

Maine Community College System
Policy and Procedures Manual

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SUBJECT: INTRODUCTION

Effective: July 1, 1990

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SUBJECT: INTRODUCTION

Effective: July 1, 1990

Section: 101 Introduction

Revised: August 20, 2001

The Maine Community College System Accounting Procedures Manual was initiated in April of 1990 to provide a ready reference to Chief Financial Officer – approved accounting procedures for administrators responsible for implementation of such procedures. The CFO is responsible for coordination of the development, issuance and maintenance of the Manual.

All holders of the Accounting Procedures Manual are notified of any sections which should be changed, and are issued copies of new or revised procedures for insertion into the official binder, which is provided by the CFO's office. Manuals are issued to offices at each college designated by the CFO and to System Office accounting/financial managers, the outside auditor and others, as appropriate.

The Maine Community College System Accounting Procedures Manual may also be accessed via the internet at www.MCCS.net. Updates to the Manual may also be accessed from the MCCS web-site.

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Effective: July 1, 1990

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SUBJECT: INTRODUCTION

Effective: August, 1995

Section: 103 Distribution of Manual

The following offices have been provided copies of the Maine Community College System Accounting Procedures Manual:

President, Maine Community College System
President, Central Maine Community College
President, Eastern Maine Community College
President, Kennebec Valley Community College
President, Northern Maine Community College
President, Southern Maine Community College
President, Washington County Community College
President, York County Community College
Executive Director, Center for Career Development

Director of Finance, Central Maine Community College
Director of Finance, Eastern Maine Community College
Director of Finance, Kennebec Valley Community College
Director of Finance, Northern Maine Community College
Director of Finance, Southern Maine Community College
Director of Finance, Washington County Community College
Director of Finance, York County Community College

Carl Chatto, Baker Newman & Noyes
Tim Leet, Legislative Analyst, Legislative Council, Finance Division

Derek Langhauser: General Counsel

MCCS Office: Chief Financial Officer
Controller
Director of Human Resources
Director of State and Federal Programs
Quality Centers Director
Senior Financial Analyst

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SUBJECT: GENERAL ACCOUNTING

Effective: March 21, 1995

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SUBJECT: GENERAL ACCOUNTING

Effective: March 28, 1995

Section: 201 Accounting

Accounting

MCCS accounting data is maintained and reported according to standards prescribed by the American Institute of Certified Public Accountants Guide to the Audits of Colleges and Universities and the National Association of College and University Business Officers. Adherence to these accounting standards ensures the use of a uniform method of accounting classification and terminology.

Fund accounting is used as a basis by which resources are classified for accounting and reporting purposes according to the purpose for which they are to be used and any regulations, restrictions, or limitations imposed on their use. Accounts with fund designations are maintained and prepared on the accrual basis of accounting.

Definitions

Fund Accounting – The process by which resources are classified for accounting and reporting purposes according to the purpose for which they are to be used and any regulations, restrictions, or limitations imposed on their use.

Accrual Accounting – The basis of accounting in which revenues are reported when earned and expenditures when materials or services are received.

Encumbrance – Commitments in the forms of orders, contracts, and similar items that will become payable when goods are delivered or services rendered.

Chart of Accounts – A standardized means of classifying an organization's financial transactions.

Fund – A fiscal and accounting entity with a self-balancing set of accounts showing cash and other financial resources, together with all related liabilities and residual equities of balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

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Fund Types

1. Current Unrestricted
2. Current Designated
3. Current Restricted
4. Endowment
5. Loan
6. Annuity and Life Income
7. Plant
8. Agency

Current Revenues – All unrestricted gifts, grants and other resources earned during the reporting period, and restricted resources to the extent that such funds were expended. This excludes restricted current funds received but not expended because these revenues have not been earned, and resources restricted by external person or agencies to other than current funds. Major classifications: 1) tuition and fees, 2) federal appropriations, 3) State appropriations, 4) local appropriations, 5) Federal grants and contracts, 6) State grants and contracts, 7) local grants and contracts, 8) private gifts, grants and contracts (including business and industry non-credit training), 9) endowment income that is, a) unrestricted, b) restricted from endowment and other funds to the extent expended for current operations, and c) income from funds held by others under irrevocable trusts, 10) sales and services of educational activities, 11) sales and services of auxiliary enterprises, and 12) other sources such as, a) interest income, b) gains and losses on investment of current funds, c) miscellaneous rental and sales, d) expired term endowments, and e) terminated annuity or life income agreements if not material.

Transfers – Amounts moved between fund groups to be used for the objective of the recipient fund group. These monies are to be classified as revenues only in the originating fund.

Mandatory Transfers arise out of, 1) binding legal agreements related to financing of the educational plant such as amounts for debt retirement, interest, and required provisions for renewal and replacement of plant not financed from other sources, and 2) grant agreements with agencies of the Federal government, donors and other organizations to match gifts or grants

Non-mandatory Transfers are made at the discretion of the governing board to serve a variety of objectives, such as additions to loan funds, additions to quasi-endowment funds, general or specific plant additions, voluntary renewals or replacements of plant and pre-payments of debt principal.

Current Expenditures – recognition of the expending of resources of the current fund group toward the objectives of each of the respective funds of the group. The major categories defined by the specific unit or department account number are as follows:

Instruction – expenditures for all activities that are part of an institution's instructional program. This includes: 1) general academic instruction including academic department heads, 2) vocational/technical instruction, 3) formal academic counseling services, 4) special session instruction (if over fiscal year-end report within the fiscal year the program is predominantly conducted), 5) community education (generally not

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resulting in credit toward any formal post-secondary degree or certificate), and 6) preparatory/remedial instruction.

