence by a president shall be approved by the Chancellor. New construction of residential units is prohibited (other than student dormitories).

For any transactions concerning property which is owned by the Public School and College Authority, the Alabama Community College System's Legal Division should be contacted for details.

E. Purchase of Real Property: BOE Policy 520.01

At the request of the president and upon recommendation of the Chancellor, the ACCS Board of Trustees may approve the purchase of property for the benefit of the institution.

A proposal for the purchase should be developed in a package as follows:

1. Narrative explaining why the purchase of the subject property is needed or why the purchase is in the best interest of the ACCS
2. Legal Description of the subject property
3. Phase I Environmental Assessment
4. One Appraisal of the subject property. If the property has an estimated value in excess of \$250,000 the Board of Trustees Facilities Committee shall determine the number of appraisals required for property.
5. Total Cost to Purchase the subject property
6. Funding Source(s) to pay for the Purchase
7. Estimated Cost to pay for improvements (Hazmat removal, renovations, etc.) that will be required for the ACCS to use the property for its intended purpose
8. Any other items requested by the Board of Trustees or any Board of Trustee Committee

F. Construction, Renovation, and Alteration: BOE Policy 501.01

Construction, renovation, or alteration projects estimated to exceed \$500,000 shall be submitted to the Chancellor for consideration for recommendation to the ACCS Board of Trustees for approval prior to any work beginning. The Chancellor shall be authorized to approve project cost overruns not to exceed ten percent of a Board approved project exceeding \$500,000. Projects exceeding ten percent of the Board approved amount must be resubmitted to the Board for increased authorization.

All work done in connection with the construction, renovation, or alteration of buildings shall be supervised by the ACCS Board of Trustees and/or State Building Commission (if applicable), regardless of the source of funds for the project.

G. Insurance: BOE 302.01

All buildings and fixed property shall be insured through the State Finance Department, Division of Risk Management. Refer to Section VIII of this Manual.

H. Gifts and Bequests: BOE 315.01

Final acceptance of all gifts and donations of real property, by law, must be made by the State Board of Trustees. The president of each institution is authorized to accept designated gifts and grants on behalf of an institution and use these for purposes designated insofar as these purposes are in keeping with the philosophy of the institution. Gifts of real property should be recorded at an appraised market value.

I. Depreciation

Institutions are required by GASB Statement 34 to record depreciation and include it in determining the value of capital assets for the institution's financial statements. The following is a list of capital asset groups and their depreciation methods:

Category Number	Useful Life	Category Description	Depreciation Method
1	5 years	Furniture and Equipment \$10,000 to \$25,000 including vehicles	Straight Line
2	10 years	Furniture and Equipment greater than \$25,000 including vehicles	Straight Line
3		Land and Non-depreciable Land Improvements	None
4	15-50 years	Buildings	Straight Line
5	25 years	Buildings Alterations	Straight Line
6	25 years	Improvements other than Buildings and Infrastructure	Straight Line
7	20 years	Library Books	Composite

V. REVENUE MANAGEMENT PROCEDURES

References: ACCS Board of Trustees Policies: 300 Series, 803, 804.01, and 805;
Constitution of Alabama, 1901, Section 93.
Memorandum 2009-FIS-159, dated October 23, 2009
Memorandum 8-ISS-275
Memorandum 2004-EXE-112

Cash management can be defined as the maximum use of available cash for investment. Effective cash management can make cash resources of the institution more productive. The administrative task of cash management can be divided into four elements as follows:

- a. Receipts of Cash and Banking Function
- b. Disbursements Control
- c. Cash Flow Forecasting
- d. Investing Excess Temporary Working Capital

Through the use of such a program, cash can be invested for short and long-term periods.

The ACCS Board of Trustees established policy for an official cash management and investment program. The policy includes the following:

1. Cash Management

The president of the Institution shall establish a cash management and investment program for institutional funds. The president may designate the chief financial officer to be responsible for the day-to-day activities and functions of the programs. Such officers shall be bonded in an appropriate amount in accordance with ACCS Board of Trustees policy. The designee shall manage both daily cash flow and short-term investments.

2. Investment Goals

The following investment goals shall be for the Institution:

- a. Foster sound and prudent judgment in the management of assets consistent with the fiduciary responsibility to the citizens of Alabama.
- b. Investment of all appropriate available cash on a daily basis or longer-term basis to secure the maximum investment return consistent with investment management policy.
- c. Maximization of balances available for short-term investment.
- d. Sufficient liquid funds available to pay current obligations in a timely manner.
- e. To the extent funds are available, to maintain a minimum of two months' operating

contingency in cash and short-term investments (maturing one year or less).

3. Investments

- a. All funds invested shall be invested in a manner consistent with all applicable state and federal laws and regulations. To the extent that funds are available, the institution will maintain a minimum of two months' contingency in cash and short-term investments.
- b. All monies shall be placed in interest-bearing accounts unless legally restricted by an external agency.
- c. Investments in debt securities are limited to the two highest quality credit ratings as described by nationally recognized statistical rating organizations (NRSROs) such as A.M. Best Company, Inc., Dominion Bond Rating Service Ltd., Fitch, Inc., Moody's Investors Service, and the Standard & Poor's Division of the McGraw Hill Companies, Inc. *Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are excluded from this requirement.*
- d. Investment securities must be insured, registered in the institution's name, or held in the counterparty's trust department in the institution's name.

4. Legally permissible investments include:

- a. U.S. Treasury bills, notes, bonds and stripped Treasuries.
- b. U.S. Agency notes, bonds, debentures, discount notes and certificates.
- c. Certificates of Deposits (CDs), checking and money market accounts of savings and loan associations, mutual savings banks, or commercial banks whose accounts are insured by the FDIC/FSLIC, and who are designated a Qualified Public Depository (QPD) under the Security for Alabama Funds Enhancement (SAFE) program.
- d. Mortgage Backed Securities (MBS).
- e. Mortgage related securities to include Collateralized Mortgage Obligations (CMOs).
- f. Repurchase Agreements.
- g. Stocks and bonds donated to the institution.

5. Even though the institution is authorized to purchase from the aforementioned list of permissible investments, the portfolio shall primarily consist of bank CDs and interest bearing accounts, United States Treasury securities, debentures of a United States Government Sponsored Entity (GSE) and securities backed by collateral issued by GSEs. In order to diversify the portfolio's exposure to concentration risk, the portfolio's maximum allocation to specific product sectors is as follows:

- a. U.S. Treasury bills, notes and bonds can be held without limitation as to amount. Stripped Treasuries shall never exceed 50 percent of the Institution's total investment portfolio. Maximum maturity of these securities shall be 10 years.
- b. U.S. Agency securities shall have limitations of 50 percent of the institution's total

investment portfolio for each Agency, with two exceptions. TVA and SLMA shall be limited to 10 percent of total investments. Maximum maturity of these securities shall be 10 years. Agencies that qualify for investment are: Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), Tennessee Valley Authority (TVA), and Student Loan Marketing Association (SLMA).

- c. Certificates of Deposit with savings and loan associations, mutual savings banks, or commercial banks may be held without limit provided the depository is a QPD under the SAFE Program. CD maturity shall not exceed five years.
 - d. Mortgage Backed Securities (MBS) shall include those issued by Government National Mortgage Association, (GNMA), Federal National Mortgage Association, (FNMA), and Federal Home Loan Mortgage Corporation, (FHLMC). The aggregate average life maturity for all holdings of mortgage backed securities shall not exceed 7 years, while the maximum average life maturity of any one security may not exceed 10 years. The aggregate total of all mortgage backed securities may not exceed 50 percent of the institution's total investment portfolio.
 - e. The institution may invest in CMO's (Collateralized Mortgage Obligations) and REMIC Securities (Real Estate Mortgage Investment Conduits) issued and collateralized by GNMA, FNMA and FHLMC. The total portfolio of mortgage related securities shall not exceed 50 percent of the institution's total investment portfolio. The aggregate average life maturity for all holdings of CMOs/REMICs shall not exceed seven years while the average life maturity of any one security shall not exceed 10 years.
 - f. A repurchase transaction is a transaction in which the institution agrees to purchase a security from a counter party and to resell the same or an identical security to that counter party at a specified future date and at a specified price. The institution may enter into a repurchase transaction so long as: (1) the repurchase securities are legal investments under state law for institutions; (2) the institution receives a daily assessment of the market value of the repurchase securities, including accrued interest, and maintains adequate margin that reflects a risk assessment of the repurchase securities and the term of the transaction; and (3) the institution has entered into signed contracts with all approved counterparties.
 - g. The institution has discretion to determine if it should hold or sell other investments that it may receive as a gift or donation.
- 6. The institution shall not invest in stripped mortgage backed securities, residual interest in CMOs, mortgage servicing rights or commercial mortgage related securities.
 - 7. Investment of debt proceeds and deposits with trustees are governed by provisions of the debt agreement. Funds may be invested in any legally permissible instrument.
 - 8. Endowment donations to the Institution shall be invested in accordance with the procedures and policies developed by the Institution and approved by the Chancellor. Funds shall be invested in accordance with the "Uniform Management of Institutional

Funds Act" Code of Alabama 16-61A-1.

9. Performance Evaluation and Reporting

Performance in cash management and investments shall be evaluated annually. Information on both short and long-term investments shall be reported so as to provide data on investment returns in a manner that permits accurate analysis of investment results. This data is currently reported in the Notes to the Financial Statements.

A large percentage of unrestricted current funds is received by institutions in monthly installments. Often, there is cash that can be held long enough for short-term investments, thereby increasing revenue for the institution. At times, long-term investments can be made when sufficient cash above that required for operations is available. The following procedures relating to accounts receivable, returned checks, cash disbursements, pooling resources, cash flow projections, and investments provide the means by which to effectively manage an institution's monetary resources in compliance with ACCS Board of Trustees policy.

I. Accounts Receivable

Funds due the institution must be recorded as an accounts receivable. The ACCS' Chart of Accounts must be used to assign an accounts receivable code. The business office is responsible for including in its internal control system practices that provide the following:

- a. Collecting information for accounts receivable for all funds due the institution.
- b. Preparing detailed billings and transmitting them to the responsible agency in a timely manner, so as not to delay the receipt of cash.
- c. Recording all funds due the institution as an accounts receivable.
- d. Reconciling the accounts receivable balance shown in the general ledger to the subsidiary ledgers periodically. Year-end documentation confirming these reconciliations should be maintained in the institution's files in accordance with record retention policies.
- e. Aging the accounts receivable and following up on uncollected amounts.

State law prohibits any institution, or state agency, from lending its credit to any individual or corporation. Student accounts receivables should consist of only tuition payments due from third parties. (See Payment of Tuition in this section.)

II. Returned Checks

A check returned from the bank for insufficient funds or other valid reasons must be treated as an accounts receivable. It should be recorded in the accounting system of the institution as a receivable in the fund where it was deposited.

Each institution should have a systematic manner to collect returned checks as well as all receivables.

For example:

- a. The drawer should be notified in writing and given ten (10) days to make payment or the institution will take necessary actions for collection.
- b. If there is no response in ten (10) days, the drawer should be notified by certified mail that if the returned check is not paid by a certain date (10 days from date of letter) the institution will resort to legal remedies.
- c. The institution should then turn the returned check over to the District Attorney's Office - Worthless Check Unit for collection.
- d. When the returned check is paid, each institution is authorized to charge and collect a returned check fee as established by ACCS Board of Trustees Policy for each occurrence of a check being returned to the institution.

III. Cash Disbursements

Controlling disbursements provides an institution with great potential for maximizing the pool of cash from which short-term investments are made. There are different phases of the disbursement process that are available in cash management.

Time of Release and Preparation of Checks

Whenever possible an institution should take advantage of cash discounts that are offered. Taking offered cash discounts for payments within the specified time interval is a prime rule of good cash management. If a cash discount of "1/2% in 10 days" is lost and payment is made in "net 30 days," cash is retained an additional twenty days. That cash must be invested at 9% to equal the lost discount. Under most conditions, an investment yield high enough to offset even the lowest forfeited cash discounts is not possible. Taking all cash discounts offered is the most productive way of using institutional cash.

IV. Pooling Resources

In order to maximize the investment return on the institution's resources, a single cash account and investment account may be used to represent numerous cash and investment accounts on the books. Even though fund accounting requires each fund be independent of the other, it is possible to accurately account for the cash and investments of a number of separate funds when only one bank account is used.

V. Cash Flow Projections

To effectively plan and manage the monetary resources of the institution, a cash flow projection based on a day-by-day or week-by-week forecast of cash inflows and outflows should be implemented. An accurate projection plan allows the institution to anticipate cash receipts and planned disbursements.

The forecasting of daily and weekly receipts should be based on receipts from the prior year and adjusted for changes in the current academic calendar and changes in the current level of charges for tuition, books, etc. Adjustments should also be made for volume. For example, an increase or decrease in enrollment not only affects tuition and fee receipts, it also affects the bookstore, dormitory, and food service operations. All sources of receipts should be included in the forecast as accurately as possible. The accuracy of forecasting receipts is improved when each category of receipts is forecasted separately.

Forecasting the disbursements is similar to forecasting the cash receipts. The disbursement projections should be based on prior year disbursements and adjusted for changes in academic dates and programs, level of activity, and cost-of-living price adjustments. Prior year data provides a good basis for forecasting disbursements since the due dates for major disbursements such as the utility payments, bookstore purchases, and payroll remain relatively constant.

VI. Investments

There are several concerns that should be considered in making the investment decisions: risk, liquidity, yield, and legal restrictions. Risk is the greatest concern to a business manager. Risk is the possibility of not recovering a portion of the invested principle and interest, due to default by a debtor with whom an investment was made.

- a. Interest earned shall be accounted for in the fund in which earned. Object code 484, "Investment Income", should be used to record interest earned.
- b. A single bank account can represent a number of cash accounts on an institution's books. It is possible to accurately account for the cash in a number of separate funds on the institution's books when only one bank account is used. Where separate bank accounts are maintained, an institution should attempt to combine those for a more effective cash management policy. The accounting records must reflect the amount of cash available in each fund.
- c. The institution should develop an accurate cash projection plan to anticipate cash receipts and planned disbursements. This process allows the chief financial officer to make investment decisions that will produce the highest yield.

- d. Effective management of cash receipts consists of methods that improve the rapidity with which an institution increases its bank balance. All cash should be deposited in an interest-bearing account daily.
- e. The institution should attempt to increase the yield of investments to the maximum extent consistent with all other considerations that must be observed. Also, the business manager should continually be informed of the changing conditions that affect yields. In certain cases, by timely lengthening or shortening of an investment, the yield can be increased.

VII. Depositories

Financial institution services (to include investments) shall be evaluated and selected based upon services rendered by the financial institutions serving the institution. The president is authorized to select (subject to the approval of the Chancellor) the primary financial institution, or banks, where funds are deposited through a best value request for proposal process. Financial institutions must be insured by FDIC/FSLIC and must be designated in the Security for Alabama Funds Enhancement (SAFE) program.

VIII. Cancellation of Uncollectible Debits

The Chancellor is authorized to review and submit to the Attorney General's Office for approval the cancellation of an uncollectible debt incurred at an institution. The president should write a detailed letter to the Chancellor explaining how the debt was incurred and the reason it is uncollectible; supporting documentation must be attached.

IX. Tuition and Fees

Out- of -State Tuition

The out-of-state tuition rate shall be 2.00 times the in-state tuition rate, rounded up to the nearest dollar.

In-State Tuition

The in-state tuition rate shall be established by the State Board of Trustees. The in-state tuition rate shall be extended to students who reside outside of Alabama in a state and county within fifty (50) miles of a campus of the institution, provided, however, that the campus must have been in existence and operating as of January 1, 1996. A detailed list can be found in the Guidelines for State Board Policy Number 803.01. The in-state tuition rate shall be extended to students who have graduated from Alabama high schools, or

have obtained a GED in the State of Alabama within two years of the date of their application for admission, in accordance with the requirements set forth in the *Code of Alabama*.

The ACCS Board of Trustees approved a resolution on March 26, 2009 mandating the colleges of the Alabama Community College System to issue scholarship waivers for tuition increases to PACT participants until the end of the 2012 academic year.

FEES

The following fee structure will be implemented at all System institutions:

Technology Fee: \$9 per credit hour per semester/term restricted for the acquisition and provision of technology and technological applications for students.

The Technology Fee may be waived for those students receiving scholarships (tuition waivers) authorized by the State Board of Trustees. Authorized scholarships include academic, performing arts, leadership, athletics, and prison students. However, the institution must be consistent in waiving or charging the fee to scholarship students.

Technology Fee proceeds may be expended for resources and direct services for student technology services such as computers, software, Internet, network computer system, multi-media instruction systems, electronic video broadcast communications within and between campuses, faculty and students; virtual libraries, faculty professional development to provide instruction integrating new technology into the curriculum, marketing of institution services (i.e., home pages providing institution information, and provision of student services (i.e., financial aid, counseling, registration). They may also be used for salary and benefit expenses associated directly with the maintenance of student technology services (i.e., maintenance and support of applicable computers, software, Internet services, network computer services, multi-media instructional systems, and electronic video broadcast communications, and like equipment).

Facilities Renewal Fee: \$9 per credit hour per semester/term restricted to renewal and replacement facility projects.

The Facilities Renewal Fee may be waived for those students receiving scholarships (tuition waivers) authorized by the State Board of Trustees. Authorized scholarships include academic, performing arts, leadership, athletics, and prison students. However, the institution must be consistent in waiving or charging the fee to scholarship students.

Facility Renewal Fee proceeds should be expended for structural renovations, roof replacement, repairs/replacement, parking lot repaving, asbestos removal, and heating, ventilation and air conditioning repair or replacement. Any other use must be submitted

to the Chancellor for approval.

Facilities Renewal Fee collections are receipted into the Current Unrestricted Fund using either the 439 or 440 revenue object code. The 439 object code is to record the actual cash collected, while the 440 object code is used to record the Facilities Renewal Fee that has been waived. The actual cash collected for facilities renewal should be transferred from the Unrestricted Fund to the Plant Fund - Renewals & Replacements subfund - using code 860 (Mandatory Transfer Out). Object Code 810 (Mandatory Transfer In) is used in Plant Fund. A new organization code (2100) is designated for use with function 14 (Plant) to account for all fee transactions. Expenditures of the fee proceeds shall be coded within the 600 or 700 expenditure object codes as appropriate to properly classify an expenditure. Note: The Mandatory Transfer of Facilities Renewal Fees Revenue must be equal to the actual amount recorded in the 439 object code.

The fee permits institutions to implement a planned program of facilities renewal. Although the funds derived from this fee do not approach the total deferred maintenance needs of an institution, it will help System institutions to address facility renewal on a more predictable planned basis.

