

POLICY TITLE: FINANCIAL OVERSIGHT AND MONITORING

I. Purpose

The purpose of financial oversight and monitoring is to exercise due diligence by the Board of Trustees over College financial activities through planning and reporting based upon criteria established by the Board as well as other legal requirements and restrictions. This includes budget development, ongoing financial monitoring, and compliance with budget and other relevant parameters.

In order to provide better defined policy guidance to the administration and to establish expenditure parameters and define reporting requirements, the College's Board of Trustees annually reviews and approves a budget for all operations and approved capital projects for the ensuing fiscal year. The Board also has the responsibility for selection of an external auditor who will perform an annual audit of the financial records of the college and to render an opinion to the Board as to the financial records conformance with all applicable financial recording and reporting standards.

II. Scope

The adopted budget serves as a financial plan for the administration as well as a reporting and monitoring mechanism to allow the Board of Trustees, on behalf of the students and public, to exercise appropriate due diligence over the financial affairs of the College.

To conform with relevant professional guidance for higher education arising from the adoption of Sarbanes-Oxley in 2002, the Board of Trustees must exercise clear and transparent due diligence in its oversight of college financial activities and establish reporting and monitoring requirements necessary to fulfill its fiduciary duties.

III. General

A. Required budget elements

1. Breakdown of anticipated revenues by source with comparative actual revenues for the preceding two fiscal years, and an original budget, amended budget and actual for each.
2. Proposed expenditures for each major category with comparative actual expenditures for the preceding two (2) fiscal years, and an original budget, amended budget and actual for each.

B. Categorical Reporting Requirements

1. To provide for meaningful budget comparisons and ease of audit comparison, the budget shall subdivide each organizational division, including the number of authorized positions by category by division of the college and by providing the proposed general fund's budget for each of the following categories.
 - 1) Full Time Faculty Salaries
 - 2) Part Time Faculty Salaries
 - 3) Full Time Administrative Salaries
 - 4) Part Time Administrative Salaries and Wages
 - 5) Full Time Support Staff
 - 6) Part Time Support Staff
 - 7) Temporary Full Time Salaries*
 - 8) Student staff (excluding work study and grant funding)
 - 9) Fringe benefits by major categories
 - 10) Contractual Services
 - a. Purchased Services including service contracts and independent contractors
 - b. Professional Services including legal, audit and management consulting
 - 11) Facilities Repair & Maintenance
 - 12) Institutional Expenses
 - 13) Materials and supplies
 - 14) Insurance
 - 15) Utilities
 - 16) Equipment
 - 17) Travel, training, and conferences
 - 18) Budgeted Reserves/Contingency Funds
 - 19) Capital projects budget
- C. The proposed budget will include presentation arranged by the following Activity Classification Structure (ACS) categories:
 1. Instruction
 2. Information Technology
 3. Public Services
 4. Instructional Support
 5. Student Services

6. Institutional Administration
7. Operations & Maintenance of plant
8. Foundation operations and fund raising

- IV. No funds shall be transferred out of reserves/contingency funds without prior approval of the Board of Trustees
- V. The Board of Trustees shall annually set a vacancy factor for overall salaries and benefits to be utilized in budgetary planning. The vacancy factor will serve to limit over budgeting and help keep tuition and fee costs as low as possible.
- VI. Any material variances from the adopted revenues or expenditures shall be reported to the Board of Trustees at the next scheduled meeting. Material variances shall be defined as a 5% or greater increase in expected expenditures in a category, or a 2% decline in anticipated revenues in a revenue category. Such report shall identify the reason for such variances, if identifiable, and what actions the administration is taking to address the variances within the adopted budget. The President shall notify the Board if s/he is requesting any amendments to the budget as a result of the expected variances.
- VII. The President shall be required annually to certify as to the accuracy and completeness of the financial statements as prepared by the college's Chief Finance Officer, who shall be required to certify to the President as to the same.
- VIII. The financial statements and management letter from the independent external auditor shall be submitted directly to the Board of Trustees with copies to the President and Chief Financial Officer (see recommended guidance from regarding this requirement).

IX. Responsibility

The President and the Chief Financial Officer are responsible for implementation of this policy.

Failure to follow this policy may result in disciplinary action up to and including termination of any administrative personnel not complying fully, and in sanctions of any Board trustee who does not comply or circumvents the policy.

Adopted: June 5, 2006, Amended June 15, 2009