Research – activities specifically organized to produce research outcomes.

Public Service – activities established primarily to provide non-instructional services beneficial to individuals and groups external to the institution, such as, 1) non-institutional community service-conferences, institutes, advisory and reference bureaus, testing services, etc., 2) cooperative extension services, and 3) public broadcasting outside institutional research and academic support purposes.

Academic Support – expended primarily to provide support services for the institution's primary mission of instruction, research, and public service. This includes: 1) libraries, 2) provision of services directly assisting the academic function of the institution, 3) media-audio-visual and computer services (excluding administrative data processing that is institutional support), 4) academic administration, advisory and counseling activities, and personnel services, and 5) separately budgeted support for course and curriculum development. MCCS recognizes academic catalog costs in this category.

Student Services – expenses for the offices of admissions and registration and those activities whose primary purpose is to contribute to the student's emotional and physical well-being, and intellectual cultural and social development outside the context of formal instruction. This would include: 1) student activities, 2) cultural events, 3) newspapers, 4) student organizations, 5) counseling and career guidance, 6) student aid administration, and 7) student health services.

Institutional Support – expenditures for central executive level activities concerned with management and long-range planning; fiscal control and investment operations, including bad debt and short-term interest expense; administrative data processing; space management; employee personnel and records; logistical activities or purchasing, communication, safety, security, storerooms, printing, and transportation; telephone/telecommunications; workers' compensation and civil rights insurance and costs for employee assistance programs; support services to faculty and staff not operating as an auxiliary enterprise; public and alumni relations and development/fund raising. MCCS has designated specific unit 62010, Institutional Operations, for all general institutional operating costs that are not specifically budgeted or allocated to a particular department. Charges to 62010 will include telephone, workers' compensation and civil rights insurance, copier costs, etc.

Operations and Maintenance of Plant – activities for physical plant administration including property, general liability and auto insurance; building maintenance and minor repairs; custodial services; utilities, such as lights and heat; landscaping and grounds; and major repairs and renovations. MCCS has designated specific unit 71010, Plant Operations, for all general operations and maintenance of plant costs that are not specifically budgeted or allocated to a particular department. Charges to 71010 will include such fixed plant costs as snow removal, elevator maintenance, utilities, etc. but will specifically **exclude** any personal services expenditures.

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Scholarships and Fellowships – These expenses include: 1) grants to students, including payments to students in the form of tuition or fee remission, 2) trainee stipends, and 3) prizes and awards. It is not required in this category to perform a service to the institution nor to repay the amount to the funding source. Services required in exchange for financial assistance, such as college work study, should be classified as an expenditure to the specific unit to which the service is rendered. Tuition or fee remission granted to faculty/staff or their family is considered a staff benefit expenditure.

Auxiliary Enterprises – An entity that exists to furnish goods or services to students, faculty or staff, and that charges a fee directly related to but not necessarily equal to the cost of those goods or services. Possible examples of self-supporting activities include residence halls, food service, intercollegiate athletics, college stores, faculty and staff parking, and student health services. All expenditures and transfers related to the operation of the auxiliary enterprise including residence hall counselors, maintenance staff assigned solely to the auxiliary operation, etc. will be recorded in this category.

Fund 2 Designated – These are unrestricted funds for which the Board of Trustees or administration has stipulated a specific use, thereby “designating” them for that purpose only. The following uses are examples: activities designated by the Board of Trustees, auxiliary enterprises, cost sharing/matching, and other such purposes as recommended by the System and College Presidents. This designation may be changed at any time for re-designation for other purposes.

Fund 3 Restricted – Restricted funds are those which are available only for the specific purposes stipulated by the donor or other external agency. The following examples are the usual purposes for restricting funds: grants and contracts, student financial aid programs, and gifts upon acceptance by the Board of Trustees.

Fund 4 Endowment – where donors or other external agencies have stipulated under terms of a gift instrument that the principal of the fund is not expendable, that it 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. With a term-endowment, all or part of the principal may be used after a stated period of time or on the occurrence of a stated event. Quasi-endowment funds function as endowment at the discretion of the governing board of the institution. Except for sales and purchase commissions, all expenses of holding and

managing endowment investments, except real estate, are to be treated as institutional support expenses in the current unrestricted or restricted endowment fund, as appropriate. For funds invested in real estate, income is to be reported in the endowment fund on a net basis after allocating all costs of operating and managing the properties. Income from investment of endowment funds should be reported either as: 1) restricted to the appropriate fund as specified by the terms of the gift instrument, or 2) credited to current unrestricted fund revenues.

Fund 5 Loan – These are resources available for loans for students, faculty and staff that may originate as: 1) gifts of funds that are to be operated on a revolving basis, 2) gifts/grants where repayment proceeds are refunded to the donors/grantors, 3) endowment funds restricted to loan purposes, 4) refundable U. S. government grants to be matched with institutional funds for loans to students, 5) institutional funds transferred from current funds to match refundable U. S. government grants, 6) unrestricted current funds designated by the Board to function as loan funds, 7) income and gains from loan funds, and, 8) interest earned on loans.

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Fund 6 Annuity and Life Income –

Annuity Funds are acquired by an institution under agreements whereby money or other property is made available to an institution on the condition that it lend itself to pay stipulated amounts periodically to the donor or other designated individuals up until such an agreed time that payments are terminated. The assets belong to the institution subject to the liability of future payments to annuitants and are recorded at cost or fair market value at the date of the gift. The liability is stated at the present value of the aggregate liability for annuities payable, based on acceptable life expectancy tables.