Late Registration Fee: (optional) \$25

Return Check Fee: Maximum allowed by State law.

Graduation Fee: A fee approximating the actual cost of diplomas, degrees, certificates, and cap and gowns may be charged.

Punitive Fees: Fees are set by individual institutions for parking fines, library fines, etc.

Student Insurance: Set by the institution (to cover costs of student accident insurance, student nurses' malpractice insurance, etc.

Bond Reserve Fee: \$1 per credit hour per semester/term restricted to the creation of a Bond Reserve Fund to be managed by the Chancellor and a Presidents' Advisory Council.

Uniform Fee: A fee levied by Marion Military Institute as approved by the Chancellor to provide required cadet uniforms.

Licensed Practical Nursing Program AON Fee: Each community and technical institution that provides challenge examinations for licensed practical nurses who seek advance placement in associate degree nursing programs may establish student fees, the total of which may not exceed \$50, for the initial setting of any and all challenge examinations offered by the institution. Fee may exceed \$50 only when a national validated examination has been selected by an individual institution, and then the fee may not

exceed the actual cost of the examination instrument paid by the institution to the vendor.

Other Fees: Approved by the State Board Examples

include:

1. Dorm Fees and Meal Charges:

The Board must authorize any change in student dormitory fees. If residing in the dormitory requires meal charges, said charges must be approved by the Board. It is recommended that all dormitory and meal charges be approved in the Spring Semester, January through May.

2. Special Building Fee:

A per-credit-hour fee may be levied as approved by the Chancellor in order to secure bonded indebtedness. Such fee would expire after the life of the bond issue.

X. Payment of Tuition

Payment of tuition and fees is due before the first day of class. According to the Constitution of Alabama, 1901, Section 93, a state agency shall not lend money

or its credit to any individual, association, or corporation, except as may be expressly authorized by the Constitution of Alabama, or amendments thereto. Pell Grant and other scholarship students should be the only students allowed to attend class before the Institution has received full payment of tuition and fees.

Acceptable methods of payment for tuition, fees and books include cash, checks, money orders, and legitimate bank cards. Although Chancellor approval is not required for an institution to accept credit cards as a method of payment, the Alabama Community College System should receive prior notification before the new procedure is implemented. Institutions should also be aware of the transaction fees associated with the acceptance of bankcards. Transaction fees vary anywhere from one to four percent depending on the bank; thus, institutions should compare lending institutions for the best rate. Each institution should have established guidelines to include a limit or maximum charges allowed in designated areas of the institution and bank security measures to eliminate usage of stolen or unauthorized credit cards. (Note: Charges related to credit card payments should be coded to expense object code 639-other contractual services.)

Tuition Refund Policy

The ACCS Board of Trustees Policy No. 803.02 establishes a tuition refund policy:

Partial Withdrawal - Students who do not completely withdraw from the institution but drop a class during the regular drop/add period will be refunded the difference in the tuition paid and the tuition rate applicable to the reduced number of hours, including fees appropriate to the classes dropped. There is no refund due to a student who partially withdraws after the official drop/add period.

Complete Withdrawal - A student who officially or unofficially withdraws from all classes before the first day of class will be refunded the total tuition and other institutional charges.

Students who officially or unofficially withdraws completely on or after the 1st day of class but prior to the end of the third week of class will be refunded according to the official withdrawal date, as follows:

Withdrawal during first week--75% of tuition and other institutional charges
Withdrawal during second week--50% of tuition and other institutional charge
Withdrawal during third week--25% of tuition and other institutional charges
Withdrawal after end of third week--no refund

All pertinent dates affecting withdrawal should be noted on the institution calendar and distributed to all students. Late registration fee date should also be noted in institution publications as general information.

Students who add credit hours during the drop/add period will be charged additional tuition and fees at the applicable rate.

The institution should establish a time each semester when student refund checks will be issued. The refund policy is applicable to tuition and fees.

Administrative Fee

An administrative fee not to exceed five (5) percent of tuition and other institutional charges or \$100, whichever is smaller, shall be assessed for each withdrawal within the period beginning the first day of class and ending at the end of the third week of class.

Books and Supplies

Each college must publish its policies related to refunds of books and supplies. Such policies must be provided to students at the point of sale.

Refund in Compliance with Federal Regulations

All institutions shall comply with federal regulations relative to the return of Title IV.

Refund for Alabama National Guard and Reservists Called to Active Duty

Students who are active members of the Alabama National Guard or reservists or who are active duty military who are called to active duty in the time of national crisis shall receive a full tuition refund at the time of withdrawal, if such student is unable to complete the term due to active duty orders or assignment to another location.

The president has the authority to make exceptions to the refund policy in the event of the death of a student or of a family member requiring the student to leave school.

XI. Gifts and Bequests

The president is authorized by the ACCS Board of Trustees to accept designated gifts and grants to the institution and to use these for the purposes designated insofar as these purposes are in keeping with the philosophy of the institution and the policies and general guidelines of the State Board of Trustees. The president shall report to the Chancellor and to the ACCS Board of Trustees all gifts and donations to the institution. This report will be due by December 31 for the most recent fiscal year ending September 30. The total of such gifts and bequests should also appear on the institution's financial statement for each fiscal year.

XII. Cash Handling

Strong internal controls for cash collection are necessary to prevent mishandling of institutional funds and are designed to safeguard and protect employees from inappropriate charges of mishandling funds by defining their responsibilities in the cash handling process.

"Cash" is defined as coin, currency, checks, money orders, and credit card transactions. Required procedures for cash collection points include the following:

- Accounting for cash as it is received.
- Adequate separation of duties and checks and balances, which includes cash collecting, depositing, reconciling and reporting.
- Proper pre-numbered receipts given for all cash received.
- Approval of any voided cash receipts by supervisor.

- Deposit of cash promptly.
- Reconciliation of validated deposit forms to supporting documentation.
- Proper safeguarding of cash.

Balancing of Cash Receipts

- All funds collected must be balanced daily, by mode of payment, by comparing the total of the cash, checks and credit cards to the computerized accounting reports, to the pre-numbered receipts totals, and to the totals of the money received by mail.
- Over/short amounts must be separately recorded, and investigated and resolved to the extent possible (See section Cash over/short).

Reconciliation of Cash Collected

- Balance all cash receipts daily to the accounting system and supporting documentation (daily deposit slip, system receipts, and system reports) and resolve all discrepancies.
- Balance the total monthly receipts to the monthly bank account statements and accounting system monthly reports and resolve all discrepancies.

Cash over/short

All cash overages and shortages must be documented by individual cash drawer on a daily basis and documented with that days activities. An employee is liable for loss of any cash collected by his or her office. Object code 325, "Reserve for Cash Operating Differences," should be used to record daily cash overages or shortages. At year-end, close an overage balance to Miscellaneous Revenue, object code 486, or close a shortage balance to expense object code 698.

VI. AUXILIARY SERVICES

References: ACCS Board of Trustees Policy 320.01 and 502.01

Code of Alabama 1975. Sections 21-1-41(g) and 40-23-4

An auxiliary enterprise exists to furnish goods or services to students, faculty, or staff and charges a fee directly related to, although not necessarily equal to, the cost of goods or services. The distinguishing characteristic of an auxiliary enterprise is that it is managed as an essentially self-supporting activity. An organizational chart with job descriptions should be developed and policies established for the operation of each auxiliary entity.

Auxiliary functions recognized by the Alabama Community College System include bookstores, student housing, day care, farm activities, and food services/vending. Other services recognized as an auxiliary enterprise by the institution should be administered using the same guidelines as those recognized by the Alabama Community College System.

A. BOOKSTORES

Each institution may establish a bookstore to furnish books, supplies, tools, and other items of interest to the institution's population. The bookstore should be similar to a commercial retail operation. Retail methods in purchasing, pricing, and displaying of merchandise should be used. In addition, the institution should provide efficient service and convenient store hours to its customers.

All sales are taxable, except those exempt under Code of Alabama. Section 40-23-4. Sales taxes are to be submitted monthly to the Alabama Department of Revenue in time for discounts to be taken.

Each bookstore is required to perform an annual inventory on September 30.

Each institution also has the option to solicit bids to outsource its bookstore function in accordance with state bid laws.

B. CAMPUS HOUSING

In order for an institution to construct a dormitory using a bond issue, the debt service payments must be derived from rental revenue. The ACCS Board of Trustees may authorize the construction or acquisition of student housing. The president and Chancellor must provide full justification of such a facility. The ACCS Board of Trustees must approve bond issue projects and building fees associated with the project.

DAY CARE

A day care center may be established by the institution upon approval by the Chancellor. Once approval is granted, the center must meet regulations of the Department of Public Health and the Pensions and Security Office.

C. FARM ACTIVITIES

Farms located on some campuses to provide instructional training in agriculture may be operated as auxiliary enterprises.

D. FOOD SERVICES/VENDING

Food services may be operated by the institution, or contracted to a food service vendor in accordance with state bid laws (www.examiners.alabama.gov). Health Department regulations must be met. Meal charges included in dormitory rent must be approved by the Alabama Community College System Board of Trustees.

An annual inventory of food service operations may be required to be performed by September 30 based on materiality.

Alabama State law requires the institution to grant preference to blind persons for the operation of vending services.

VII. TRANSPORTATION/TRAVEL

References: ACCS Board of Trustees Policy 400 and 316.01

Code of Alabama 1975, Sections 16-27-1, 16-27-3, 16-27-4, 16-27-5, 16-27-6, and 16-36-7.

A. Student Transportation

1. Each institution providing transportation services for students should have adequate supervision of transportation services regardless of whether such services are provided in publicly-owned or privately-owned buses.
2. All buses/vans purchased with public funds owned by institutions under the jurisdiction of the ACCS Board of Trustees should be used only for transporting students to and from school or other necessary school related activities.
3. Each institution should have safety inspections made at least once a month

whether the vehicles are publicly or privately-owned. The safety inspections should be performed by a qualified mechanic.

4. The school buses owned by each institution should be equipped with a seatbelt for the driver. The driver must wear the seatbelt while operating the vehicle.
5. The Alabama Uniform-Commercial Driver License Act requires that any person driving a bus/van designed to transport sixteen or more persons, including the driver, have a current Class C or Class B Commercial Driver License. The appropriate class of Commercial Drivers License is determined by the manufacturers recommended vehicle capacity or the gross vehicle weight rating.
6. When discontinuing a busing program, the president of the institution should send a written request to the Chancellor.
7. Records and reports relative to inspections and/or repairs of school buses shall be maintained on forms prescribed by the Alabama Department of Education. Such records and reports shall be maintained on file in accordance with record retention policies.
8. No driver of any institution vehicle may possess controlled substances or intoxicating beverages while operating buses. Institution presidents shall establish random testing procedures in cases where more than 50 drivers are employed.

B. Tag for Motor Vehicle Owned and Used by Colleges

1. Each institution should apply to the State Department of Revenue for license tags for the institution owned vehicles. Form #MV40-12-250 9/97 is required.
2. When the vehicle for which the tag was obtained is sold, salvaged, or destroyed, the tag should be removed and turned in to the State Department of Revenue, Motor Vehicle and License Tax Division, Montgomery, Alabama. An institution may request the Department of Revenue to reissue the same tag as a replacement on a new registration receipt. Effective January 1, 1998, Section 40-12-260 (b) (1), Code of Alabama 1975, requires that a copy of the vehicle's registration be kept in each vehicle.

C. State-owned Vehicles

The State Board has authorized each college to have state-owned vehicles. No institution-owned or institution-operated vehicle shall be used for any purpose other than for the authorized official transportation of students, employees, visitors, and/or school property or for such other institution-related purpose as shall be specifically authorized by the respective institution president.

D. Liability Insurance

Each institution shall purchase and maintain liability insurance coverage on all vehicles owned by said institution. Proof of current liability insurance coverage should be maintained in each institution-owned vehicle. For more information, refer to Section VIII Insurance and Bonding.

E. Seat Belt Usage

Any person driving or riding in an institution-owned, institution-operated, or institution-hired vehicle shall have a duty to comply with Alabama's mandatory seatbelt law which includes drivers of vans and buses.

F. In-State Travel: Changes Effective July 1, 2018

Note: Presidents and Agency Heads may designate division leaders, deans and/or other authorized personnel to approve pre-approval travel requests and travel reimbursement documents. These approval authorizations should be noted in the institution's policies and procedures manual.

1. A traveler shall be paid a meal allowance of \$12.75 for a trip of six to twelve hours' duration.
2. A traveler shall be paid \$34.00 (\$12.75 meal allowance + \$21.25, 1/4 of the per diem allowance) for a trip that exceeds twelve hours' duration but does not require an overnight stay.
3. A traveler shall be paid \$85 per day for travel requiring one overnight stay. For travel requiring stays of two or more nights, the traveler will be paid \$100 per day.
4. The hour of departure from base and the hour of return to base shall be reported by the employee for each trip.
5. Reimbursement at the same rate utilized by the federal government will be made to employees traveling by private car at state expense.

6. Where, for traveler's personal convenience or through the taking of leave, there is interruption of travel or deviation from the direct route, the per diem in lieu of subsistence allowed will not exceed that which would have been incurred on uninterrupted travel by the most economical, usually traveled route.
7. Under no circumstance will per diem be allowed for an employee at his official station or base.
8. For employees traveling in private automobiles, current map mileage must be used where mileage is given on the road map. Otherwise, check the odometer readings at the beginning and ending of the trip. If travel involves more than one city, indicate route taken. For example, Montgomery - Tuscaloosa - Birmingham - Montgomery. Record all vicinity mileage as such and if it exceeds twenty miles on any day, indicate major points of travel covered. The trip should begin at the shorter of base or home to the destination.
9. Where the payment of cash is necessary for miscellaneous expenditures, receipts where practicable to obtain them will be required as follows:
 - a. Operating expenses of state-owned automobiles, such as gasoline, and oil. Receipts must be itemized less federal tax.
 - b. Repairs or expenses of state-owned automobiles. The receipt is to be itemized.
 - c. Postage in excess of \$1.00
 - d. Shipments, freight or express, or drayage.
 - e. Stenographic or typewriting services in excess of \$1.00 (authorized or approved by the college).
 - f. Tolls for tunnels and bridges.
 - g. Telegrams, cablegrams, fax messages. A copy of message required in lieu of receipt.
 - h. Telephone message, long distance, where the amount involved is in excess of \$1.00, a receipt will be required, except where a pay station is used at an automatic station and is so stated in the expense account.
 - i. Miscellaneous emergency expenditures.
 - j. Railroad and other transportation fares showing tax has been reduced.
 - k. Registration fees.
10. Receipts will not be required for meals and lodgings.
11. Tips will not be reimbursed unless unusual in nature and explained.
12. Receipts and/or proof of payment are required to support the following expenses, except when the disclosure of the identity of the traveler would be detrimental to the State's interest:
 - a. Registration fees - include itemized breakdown, if applicable.
 - b. Operating expenses of state-owned vehicles, such as gasoline and oil, emergency repairs or expenses of these vehicles, such as punctures, parts, etc. Receipts for

repairs must be itemized. The State tag number may also be referenced on the receipt.

- c. Travel related fees such as parking, toll and/or taxi fees with notation of “to” and “from”.
 - d. Miscellaneous expenses. Receipts must be itemized, reasonable, approved by the department authority and be less than \$1,000.
- 13. Storing privately owned vehicles is a reimbursable item of expense when the traveler is on official business for the state. Receipts, when practicable to obtain, are required.
 - 14. Travel expense statements should be submitted on a timely basis. Employees traveling on State-funded programs must properly report and submit statements on or before September 30. Employees traveling on federal-funded programs must properly report and submit statements on or before the end of the particular program.
 - 15. In-State, Actual Expenses: Effective 5/26/17, per House Bill 550, which amends Code Section 36-7-21, Code of Alabama 1975, to include reimbursement of actual and necessary expenses where the state or individual is a dues paying member. The institution must ensure 1) the traveler, in the service of the institution, is attending or assisting in hosting a convention, conference, seminar or other meeting that is a state or national organization, 2) the traveler, or the represented institution, is a dues-paying member of the state or national organization and that documentation of the dues payment is on file with the institution, and 3) the traveler’s expenses are actual and necessary to the travel and have been verified by supporting documentation that is retained on file. Note: While overnight per diem may be substituted at the request of the traveler (standard travel approval procedures must be followed), the institution must offer the traveler the option of the actual in-state expenses and retain documentation for reference.
- G. In-State Actual and Out-of-State Travel: Changes Effective July 1, 2018
- Note: Presidents and Agency Heads may not designate division leaders, deans and/or other authorized personnel to approve pre-approval travel requests and travel reimbursement documents, in accordance with Act 2018-203 which amended Alabama Code § 36-7-21.

1. General Guidance

The guiding principle behind the policies and procedures governing travel is to travel responsibly. The word “responsibly” means that the traveler exercises the same care in incurring expenses for travel in service of the state that a prudent person would exercise if traveling at personal expense.

Traveler Responsibility

An individual traveling in service of the state is responsible for 1) obtaining authorization and any required certifications from the head of his or her agency prior to traveling; 2)

incurring only those costs that are reasonable and necessary for carrying out service to the state; and 3) seeking reimbursement for qualifying expenses in accordance with the procedures outlined below. A traveler must seek pre-authorization to travel and include all foreseeable travel expenses including, but not limited to, registration, meals, hotels, and transportation expenses with the pre-authorization request. A traveler must submit a request for reimbursement within ninety (90) days of the conclusion of travel.

President or Agency Head Responsibility

Agency heads or president are expected to exercise good judgment and sound fiscal policy when approving travel. The traveler's president or agency head must authorize, in writing, any travel for which a traveler intends to seek reimbursement from the state. The written authorization must contain the president's or agency head's certification that the traveler's estimated reimbursable travel expenses have been reviewed and approved by the president or agency head as being necessary. Additionally, for in-state travel where actual expenses are authorized, the president or agency head must certify 1) that the person is traveling in service of the state for the purpose of attending or assisting in hosting a convention, conference, seminar, or other meeting of a state, regional or national organization; and 2) the institution or person traveling is a dues-paying member of the state, regional, or national organization and has documentation of membership on file.

Travelers will seek pre-approval from their president or agency head following the policies and procedures outlined below.

The Agency Head or President shall be responsible for recovering public funds paid to a traveler in the event 1) duplicate expenses are claimed and reimbursed; or 2) expenses are claimed as personal, but the institution was billed directly. Should the President or Agency Head be unable to recover funds owed to the institution, he or she shall immediately notify the Comptroller and the Attorney General so that appropriate legal action may be instituted to recover public funds owed under this chapter.