Life Income Funds are charitable remainder trusts for which the institution is trustee and remainderman. **Pooled life income funds** are irrevocable gifts of money or securities that are commingled with property of other donors who have made similar transfers. Each donor and/or beneficiary retains a life income interest. Upon the death of the donor or last beneficiary, the donor's share of the pooled fund is severed and utilized for the institution's purposes. A **charitable remainder unitrust** is the irrevocable transfer of money, securities, or property to a separate trust with payments distributed at least annually in an amount equal to a fixed percentage of the net fair market value of the trust assets, determined annually. Upon the death of the last beneficiary, the trust terminates and the assets are distributed to the charitable remainderman. **Charitable remainder annuity trusts** are similar to the unitrust, except the amount of the payment is fixed at the outset.

Fund 7 Plant – These funds consist of: 1) unexpended funds to be used for acquisition of long-lived assets for the institution's purpose, 2) funds set aside for renewal and replacement of institutional properties, 3) funds set aside for debt service charges and retirement of the indebtedness of an institution's plant, and 4) the cost or fair market value at time of gift of long-lived assets.

The subgroups are unexpended plant funds and investment in plant (land, buildings, building improvements, equipment, and library books). As funds are expended for construction, a control account for construction in progress should be maintained in the unexpended plant fund until capitalized at year-end in the Investment in Plant Fund.

Fund 8 Agency – These are resources held by the institution as custodian or fiscal agent for individual students, faculty, staff members, and organizations. Agency funds detail assets and liabilities but do not entail a fund balance.

Account Element Maintenance – The Chief Financial Officer, or his/her designee, is responsible for the maintenance of account element additions, deletions, or cross references. College finance Directors/Business Managers, or their designees, may request the approval of account element changes from the CFO.

Account Cycle and Periods – The account cycle of the MCCS is from July 1 through June 30. Each accounting cycle is divided into 12 periods corresponding to the 12 months of the accounting cycle. Additional periods numbered 13, 14, and 15 are used for recording and accumulating year-end adjusting entries and year-end closing entries.

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Period and Year-end Closing – Each period of the accounting cycle will be closed on the last Friday of the calendar month, with adjustments made for holiday conflicts. The schedule of closing dates will be issued from the System Office prior to each fiscal year.

Authority and Responsibility

The Chief Financial Officer is responsible for the overall maintenance, consistency, and integrity of the MCCS accounting system, in accordance with administrative policy. The College Finance Directors and Business Managers are responsible for ensuring that all financial transactions affecting their college and the MCCS accounting system are consistent with administrative policy. All original accounting entries and changes or modifications to the MCCS accounting system are the responsibility of the CFO. College Finance Directors and Business Managers have authority to recommend to the CFO accounting changes or modifications to best meet the internal financial reporting needs of their local college.¹

¹ References: College and University Business Administration, National Association of College and University Business Officers, Washington, D. C., 1982.

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SUBJECT: GENERAL ACCOUNTING

Effective: January 24, 1990

Section: 202 Student Union and Student
Activity Funds

Student Union and Student Activity Funds

College student union and student activity funds are used to benefit students by supporting activities which augment their educational experience. Such resources contribute to the well-being of students by financing a comprehensive program of extracurricular activities.

Administrative Policy

College student funds must be managed under generally accepted accounting principles to adequately safeguard student financial resources. Funds derived from student activities and fees must be used for the exclusive benefit of students. Separate accounting systems must be used to separately account for funds derived from administratively established student fees and for those under the control of the student government organization.

Authority and Responsibility

College Presidents are responsible for the integrity and accountability of local student funds. Such responsibility may be delegated to the college Finance Directors/Business Managers who may exercise day-to-day authority for the safekeeping of local student funds. College Finance Directors/Business Managers also are responsible for reporting the summary of local student fund financial transactions in the Agency Fund of the MCCA as of June 30 of each fiscal year.

Changes to the amount of the student activity fee shall be requested by the President's management team at each college and authorized by approval of the President and the System President.

Guidelines and Procedures

1. Accounting systems – All student activity fees under the administrative control of the MCCA can either be deposited directly to the student fund's bank account, or it can be recorded as a MCCA deposit in custody for others liability and deposited to the MCCA concentration bank account. These funds are then periodically transferred by check to the local student fund bank account. Fees and proceeds from special events under the administrative control of the student government may be deposited directly to the local student fund bank account.

Student Union and Student Activity Funds

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2. Accounting Principles and Procedures
 - a) All local student funds must be maintained in accordance with the American Institute of Certified Public Accountants Guide to the Audits of Colleges and Universities.
 - b) Local student funds must be maintained in separate bank accounts and must not be commingled with MCCC operating funds.
 - c) Local college student government organizations that employ persons with local student funds must comply with all Internal Revenue Service regulations regarding the reporting of salaries and wages and payroll tax withholding.
 - d) College Business Offices will be responsible for the maintenance of accounting records for local student funds. College Finance Directors/Business Managers will maintain a written record of those persons authorized to withdraw local student funds and to endorse checks against local student fund accounts.
 - e) Segregation of duties must be followed in the reconciliation of local student fund bank accounts and the maintenance of local student fund accounting records. Individuals responsible for reconciling student checking accounts should not have authority to draw checks and deposit funds.
 - f) Interest earned on local student funds must be credited to the local student fund account.
 - g) Disbursements from local student funds must be to the direct benefit of students, as approved by either the student council organization, senior college manager, or student advisor, as appropriate, by means of a signed disbursement authorization.
 - h) Local student funds will not be used to support college operational expenses such as the reimbursement of employee expense vouchers, employee travel advances, the purchase of college goods and services, etc.
 - i) Loans may be made from an established loan fund to students from local student funds only upon the approval of the student governing organization, Dean of Students, and/or Director of Finance. Such loans must be made to support student education and may not be used as an accommodation or for any purpose that may be construed to be a conflict of interest.

3. Student Fund Sources – Student funds may accrue from one or more of the following sources:
 - a) Student activity fees
 - b) Athletic events such as ticket sales, concession sales, program sales, etc.
 - c) Other concession sales
 - d) Vending machine sales
 - e) Gifts for student extracurricular activities
 - f) Student fund-raising activities

4. Gifts and Scholarships – Gifts and scholarships for student educational grants or for the support of instructional programs must not be credited to local student funds. Such

funds represent an integral part of MCCC operating funds in accordance with 20-A, M. R. S. A., sec. 12706 (6).

Student Union and Student Activity Funds

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5. Financial Reporting – Local student funds must be reported as of June 30th of each fiscal year in the MCCC Agency Fund. Each college business office must reconcile these funds and report transactions and balances to the governing student organizations on a periodic basis. At a minimum, one asset and one liability account shall be recorded in the MCCC agency fund. Authorized accounts include: 1) Assets – 101X Cash, 1300 Accounts Receivable, 1400 Notes Receivable, 1410 Allowable for Doubtful Accounts and Notes, 1600 Investments, 1905 Due From Other Funds, and 2) Liabilities – 1805 Due to Other Funds, 2110 Deposits in Custody for Others, 234X Accounts Payable.

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SUBJECT: GENERAL ACCOUNTING

Effective: September 25, 1996

Section: 203 Acceptance of Gifts

Administrative Policy

The Board of Trustees is solely responsible for authorizing the receipt and acceptance of aid, money, or property to carry out the educational goals of the Maine Community College System. Only the Board may accept on behalf of a college or the System gifts with a value over \$1,000; the Board delegates to the college and System Presidents the authority to accept gifts with a value of \$1,000 or less, excluding real property. The Board of Trustees reserves the right to decline any gift which it considers to be inappropriate, burdensome, or contrary to the purpose of its charter.

Authority and Responsibility

College presidents are responsible for the reporting of gifts with a value over \$1,000 to the Board of Trustees in a timely and efficient manner. The System President's office is responsible for the preparation of a summary of the gifts to be presented to the Board of Trustees for their action. The Executive Assistant to the System President will notify the college of the Board of Trustees' decision regarding proposed gifts. A summary of accepted gifts of \$1,000 or less will be prepared by each president as of June 30th and December 31st of each year to be presented to the Board of Trustees through the Finance and Facilities Committee for their information. Each college will be responsible for the acknowledgement of their respective gifts.

Each gift received at any one of the seven technical colleges shall be used at that college. If no college is designated but the intent of the donor is clear through the language used, through prior connections of the donor to a given college or through prior correspondence, the Board will honor such intent. If specific allocation is not evident in the gift transmission, after consideration of all such facts, the Trustees may rely upon the recommendation of the System President.

Each college, upon notification of a gift with a value over \$1,000, will provide the System President's office with information including the nature of the gift, the dollar value, any administrative restrictions, official documents, and copies of any other material concerning the gift or bequest. Each college business office and/or the president's office must maintain a complete file on each gift, not matter what the dollar value.

Effective January 1, 1994, charitable organizations must provide, upon request, a written acknowledgement of a contribution of \$250 or more for the donor to obtain a deduction under IRS code section 170 (f) (8). The law also requires the donor acknowledgement to

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include, among other things, a statement of whether the donee organization provided any goods or services to the donor in connection with a donation in excess of \$75. Any benefits provided to a donor that are deemed to have "unsubstantial value" can be disregarded. For 1994, insubstantial value has been determined to be when: 1) the fair market value of all benefits received is not more than two percent of the contribution or \$64 whichever is less. 2) The contribution is \$32 or more and the only benefits received by the donor in return during the calendar year have a cost in the aggregate of not more than \$6.40; or 3) The charity distributes free, unordered items to patrons in connection with a request for a charitable contribution, and the cost of all such items distributed to any single patron in a calendar year is not more than \$6.40.

As an example of the acknowledgement, the following sample may adapted for use by the colleges:

Dear Donor: (include Donor name and address)

XX Technical College thanks you for your contribution made on (date) of (cash or products-describe). Please retain this receipt as proof of your gift for federal income tax purposes. Your gift is deductible as a charitable contribution in accordance with Internal Revenue Service guidelines only to the extent that it exceeds the value of goods and/or services you received in exchange for your gift.

(Complete/utilize one of the following)

- Goods and/or services (describe) with an estimated fair market value of \$_____ were provided to you. The deductible portion of your contribution is \$_____.
- OR -
- Under IRS guidelines, the estimated value of the benefits you received, if any, is not substantial; therefore, the full amount of your gift is a deductible contribution.

Each college business office, in cooperation with the System Finance and Administration Office, is responsible for the deposit and credit of cash gifts to the correct fund, in accordance with any restrictions placed on the gift by the donor. If a cash donation is received prior to action by the Board, the college business office will deposit and credit the funds to a suspense account pending Board action. Any receipt of currency (excluding checks or other negotiable instruments) in amounts exceeding \$10,000 must be reported to the IRS on Form 8300, Report of Cash Payments over \$10,000 Received in a Trade or Business, within 15 days after receipt. (Forms may be obtained from the System Office.)