Deviations from Pre-Authorized Travel

There are situations beyond a traveler's control which may cause the amount of actual expenses to exceed the amount of pre-authorized travel expenses. For example, a flight may be delayed or canceled, requiring a traveler to return to base a day later than expected and causing the traveler to incur additional travel expenses, such as an extra night in a hotel. In order for such unforeseen expenses to be reimbursed, a traveler should provide receipts along with an explanation of the circumstances when submitting a request for reimbursement. Additionally, the president or agency head should certify the increased expense as necessary.

2. Guidance for In-State Travel for Actual and Necessary Reimbursement

In-state travel for reimbursement of actual and necessary expenses is authorized in § 36-7-21 Code of Alabama 1975, as amended, which states:

"Persons traveling in the service of the state or any of its departments, institutions, boards, bureaus, commissions, councils, committees or other agencies...within the State of Alabama for purposes of attending or assisting in hosting a convention, conference, seminar, or other meeting of a state, regional, or national organization of which the state or individual is a dues-paying member that is held within the state shall be allowed all of their actual and necessary expenses in addition to the actual expenses for transportation. In-state travel authorized under this section is subject to the same documentation requirements as out-of-state travel."

The traveler's agency head must certify that the person is traveling in service of the state to 1) attend or assist in hosting a convention, conference, seminar, or other meeting of a state, regional, or national organization 2) of which the agency or traveler is a dues-paying member and has documentation of membership on file.

3. Travel Authorization for In-State Actual and Out-of-State

- a. Act 2018-203 amended Alabama Code § 36-7-21 to require agency heads to approve all travel for which a traveler intends to seek reimbursement from the state prior to the traveler's departure. Travelers will seek pre-approval from their president or agency head following the policies and procedures outlined below.
- b. The nature of the program involved should be shown and a copy of the program should be attached to the request letter, if possible. A statement of justification is required.
- c. Foreign Travel: All foreign non-educational travel must be approved by the Chancellor prior to the commencement of the travel, per Board of Trustee Policy 316.01.
- d. Travel that was approved but not accomplished should be cancelled.

4. Travel Expenses for In-State Actual and Out-of-State

Individuals traveling out-of-state in service of the state or in-state to attend or assist hosting a national, regional, or state conference shall be allowed their actual and necessary expenses (meal reimbursement is determined as set forth in D.6.below) in addition to their actual expenses for transportation provided such travel shall have first been duly authorized by the president or agency head. Requests for reimbursement should include all required forms, receipts, itineraries and other required documentation. These forms, receipts, itinerary and any other attachments to the payment request should be audited by the employee's department before submission for payment. Agency heads will review and approve travel requests and provide any required certifications. For In-State Actual expense, the traveler's agency head must certify that the person is traveling in service of the state to 1) attend or assist in hosting a convention, conference, seminar, or other meeting of a state, regional, or national organization 2) of which the agency or traveler is a dues-paying member and has documentation of membership on file.

5. Meals and Incidental Expenses

Individuals traveling under this section will receive a daily per diem for meals and incidental expenses (M&IE) based upon the location (city) of duty in an amount that corresponds with the U.S. General Services Administration M&IE per diem rates for the continental United States ("CONUS"). Current per diem rates can be found at <https://www.gsa.gov/travel/plan-book/per-diem-rates>. Per diem is a flat-rate allowance intended to cover costs for meals and incidental expenses. A traveler will not be required to submit receipts for these items, nor will they be allowed to claim any extra expense related to them. A traveler will receive per diem, as outlined above, regardless of actual expenses.

- a. Note: If the conference or meeting provides meals for the traveler the per diem rate amount will be reduced by the meal rates per the GSA site. As an example, if the travel destination qualified for the \$51 M&IE rate and a lunch was provided as part of the conference, the agency head will reduce the per diem allowance to be claimed by the \$12 lunch.
- b. Incidental expenses include tips and service charges related to lodging, baggage, and transportation.
- c. On travel days, the traveler will be entitled to per diem for M&IE at a rate of seventy-five percent (75%) the daily rate. For all other days for which the individual is traveling, full per diem for M&IE will be paid. M&IE will not be paid for personal days.
- d. Travel-related expenses other than meals and incidental expenses require a receipt for reimbursement of actual expenses.

6. Departure and Return

An individual traveling under this section will be allowed to depart home base one day before the event for which the individual is traveling begins and return to home base one day after the event concludes, regardless of the event start time or end time if it is determined by the president or agency head to be necessary. Agency heads or presidents are expected to exercise good judgment and sound fiscal policy when approving travel departure and return dates. The Comptroller's office may require written justification in cases where departure and return dates appear excessive.

All out-of-state travel will be of tourist class when commercial transportation is employed.

7. Baggage

Baggage limitations are at the discretion of the institutions as many scenarios could require multiple baggage charges for a traveler. Baggage fee receipts, including overweight fees, are required for reimbursement.

Tips for skycaps or baggage handlers are included in per diem for M&IE and will not be

reimbursed as a travel-related expense.

8. Transportation

The traveler is responsible for selecting the mode of transportation, preferably the least costly to the institution, and obtaining approval from the president or agency head. The traveler is entitled to reimbursement for actual and necessary expenses incurred based on the authorized mode of transportation. Below are policies and procedures regarding transportation. If a travel scenario exists that is not specifically addressed in the following policies and procedures, agency heads or presidents will use discretion in deciding whether to approve a mode of transportation considering the best interest of the institution and sound fiscal judgment.

For short distance travel (i.e. less than 8 hours travel time via vehicle), the order of preference for mode of transportation is 1) an agency-owned vehicle; 2) the traveler's personal vehicle. Commercial airfare may be utilized for long distance trips. Personal vehicles may be utilized for long distance trips. However, mileage cost for the trip must be equal to or less than the cost of a round-trip commercial airline ticket or agency vehicle costs to the travel destination. Comparable quotes should be within a reasonable time from departure date.

Agency heads or presidents may pre-approve up to \$150 for a traveler to utilize local transit such as taxi or subway service while at the travel location. A traveler must submit receipts for local transit in order to qualify for reimbursement. A traveler who spends more than \$150 on local transportation may be reimbursed for actual expenses in excess of \$150 by providing receipts and additional written justification for the local transit in excess of the pre-approved amount.

If a traveler has an agency-owned vehicle, or a personal vehicle at the travel site, the traveler may still be authorized by the president or agency head to utilize local transit during the travel provided that the use of local transit is work-related, reasonable and not excessive. For example, going to dinner while in travel status or to an off-site conference-sponsored event will qualify for reimbursement; going to a nightclub, bar, or sightseeing will not qualify for reimbursement. In cases that qualify for reimbursement, a traveler will be expected to provide an explanation for the expenditure, provide receipts, and will be reimbursed for actual expenses incurred. This is intended to provide flexibility to travelers who are working in a location where driving or parking is particularly difficult or onerous.

The agency will reimburse reasonable parking fees. A president or agency head should only authorize self-parking unless valet parking is 1) the only option available; or 2) no more costly than self-parking; 3) medical, safety or other reasons justify paying for alternative parking options. If other than self-parking is authorized, the reimbursement should contain an explanation and justification for incurring a greater expense for parking.

Tips related to transportation (shuttle, UBER, taxi) are included in per diem for M&IE and will not be reimbursed as a travel-related expense.

9. Mileage Expenses

Reimbursement for mileage expenses for persons traveling in privately owned vehicles is covered by Code of Alabama § 36-7-22, as amended. The approved electronic map with mileage calculation must be attached. Mileage reimbursement must be approved by the president or agency head on the Request for Out of State Travel. Employees who are authorized to travel in either a State or privately-owned vehicle shall be reimbursed for the amount of parking paid while on travel status. Attorney General's Opinion issued September 8, 1952.

Mileage is to be reported in whole miles. The total number of miles is to be calculated and then multiplied by the current mileage rate for the entire travel statement.

10. Lodging

A traveler should stay at the hotel that is hosting the conference or event for which travel occurred and obtain the government or conference lodging rate. A traveler may choose a less-expensive hotel provided that the choice of hotel will not substantially increase transportation costs. Incurring lodging costs that exceed the conference or government rate must be justified in writing and approved by the president or agency head prior to travel.

Tips for bellhop and maid services are included in per diem for M&IE and will not be reimbursed as a travel-related expense.

11. Annual Leave or Personal Time Before or After an Official Travel Event

Individuals traveling under this section may desire to take annual leave or personal time before or after official travel. In such cases, the institution will reimburse a traveler for costs incurred as if the personal time were not included. For example, a traveler attends a conference in service of the state in Scottsdale, Arizona. The conference begins on Monday and concludes on Friday. The traveler desires to spend the weekend sightseeing in Scottsdale, and returns to Montgomery on Sunday. The institution will reimburse the traveler the lesser of 1) actual costs of airfare; or 2) for the cost of a round-trip airline ticket as if the traveler departed on Sunday before the conference and returned to Montgomery on Saturday following the conference. The traveler will not be entitled to reimbursement for any expenses incurred following the official travel day. In the hypothetical involving travel to Scottsdale, the traveler would be entitled to reimbursement for lodging costs on Friday night, and partial per diem for Saturday (the official return travel day), but no other expenses would be reimbursed.

12. Receipts Required

Receipts will be required for the following expenditures, except where the disclosure of the identity of the traveler would be detrimental to the State's interest

- a. Commercial transportation (economy fare), vehicle rental (the State does not pay for rental insurance), and gasoline purchases.
- b. Motel / hotel lodging (single rate only).
- c. Registration fees with itemized breakdown.
- d. Operating expenses of agency-owned vehicles, such as gasoline, oil, and emergency repairs. Repairs must be itemized.
- e. Travel related fees such as parking, toll and/or taxi fees and miscellaneous expenses. Receipts must be itemized. Taxi fees should be shared whenever possible during an event. Miscellaneous expenses must be itemized.

13. All overnight out-of-state travel shall be reported to the Alabama Community College System as soon as it is approved on the 15th and last date of the month so that it may be reported to the ACCS Board of Trustees. Information should include the dates of travel, the name and title of the person traveling, the expected cost, and the purpose for the travel.

H. Reimbursement for Travel: Changes Effective July 1, 2018

Note: Presidents and Agency Heads may designate division leaders, deans and/or other authorized personnel to approve pre-approval travel requests and travel reimbursement documents. These approval authorizations should be noted in the institution's policies and procedures manual.

1. Employees who have acquired approval and travel on behalf of the college must complete a Statement of Official Travel in order to be reimbursed for travel expenses. The form must be submitted to the appropriate supervisor for processing. Requests for reimbursement should include all required forms, receipts, itineraries and other required documentation. These forms, receipts, itinerary and any other attachments to the payment request should be audited by the employee's department before submission for reimbursement.

Completing and Assembling the Payment Request

The hour of departure from and the hour of return to base be shown on the itemized travel form for audit purposes. The approved travel request, pre-authorization, and any required receipts should be attached to requests for reimbursement. If the official travel is attendance at a conference or other planned event, attach a copy of the itinerary. All pre-approval travel requests should be submitted reimbursement requests should utilize the form generated by the agency.

2. The business office personnel should review the travel request, place the account code on the form, and forward the travel request to the president or agency head for approval. Payment will be processed upon completion of the appropriate forms and documentation. The Statement of Official Travel, with supporting documentation for

out-of-state travel, including detailed receipts, must be retained in the business office file for audit.

I. Service Areas

Institutions will operate within the service areas described and approved by the ACCS Board of Trustees when transporting students. This policy shall not apply to transportation of students for athletic or extracurricular activities.

J. Student Subsistence

Students' meals should be paid at actual and are not subject to per diem per State Law.

VIII. INSURANCE & BONDING

References: Alabama Community College System Board of Trustees Policies 302.01 and Alabama ACCS Board of Trustees former policy 310.02

Property Insurance - Each institution is required to insure with the State Department of Finance, Division of Risk Management (DORM), all buildings and personal property belonging to the institution, with the exception of motor vehicles. The DORM website, www.riskmgmt.alabama.gov, has all of the information about property insurance, including on-line forms, surveys, and handbooks.

DORM will mail out property certification forms in March for the next fiscal year (October 1 - September 30). The forms are to be updated and returned to DORM by June 30. Careful attention should be paid to amounts in the 100% building value and insurance contents columns to ensure correct coverage amounts. There is a \$500 deductible per incident.

If the institution experiences a loss, call DORM to receive a claim number, then fax and mail a Property Loss Notice form to them. Since capital assets currently consist of items above \$10,000, the institution will have to estimate the loss of non-capitalized assets in order to recoup those costs, which could be substantial.

Construction of new buildings should be covered by the construction company's builder's risk insurance policy. Copies of the following company documents must be available:

- Workman's Compensation policy General
- Liability policy Performance Bond
- Any other policy which may be necessary to protect the institution Payment Bond

Additional insured:

- Alabama ACCS Board of Trustees and its members
- Community College System (ACCS) and its employees

General Liability Insurance - The SBE has authorized general liability insurance since 1985. ACCS receives bids each year and makes a recommendation to SBE, which approves the purchase of the insurance. The premiums are allocated to each institution based on full-time equivalent (FTE) student enrollment and other risk factors (residence hall, pool, etc.). This policy provides coverage for claims against the institution for bodily injury or property damages. The policy usually has a high retention amount (deductible), currently \$50,000 per incident. The institution should provide for this retention amount in its budget since one claim's legal fees could quickly exceed this amount. The institution should also have a good risk management plan, including an environmental health and safety plan to lessen the institution's exposure to risk.

The institution is required to notify ACCS and the insurance carrier immediately upon receipt of any claims against the institution. ACCS will provide guidance on legal representation, if needed.

The Alabama ACCS Board of Trustees and its members and the Alabama Community College System and its employees are listed as additional insured entities.

Legal Liability Insurance (Errors and Omissions) - SBE has authorized professional liability insurance since 1995. ACCS receives bids each year and makes a recommendation to SBE, which approves the purchase of the insurance. The premiums are allocated to each institution based on FTE employees. This policy provides coverage for claims resulting from wrongful acts, such as alleged breach of duty, neglect, error, misstatement, misleading statement or omission by an insured solely in the performance of their duties for the institution. Retention (deductible) amounts range from \$35,000 to \$100,000 per incident depending on the institution.

The institution is required to notify ACCS and the insurance carrier immediately upon receipt of any claims against the institution. ACCS will provide guidance on legal representation if needed.

The Alabama ACCS Board of Trustees and its members and the Alabama Community College System and its employees are listed as additional insured entities.

Vehicle Liability Insurance - Board Policy dictates that each institution shall purchase and maintain liability insurance coverage on all vehicles owned by the institution. The following shall be the minimum limits:

- \$100,000 limit for bodily injury to each person
- \$300,000 limit for bodily injury for each occurrence
- \$100,000 property damage with no deductible
- \$1,000 medical payments each person
- \$10,000/\$20,000 uninsured motorist coverage

The institution should request quotes for vehicle insurance that provides coverage for institution-owned vehicles, rented or leased vehicles and personal vehicles used for institutional business.

To adequately safeguard its assets, the institution should consider increasing coverage amounts as detailed below:

\$100,000 -combines single limit policy for liability which provides coverage for bodily injury and property damage

\$100,000 - uninsured motorist which provides for payment of bodily injury claims for employees who are not at fault in a wreck with an uninsured motorist while operating an authorized institution vehicle

\$5,000 - medical payments which covers reasonable medical and funeral expenses

incurred by employees who are injured in an institution's motor vehicle

Fidelity Bond Coverage

SBE Policy # 302.01 requires each institution to purchase fidelity bond coverage on the following institution officials:

President	\$500,000
Vice-president	\$500,000
Chief financial officer	\$500,000
Treasurer	\$500,000
Financial aid officer	\$500,000
Others handling funds	\$100,000

The president is authorized to obtain additional bond coverage or coverage for other institution officials as needed. This insurance covers employee theft and covers all employees for \$100,000 and an additional \$400,000 for the above designated employees.

Athletic Insurance - the National Junior College Athletic Association (NJCAA) provides two insurance plans to cover intercollegiate athletic programs. The two plans work in concert to provide a deductible of \$2,000 and total benefit amount of \$10,000,000.

Basic Athletic Accident Medical Insurance Benefits for

this plan are:

- \$25,000 Accident Medical Benefit
- \$10,000 Accidental Death and Dismemberment Benefit Deductible - \$2,000
- Benefit Periods - 2 Years

Catastrophic Athletic Accident Medical Insurance

Severe or catastrophic sports-related injuries can impose a financial burden on the injured party and his/her institution. Benefits for this plan include:

- \$10,000,000 Lifetime Benefit Maximum
- \$25,000 Deductible
- \$10,000 Accidental Death and Dismemberment Benefit Disability, Family Counseling and Education Benefits Adjustment and Adaptation Expense Benefits
- Ancillary Illness or Injury Expense Benefits

Student Insurance - The institution should consider requiring students participating in certain

classes or activities to purchase accident insurance. Such courses and activities may include technical programs, band, choral and other students traveling in the service of the institution. In addition, specific program may require additional coverage.

Health Professions Liability Insurance - all students participating in these classes should be covered by a health professions liability policy to protect the student and the institution from malpractice suits. The student usually pays for these costs of the policies.

Child Care Accident Insurance - institutions that have early childhood development or day care centers should purchase pre-school accident insurance to protect the institution.

Other Liability Insurance - The institution should determine if other courses have some risks that need to insured beyond any of the coverage listed above.

Employee Insurance - Employee insurance and flexible benefits plan are covered in the Personnel Management section of this manual.

Alabama State Board of Adjustment - The Board of Adjustment was established to provide a method of payment by the State for injuries or property damage or death, which the State has a legal or moral obligation to pay in those cases where legal action against the State is barred by the doctrine of sovereign immunity.

Claims are to be filed by the individual seeking restitution not by the institution. Examples of types of claims filed include: damage to student's or employee's vehicle or other property while on campus; water damage to employee's personal items in office; insurance deductible or uncovered medical services due to an on- the-job injury or accident of student or employee.

Claims must be filed on the forms required by the institution and the Board of Adjustment. Effective October 1, 2008, uncontested claims up to \$5,000 can be paid by the institution without Board approval. Claims over \$5,000 must be submitted to the Board of Adjustment. Forms and instructions are available at each institution or from their website at www.bdadj.alabama.gov.

IX. LIVE WORK

Reference: ACCS Board of Trustees Policies 710.01, 710.02 and 710.03

Live work is performed by students, under the supervision of an instructor, as part of their vocational/technical training program. The work project is for service, repair, or production jobs related to the instructional program and may be performed in the school or on a job site. Live work projects are conducted for the education of the student, not as a benefit to the eligible person or organization. Business office personnel should handle all payments to the institution. The institution must not compete with private industry or profit from the live work projects.

The ACCS Board of Trustees has designated the following individuals and organizations as eligible recipients:

1. Tax supported programs and institutions.
2. Active and retired public employee/officials.
3. Students in the Alabama Community College System.
4. Charitable organizations which are supported by donations.