Upon approval of a non-cash contribution, the gift will be recorded in the appropriate fund at the fair market value as of the date of the gift. It is the responsibility of the donor to provide the estimated value of the gift through a bona fide appraiser. College personnel with expertise in a given field may estimate values **for internal purposes only** and not for the donor. Upon

Acceptance of Gifts

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receipt of the gift, the college President or Director of Finance is authorized to sign the donor's IRS Form 8283, Non Cash Charitable Contributions, if the donor is claiming a charitable contribution deduction in excess of \$5,000. As of January 1, 1994, Form 8283 is required to substantiate a taxable donation. To assist the donor with the change in this reporting requirement, the President's acknowledgement letter may include the following: "[The President] or [the Director of Finance] is available to sign the IRS Form 8283, Non Cash Charitable Contributions, if it is required for your tax purposes." If this same donated property, the claimed value of which exceeds \$5,000, is sold, exchanged, transferred or otherwise disposed of (excluding publicly traded securities) within two years of the receipt of the contribution, the college is required to report on Form 8282, Donee Information Return, to the IRS within 90 days after disposal of the property.

From time to time, a corporation donated scrap or other items of de minimis value to a college. It is possible for the Board of Trustees to acknowledge this ongoing relationship with a one-time acceptance of the "gift" to ensure that proper recognition is made to the company. In such an instance the following language should be incorporated in the written acknowledgement from the college to the company:

X X Technical College is pleased to enter into a relationship with XYZ Corporation to accept on an ongoing basis items of material or equipment of de minimis value. While this material is considered to be scrap or refuse by your company, the ability to utilize the items as component raw materials or supplies within our programs is of significant benefit to our institution. It is understood that items classified as hazardous material by applicable State or Federal law or regulation will not be offered by you or accepted by us, and that any such items inadvertently accepted by us will be removed by you from our property in compliance with law.

Legal fees involved in processing gifts will not normally be absorbed from gift funds. The college to which the funds are credited will be charged for any legal services incurred in its processing, with the System President's office charged for fees related to designated system gifts.

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SUBJECT: GENERAL ACCOUNTING

Effective: November 29, 2012

Section: 204 Payment of Travel Expenses

Payment of Travel Expenses

1. Purpose

MCCS recognizes that MCCS can benefit from certain employee travel to conduct authorized MCCS business and to further the mission of MCCS. It is the purpose of this procedure to:

- A. Authorize only travel that furthers MCCS business, furthers the MCCS mission, and otherwise complies with this procedure;
- B. Pay only for those travel expenses that are necessary and reasonable; and
- C. Regulate employee travel through the standards of this procedure.

2. Policy

To further the purpose of this procedure, it is the policy of MCCS to require employees to:

- A. Exercise sound discretion and good business judgment in determining the desirability and necessity for travel;
- B. Be cost conscious and spend MCCS money as carefully and judiciously as the individual would spend his or her own money; and
- C. Report such expenses accurately and with the required supporting documentation.

MCCS reserves the right to disallow any travel, travel advance, or travel reimbursement request not in conformity with this procedure.

3. Definitions

For purposes of interpreting and applying this procedure, and unless the context indicates otherwise:

- A. "Travel" means a trip by employees, students (including sports team), trustees or other persons for whom MCCS will pay the costs, except that the travel expenses of visiting accreditors or professional service contractors who are not MCCS employees and for whom travel

Payment of Travel Expenses

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reimbursements are required by virtue of their activity or contract, shall be accounted for as “Professional Services” consistent with standard accounting practices; and

B. “Advance,” “reimburse” and “pay” are used interchangeably to mean “pay.”

4. Standards for Approving Travel

MCCS shall only pay for travel that is deemed necessary and for costs that are deemed reasonable. In determining whether travel is necessary and the cost is reasonable, the travelling employee and approving employee shall each:

- A. Identify the practical ways in which the employee and MCCS will meaningfully benefit;
- B. Identify the anticipated costs of the travel; and
- C. Weigh the benefits of the proposed travel against the anticipated costs and the adequacy of less expensive available alternatives, such as local programming or telephonic or video broadcasts.

5. Persons Authorized to Approve Travel

For routine or regular in-state travel required for an employee to carry out the assigned roles and responsibilities of the employee’s position, no additional approval is necessary. For all other travel, the employee must have the approval of the supervisor. For any travel out of state, an employee must also have the advance approval of the college president, CCD director or system president.

6. Meals

MCCS pays for the actual and reasonable cost, including customary and reasonable gratuities, of necessary meals incurred by an employee while on authorized travel. For all such meals, the need shall be legitimate; frequency shall be limited; and cost, including customary and reasonable tips, shall be reasonable. Costs of meals outside of these standards and of any alcohol are the responsibility of the employee and will not be reimbursed. Employees covered by a collective bargaining agreement are reimbursed for the actual and reasonable cost of a meal up to the limit set forth in the employee’s pertinent agreement. Employees not covered by a collective bargaining agreement are reimbursed for such reasonable and necessary costs.

7. Lodging

MCCS pays for the necessary and reasonable cost of hotel accommodations. Convenience, the costs of the city in which the hotel is located, and proximity to other venues on the individual's itinerary shall be considered in determining reasonableness. Whenever possible, employees shall use available corporate and discount rates for hotels. When lodging accommodations have been arranged by MCCS and the individual elects to stay elsewhere, MCCS pays an amount no higher than the rate arranged by MCCS, and MCCS does not pay for transportation between the alternate lodging and the meeting site.