Live work can occasionally be conducted for individuals or organizations other than those listed, provided:

1. Such live work is not designated for competition with private enterprise.
2. The circumstances involved are unusual and justify the acceptance of the live work project.
3. The president of the institution justifies in writing why the live work is necessary for the training program and files a signed copy with the Chancellor or a representative.

Administration and control of live work in accordance with Board policies are the responsibility of the president of each institution. In addition, the president is responsible for the determination and collection of all charges and maintenance of appropriate records. These responsibilities are usually delegated in writing to the chief financial officer.

Internal control of live work projects requires a system that includes a work order, work order register, institutional policies for administering live work projects, and guidelines for purchases

for resale. The work order should be printed in sufficient copies and numbered consecutively to provide internal control. The terms of payment and a statement releasing the institution from liability must be printed on all copies of the work order. A work order must be assigned to each project and signed by the customer prior to the beginning of the work.

A work order register must be maintained to reflect the work order number, date the work order is issued, receipt number, date of receipt, the amount of the work order, and the name of the customer. Once the work has been completed and paid in the business office, the receipt number, date, amount, and customer name is recorded in the register. The register must be posted daily from the cash receipts records.

The institution's procedures manual must include the instructions for administering live work projects and ensure that specific duties are assigned in the job descriptions. The instructions should direct institution personnel to review the status of work projects in order to determine compliance with the goals of the instructional program, institutional procedures, and ACCS Board of Trustees policies.

ACCS Board of Trustees policy allows the following service charges for live work:

1. Cost plus 10% for all work performed at the institution; or
2. Cost plus 20% for all work performed at the institution; or
3. The combination of cost plus 10% for work performed for employees and students of the institution, and cost plus 20% for work performed for those persons not connected directly with the institution; or
4. A minimum charge not to exceed \$5.00 provided cost plus 10% is less than the minimum charge.

In exceptional cases, such as the construction of a public building, a reduced service charge for indirect expenses of live work projects may be used provided the Chancellor or a designated representative concurs in writing. The institution must recover all costs.

In order to protect the public, the Chancellor or a designated representative must approve all construction projects of public buildings. Written agreements will be submitted by the institution for approval.

When a licensed training program such as Cosmetology or Barbering is operated, services may be provided to the public with a schedule of charges established by the president of the institution.

Purchases for resale on live work projects must follow the same procedures as other expense items; however, each purchase must be referenced by placing the work order number on the

invoice and the invoice number on the work order. This procedure establishes a good audit trail for purchases for resale.

To avoid competition with private enterprises, live work is restricted as follows:

1. Live work will be done only when it is essential to training and necessary for the acquisition of occupational skills leading to employment.
2. Live work will not be performed when there is any connection with or relation to the making of a financial profit by a program, organization, institution, or individual.
3. No person shall use the institution for personal gain or profit.

All off-campus building trade projects involving more than 30 clock hours for any authorized individual must be approved by the Chancellor or the Chancellor's designee. Any requested approval should include as a minimum: the plans; the instructional programs(s) hours involved; the specific live work training to be offered; and all estimated live work costs and charges with assurance that training priorities within the programs(s) involved will not be unduly modified to benefit project requirements of the individual concerned.

The ACCS Board of Trustees authorizes institutions to build structures on campus for resale provided, for structures exceeding five thousand dollars (\$5,000), the Chancellor approves the request which outlines the size, estimated cost, building trades involved, services to be contracted, method and cost of removal, and if need be, financial arrangements for a structure not on a foundation. Requirements of the State Bid Law must be followed.

Any completed live-work project shall become state property if not picked up and paid for by the person who signed the work-release form within 30 days after the initial notification by the institution. The notification by the institution must be made by registered mail return receipt requested. Normal surplus property procedures will apply when the project becomes state property. All individuals furnishing live-work projects will be notified in writing of the above procedures.

It is suggested that each department be periodically audited to ensure that the work order policy is being followed. Measures should be in place to make sure that the institution is not extending credit for work orders that are taking lengthy periods of time to complete. Procedures should be implemented at the institution level to address required deposits if needed.

The Live Work Summary Report is due to the Chancellor on September 30 of each year for the preceding Academic Year.

X. PURCHASING AND LEASING

References: Code of Alabama. 1975, Section 41-16-50; 40-23-4; 41-4-57,
ACCS Board of Trustees Policies 309.01, 323.01 and 501.01
Examiners of Public Accounts' Bid Book
Attorney General Opinions

A successful purchasing program begins with the budgeting process. The Southern Association of Colleges and Schools Commission on Colleges' Criteria for Accreditation states that the budget should be developed in conjunction with the deans, working cooperatively with department heads, appropriate members of the faculty and administration, and representatives of the business office. A purchasing department should be organized to support the basic objectives of the college by providing faculty, staff and students with the necessary supplies, services, and equipment.

Purchasing procedures must be included in the college's procedures manual and the internal audit program. The procedures must be ethical, comply with all State laws and regulations, as well as policies of the State Board of Trustees, and provide accountability for purchases.

A. ETHICAL PROCEDURES

The college's purchasing procedures cannot be used for personal acquisitions for faculty, staff, or students. A code of ethical conduct should be established and stated in college publications. The following principles are adopted by the National Association of Educational Procurement, and may be used as a guide:

1. Give first consideration to institutional policies and objectives of the institution.
2. Obtain the maximum value for each dollar expended.
3. Decline personal gifts or gratuities.
4. Grant all competitive suppliers equal consideration insofar as state or federal statute and institutional policy permit.
5. Conduct business with potential and current suppliers in an atmosphere of good faith, devoid of intentional misrepresentation.
6. Demand honesty in sales representation whether offered through the medium of a verbal or written statement, an advertisement, or a sample of the product.
7. Receive consent of originator of proprietary ideas and designs before using for other than the purchasing purposes.
8. Make every reasonable effort to negotiate an equitable and mutually agreeable controversy with a supplier; and/or be willing to submit any major controversies to a third party review, insofar as the established policies of my institution permit.
9. Accord a prompt and courteous reception insofar as conditions permit to all who visit on business missions.
10. Cooperate with trade, industrial and professional associations, and with

governmental agencies for the purposes of promoting and developing sound business methodology.

11. Foster fair, ethical and legal trade practices.

Alabama ACCS Board of Trustees policy requires that employees discharge their duties and responsibilities fairly and impartially and shall maintain a standard of conduct that will instill public confidence in the integrity of the institution.

B. STATE LAWS

1. Bid Law

System colleges must comply with the Alabama Bid Law, as stated in the Code of Alabama, 1975, Section 41-16-50. The Law states that all contracts of whatever nature for labor, services or work or for the purchase or lease of materials, equipment, supplies or other personal property, involving \$15,000 or more be let by free and open competitive bidding, on sealed bids, to the lowest responsible bidder. It also includes purchases of like items when proposed purchases are in excess of \$15,000 during a fiscal year. The law addresses procedures for advertisement, awarding contracts, conflict of interest of officials, bond requirements, effect of agreement or collusion among bidders, and items excluded from the bid law. Contracts entered into in violation of the Competitive Bid Law shall be void.

Bid specifications, terms of awarding the bid, and other requirements must be clearly stated in a Request for Bid. Specifications for the item(s) requested must be detailed and clearly stated to allow vendors to submit an accurate bid. Clearly stated specifications will assist administrators when making a decision to award the contract.

A BID FILE and a BID REGISTER should be established. A file for each bid should contain the following:

- A record of vendors from whom a quotation was requested;
- A copy of the bid specifications;
- All bids received;
- A tabulation of the bids received;
- A copy of the purchase order issued;
- And documentation of reasons, if the contract was not awarded to the lowest responsible bidder.

2. Sales & Use Tax Exemption

Institutions in the Alabama Community College System are exempt from Alabama

Sales Tax, under the Code of Alabama. 1975, Section 40-23-4. The Department of Revenue furnishes information that defines the role of schools and vendors in the tax process where contracts are let for labor and materials.

3. Prepayments

There are no general provisions of law authorizing or legalizing prepayments other than Sections 41-4-114(c) and 40-2-9, *Code of Alabama. 1975*. Section 41-4-114(c) allows prepayment to the Federal Government, and Section 40-2-9 provides advance travel for Examiners of the Department of Revenue. The State Constitution reads "nor shall any officer of the State bind the State to the payment of any sum of money but by authority of law." In the absence of law to the contrary, there is no authority for prepayment.

There is also no authority allowing the institution to pay for purchases made by an employee who has not received proper written approval by the institution. The institution is responsible for establishing internal controls that prohibit this practice.

4. Reimbursement for Travel

The Code of Alabama. 1975, Section 41-4-57 states, "All officers and employees who travel at the expense of the state or any of its departments, agencies, boards, bureaus, or commissions shall file with the comptroller an itemized statement of expenses incurred including those for transportation in connection with such travel at the expense of the state agency, institution, board, bureau, or commission, verified by affidavit, before any warrant shall be issued for such expenses."

C. ACCS BOARD OF TRUSTEES POLICY

1. Requirements for Purchases

In accordance with Board Policy 309.01, all purchases or expenditures, estimated to exceed \$100,000 must be approved by the ACCS Board of Trustees before the actual purchase is made. Detailed information regarding these purchases must be submitted in writing for review and placement on the State Board agenda. (See PROCEDURES FOR REQUESTS FOR ACTION BY THE STATE BOARD OF TRUSTEES, EXHIBIT VIII-A).

Personal property acquisitions estimated to exceed \$50,000 but costing less than \$100,000 shall be reported to the Alabama Community College System. Format instructions for submission are provided periodically to System institutions. The Chancellor shall prepare a quarterly report in electronic format to inform Board members of projects falling in this category.

2. Purchase of Real Property

Upon written request of the president and recommendation from the Chancellor, the ACCS Board of Trustees may approve the purchase of property for the benefit of the college. (SEE EXHIBIT VIII-A).

3. Leasing - Institutional Property and Off-Campus Facilities

In accordance with Board Policy No. 506.01, the Chancellor must approve any lease of facilities or land in which the college becomes the lessee.

Note that no lease agreement will be approved if it contains any clause indemnifying the lessor for any damage or injury caused to the third persons by an occurrence on the leased property.

Board Policy 512.01 authorizes the president, or his designee, to approve the temporary use of facilities or equipment.

4. Public School and College Authority Funds (PSCA)

The PSCA was established by Act No. 93, Second Special Session, 1963. This statute authorizes the formation of a public corporation for the purpose of providing funds for the purchase of equipment and capital improvements at community and technical colleges and institutions of higher learning. Bonds are sold to finance construction projects and other capital outlay needs. Also, see Section XIV, Other State Agencies Related to The Alabama Community College System, Alabama Public School and College Authority.

Colleges receiving PSCA funds must submit projects to the Chancellor's office for coordination with the State Finance Department.

D. PURCHASING PROCEDURES

The procedure described below must be followed for the acquisition of all materials, supplies, equipment, repair, rent, services, and other obligations of the institution:

1. Purchase Requisition

Generally, a standard Request for Purchase Order form should be used for all purchase requests, with the exception of maintenance contracts, utilities, travel, and professional services.

The form should originate from and be prepared by the department requesting an item or service. The items requested should be listed, giving full description, catalogue name, part number, size, weight, estimated cost, and other relative information. If the requesting department wishes to suggest a vendor source, the name, address, and telephone number should be attached to the request.

The department making the request is responsible for verifying that funds are available in the appropriate budget unit. If funds are not available, an approved budget amendment must be attached to the purchase request before submission to the purchasing agent.

Preparation of specifications for items to be purchased through competitive bids will be the joint responsibility of the purchasing agent and the requesting unit.

After the purchase request has been completed and approved, one copy is to be submitted to the purchasing agent.

2. Purchase Order

A properly executed purchase order constitutes a contract binding to both the college and the vendor. All purchase orders, adjustments, cancellations, and/or revisions to purchase orders must be in writing from the purchasing agent.

All negotiations with the vendor pertaining to prices, terms, conditions, substitutes, deliveries, etc. are to be handled through the purchasing agent.

The purchasing agent should maintain a current list of vendors for materials, supplies, equipment, services, and other categories to be purchased.

The purchasing agent should provide for the consolidation of purchases whenever possible to obtain quantity discounts for volume purchases.

When a purchase order has been assigned by the purchasing agent, copies should be distributed as follows:

1. Original to vendor.
2. Copy to purchasing agent.
3. Encumbrance copy to Accounting.
4. One copy to the department where the purchase request originated, and/or Central Receiving.
(Note: Upon receipt of merchandise or service, this copy is to be signed and returned to the purchasing agent.)

3. Receiving and Payments

When the merchandise is received, the responsible employee should immediately open and inspect the shipment to verify the quantity and condition of the items received. If all items received are in acceptable condition, the receiving copy of the purchase order is forwarded to the accounts payable section, compared with the vendor's invoice and placed in line for payment. If discrepancies are found during the process, they should be called to the attention of the purchasing agent for correction.

The purchasing agent is to assign and attach an inventory number to each item of moveable equipment, which costs \$10,000 or more and has a useful life of at least one year. The inventory number should be recorded on the college's equipment inventory list.

4. Vendor Disclosure Statement (EXHIBIT VIII-8)

Act 2001-955 requires the disclosure statement to be completed and filed with all proposals, bids, contracts, or grant proposals to the State of Alabama in excess of \$5000. The disclosure statement is not required for contracts for gas, water and electric services where no competition exists, or where rates are fixed by law or ordinance. In circumstances where a contract is awarded by competitive bid, the disclosure statement shall be required only from the person receiving the contract and shall be submitted within ten (10) days of the award.

The institution shall not enter into any contract or appropriate any public funds with any person who refuses to provide information required by Act 2001-955.

Pursuant to Act 2001-955, any person who knowingly provides misleading or incorrect information on the disclosure statements shall be subject to a civil penalty of ten percent (10%) of the amount of the transaction, not to exceed \$10,000. Also, the contract or grant shall be voidable by the awarding entity.

5. Act 2006-557

Act 2006-557 added Section 41-4-116 to the Code of Alabama 1975 to further ensure that vendors, contractors, and their affiliates doing business with the State are in compliance with the State's tax laws. Subsection 41-4- 116(c) requires that each vendor, contractor, or their affiliate offered a contract to do business with a state agency must certify that it is registered to collect and remit sales, use and lease taxes and submit to that state agency certification required by the Alabama Department of Revenue. The following certification must be included when submitting bids or executing contracts:

CERTIFICATION PURSUANT TO ACT 2006-557

Alabama Law (Section 41-4-116, Code of Alabama 1975) provides that every bid submitted and contract executed shall contain a certification that the vendor, contractor, and all of its affiliates that make sales for delivery into Alabama or leases for use in Alabama are registered, collecting and remitting Alabama state and local sales, use, and/or lease tax on all taxable sales and leases into Alabama. By submitting this bid, the bidder is hereby certifying that they are in full compliance with Act 2006-557. They are not barred from bidding or entering into a contract pursuant to Section 41-4- 116, and acknowledge that the awarding authority may declare the contract void if the certification is false.

E. CONTRACTING SERVICES

Contracts for the purchase of personal property or contractual services other than personal services shall be let for periods not greater than five years. Any contract that generates funds or will reduce annual costs by awarding for a longer term than a period of five years which is let by or on behalf of a state two-year college may be let for periods not greater than ten years. A contract awarded for a term of less than ten years may be extended for a period not to exceed ten years from the initial awarding of the contract *provided that the* terms of the contract shall not be altered or renegotiated during the period for which the contract is extended.

Functions and Services Which Might Be Contracted

- Operation and maintenance of grounds
- Operation and maintenance of buildings
- Architectural services
- Bookstore
- Computing services
- Construction
- Custodial services Elevator maintenance Engineering services
- Fire and burglar alarm services
- Food services
- Garbage and trash collection Grounds maintenance services Office equipment maintenance Painting
- Pest control
- Printing services
- Roofing
- Telephone maintenance
- Television cable
- Security services
- Travel

XI. PERSONNEL MANAGEMENT

References: ACCS Board of Trustees Policies 205.02, 205.03, 205.04, 205.05
ACCS Board of Trustees Policies 311.01
ACCS Board of Trustees Policies 601.01, 601.02, 601.04, 602.02, 605.02,
606.05, 608.03, 609.01, 609.02
ACCS Board of Trustees Policies 610.01, 611.01, 612.01, 614.01, 616.01,
617.01, 618.01, 619.01
ACCS Board of Trustees Policies 620.01, 622.01, 623.01

The following are personnel policies, regulations, and guidelines for financial managers in the Alabama Community College System (ACCS).

A. Employment Process

1. Equal Opportunity Employment Procedures

Personnel in the ACCS are employed under the provisions of the Civil Rights Act of 1964, as amended in 1972 and 1991, Title VI, Title VII, Executive Order 11246, 1965 amended by Executive Order 11375 Equal Opportunity Act of 1972, Title VIII Education Amendments of 1972, Title IX (P.L. 92-318) 45 CFR, Parts 81, 88 (Federal Register, June 4, 1975, August 11, 1975), Section 504 of the Rehabilitation Act of 1973 (Federal Register, May 4, 1977); Pregnancy Discrimination Act of 1978, and the Americans with Disabilities Act of 1990, (GAAA). It is the policy of the ACCS to provide equal opportunity for employment and advancement to all applicants and employees without regard to race, color, national origin, religion, age, disability, marital status, or gender, as provided in federal and state law.

An institution administrator is responsible for being aware of, and keeping his or her institution in compliance with all applicable laws, regulations, policies, and directives regarding employment opportunities. Each institution should develop a procedure for employing faculty and staff that conforms to the above referenced guidelines and apply the process in all hirings.

2. Uniform Non-Discriminatory Standards and Practices

No employee or applicant for employment or promotion, including applicants for presidential, full-time faculty, and other administrative and supervisory positions, shall be discriminated against on the basis of any impermissible criterion or characteristic including, without limitation, race, sex or age. All persons participating in selection procedures for professional employees shall take all action necessary to foster black persons and women, including black women, having equal and effective

participation on the personnel decision-making process.

3. Hiring Practices and Procedures

Vacancies in presidential, full-time faculty, and other full-time administrative and supervisory positions, regardless of whether the position is shown on Salary Schedules A, B, C, or D, shall be filled according to the practices and procedures set out in ACCS Uniform Guidelines.

4. Job Descriptions

Prior to the announcement of a vacancy in any position, the institution shall develop a complete and accurate job description for the position, and the job description shall contain a description of at least the following elements of the position:

- a. Duties and responsibilities; both essential and marginal functions;
- b. Required education and work experience;
- c. Required licenses, certifications, or other credentials; and
- d. Any and all other special qualifications or requirements.

Each job description shall be reviewed on at least an annual basis by respective supervisory personnel, and appropriate revisions to each job description shall be made as needed.