Payment of Travel Expenses

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8. Conference Fees

MCCS pays for necessary and reasonable expenses of conference fees only if the expenditures are approved in advance and adequate detailed documentation for each expense, including a description of the business purpose of the conference and the specific business matter discussed, are provided.

9. Travel by Personal Automobile

A. Mileage

When employees use their personal car for MCCS travel, including travel to and from the airport, a mileage allowance will be paid at the then-current IRS per-mile rate. Commuting expenses from an employee's residence to the employee's principal MCCS work location are not reimbursable. Commuting expenses from an employee's residence to another work-related location are reimbursable unless the mileage is less than the employee's normal daily commute from home to their principal MCCS work location, in which case there is no reimbursement. If the mileage is greater than the employee's normal daily commute, the employee shall be reimbursed only for the mileage that exceeds the employee's normal daily commute. In the case of employees using their personal cars to take a trip that would normally be made by air, mileage will be allowed at the currently approved rate, provided that the total mileage reimbursement may not exceed the sum of the lowest available round-trip coach airfare.

B. Parking and Tolls

MCCS pays necessary and reasonable parking and toll expenses.

C. Prohibited Reimbursements

MCCS does not pay for violations, such as parking tickets or fines, and does not pay for luxuries, such as car washes and valet service.

10. Travel by Plane

A. General

Air travel reservations should be made as far in advance as possible in order to take advantage of reduced fares. Employees should seek the least expensive flights available under the circumstances. Employees may seek direct, non-stop flights from the airport nearest the individual's home or office to the airport nearest the destination.

Payment of Travel Expenses

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B. Saturday Stays

Employees traveling on behalf of M CCS may, but are not required to, stay over Saturday nights in order to reduce the price of an airline ticket. An employee who chooses to stay over a Saturday night will be reimbursed for reasonable lodging and meal expenses incurred over the weekend, but only to the extent the such expenses result in a net savings. To receive reimbursement for such lodging and meal expenses, an employee must provide, along with the Expense Report, documentation of the amount of the difference between the price of the Saturday stay and non-Saturday stay airline tickets.

C. Frequent Flyer Miles and Compensation Miles

Employees traveling on behalf of M CCS may accept and retain for their personal use frequent flyer miles and compensation miles awarded for an overbooking or denied boarding. Employees may not deliberately patronize a single airline to accumulate frequent flyer miles if less expensive comparable tickets are available on another airline.

D. Ground Transfers

M CCS pays for reasonable costs of necessary ground transfers.

11. Additional Provisions

A. Travel by Bus, Train or Ferry

M CCS pays for necessary and reasonable costs of bus, train and ferry tickets when incurred to conduct M CCS business.

B. Other Reimbursable Expenses

M CCS pays for other reasonable and necessary travel and work-related expenses, such as telephone, postage, fax and internet connection necessary to conduct M CCS business. In addition, reasonable, customary and necessary gratuities, for meals and other services, may be reimbursed.

C. Personal Travel Combined with Business Travel

Employees traveling on behalf of M CCS may incorporate personal travel or business with their M CCS-related trips; provided, employees shall not arrange M CCS travel at a time that is less advantageous to M CCS or involving greater expense to M CCS in order to accommodate personal travel plans. Any additional expenses incurred as a result of personal travel, including but not limited to extra hotel nights, additional stopovers, meals or transportation, are the sole responsibility of the individual and will not be reimbursed by M CCS.

Payment of Travel Expenses

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D. Family and Others' Travel Expenses

Expenses associated with travel of an employee's spouse, family or friends are not reimbursed by M CCS. If a spouse, friend or relative accompanies an employee on a trip, it is the responsibility of the employee to determine any added cost for additional occupancy and related expenses and to make the appropriate adjustment in the reimbursement request.

E. Collective Bargaining Agreements

The provisions of this procedure are intended to be construed consistently with pertinent provisions of each M CCS collective bargaining agreement.

12. Prohibited Expenditures

M CCS does not pay for any travel related expense that is personal in nature, or could be reasonably perceived as lavish or excessive, such as, but not limited to, the following:

- A. Liquor or alcohol;
- B. Spa or exercise charges;
- C. Entertainment as defined in *M CCS Financial Procedure 215*;
- D. Renting or purchasing sporting equipment;
- E. Limousine travel or valet service;
- F. First-class or other ticket upgrades;
- G. Toiletry or clothing purchases; and
- H. Dry cleaning, unreasonable room service, valet service or car washes.

13. Receipts

Receipts are required for all expenditures, excluding highway tolls, over \$10 and for all expenses billed directly to M CCS (such as airfare and hotel charges). Employees requesting reimbursement must submit with their Expense Reimbursement Form written receipts from each vendor showing the vendor's name, a description of the services provided (if not otherwise obvious), the date, and the total expenses (including tips, if applicable).

14. Budgeting and Accounting

The System Office, Center for Career Development and each college shall for each upcoming fiscal year:

- A. Develop and maintain a separate budget for, and accounting of, all travel costs (for transportation, meals, lodging and other related costs). Neither the System Office, Center for Career Development nor a college may exceed its travel budget once it is approved by the M CCS Board of Trustees. Accordingly, such budgets shall account for travel related to the potential for late-year student

recognition or accomplishments, such as honor society events or athletic team tournaments. In the event of increased travel expenses that are caused by external events and

Payment of Travel Expenses

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are required to further the mission, such as but not limited to in-state coordination, grant requirements, student recognition, or athletic tournaments, the System President, guided by the direction and guidelines established by the Board, has the authority to approve expenditures beyond those initially budgeted provided such additional amounts are justified, reasonable and within the scope the System's mission and activities; and

- B. Submit to the MCCC Board of Trustees such budgets for the Board's annual approval, and such accountings for the Board's periodic review.