5. Issuance of Contracts and/or Letters of Appointment

Under Alabama law, a respective institution president is the only institution official with legal authority to appoint an institution employee. All appointments, whether full-time or part-time, shall be made by virtue of written contracts signed by the subject employee and the institution president. The president may offer contracts for one semester, two semesters, a summer term or a full-year as appropriate to librarians, counselors, and instructors. Contracts for other employees shall be for such a period as is appropriate to the needs of the college or may be an open ended "letter of appointment" which establishes a beginning date of employment but does not designate a specific date upon which the employment agreement will expire. All full-time probationary support personnel should be employed through a letter of appointment until they achieve non-probationary status. All employment agreements shall contain the following elements:

- a. Name of each party;
- b. Terms of employment (For a letter of appointment, there will be an effective beginning date but no definite terminal date. Instead of an expiration date, a

letter of appointment shall contain a termination clause such as "...and continuing until such date as your employment is discontinued in accordance with the laws of Alabama and the rules and policies of the State Board of Trustees.");

- c. The salary or wages to be paid, in terms of either dollars, a reference to a particular rank, step, and salary schedule, or both. It is preferable to indicate a specific dollar amount and a salary schedule reference, along with a statement that if the salary schedule changes, the salary will be appropriately revised;
- d. A statement, either general or specific, about other compensation and benefits;
- e. A statement, either general or specific, about items to be withheld or deducted from the employee's salary or wages;
- f. The position to which the employee is being appointed. (It is recommended that a position title be accurate but not specific to the point of interfering with the president's ability to reassign personnel. For example, in appointing a secretary for the Dean of Instruction, it is preferable to designate the position in an accurate but general term such as "Secretary", "Executive Secretary," "Secretary II," or "Clerk-Stenographer," rather than "Secretary to Dean of Instruction.");
- g. Other terms and conditions of employment, such as an agreement that the employee will work forty hours per week but may be reassigned if the needs of the institution call for such reassignment (within the same job category), or an agreement to become aware of, keep abreast of, and fully comply with all institution rules and policies, or an agreement not to carry on outside employment if it will have a negative effect on the employee's ability to carry out his/her institution employment, etc.
- h. It is suggested that contracts be signed by both parties before the contract period begins. Failure to do so suggests that personnel have implied contracts.

The Chancellor's Office can provide model contract forms.

6. Nepotism and Employment of Relatives

Both state law and ACCS Board of Trustees policy prohibit an institution from hiring any person who is within the fourth degree of relationship (by blood or marriage) to the institution president. Examples of fourth degree of relationships are first cousins, grand nieces and nephews, and great aunts and uncles. A violation of the state nepotism law (Code of Alabama. 1975, sec. 41-1-5) is a misdemeanor punishable by up to one year in jail.

Each institution shall comply with State Board Policies 205.03: Employment of Relatives,

205.04: Disclosure of Employment of Relatives, and 205.05: Supervision and Evaluation of Relatives. All applicants for employment must disclose certain relationships to employees in the ACCS or to any member of the State Board of Trustees. All applicable relationships will be reported to the Chancellor's Office as required, to be reviewed for possible conflicts of interest.

7. Criminal Background Checks

A criminal background check shall be conducted on all applicants and current employees at each institution. Except as indicated below, individuals convicted of a felony or crime involving moral turpitude will not be eligible for employment. Employees hired in violation of this policy will be subject to termination in accordance with the *Alabama Fair Dismissal Act*. Applicants and current employees convicted of a felony or crime involving moral turpitude must obtain a recommendation from the President for the Chancellor's approval that the applicant or current employee is suitable for employment. Factors to be considered in determining whether the individual is suitable include, but are not limited to:

- a. the proximity or remoteness in time of the conduct
- b. the risk of harm to persons or property of the institution
- c. the likelihood of the recurrence of the questioned conduct
- d. any extenuating circumstances

Current employees determined to be unsuitable for employment based on a felony conviction or conviction of a crime involving moral turpitude shall have the right to appeal directly to the Chancellor. Within 10 days, any employee convicted of a felony or crime involving moral turpitude subsequent to a criminal background check must report the conviction to the President.

8. Ethics Training

The Chancellor has mandated that all employees complete Ethics Training. This training is available via video at www.dpe.edu/ethics.

9. Postsecondary Faculty Credentials

All faculty on Salary Schedule D shall be classified according to teaching area, and faculty is compensated according to credentials. Current faculty credentials will be maintained in the personnel file. Southern Association of Colleges and Schools' standards require that institutions maintain a faculty roster for reporting the qualifications and courses taught by full-time and part-time faculty each semester.

B. Personnel Documentation

Documentation of a personnel record requires two files.

1. Personnel File - The personnel file should contain the following:
 - a. Application for employment
 - b. Credentials
 1. Documentation of prior experience
 2. Transcripts
 - c. Date for employment, i.e., signed contract or letter of appointment.
 - d. Documentation of personnel changes
 - e. Drug-free workplace acknowledgment (per Drug-Free Workplace Act of 1988)
 - f. Job description
 - g. Employee evaluation
2. Employee Payroll File - The payroll file should contain the following:
 - a. Copy of employee's social security card
 - b. Current employee W-4
 - c. Current employee A-4
 - d. Copy of data for employment, i.e., contract or letter of appointment
 - e. Signed authorization for all payroll withholdings
 - f. Retirement enrollment forms
 - g. Documentation of leave earned and taken for each payroll period.

The president of each institution may designate a custodian of personnel records of the faculty and staff and the records of applicants seeking employment at each institution. Anyone wishing to inspect the contents of a personnel file or applicant record may do so when the custodian of the records is available and has a written request to the president.

Anyone desiring to copy personnel or applicant records may do so under the direction of the custodian. The custodian may establish a charge for this service. Anyone desiring photocopies of personnel or applicant records may request this of the custodian. The custodian may establish a charge for this service.

1-9 documentation which is required of all employees within three days after commencement of employment should not be filed in the personnel or payroll file but in a separate alphabetized file. Nothing should be attached to the 1-9.

C. Compensation

Full-time personnel employed at state community and technical institutions shall be paid according to the salary schedule adopted by the State Board of Trustees. Personnel

covered by these schedules must meet the qualification standards of education and experience set by the State Board of Trustees. The president may establish the salary schedule for part-time instructors and staff working less than 20 hours per week.

1. Salary Schedule Placement

All full-time community and technical college employees shall be given full credit for prior work experience in the public schools and colleges of Alabama. Placement on the salary schedules shall be in accordance with the employee's length of service in public education. After initial step placement, if an employee moves from one salary schedule to another, the employee retains the same step placement for the new salary schedule.

Documentation of experience is the responsibility of the employee. All experience applied toward initial step placement must be completely documented prior to employment. The employee personnel file must contain signed statements and documentation certifying the accuracy of experience used in step placement.

A year's experience will be defined as any combination of teaching experience, full-time or part-time, within the salary schedule year that equals at least nine (9) months of experience, provided that the experience earned in a month cannot exceed one month. Part-time experience will be recognized according to its pro rata share of full-time postsecondary equivalent position requirements. Educational experience must be from an institution accredited by either a state, regional, or national accrediting agency. The salary schedule year is September 1 through August 31.

Step placement for advancement must be based upon whole years of experience as defined above.

2. Extra Pay

The president of a state community or technical college may designate a chairperson of a department or division having three or more full-time faculty members, with the department chairperson being counted as one of the three. A salary supplement of four hundred dollars (\$400) per month shall be paid to department or division chairpersons.

The president of a state community or technical college having at least one full-time professional staff member in the library may designate one full-time professional staff member as head librarian. Only one person may be designated as head librarian at any institution. A salary supplement of four hundred dollars (\$400) per month shall be paid to head librarians.

The president of a state community or technical college may designate one individual paid from Salary Schedule B to be in charge in the absence of the president. A salary supplement of two thousand dollars (\$2,000) annually shall be paid to that person.

Full-time professional personnel other than instructors will not be paid additional monies for extra work without the approval of the Chancellor.

A full-time instructor in the academic division may be employed to teach a maximum of one additional course and/or lab per term for pay, if approved by the president. The overload course must be taught outside the normal 35-hour work week of the instructor, and the pay must be at the prevailing part-time salary rate at the institution.

A full-time instructor in the technical division may be employed to teach a maximum of 15 additional contact hours per week for pay if approved by the president. This overload must be taught over and above a full teaching load (30 contact hours or equivalent) and outside the normal 35-hour work week of the instructor, and the pay must be at the prevailing part-time salary rate at the employing institution.

Overloads with pay will be approved only for instructors who teach beyond the full-time load (or equivalent as determined by the president). The additional compensation will be for the number of credit hours in the courses identified as the overload by the president.

Proposed faculty overloads not in accordance with these standards must be approved by the Chancellor.

c. Duty Days and Hours

The state two-year colleges shall be open all days except Saturdays, Sundays, and the ten (10) official holidays as follows:

1. New Year's Day
2. King/Lee's Birthday
3. National Memorial Day
4. Independence Day
5. Labor Day
6. Veterans Day
7. Thanksgiving Day
8. Day after Thanksgiving Day
9. Christmas Eve
10. Christmas Day

and five (5) other days designated in the official approved college calendar.

Days during which the college is officially open are the duty days of all full-time non-instructional personnel. A 260-workday per year, which includes fifteen (15) official holidays, will be used in computing the daily salary for non-instructional personnel.

The work assignment for personnel on Salary Schedules A, 8, C, and E requires forty (40) hours per week. Schedule H personnel will work from 20 - 39 hours per week as assigned.

Full-time instructors, librarians, and counselors employed on a nine-month contract shall work the minimum days required by the schedule under which they were hired. Full-time instructors, librarians, and counselors employed on a twelve-month contract shall work the minimum days required by the schedule under which they were hired. Those employed full-time for the summer term shall work the minimum days required by the schedule under which they were hired.

4. Method Of Payment

a. Non-Instructional Personnel

Persons beginning or ending employment at a time that does not coincide with the regular beginning and ending of the fiscal year shall be paid on a daily rate basis for the actual number of working days they are on duty. The daily rate for persons on salary schedules A, 8, C, E, and H is the annual salary divided by 260, which includes holidays. Hourly employees shall be paid for the actual number of hours worked as recorded on time and attendance sheets submitted by their supervisor.

b. Instructional Personnel

The salary for the academic year (nine months), or per semester, may be disbursed in equal monthly payments for convenience in bookkeeping. However, persons beginning or ending employment at a time that does not coincide with the regular beginning and ending of the academic year shall be paid on a daily rate basis for the actual number of working days they are on duty.

The daily rate for the nine-month (academic) year shall be determined by dividing the nine-month salary by the minimum required working days according to the schedule under which they were hired (exclusive of holidays). The same rate is also applied to compute payment of partial summer

employment (number of days x daily rate). Therefore, a person terminating employment before his contract is fulfilled may receive a reduced "last payment" or be required to reimburse the college for salary overpaid.

- c. Payroll checks are issued by the business office in keeping with the policies set forth by the Alabama State Board of Trustees. Generally, payroll checks should be issued on the last working day of each month.

5. Time and Attendance Reports

A Time and Attendance Report is required to support all payroll payments. These reports provide internal control and accountability on the part of the supervisor and the employee.

The payroll clerk must check the leave record of personnel and verify that leave is available for personnel submitting a request for leave form. If leave is not available, the gross payroll must be reduced accordingly before the payroll is calculated. The supervisor will maintain the report, code the correct symbol for attendance or leave, and submit it along with approved leave forms to the payroll office on the designated dates.

6. Internal Controls for Payroll Procedure

Documentation for the Personnel and Payroll files listed earlier in this section is required for all payments issued through the payroll. The chief financial officer must establish a system for internal control that includes employment authorization by the president, budget approval by the chief financial officer, and payroll attendance reports from the supervisors of personnel. The payroll personnel must secure signed authorizations for all deductions made from the gross payroll. Using the payroll deductions authorizations, the payroll clerk can calculate the net payroll.

7. Garnishment

The salaries of all System employees are subject to a lawful writ of garnishment.

D. Benefits

1. Medical Insurance

Full-time employees are entitled to a state insurance allocation, the amount of which is legislated annually. Permanent part-time employees are eligible for a pro-rata portion of the insurance allocation based on the percentage of time employed.

The employee can use the allocation toward a basic hospital/medical plan or select one of four supplemental plans offered by the Public Education Employee's Health Insurance Program (PEEHIP). All supplemental coverage provided by the state allocated funds shall be under PEEHIP.

The state allocation may be transferred to other institutions under the control of the Board or other state institutions of higher learning in which a spouse of an institution's full-time employee is working. The allocation can be applied to a family hospital/medical plan. Also, allocation can be transferred to the retirement systems when one member retires and the spouse of the retiree is still working. The allocations cannot be transferred from the retirement system; it must be from the institution to the retirement system. Such requests must be made in writing to the president by the college employee. A receipt for the money transferred and a statement that this money will be used for the hospital/medical insurance for the person designated should be obtained from the system or institution receiving payment. The request, receipt, and statement should be kept on file for audit purposes.

The COBRA Federal law, enacted April 7, 1986, requires the Public Education Employees Health Insurance Plan (PEEHIP) to offer employees the opportunity for a temporary extension of health coverage in the event of their resignation or termination. The "continuation coverage" is offered at group rates in certain instances where coverage under PEEHIP would otherwise end.

Each public educational institution has rights and obligations under the continuation coverage provisions of COBRA.

All employees of public education for the State of Alabama who are covered under the PEEHIP group health insurance have the right to choose continuation coverage if the employee loses his or her group health coverage because of a reduction in hours of employment or because of a resignation or termination of employment (for reasons other than gross misconduct on the part of the employee).

The COBRA law allows the employer a maximum of 30 days to notify PEEHIP of the above named qualifying events. Failure to meet this deadline can result in severe penalty to the institution, including liability for any health insurance claims incurred by the employee or dependents.

A member who goes on an authorized leave of absence without pay can continue group health coverage for up to two years of authorized leave before he/she would be required to enroll in continuation coverage under the COBRA provisions. In other

words, a member on an approved leave of absence could continue the health insurance coverage for two years and then could continue the health coverage for an additional 18 months under the COBRA provisions.

2. Teachers' Retirement

All personnel under the age of 61 appointed to permanent full-time positions are required to participate in the Teachers' Retirement System of Alabama (TRS). Permanent part-time staff working at least 50 percent of full-time equivalent (FTE) must participate also. Temporary staff working at least 50 percent FTE must participate when they enter their 13th month of employment.

Members of TRS contribute five (5) percent of their gross salary through payroll deductions as required by law. Deductions are made at the same rate for research, consulting, and all overtime compensation. Upon retirement, contributions of vested employees are matched by the state.

Members may withdraw their accumulated contributions and interest when their employment with the college is terminated. If they have worked ten (10) years or more, they may vest in the retirement system.

Internal revenue code (IRC) Section 79 requires each employer to report imputed premiums on the cost of group-term life insurance provided by Teachers' Retirement to the extent that it exceeds \$50,000. Calculation examples and rates are provided by the retirement system. For purposes of IRC Section 79, the computation of taxable income on imputed premiums for group-term life insurance should include

- a. Pre-Retirement Death Benefit is considered group-term life insurance and is equal to the salary on which the member made retirement contributions for the previous scholastic year (July 1 - June 30).
- b. Term Life Insurance is \$15,000 for full time employees and prorated for employees who work less than full-time.
- c. Additional group-term life insurance provided to your employees.

The imputed premiums are taxable for federal and state income tax purposes and subject to Medicare and social security tax. The social security and Medicare tax must be withheld from each employee's earnings and matched by the employer before the end of the year and reported as part of the normal payroll reports for social security and Medicare taxes. Brochures providing detailed information on retirement policies are available from the Teachers' Retirement System.

3. FICA and Medicare Taxes

The employer portion of Social Security taxes mandated by federal regulation is provided to each employee. The required amount is also withheld from each employee's gross salary.

4. State Unemployment Insurance Compensation

The employer provides the total cost of Unemployment Insurance Compensation.

5. Cafeteria Plan

On August 23, 1990, the ACCS Board of Trustees adopted a policy authorizing "the availability of flexible benefit plans under Section 125 of the Internal Revenue Code for employees of state two-year colleges" provided that such plans are developed and implemented pursuant to guidelines adopted by the State Board. Complete guidelines are available on the Alabama Community College System website at www.acs.cc.al.us.

6. Optional Withholdings

Optional withholdings such as tax sheltered annuity plans and other insurance plans may be offered at the discretion of the college. A committee of faculty and support personnel should be appointed by the president to review proposals and present recommendation to the employees. The number of participants required for participation in a group plan should be established by the committee.

7. Tuition Assistance

Full-time employees and their dependents are eligible for tuition assistance. This assistance is available for courses taught by postsecondary institutions under the direction and control of the State Board of Trustees. Definitions, eligibility requirements, and procedures for implementing such tuition assistance should be available from the college Financial Aid Office.

8. Leave

Leave periods for personal, sick, annual, and professional development shall begin on September 1 and end August 31 of each year.

a. Leaves with Pay

1. Personal Leave

Up to five days of personal leave with pay may be granted to a full-time faculty member during any leave year. Up to two days of personal leave with pay may be granted to a full-time staff employee during any leave year. Personal leave is noncumulative. A reason for personal leave is not required. However, personal leave with pay must be requested before it occurs. The president will approve this personal leave unless its occurrence will hamper the normal routine operation of the college. Unused personal leave may be converted to sick leave at the end of each leave year. The tenure status of persons on personal leave will not be affected.

Personal leave may be granted from the time a full-time employee works his/her first day. An employee beginning work after the first day of the standard contract period should receive a prorated amount of personal leave.

2. Sick Leave

ACCS employees may be allowed to accumulate an unlimited number of sick leave days but are limited as credit for retirement purposes to one day per month of employment.

Each full-time employee employed on Salary Schedule D shall earn one day of sick leave which is equivalent to 7 hours per month of employment to a maximum of nine days or 63 hours during the academic year (fall and spring semesters) and up to a maximum of three days or 21 hours during the summer term.

For any full-time Schedule D employee working less than full-time (35 hours per week) during any semester or term, sick leave earned will be pro-rated. To calculate eligible sick leave earned take the calculated percent X 1 day (7 hours).

Salary Schedule D Example of pro-rate sick leave earned per month:

Work Time Status = Day of Accrual = Leave Hours Earned

100% = 1 day = 7.00 hours earned leave per month

75% = $\frac{3}{4}$ day = 5.25 hours earned leave per month

50% = $\frac{1}{2}$ day = 3.50 hours earned leave per month

25% = $\frac{1}{4}$ day = 1.75 hours earned leave per month

Note: The actual work-time as applied in the ERP system will result in a standardized leave earned calculation (Banner screen: NBAJOBS, Banner Page: Job Detail, Banner Field Name: Appointment Percent). The work-time

may be different than the examples provided above.

Sick leave may be utilized during a contractual period of employment. However, sick leave may not be utilized to extend the employment period beyond the contractual arrangement.

On employment, personnel must work one-half of the working days in the initial month of employment to accrue a day of sick leave. Accumulation of one (1) day per month will continue while an employee is on paid sick leave. If an employee receives sick leave pay for one-half (1/2) of the working days in the month, a day will be accumulated for that month, and accumulation will cease the following month.

Accumulated sick leave will not be paid upon resignation or termination of employment; however, accumulated sick leave may be counted as service time toward retirement credit.

Sick leave is defined as the absence from regular duty by an employee for one of the following reasons:

- a. Personal illness or doctor's quarantine
- b. Routine physical examinations, dental appointments, eye examinations, other.
- c. Personal injury that incapacitates the employee.
- d. Attendance upon an ill member of the immediate family of the employee (husband, wife, father, mother, son, daughter, brother, or sister) or an individual with a close personal tie to the employee.
- e. Death of a member of the family of the employee.
- f. Illness or death of an individual not legally related to but having a unique relationship with the employee. (Where unusually strong personal ties exist, due to an employee's having been supported or educated by a person or some other relationship other than those listed, this relationship may be recognized for leave purposes.) In each such case, the employee concerned shall file with his appropriate supervisor a written statement of the circumstances that justify an exception to the general rule.
- g. Persons on maternity leave will be paid for earned sick leave upon request.

Earned sick leave may be transferred between institutions under the control of the State Board of Trustees. Written certification from an office of the transferring institution is necessary to document the transfer.

Each institution, at the discretion of the president and an affirmative vote of at least ten percent of the full-time employees, is authorized to establish a sick leave bank. The purpose of the bank shall be to provide a loan of leave days for its participating members after their accumulated sick leave days have been exhausted. The bank shall be operated, managed, and governed by a Sick Leave Bank Committee. Guidelines establishing a sick leave bank are available from the Alabama Community College System website at www.accs.cc.

3. Annual Leave

Full-time non-instructional personnel (paid on Salary Schedules A, B, C, E, and H prorated) shall earn leave according to the length of employment. Employees compensated from Salary Schedule H shall receive annual leave under the same terms and conditions as other eligible employees, except a "day" of annual leave shall be as follows: four (4) hours for employees compensated from Schedule H-20, five (5) hours for employees compensated from Schedule H-25, six (6) hours for employees compensated from Schedule H-30, and seven (7) hours for employees compensated from Schedule H-35. Instructors, counselors, and librarians do not earn annual leave. Annual leave may be accumulated to a maximum of sixty (60) days. This earned annual leave may be taken at appropriate times as approved in advance by the president. Annual leave is an institutional fringe benefit and is not transferable. Persons who leave employment should be paid for the actual number of annual leave days earned and not used, up to a maximum of 60 days. Payment for annual leave will be based on the employee's salary in effect at the time of severance. Payment for unused leave days will be made the month following severance.

The official table for determining annual leave accrual is as follows:

Years of Experience	Annual Leave Earned
0 - 4	1.00 day per month
5 - 9	1.25 days per month
10 - 14	1.50 days per month
15 - 19	1.75 days per month
20 – above	2.00 days per month

A "year of experience" shall be a completed year of full-time work experience at one or more state two-year colleges, the Alabama Community College System, any public school, college or university in Alabama, or at any combination of the foregoing. A "year" shall be at least nine (9) months'

employment out of a twelve (12) month period. A twelve (12) month period shall be that period from September 1 to August 31. With regard to administrative, supervisory, or professional work experience, "full-time" shall mean employment having a normal workweek of forty (40) or more hours. With regard to instructional experience (including experience as a teacher, librarian, or counselor), "full-time" shall mean employment having a normal work week of thirty-five (35) or more hours or such number of work hours as the respective school district or college designates at "full-time". With regard to work experience as a support employee, "full-time" for the purpose of computing "years of experience" shall mean employment having a normal work week of twenty (20) or more hours. In order to receive consideration as a "year of experience" for annual leave accrual rate purposes, a "year" must be completed on or before August 31 prior to the academic year during which the leave accrual rate shall be applicable.

The number of "years of experience" shall be established and certified by each respective college president based on verified documentation provided to the college by the respective eligible employee. Such certification by the president shall be carried out no later than thirty (30) days after the first date of employment of the respective employee in a position for which annual leave is a benefit or, for eligible employees already employed at a given college in such positions as of or prior to September 1, then by no later than October 31. If an employee does not provide by the deadline stated above verified documentation of all prior work experience subject to consideration with regard to such "years of experience," then any such work experience not sufficiently documented shall not be considered for annual leave accrual purposes until the ensuing academic year.

In the event of a disagreement between a college president and an employee regarding the calculation of "years of experience" for annual leave accrual purposes, the Chancellor shall make a binding decision on the matter.

On employment, personnel must work one-half of the working days in the initial month of employment to accrue a day of annual leave.

The years of experience for annual leave accrual purposes are not necessarily the same as years of experience for salary step placement purposes, since salary placement can take into account certain non-college work experience.

4. Military Leave

All full-time employees are eligible for paid military leave of up to 168 hours in any calendar year in the event of being called to active duty. During the

paid leave, the employee shall continue to accrue all employment benefits. A copy of the orders must be presented to the president before taking military leave. Once available paid military leave is exhausted, the employee may take available annual or personal leave and continue to receive all employment benefits. All full-time employees eligible for paid military leave shall also receive a maximum of 168 hours of paid leave each time such employee is called by the Governor of the State of Alabama to duty in the active service of the State. Once the employee has exhausted all available paid leave, the employee may be considered to be on military leave of absence without pay. Health insurance may be continued by paying the full designated premium (Chancellor's memorandum of 1/3/91).

5. Court Attendance

Full-time employees who are required by a court to attend such court in the capacity of jurors or witnesses under subpoena will be granted special leave with pay to attend such court. The employee will submit a leave request to which a copy of the summons is attached.

6. Professional Leave

Professional leave with pay may be granted to any full-time employee when federal or other non-instructional funds are available for such purposes. A person granted leave with pay must return to the institution for a minimum period of two years or repay the monies received while on leave. The tenure status of persons on professional leave will not be affected. Professional leave with pay will be granted only on written request from the president and approval by the Chancellor.

7. Professional Development Leave

The president may grant up to 10 days of professional development leave annually for full-time personnel. Professional leave for more than 10 days will be granted only upon written request from the president and approval by the Chancellor.

8. Leave Due To Work Related Injury

The president is authorized to approve payment of salaries and fringe benefits for up to ninety (90) working days for absences arising from job-related injuries to college employees. Continuation of salary and fringe benefits for the appropriate number of working days shall be consistent with the employee's injury and the subsequent absence from work resulting from

the injury.

Eligibility for salary and benefits under this policy is contingent upon proper notification by the injured employee to the president/designee within twenty-four (24) hours after the occurrence of the injury. When the employee is not clinically able to affect such notice, notification may be made by a representative of the employee. The president/designee may require medical certification from the employee's physician that the employee was injured and cannot return to work as a result of the injury. The president/designee may, within their discretion, require a second opinion from another physician at the expense of the institution. Sick leave shall not be deducted from the employee's account if absence from work results from an on-the-job injury.

9. Emergency Leave

In situations where annual and sick leave have been exhausted, the president or an immediate supervisor may approve emergency leave to an employee up to a maximum of three days per leave year. This policy applies to full-time salary schedule A, 8, C, and E employees if in the judgment of the president, it is essential that the employee be absent.

Support personnel on salary schedule H may be granted a maximum of three (3) days of emergency leave as above, with a day "defined" as four hours for persons paid from salary schedule H-20, 5 hours for salary schedule H-25, 6 hours for salary schedule H-30, and 7 hours for salary schedule H-35. Emergency leave is noncumulative.

Emergency leave will not be paid on termination or resignation of employment. When a new employee on Salary Schedule A, 8, C, E, or H is hired after the beginning of the standard contract period (usually September 1), the computation for the amount of emergency leave awarded will be based upon the employee's number of working days in the year divided by 260 days, rounded to the nearest hour.

b. Leaves without Pay

1. Maternity Leave

A full-time employee may be granted up to a maximum of one year of maternity leave without pay. Persons on maternity leave without pay resulting from pregnancy will be paid for earned sick leave on request. A person who resigns instead of taking maternity leave cannot be paid for accumulated sick leave. Persons taking maternity leave to stay home with

adopted children will not be paid for earned sick leave. Leave earnings will continue for the period covered by maternity leave payments. The tenure status of persons on maternity leave will not be affected.

2. Personal Leave

The Chancellor may grant up to one year of personal leave without pay to a full-time employee on the written request of the president to the Chancellor. Such request shall state that the leave without pay will not hamper the normal routine operation of the college. The tenure status of persons on personal leave without pay will not be affected.

3. Professional Leave

Up to a maximum of one year of professional leave without pay shall be granted to a full-time tenured faculty upon approval by the Chancellor if, in the judgment of the president, the purposes of the institution and the objectives of the department are not hampered by the absence.

Other full-time employees may be granted professional leave, without pay, for a period not to exceed one year upon approval by the Chancellor if, in the judgment of the president, the purposes of the institution and objectives of the department are not hampered by such leave without pay.

4. *Family and Medical Leave Act*

The *Family and Medical Leave Act* gives "eligible" employees the right to take unpaid, job-protected leave for a period of up to 12 work weeks in a 12 month period because of the birth of a child or the placement of a child for adoption or foster care; because the employee is needed to care for a family member (child, spouse, or parent) with a serious health condition; or because the employee's own serious health condition makes the employee unable to do his/her job. Accrued sick leave must be exhausted before the employee is entitled to unpaid FMLA leave. Under certain circumstances, this leave may be taken on an intermittent basis rather than all at once, or the employee may work a part-time schedule.

The employer has a right to thirty (30) days advance notice from the employee where practicable. In addition, the employer may require an employee to submit certification from a health care provider to substantiate that the leave is due to the serious health condition of the employee or the employee's immediate family member. Additional information on FMLA is available from the Alabama Community College System's website at www.acs.cc.al.us.

5. Emergency Leave

Leave for emergency reasons may be granted without pay for up to a maximum of one year on written recommendation by the president and approval by the Chancellor. The tenure status of persons on emergency leave without pay will not be affected.

E. Fair Labor Standards Act

The ACCS Board of Trustees and institutions under its direct control shall comply with the applicable provision of the Fair Labor Standards Act. Administration of the Fair Labor Standards Act shall be in conformance with regulations and guidelines issued by the Chancellor and available from the ACCS website at www.accs.cc. Briefly, these guidelines provide direction for requesting, awarding, and compensating overtime work by full-time employees.

F. Unemployment Claims Management

The institution must pay the unemployment rate certified for the institution by the Alabama Unemployment Service.

This amount is calculated on the gross payroll for all employees, and submitted to the state agency. Personnel leaving employment of the institution may file a claim for unemployment compensation. If unemployment claims exceed the amount paid by the institution during the year, the institution is billed for the excess amount. The person responsible for claim certification should clearly understand the terms that entitle an employee to receive unemployment compensation. All inquiries received by the institution from the Unemployment Office must be answered promptly.

It is important that the reasons an employee leaves his/her employment with the institution are clearly stated and documented in the personnel and payroll file. A Personnel Change Form or a Termination Notice should be developed by the business or personnel office for this purpose. It should be furnished with the payroll report when an employee leaves employment. This document should be used when certifying eligibility for unemployment claims to the Unemployment Office.

G. Conduct of Personnel

Institution personnel are subject to disciplinary action by the institution up to and including official reprimand, suspension, and/or dismissal, for misconduct occurring on any property owned or controlled by the college, or off campus at any function which is authorized, sponsored, or conducted by the institution. Such misconduct shall include but not be limited

to the commission of, or the attempt to commit any of the following offenses.

1. All forms of dishonesty, including cheating, plagiarism, furnishing false information to the institution
2. Forgery, alteration, or misuse of institution documents, records, or identification
3. Intoxication or the display, possession, or use of alcoholic beverages or illicit drugs on any area of the campuses
4. Use, possession, or distribution of firearms, ammunition, fireworks, and incendiary, or any type of explosive device or material on any area of the campuses
5. Disorderly or disruptive conduct including rioting, inciting to riot, assembling to riot, raiding, inciting to raid, and assembling to raid institution properties
6. Lewd, indecent, obscene, or unduly offensive behavior or expression
7. Participating in any form of gambling
8. Unauthorized entry to or use of any institution facility
9. Insubordination toward a supervisory institution official
10. Misfeasance, malfeasance, or failure to perform assigned duties and responsibilities
11. Violation of any federal, state, or local laws

H. Harassment

The ACCS Board of Trustees is committed to providing both employment and education environments free of harassment or discrimination related to an individual's race, color, gender, religion, national origin, age, or disability. The term "harassment" includes, but is not necessarily limited to slurs, jokes, or other verbal, graphic, or physical conduct relating to an individual's race, color, gender, religion, national origin, age, or disability. Harassment also includes unwelcome sexual advances, requests for sexual favors, and other verbal, graphic, or physical conduct of a sexual nature. Any practice or behavior that constitutes harassment or discrimination must not be tolerated on any campus or site, or in any division or department, by any employee, student, agent, or nonemployee on any institution's property and while engaged in any institutionally sponsored activities.

Sexual harassment refers to behavior of a sexual nature that interferes with the work or education of its victims and their co-workers or fellow students. Sexual harassment may involve the behavior of a person of either sex against a person of the opposite sex, and occurs when such behavior constitutes unwelcome sexual advances, unwelcome requests for sexual favors, or other unwelcome verbal or physical conduct of a sexual nature when:

1. Submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment or educational opportunities.
2. Submission to or rejection of such conduct is used as the basis for employment or academic decisions affecting that individual.

3. Such conduct has the purpose or effect of unreasonable interfering with an individual's work or academic performance, or creates an intimidating, hostile, or offensive work or educational environment.

Relationships between institution personnel of different ranks that involve partiality, preferential treatment, or the improper use of position must be avoided. Consensual amorous relationships that might be appropriate in other circumstances are inappropriate when they occur between an instructor and any student for whom he or she has responsibility, between any supervisor and an employee, or between an institution employee and a student where preferential treatment results.

All personnel should be aware that any amorous relationship (consensual or otherwise) or any otherwise inappropriate involvement with another employee or student makes them liable for formal action against them if a complaint is initiated by the aggrieved party in the relationship. Even when both parties have consented to the development of such a relationship, it is the supervisor in a supervisor-employee relationship, the faculty member in a faculty-student relationship, or the employee in an employee-student relationship who shall be held accountable for unprofessional behavior.

Any person who is the victim of, or who is aware of, any harassment prohibited by this policy should report such harassment within ten (10) days of its occurrence to the institution's grievance officer. Violation of the harassment policy by an employee shall subject that employee to disciplinary action, up to and including discharge.

I. Grievance Procedures

The ACCS Board of Trustees approved the Title IX Grievance Procedure developed by a departmental task force appointed for that purpose. Each institution should develop and publish its own grievance procedure that conforms to Board policy 620.01.

J. Severance

Board Policy 619.01 *Fair Dismissal Act* Procedure provides guidance for termination procedures.

1. Dismissal

Virtually all ACCS employees who normally work more than 20 hours a week are covered by the Alabama Fair Dismissal Act, (*Code of Alabama*, 1975 Section 36-26-100, et seq.). In general, the Act provides that certain employees are “non-probationary” or “tenured” upon completing three years of full-time (20 hours or more per week) employment.

The employment of a probationary employee may be terminated by serving the

employee with 15 days prior written notice of termination at any time during the probationary period unless the employee is under contract for a definite period of time. If the employee is under contract that expires prior to the completion of the third year of full-time employment, the employee may be released upon the expiration date of the contract, provided that a written notice of "non-renewal" is presented to the employee prior to the expiration of the current contract.

A non-probationary employee may be dismissed from employment only for failure to perform his or her duties in a satisfactory manner, incompetence, neglect of duty, insubordination, immorality, justifiable decrease in jobs in the institution, or other good and just cause; provided, however, such termination of employment shall not be made for political or personal reasons on the part of the president of the institution.

The dismissal of a non-probationary employee for disciplinary reasons may only be carried out by strictly following the steps outlined in policy 619.01. A similar termination process is also required in cases where an employee is dismissed for other good reasons such as a decrease in funding, elimination of a program, etc.

The dismissal and appeal process required by Fair Dismissal Act Procedures can be lengthy. If an employee is suspended pending the outcome of the termination appeal hearing, the institution must pay the employee his or her full compensation unless the action is one involving moral turpitude (such as theft of property, embezzlement, etc.). In a case of moral turpitude, an employee may be suspended without pay while the hearing is pending. If the employee prevails in the appeal of a termination, he or she will be entitled to any back pay that may have accrued during the appeal.

Any proposed disciplinary or dismissal action should be discussed with the institution's or the Chancellor's legal counsel prior to being initiated.

2. Resignation

Personnel should give written notice of resignation at least thirty (30) calendar days prior to the effective date of resignation except by mutual written agreement of the president or designee and the employee.

It is a good practice for the president or another designated administrator to conduct an "exit interview" on all resigning personnel. The exit interview should seek, in part, to discuss any circumstances that might need attention with respect to working conditions or supervisory techniques.

3. Abandonment of Position

All absences from work shall be approved in accordance with institutional

procedures. Employees absent from work without approved leave or without appropriate notification to his or her supervisor shall forfeit compensation and shall be subject to disciplinary action. An employee who is absent for three consecutive workdays without approval shall be considered to have abandoned the position and to have resigned from the institution.

4. Retirement

Each institution should develop a standard checklist for processing retiring personnel. Each retirement should be handled in such a manner as to ensure that all necessary Teachers' Retirement System forms are completed and filed in a timely manner and that the retiring employee be fully informed with respect to such matter as maintaining health insurance coverage after retirement and computing and taking (or cashing in) available accrued leave. As with resignations, there should be a required written prior notice by the employee of any intended retirement.

Also, as with resignations, there should be an exit interview to discuss personnel matters possibly needing the attention of the institution administrators.