15. Forms Attached

A. Advance Forms

No travel related expenses may be advanced unless the employee submits an accurate and complete copy of the attached *Expense Advance Form* with all required documentation. No advances will be issued to an individual with an outstanding advance. Any balance due the employee or refund of unused advance should be identified and settled within thirty days of completing the Form.

B. Reimbursement Forms

No travel related expenses, including those on a college or System purchase or credit card, may be reimbursed unless the employee submits an accurate and complete copy of the attached *Expense Reimbursement Form* with all required documentation and receipts. Employees who request a travel reimbursement must submit that Form to their business office within thirty business days of completing the travel.

Maine Community College System
Policy and Procedures Manual

Page: 205 (Page 1 of 12)

SUBJECT: GENERAL ACCOUNTING

Effective: March 28, 1995

Section: 205 Chart of Accounts

Chart of Accounts

The MCCS receives revenues from different sources and must account for the uses of these monies accurately to conform with the wishes of donors, a board of trustees, state agencies and the federal government. To satisfy the information requirements of these constituencies, a chart of accounts has been developed to systematically organize, encode and provide financial information.

Explanation of Numbering Sequence

The numbering sequence provides information regarding the organization, general ledger location and classification, fund, college, and the specific unit or department.

The following is a description of the 12 – digit numbering sequence used by the MCCS:

Position Order	1 2345 6 7 89101112
Example Account Number	1.1012.1.2.11 0 1 0

Position 1 – The number “1” refers to the entity known as the Maine Technical College System.

Position 2 – This number indicates the account’s location in the general ledger. The follow numbers are used:

- 1 – Assets
- 2 – Liabilities
- 3 - Fund Balances
- 4 - Revenues and Receipts
- 5 - Expenditures – Personnel Services
- 6/7 - Expenditures – Other Current
- 8 - Expenditures – Capital Equipment

Positions 3, 4, 5 - These numbers are used to sort accounts within a particular general ledger location. The numbers “012” refer to the account “Cash-in-Bank-CMTC”.

Chart of Accounts

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Position 6 - This number indicates the fund where specific revenues and their related expenditures are grouped for accounting and reporting purposes. The MCCS use the following codes to identify its funds:

Code

0	Default Fund
1	Current Fund – Unrestricted
2	Current Fund – Designated
3	Current Restricted Fund
4	Endowment Funds
7	Plant Fund
8	Agency Fund

Position 7 - This number refers to the specific campus or office within the MCCS.

Code

0	Default School
1	System Office
2	Central Maine Community College
3	Maine Youth Apprenticeship Program
4	Eastern Maine Community College
5	Kennebec Valley Community College
6	Northern Maine Community College
7	Southern Maine Community College
8	Washington County Community College
9	York County Community College

Position 8 - This number indicates the particular function being performed by the MCCS. The following codes are used in the general ledger:

Code

0	Non-current fund transactions
1	Instruction
2	Research
3	Public Service
4	Academic Support
5	Student Services
6	Institutional Support
7	Operation and Maintenance of Plant
8	Scholarships and Fellowships
9	Auxiliary Enterprises
99	Transfer Activity

Chart of Accounts

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Position 9 – This number further categorizes the type of function being performed by the MCCS. For example, instruction is broken down into the following categories:

<u>Code</u>	<u>Description</u>
1	Full-Time Day Students
2	Continuing Education for Credit
3	Continuing Education – Non-Credit

Positions 10, 11, 12 – These numbers refer to the specific department providing the service or performing a function within the MCCS. For example, instruction is provided on a variety of subjects, such as Automotive Technology, Drafting, Refrigeration, etc. These particular departments are identified as follows:

<u>Code</u>	<u>Description</u>
010	Automotive Technology
044	Drafting
162	Refrigeration

Definitions

This section defines general ledger accounts in use. These descriptions can provide guidance on how to record a transaction within the general ledger. These definitions are necessary to standardize the general ledger accounting at all colleges.

Assets

1010 – 1019 Cash-in-Bank

All deposits and withdrawals are recorded here. The balances in these accounts when added together should agree to the balance on a bank reconciliation prepared monthly. The colleges do not maintain separate bank accounts. As a result, the amount in the general ledger is a reasonable estimate of the monies attributable to each college.

1200 - Returned Checks

Includes checks returned by banks because of insufficient funds. When the check is re-deposited and accepted by the bank, an adjustment is made to credit this account.

1220 - Petty Cash/Student Refund Cash

Includes money set aside for small purchases and the monies held in cash register drawers at each college. For monies set aside in a petty cash fund, the total should always equal a predetermined amount when receipts for expenses and actual cash are added together. Also includes funds used to distribute Student Refunds.