XII. FINANCIAL AID

References: ACCS Board of Trustees Policy 805.01

ACCS Board of Trustees Policy 805.02 and Guidelines for Policy 805.02

U.S. Department of Education (ED) *The Blue Book: Accounting, recordkeeping, and reporting by postsecondary educational institutions for federally funded student financial aid programs*

NACUBO (National Association of College and University Business Officers)

Title IV of Higher Education Act of 1965 with Amendments

34 CFR (Federal Student Aid Regulations) FAFSA (Free Application for Federal Student Aid)

U.S. Department of Education (ED) *Payee Guide for the Grant Administration and Payment System* (G5)

The Federal Student Aid Handbook (FSA)

OVERVIEW OF STUDENT FINANCIAL AID

Student financial aid is available for students who can demonstrate financial need in order to pursue postsecondary education or who, through demonstrated academic excellence, earn scholarships or other financial assistance. Selection of students to receive financial aid will be made without regard to age, sex, race, color, religion, national origin, marital status or disability. No information concerning a student's financial records may be released to anyone without permission from the student. Student financial aid is subject to federal regulations which change periodically. Information on student financial aid is available at ifap.ed.gov.

Sources of Aid

Student financial assistance is available from a variety of sources which may be offered singly or which may be combined to make a financial aid package. A financial aid package for students may include one or more of the following:

- 1) *Federal Aid* - Title IV grant and loan programs which include the Federal Pell Grant; Federal Supplemental Educational Opportunity Grant (FSEOG); Federal Work-Study (FWS); Academic Competitiveness Grant (ACG); Federal Perkins Loan; William D. Ford Federal Direct Loan (Direct Loan); and Federal Family Education Loan (FFEL).
- 2) *State Aid* - Consists of various types of Board approved state scholarships. State Board Policy No. 805.01 and 805.02 lists the types and number of each allowed by the institution. The Alabama Commission on Higher Education (ACHE) lists on its website additional state aid available to students such as the Alabama Student Assistance Program (ASAP) and the Alabama Prepaid Affordable College Tuition Program (PACT).

- 3) Private Aid - Consists of grants and gifts from external sources. The institution is custodian and disburses these funds per the written award specifications of the external sources.
- 4) Foundation Aid - Consists of grants and gifts from the institution's foundation and has the same characteristics as private aid.

OVERVIEW OF TITLE IV REGULATIONS AND GUIDELINES

Student financial aid provided from Title IV funding subjects an institution to many federal regulations and guidelines, most of which are available to the business office from the references listed above. The business office should have a current copy of *The Blue Book* and annually incorporate any changes into the institution's operating procedures. *The Blue Book* may be ordered on the web at <http://ifap.ed.gov>.

Title IV Program Descriptions

- 1) Pell Grants - grants available to eligible undergraduate students who have not yet received a bachelor's or professional degree. Each participating institution receives an administrative cost allowance for administering the Pell Grant program.

Year Round Pell

The authority to pay two Pell Grant Awards within the same award year became effective for the 2009-10 award year as a result of statutory changes to the Title IV program. A school may pay a student two consecutive Pell Grant Awards over the course of all payment periods for a single award year. With the authority to pay two Awards comes the requirement to determine whether a student is eligible for payment from the second Award once the first Award has been exhausted.

A student becomes eligible to receive the second Award after receiving his or her first Award during a single award year in a certificate or associate degree program. During the student's first Award, the student may be in any enrollment status; however, the student must be enrolled at least half-time to receive payment from the second Award for an award year. Payments for payment periods are calculated in the same way as in the past. The second Pell Grant Award is not an optional provision and schools must pay eligible students since Pell Grant is an entitlement award.

- 2) Academic Competitiveness Grant (ACG) - grants available to eligible undergraduate students who also receive a Pell grant for the same year awarded. The ACG recipients must meet additional criteria beyond the Pell grant which include receiving a cumulative high school GPA of 3.0 on a 4.0 scale.

3) *Campus-Based Programs* - Title IV Federal Supplemental Educational Opportunity Grant (FSEOG), Federal Work-Study (FWS), and the Perkins Loan programs are referred to as campus-based programs because ED allocates these funds to participating institution on the basis of their annual *Fiscal Operations Report and Application to Participate (FISAP)* which is completed by the Financial Aid Office.

- a) FSEOG - grants available to eligible undergraduate students who have not yet received a bachelor's or professional degree. Each participating institution receives an administrative cost allowance for administering the FSEOG program. Only students with zero Expected Family Contribution (EFC) are eligible to be selected for FSEOG grants.
- b) FWS - provides on-campus and off-campus jobs for undergraduate and graduate students. Students must be paid at least the current federal minimum wage. An institution must use at least seven percent of its total FWS allocation for an award year to pay students employed in community-service activities unless ED approves a waiver. Further, at least one community-service project (such as America Reads Challenge or America Counts) must be in reading, tutoring, or family literacy.
- c) Perkins Loan - provides low-interest student loans to eligible undergraduate and graduate students.

4) *Federal Student Loan Programs*

- a) William D. Ford Federal Direct Loan Program
The federal government makes these loans to eligible students and their parents through financial aid offices at participating institutions.
 - 1. Direct Stafford Subsidized Loan
 - 2. Direct Stafford Unsubsidized Loan
 - 3. Direct PLUS Loan (for parents of undergraduate students)
 - 4. Direct Consolidation Loan.
- b) Federal Family Education Loan CFFEU
Essentially the same as Federal Direct loans except participating banks and credit unions provide the funds.
 - 1. Subsidized Federal Stafford Loan
 - 2. Unsubsidized Federal Stafford Loan
 - 3. Federal PLUS Loan
 - 4. FFEL Consolidation Loans

Institutional Responsibilities

1. *Institutional Eligibility* - Maintained by the Financial Aid Office.
2. *Financial Responsibility* - An institution must meet these standards:
 - a) Provide the services described in its official publications and statements. ED will assess the institution to determine if it has sufficient resources for its educational programs, services, and financial obligations.
 - b) Administer Title IV programs properly. ED will assess the institution for past performance and program compliance.
 - c) Meet its financial obligations. ED will assess the institution to verify if it is making timely refunds to students; timely returns of Title IV to ED; and is current on its debt payment.
3. *Administrative Capability* - An institution must show that it is:
 - a) Meeting defined standards contained in federal regulations. ED evaluates these standards using the institution's audited financial statement and other information.
 - b) Providing for the separation of functions as they relate to financial aid administration. Federal regulations require dividing the functions of authorizing payments and disbursing funds so that no single office or individual has responsibility for both functions for any student receiving Title IV funds.
 - c) Using electronic processes to communicate with ED systems including processes to participate in and administer Title IV programs.

Student Consumer Information

Federal regulations require the publication of various types of information to currently enrolled students, prospective students, and employees. In general, the financial aid office and business office share primary responsibility for providing most of the required information.

Examples of the types of published information to be made available include: an institution's policies and procedures manual; an overview of all financial aid programs available at the institution; a description of the general fiscal operations as they relate to tuition/fees and refunds; the work schedule of the availability of institution personnel; report on student job- placement claims; student right-to-know provisions; equity in athletics provisions; and campus security provisions. A list and description of the required publications as described above is listed in Chapter 2 of *ED Bluebook* (www.ifap.ed.gov/bbooks/1020058/ueBook.html).

These regulations allow ED to fine, or to limit, suspend, or terminate Title IV participation for any institution that does not comply or that substantially misrepresents any published data.

Fiscal Operations

The primary business office functions relating to Financial Aid are (1) ordering funds, (2) disbursing funds, (3) returning funds, and (4) refunding unearned aid.

1. *Requesting/Ordering Funds - Use of the Grant Administration and Payment System (G5).*

- a) The institution is to determine the amount of funds it needs to make Title IV disbursements for the next *three business days* following the date the institution receives the funds. Ordering/receiving Title IV funds beyond this *three-day immediate need period* is considered by ED to constitute the institution receiving excess cash, for which there are penalties. All excess cash should be immediately returned to ED, or reallocated as drawn funds among grant awards in G5 to comply with immediate cash needs.
- b) For information on how to access G5 call 1-888-336-8930.
- c) Once funds are ordered through G5, the institution will receive funds from ED using electronic funds transfer through Automated Clearinghouse (ACH) or FEDWIRE.
- d) An institution must maintain a bank account into which ED transfers Title IV program funds. The bank account must:
 - 1) Be federally insured or secured with adequate collateral.
 - 2) Have an account name clearly including the phrase "federal funds", or have documentation on file that the bank has filed a UCC-1 statement with the state.
 - 3) Any interest revenue that exceeds \$250 earned on Title IV funds must be remitted to ED, at least annually.
- e) In using G5, an institution will not be allowed to order any funds in excess of approved Title IV authorization program awards. Therefore, it is important that the Business Office and Financial Aid Office work closely to ensure timely financial aid reporting and cash management procedures.

NOTE: There may be times when Title IV Pell cash requirements cannot be ordered through G5 until ED increases the current year's award approval amount. The institution in this situation is placed on involuntary reimbursement for Pell distributions. Example: If the Title IV Pell program award amount at times is not sufficient to pay certain term payments, then needed Pell funds cannot be ordered by the Business Office until the Financial Aid Office submits electronic student files to ED for prior verification. Once verified, ED initiates a Pell award increase in the G5 system and the Business Office can then order the Pell funds needed.

2. Disbursing Funds

- a) **Crediting Student's Account** - An institution can directly credit a student's account for allowable charges such as: tuition and fees; room and board; and other charges if the institution obtains written authorization from the student.
- b) **Directly Paying Student** - An institution may directly pay students by check, by electronic funds transfer to a bank account designated by the student, or by dispensing cash to the student for which the institution obtains a signed receipt. When Title IV funds available exceed all credited allowable charges assessed the student, the institution must pay the credit balance directly to the student *within 14 days* of any one of the following: the first day of class of a payment period; the date the balance occurs if after the first day of class of a payment period; or the date the student rescinds authorization to hold a Title IV credit balance.

3. Returning Funds

- a) An institution must return funds to ED when it has:
 - 1. Excess cash in its accounts from funds drawn down and not used in accordance with immediate need.
 - 2. Excess cash as a result of a reduction to reported expenditures on a closed award.
 - 3. Unused funds with no expectation of more funding from ED.
 - 4. An audit or program review finding that identifies an amount due ED as a refund for disallowed expenditures.
 - 5. Earned interest or investment income on federal funds in excess of the amount it is allowed to retain.
- b) Methods of returning funds vary according to the reason for the return. Details

concerning the various methods of returning funds are found in Section 4.9 of *The Blue Book*.

4. *Refunding Funds*

- a) Title IV regulations specify funds are awarded to students under the assumption that they will attend for the entire period for which the assistance is awarded. When a student stops going to class, drops or withdraws, the institution is required to determine how much Title IV aid the student "earned". If a student has "unearned" aid because they were disbursed more aid than they earned, it must be returned to ED.

A student who receives Title IV funds within a term and who then withdraws or stops going to class before completing the 60 percent period of enrollment will owe a refund to the federal government. Up through the 60% point in the enrollment term, a pro rata Title IV refund is due. After the 60 percent period of enrollment, a student has earned 100% of the Title IV funds.

- b) The institution is to complete the calculation for the treatment of Title IV funds for any student who stops going to class, drops or withdraws and then must:
 - 1. Return any amount of disbursed, unearned Title IV funds to the appropriate Title IV program for the payment of unearned tuition and fees, and follow the procedures for handling any grant overpayments due from the students, including notifying the student of the overpayments.
 - 2. Initiate, offer, and complete a post-withdrawal disbursement of any undisbursed, earned funds to the student, including the institution's notification to the student of a post-withdrawal disbursement.
- c) An institution is to notify a student that a refund is due to the Title IV program for grant overpayment, and the student has a maximum of 45 days to repay the total unearned Title IV funds or to provide the institution with certification that the student has set up a repayment agreement with the Department of Education. After the 45th day, if the unpaid Title IV return of funds has not been resolved, (1) the student becomes ineligible to receive additional Title IV funds until the refund has been made, and (2) the institution turns the student's account over to ED for collection. Title IV refunds can only be made directly to the Department. A student can contact ED Collections by calling 1-800-621- 3115 or by sending an e-mail to DCS_HELP@ed.gov. A student may also write ED Collections at the following address:

U.S. Department of Education
Student Financial Assistance Programs
P.O. Box 4222

5. *Cash Management Standards* - An institution is to:

- a) Know the available Title IV funds balance prior to making new requests.
- b) Ensure that the cash balance maintained for any Title IV program is the minimum needed to cover the institution's disbursement requirements.
- c) Track every draw-down of Title IV funds and show there was an equal disbursement of funds within the three-day period allowed.
- d) Ensure it has an adequate cash management control system so that the institution does not spend more funds than it has authority to spend nor holds excess funds for future disbursements.

6. *Managing Funds and Keeping an Auditable Financial Management System*

An institution is to provide:

- a) Accurate, current, and complete disclosure of the financial status of each federal aid program or project sponsored by ED
- b) Records that adequately identify the source and application of funds for sponsored activities and contain information on institutional awards, authorizations, obligations, unobligated balances, assets, income, liabilities, revenues, expenditures, and cash disbursements
- c) Effective control over and accountability for all funds, property, and other assets, including adequate safeguarding of all such assets to ensure that they are solely for authorized purposes
- d) Comparison of actual expenditure amounts with amounts budgeted for each Title IV program
- e) Procedures to ensure the efficient transfer of funds when they are advanced through electronic methods (transfer of funds from ED to institution to students so that it is no later than three business days following the receipt of funds)
- f) Procedures according to the applicable terms of the Title IV programs for determining reasonableness, allowability, and allocability of costs.

- g) Examinations in the form of external or internal audits, which must be made according to generally accepted auditing standards and government auditing standards.

7. Reporting Requirements

- a) Fiscal Operations Report and Application to Participate (FISAP)
- b) Federal Pell Grant Program Electronic Statements of Account (ESOAs)
- c) Grant Administration and Payment System (G5) Cash Requests
- d) Records/reconciliation reports for all Title IV program transactions such as: bank statements for accounts containing Title IV funds; student institution accounts including (for each enrollment period) institutional charges, cash payments, Title IV payments, cash disbursements, and return of Title IV funds; general ledger (control accounts) and related subsidiary ledgers that identify each program transaction and separate those transactions from the institution's other financial transactions; and Federal Work-Study (FWS) payroll records
- e) Federal, state, and independent audit reports and institution responses
- f) State grant and scholarship award rosters and reports
- g) Accrediting and licensing agency reports
- h) Institutional Student Information Record (ISIR) or Student Aid Report (SAR) reports for each student applying for Pell grant.

NOTE: Institutions are required to retain all required records for a minimum of three years (Section 2.10, *The Blue Book*).

XIII. REPORTING REQUIREMENTS-OTHER AGENCIES

Listed are most reports due other agencies, but an institution might have other grants. Each institution should ensure that it understands the requirements of all agencies that require reports.

AGENCY:

STATE:

REPORT

Alabama Commission on Higher Education (ACHE)¹ ¹All reports must be submitted only to ACCS Alabama Community College System (ACCS)	• Non-viable programs - as needed • Fall enrollment - September • Tuition and fee schedule - July • Space data report - July • Annual utilities report - July • Retirement Survey - July • FICA survey - July • Building inventory - June • Inventory of space - November • Land inventory – November • Utilities Generation/Distribution Report - July • Facilities Master Plan - September • Institutional management plan - Summer • Perkins BIA certification • Budgets - June • Budget amendments - as needed • Financial statements - November • College performance (Perkins) • Uniform Guidelines -January • Minority-Owned/Operated Business Vendors report – November • Personnel and enrollments reporting system (PERS)-by term • Errors and omissions -as needed • General liability incidents -as needed • Finance IPEDS – April • College Accountability Performance Profile - Spring
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Alabama State Department of Education (SOE)

Perkins Vocation Education:

- Budget
- Annual expenditures
- Monthly cash request

State Department of Revenue

- State income tax withheld:
- Monthly
- Quarterly
- Annual
- Sales tax reports

Teachers' Retirement System

- Retirement remittance
- Insurance remittance

COUNTY/CITY:

Department of Revenue

- Sales tax
- Occupational tax

FEDERAL AGENCIES:

U S Department of Education - <http://www.ed.gov>

- G5*
- FISAP*
- Equity in Athletics*
- Campus crime statistics* <http://ope.ed.gov/security/>
- IPEDS**
- National Center for Education Statistics (NCES)
- <http://www.nces.ed.gov/>
- FIPSE GRANT
- Fund for the Improvement of Postsecondary Education
- Title III <http://www.ed.gov/offices/OPE/HEP/itudes/>
- Other grants - use Ed hyperlink

Department of Labor <http://www.dol.gov/>

- Grants

Department of Health & Human Services <http://www.os.dhhs.gov>

- Grants

Internal Revenue Service

- Payroll taxes <http://www.irs.ustreas.gov/govt/fsl/display/O,,i1%3D4%26i2%3D19%26genericId%3D78639,DO.html>

*Electronic reporting

** Submitted to ACHE through ADPE hyper link to web site for full reporting requirements

**XIV. OTHER AGENCIES RELATED TO
THE ALABAMA COMMUNITY COLLEGE SYSTEM**

1. Alabama Commission on Higher Education
2. Southern Association of Colleges and Schools
3. Alabama Ethics Commission
4. Alabama Public School and College Authority
5. Attorney General's Office
6. Department of Industrial Relations
7. Retirement Systems of Alabama
 - A. Teachers' Retirement System
 - B. Public Education Employees' Health Insurance Plan (PEEHIP)
 - C. RSA-1
8. Veterans
 - A. Veterans Administration G.I. Bill Benefits
 - B. Veterans Administration Dependents Education Assistance
 - C. State of Alabama G. I. Dependents Education Act
 - D. Disabled Veterans
9. State Department of Education
10. State Department of Examiners of Public Accounts
11. State Department of Finance
 - A. Director
 - B. State Budget Office
 - C. State Comptroller's Office
 - D. Division of Risk Management
 - E. Legal Division
 - F. Purchasing Division
 - G. Telecommunications Division
12. Council on Occupational Education

13. Southern Regional Educational Board

1. Alabama Commission on Higher Education (ACHE) (334) 242-1998

The Alabama Commission on Higher Education was created by a Legislative Act in 1969 to ensure that the State's system of higher education would provide the citizens of Alabama with the highest possible quality of collegiate and university education. The functions of the Commission as related to postsecondary institutions are:

1. Serves as the State agency coordinating board of postsecondary education.
2. Provides long-range plans for postsecondary education and maintains a statewide information system.
3. Reviews all proposed programs of instruction, research, public service and new and existing off-campus courses.
4. Makes annual consolidated budget recommendations for postsecondary education to the Governor and the Legislature.
5. Advises the Governor and the Legislature on all matters concerning State funds for the operation and capital improvements of the State-supported institutions of postsecondary education.
6. Coordinates and administers state and federal student financial aid programs.

The Commission consists of twelve (12) members. Ten (10) are appointed by the Governor, and (1) by the Lt. Governor, and one (1) by the Speaker of the House. The members serve nine-years and must be confirmed by the Senate.

2. Southern Association of Colleges and Schools (404) 897-6100

The Commission on Colleges of the Southern Association of Colleges and Schools is the recognized body in the eleven Southeastern states for Postsecondary degree-granting institutions that award degrees in any or all of the following levels: associate, bachelor's, master's, and doctor's. The Commission on Colleges is a representative body elected by the College Delegate Assembly and charged with carrying out the accreditation processes. Principal concerns in accreditation are the improvement of educational quality throughout the region and the assurance to the public that regional institutions meet established standards.

Each chief financial officer should be thoroughly familiar with the CRITERIA FOR ACCREDITATION that is the manual for maintaining accreditation. A special emphasis should be directed to Sections II (Institutional Effectiveness) Section VI 6.3 (Financial Resources) and Section VI 6.4 (Fiscal Resources).

3. Alabama Ethics Commission (334) 242-2997

Public employees - any member of State, County, or Municipal government who has administrative and discretionary authority for the receipt or expenditure of public funds or who earns in excess of \$50,000 annually must file a Statement of Economic Interest with the Alabama Ethics Commission (Code of Alabama. 1975, Section 36-25-14).

4. Alabama Public School and College Authority (PSCA) (334) 242-7175

The PSCA was established by Act No. 93, Second Special Session, 1963. Alabama Law authorizes the formation of a public corporation for the purpose of providing for the construction and equipment of additional technical colleges and junior colleges and to make capital improvements at existing technical colleges and at institutions of higher learning. Bonds are sold to finance construction projects and other capital outlay needs. The capital outlay needs are submitted by institutions and subject to approval by the ACCS Board of Trustees and the PSCA. After approval has been granted by both the ACCS Board of Trustees and the PSCA, the capital outlay projects may proceed at the local institution. The institution will follow the normal procedures with construction projects, major renovations, and purchases of equipment.

Special invoicing instructions are:

1. Vendor must submit six copies of the invoice to the PSCA.
2. On the face of each invoice must be the statement: "This invoice is true, correct and unpaid." The invoices must be signed by a company representative and his/her signature must be notarized. All six copies of the invoice must be individually signed and notarized.
3. Materials receipts are filled out by the institutions and signed. The material receipts and six copies of the vendor's invoice are sent to the State Building Commission (if applicable), 770 Washington Avenue, Suite 444, Montgomery, Alabama, 36130 for payment.

5. Attorney's General's Office (334) 242-7300

This office assists in legal matters and renders legal opinions as questionable situations arise in

the operation of State entities. College presidents may write to the Attorney General requesting an opinion as to the interpretation of the law.

6. Department of Industrial Relations (DIR) (334) 242-8055

The DIR administers the Unemployment Compensation program. State and local governmental entities are required to bear only the cost of benefits. The two-year colleges are under the method-payments in lieu of contributions or the "Reimbursing" method. The "reimbursing" method requires governmental agencies to make certain advance payments to the trust fund for benefits paid to former employees, which are attributed to wages paid by the agency.

Unemployment Compensation Advance payments are due quarterly using Form UC- CR-4G. This report is due the 10th day of the month following the close of the quarter.

Total wages for all employees, as defined by the law, must be reported on a quarterly calendar basis. Wages are reported on Form UC-10-R. The quarterly report is due no later than 30 days after the close of each calendar quarter.

7. Retirement Systems of Alabama (RSA) (334) 832-4140, 1-800-214-2158

A. The Teachers' Retirement Systems of Alabama was established as a public corporation in 1941, and has the authority to transfer its business, invest its funds and hold its cash and securities in trust for the purpose received. The purpose is to provide retirement allowances for eligible members in accordance with the plan or option the member designates at the time of application for retirement. For more information, you may request brochures from the Teachers' Retirement Systems of Alabama, 135 South Union Street, Montgomery, Alabama 36130.

B. The RSA manages the PEEHIP for approximately 92,000 active and 38,000 retired public education employees. PEEHIP was established in 1983 under the provisions of Act 83-455 of the Alabama Legislature to provide health insurance benefits for active and retired employees of Alabama's public educational institutions who provide or provided instruction at any combination of grades K-14, exclusively under the auspices of the State Board of Trustees. PEEHIP is a self-funded plan with the benefits and rates being determined by a 14-member Board of Control.

C. The RSA manages the RSA-1 Deferred Compensation Plan for any public official or employee of the State of Alabama or any political subdivision thereof who chooses to enroll regardless of age or participation in the Retirement Systems of Alabama. Under this deferred compensation plan, an employee may elect to defer receipt of a portion of his or her salary until a later determined date, usually until retirement or other termination of service. This portion is invested for the employee's benefit. The portion of the salary deferred and any earnings on the investment are not subject to federal or State of Alabama

income taxation until distributed to the employee.

8. Veterans Administration

A. Veterans Administration G.I. Bill Benefits

If a person served in the armed forces between February 1, 1995, and December 31, 1976, and was honorably discharged, he/she may be eligible for educational benefits under the G.I. Bill. He/she can either apply through the Financial Aid office at the college of choice or go through the Veterans Service Office in his/her county. {Chapter 34 - Public Law 96-342}

B. Veterans Administration Dependents Education Assistance

If he/she is between the ages of 18 and 26 and one of his/her parents was permanently and totally disabled, or died as a result of a service in the armed forces, a person may be eligible for VA Educational Assistance. In addition, unmarried children under the age of 18 {or 23 if attending school} are eligible for benefits, if a parent died from service-connected causes. (Public Law 96 - 466)

C. State of Alabama G.I. Dependents Education Act (Alabama G.1.)

A person may be eligible for this program if his/her parent or spouse was a resident of the State of Alabama at the time of entry into the service and was killed, or became disabled, while in service. Educational support includes tuition and books. Claims should be filed at the end of each semester for reimbursement of the educational costs incurred. Claims are sent to the State Department of Veterans Affairs, P.O. Box 1509, Montgomery, Alabama 36192-3701.

D. Disabled Veterans (Chapter 31)

If a veteran is disabled {service connected and usually 30% or more} or has a handicap because of disability, he/she may be eligible for this program. Application for benefits must be made through the Veterans Service office in his/her county. Educational support includes tuition, books, supplies, and tools. Claims should be submitted on a semester basis to the Director of Veteran Affairs, Room 1510-2121 Building 2121 8th Avenue North, Birmingham, Alabama 35203.

9. State Department of Education (334) 242-9111

Adult Basic Education and Federal Vocational funds are disbursed through the State Department of Education upon completion of the proper forms from the institutions.

10. State Department of Examiners of Public Accounts (EPA) (334) 242-9200

The Education Audit Division is responsible for auditing all four-year and two- year institutions. In addition to the Financial Audits of the two-year institutions, the Education Division also conducts Federal Compliance Audits required by the Office of Management and Budget.

11. State Department of Finance A.

A. Director (334) 242-7160

The Director of Finance conducts the financial affairs for the State of Alabama.

B. State Budget Office (334) 242-7230

The budget office processes the Budget Request (EBO) and writes legislative bills that are submitted to the Legislature each year. Appropriations to the Department are processed through the Budget office for payment to the colleges.

C. State Comptroller's Office (334) 242-7050

The State Comptroller's Office disburses the State funds to System colleges.

D. Division of Risk Management (334) 223-6120

The Division of Risk Management provides insurance coverage for buildings and property for all State agencies, colleges, and universities.

E. Legal Division (334) 242-7175

The Legal Division of the State Finance Department maintains all records pertaining to all capital bond issues.

F. Purchasing Division (334) 242-3128

The Purchasing Division bids many items for the entire State and issues a State contract to successful bidders. Contracts are usually good for one year. Colleges may contact the purchasing office to see if a particular item is on State contract. If so, the institution may purchase the item without bidding at the local level. However, the institutions may bid a particular item even though the item is on State contract. Institution should request a copy of the State contract for any item they

wish to purchase. A copy of the State contract may be obtained by contacting the Department of Finance, Purchasing Division.

G. Telecommunications Division

Alabama Tandem Telecommunication Network (ATTNet) is the statewide communication system provided through the Department of Finance.

12. Council on Occupational Education (COE)

The Council on Occupational Education is designed to serve as a quality assurance agency for a variety of postsecondary institutions that provide career and technical education programs. The agency accredits those institutions that offer certification, associate's degrees and diploma-based programs.

13. Southern Regional Education Board (SREB) (404) 875-9211 SREB is a nonprofit, nonpartisan organization that works with 16 member states to improve public pre-K-12 and higher education. Among its many programs and initiatives, SREB:

- Gives legislators and other state leaders the information they need to create sound education policies and take effective action
- Reports state progress on student achievement
- Collects and analyzes comparable data on pre-K-20 education
- Works directly in schools to improve schools and school leadership
- Trains thousands of educators annually in best practices
- Increases students' access to online learning and adult education
- Provides extensive resources for both classroom and online teachers.

XV. AUDITS

References: Code of Alabama 1975. Sections 41-5-1 through 41-5-24 & 41-13-21
NACUBO Financial Accounting and Reporting Manual for Higher Education
State Board Policy 318.01

An audit is the examination of documents, records, reports, internal control structures, and accounting and financial procedures. Three types of audits are common to the institutional environment - external, internal and operational.

A. EXTERNAL AUDITS

Alabama State law created the Department of Examiners of Public Accounts (EPA) in 1947 and required them to examine and audit the books, accounts, and records of every state and county department, board, bureau, and agency. The law further requires them to report to the Legislative Committee on Public Accounts and the Governor every expenditure, contract, or act found to have been made in violation of the law. In addition, external audits may be performed by federal and state grantor agencies.

TYPES OF EXTERNAL AUDITS PERFORMED BY THE EXAMINERS OF PUBLIC ACCOUNTS

There are two types of audits performed by the Alabama Department of Examiners of Public Accounts. They are:

1. Financial and compliance audit of state and local funds. The purpose of this audit is to ascertain whether the financial statements present fairly the financial position and results of financial operations of the institution, in accordance with generally accepted accounting principles, and whether the institution has complied with applicable laws and regulations. There is no charge to the institution for the audit of state and local funds.
2. Federal audit performed under the OMB Circular A-133. Audits of States, Local Governments, and Non-Profit Organizations. The circular requires each audit to encompass all of the financial operations of an institution and to report the results of financial and compliance requirements with generally accepted accounting principles and applicable laws and regulations. The objective of the audit is to determine compliance with OMB Circular A-133. Audits of States, Local Governments, and Non-Profit Organizations (www.whitehouse.gov/omb/circulars/a133/a133.html).

All federal audits will be conducted by the State Department of Examiners of Public Accounts (EPA). The fee for the federal audit is negotiated between the institution

and the EPA Education Audit Division Director and a contract should be executed.

PROCEDURES FOR EXTERNAL AUDIT

1. Entrance Conference

The audit will begin with an entrance conference conducted by the examiners assigned to audit the institution. The field examiners, the EPA audit manager, the institution president, and the chief financial officer are usually present for the entrance conference. The examiners will discuss the scope of the audit and items to be furnished during the audit. They will also discuss the status of written and oral audit recommendations made in the previous audit.

Items commonly requested at the entrance conference include, but are not limited to:

- Letter listing the officials of the institution that served at any time during the audit period
- Policy and Procedures Manuals for the institution's operations
- Chart of Accounts and other description of the accounting systems
- Copy of organizational chart
- Name and address of legal counsel(s)
- Copies of financial statement(s)
- List of all funds and accounts maintained, including petty cash or change funds, during the audit period
- List of contracts and leases negotiated by or involving the institution during or after the audit period
- List of federal agreements, contracts and grants, including corresponding agreement numbers, in which the institution participated during the audit period
- Copies of results of program reviews of federal projects
- Details of current or pending litigation that may have a material monetary effect on the institution's operations
- Copies of State Board of Trustees Resolutions and Attorney General Opinions related to the institution's operations
- Copies of internal audits or reviews conducted by the institution or the Alabama Community College System.

2. Testing Phase of External Audit

a. Required Records

The following items should be made available to the examiners during the testing of account balances and transactions and testing of compliance with the internal

control structure:

- All accounting records
- Copies of year-end worksheets reconciling general ledger and financial statements
- Copies of year-end worksheets detailing conversion from regular statements to GASB 35 statements
- Copies of year-end journal vouchers recording prepaid items, accruals, and deferrals, compensated absences, bad debt expenses, accounts payable and accounts receivable and detailed subsidiary listings substantiating the accounts
- Copies of journal vouchers adjusting fund balances, including supporting documentation
- Bank statements, including cancelled checks and a copy of September statements and reconciliations
- Investment statements
- Documentation that depositories are included on the Listing of Qualified Public Depositories of the Security for Alabama Funds Enhancement (SAFE) Program
- Inventory records, including a copy of inventories at year-end
- Subsidiary listings as of the end of the fiscal year for the following: Fixed assets by categories including depreciation records Receivables Payables
- Cash receipts and deposit records
- Enrollment records
- Payrolls, including supporting contracts, attendance reports and leave records
- 1-9 forms, where applicable
- Employer Quarterly Reports (Form 941)
- Disbursement vouchers
- Purchase Orders
- Bid files
- Applicable federal program budgets and reports
- A schedule of federal awards prepared by the institution and reconciled to the financial statements.

b. Federal Requirements

The review of federal programs is divided into categories specified and explained in Circular A-133. Each grant document should address the specific requirements applicable to that grant. These may be located in the Catalog of Federal Domestic Assistance (CFDA) available on the web at www.cfda.gov.

The requirements are categorized as follows:

General requirements
Political activity
Civil rights
Cash management Federal
financial reports
Allowable costs/cost principles
Drug-free workplace
Administrative requirements
Davis-Bacon Act
Relocation assistance and real property management

Specific requirements Types
of services allowed Eligibility
Matching, level of effort, or earmarking Reporting
Federal personnel
Special tests for student financial aid payments and refunds Claims for
advances and reimbursements
Amounts claimed or used for matching

3. Completion of Field Work

During the audit fieldwork, the examiners will request that management obtain a legal letter from the institution's legal counsel detailing material pending or threatened litigation, claims and assessments. The institution president and the chief financial officer will also be required to provide the examiners with a Management Representation Letter detailing management's responsibilities for the financial statements, supporting records, and transactions.

Upon completion of the audit, the chief financial officer should review and agree with any adjustments to the financial statements made by the examiners. When necessary, entries may need to be made to institution financial records to reflect adjustments made by the examiners.

4. Exit Conference

Upon completion of the fieldwork, the examiners will schedule an exit conference with the president, applicable institution personnel and personnel from the Alabama Community College System. The institution should notify the Alabama Community College System and their State Board representative of the date and time of the exit conference. Items to be discussed include status of prior audit findings, current audit findings, charges against officials, recommendations and the opinion to be rendered on the financial statements, as well as the auditee's response. Results of the audit at this point are in the draft stage. Additional information can be furnished where there are questions and/or differences of

opinion. The items discussed in the exit conference will be those that the appropriate personnel of the institution have been informed of by the examiner during the course of the audit. Until the report is released, the results of the audit are confidential between the Department of Examiners of Public Accounts, the institution and the Alabama Community College System.

Charges against officials and amounts due usually result from transactions involving state or local funds which do not comply with state statutes, local laws, court cases, or legal opinions of the State Attorney General. Noncompliance can be in the form of both revenue transactions (required fees not properly charged and/or deposited) and disbursement transactions (payments made for illegal or improper goods or services). Charges may be made to the president of the institution, to any employee who has received personal gain, or jointly to both. Charges, for instances of noncompliance where direct personal gain is not present, are usually made to the president.

All audits performed according to generally accepted governmental auditing standards and audits that incorporate testing for federal compliance are required to have auditee responses, when applicable. The president of the institution will be furnished those segments of the audit report that include items requiring a response. The response should be a corrective action plan prepared on the institution's letterhead. The institution must describe the corrective action taken or planned in response to the individual findings identified by the auditor. Institutions should restrict the use of draft reports to internal personnel at this stage because the audit results are confidential until the report is released. A final schedule of federal awards will be sent to the institution to be reviewed and signed by the president and returned to the examiners who will file the schedule with the appropriate federal agency or clearing house.

5. Audit Report Distribution

Audit reports pertaining to the Alabama Community College System institutions are distributed to many state, federal, and applicable officials of the institutions. Some specific recipients of the institutions' audit reports are: The District Attorney for the applicable judicial circuit, the U.S. Attorney and the Circuit Judge and Circuit Clerk for the applicable county. The Circuit Judge must refer to the report in his next oral charge to the grand jury. One copy of each report is also certified to the Governor. The Alabama Community College System and the members of the ACCS Board of Trustees receive copies of each audit report. Bonding companies are provided copies of reports upon request. If the institution has long-term bonds, a copy of the audited financial statement must be distributed in accordance with Section 148(f) of the Internal Revenue Code and with the continuing disclosure requirements of 17 CFR 240.15c2-12 under the Securities Exchange Act. The U. S. Department of Education requires each institution to submit its compliance and financial statement audit information electronically using el-Audit. Information regarding this

submission can be found at <https://ezaudit.ed.gov>. U. S. Department of Health and Human Services and the Alabama Department of Economic and Community Affairs are also provided copies of reports involving federal compliance testing. The completed audit is available for a short time after the release date on the EPA website (www.examiners.alabama.gov).

6. Chancellors Letter

When audit reports are received by the Chancellors office the findings, recommendations and comments are reviewed. Also, a review is made to determine if any of the current findings are recurring incidents. A report of the review is written to the institution by the Internal Audit Division to support the action taken by the institution and any other corrective measures which need to be addressed.

B. INTERNAL AUDITS See Section II. Internal Controls for further information.

Internal audits are performed by an employee of the institution to provide an evaluation of compliance with institutional policies, ACCS Board of Trustees policies, and state and federal laws. The audit functions must be based on the organizational structure, policies established by the administration, and written procedures designed to provide internal control. The internal auditor normally reports to the president of the institution and accesses all institutional records necessary to perform the audit function.

If necessary the institution may request the assistance of the Internal Audit Division of the Alabama Community College System when problems with the internal control of the institution are found or suspected.

C. OPERATIONAL AUDITS

An operational audit is performed to examine the results of each function of an operation to determine its effectiveness and efficiency. Both the institution and the Alabama Community College System should conduct operational audits.

The institution should conduct such audits to compare actual performance with those established by institutional policies and procedures. The results of an audit of this nature can provide management with valuable information to meet the goals set for the institution.

The Alabama Community College System Internal Audit Division performs operational audits of two-year institutions upon the request of the Chancellor, president, or ACCS Board of Trustees member. The purpose is to review and ensure operations of the institutions are performed in accordance with ACCS Board of Trustees policies and procedures. The Department reviews and evaluates functional areas such as financial, facilities, and student services.

D. DISPOSAL OF PUBLIC RECORDS

Public records including financial records shall be maintained in accordance with the Department of Archives and History Records Disposal Authority. The general records schedule can be found online at www.archives.state.al.us/officials/RDA.html.