Chart of Accounts

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- 1300 - Accounts Receivable**
Includes monies due to the M CCS when services are performed, regardless of when payment is made. This account is debited and a revenue account credited when an invoice is issued. The account balance is supported by an aging schedule run monthly.
- 1310 - Miscellaneous Accounts Receivable**
Includes monies due to the M CCS for services performed that may not fall within the normal course of business of the M CCS.
- 1350 - Due From The State**
Includes monies due to the M CCS as a result of operations between the State of Maine and M CCS. For example, monies due from the Bureau of Public Improvements would be reflected here. This account is credited upon receipt of the money.
- 1400 - Notes Receivable**
Includes monies loaned to students to attend classes at the M CCS. At the time the loan made, this account is debited and a revenue account is credited. When loan payments are received, this account is credited.
- 1410 - Allowance for Doubtful Accounts**
This account contains an estimate of accounts receivable that will become uncollectible. The older the receivable, the greater likelihood it will become uncollectible.
- 1450 - Prepaid Expenses**
Includes prepayment for services to be received after the end of an accounting period. The only expenses that should be recorded are insurance, maintenance agreements, and dues. These expenses should be capitalized only if the individual expense is greater than \$150. This account should be supported by a work paper showing the monthly write-off.
- 1500 - Deposits**
Includes monies paid that will be refunded at a later date. For example, the security deposit paid when renting a building. This account is credited when the deposit is refunded.
- 1600 - Investments**
Monies invested by the M CCS in securities, bonds, CD's, the State cash pool, etc. These monies are invested to provide the M CCS with more income to supplement revenues received from other sources.

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1650 - Interest Income Receivable

This account includes accrued interest earnings from the result of investment activity.

1700 – 1770 Inventories

Includes a record of merchandise or goods located in the bookstores, cafeterias and snack bars. The inventories are recorded at cost. A physical inventory is taken annually, usually at year-end. An adjustment is made so that the balance in the general ledger agrees to the total on the inventory sheets. An offsetting entry is made to a purchases account.

1790 - Notes Due From Other Funds

Includes monies that may be temporarily loaned to another fund.

1800 - Due To/From Other Colleges

This account records the activity between colleges. Money is due between colleges when one college pays for a service on behalf of another college. At that time, one college incurs a liability while the other college has a receivable. At the end of any accounting period when the balances for all colleges are added together, they should equal zero. Each college should have a work paper documenting the source of monies owed and source of monies due to them. The balance on the work paper should agree to the balance in the general ledger at the end of the month.

1805 - Due To/From Other Funds

This account records amount due from one fund to another. Money due between funds occurs when:

- a) Cash is actually transferred between funds
- b) One fund pays an obligation of another fund.

When the balances in all the funds per college are added together, this account should always equal zero. Each college should have a work paper documenting the transfers between funds. The balance on the work paper should agree to the balance in the general ledger at the end of the month.

1830 - Travel Advances

Includes monies requested by MCCS employees before traveling to seminars, conferences, etc. At the time the check is issued, this account is debited. When the employee returns, receipts for travel, lodging, meals are submitted along with any remaining cash. At that time, an adjustment is made to credit the account and record the expenses.

1900, 1920, 1930, 1935, 1950, 1960, 1965, 1970 – Plant Assets

Includes all assets bought and capital improvements made by the MCCS. Additions to these accounts are made at year-end when the assets are transferred into the plant fund from the current fund. Deletions to these

Chart of Accounts

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accounts are made during the year when assets are disposed of either by donation, trade-in, or abandonment.

1929, 1934, 1939, 1949, 1959, 1964, 1969 – Plant Assets – Depreciation

Contra Account to Plant Assets, this includes Accumulated Depreciation by asset type. Account is adjusted at year-end for current year's depreciation. Account may be adjusted during the year when assets are disposed of.

2110 - Deposits in Custody of Others

Includes monies held by MCCS as a custodian for individual students, student organizations and faculty. This is the only liability account in the agency fund.

2130 - Unearned Revenue

Includes monies received before the performance of any services by the MCCS. For example, monies received by June 30 to reserve a space in classes or in the dorm for the upcoming fall semester would be reported here. This account is credited when the money is received. When, for example, the student enters the dorm in the fall this account is debited, and housing fees is credited. Activity in this account should be supported by a detailed work paper listing the source of all monies

2150 – 2170 - Income Taxes Payable

Includes monies for income taxes withheld from all paychecks issued to employees of the MCCS. These accounts are credited, reflecting the liability of the MCCS, when the entry recording gross wages is made in the general ledger.

2180 - Vested Leave Payable

Monies owed to employees of the MCCS for vacation and compensatory time not yet taken by the year ending June 30th. This account balance is supported by a work paper.

2190 - Health Care Spending Account

Monies withheld from the paychecks of employees of the MCCS who have chosen this benefit. Monies withheld are a pre-tax deduction. Claims are submitted by participating employees and reimbursements are made from this account.

- 2195 - Dependent Care Spending Account**
Monies withheld from the paychecks of employees of the M CCS who have chosen this benefit. Monies withheld are a pre-tax deduction. Claims are submitted by a participating employees and reimbursements are made from this account.
- 2200 - Blue Cross/Blue Shield Insurance Payable**
Monies withheld from the paychecks of employees of the M CCS to pay for their portion of the health insurance benefit provided by the M CCS.

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- 2205 - Employer Blue Cross/Blue Shield Payable**
The liability incurred by the M CCS to provide a health insurance benefit to the employees of the M CCS.
- 2210 - Dental Insurance Payable**
Monies withheld from the paychecks of employees of the M CCS to pay for their portion of the dental insurance benefit provided by the M CCS.
- 2215 - Employer Dental Insurance Payable**
The liability incurred by the M CCS to provide a dental insurance benefit to the employees of the M CCS.
- 2220 - Life Insurance Payable**
Monies withheld from the paychecks of employees of the M CCS to pay for additional life insurance than that provided by the M CCS.
- 2225 - Employer Life Insurance Payable**
The liability incurred by the M CCS to provide a life insurance benefit to the employees of the M CCS. The benefit is equal to a percentage of the employee's gross salary.
- 2230 - Retirement Contribution Payable**
Monies withheld from the paychecks of employees of the M CCS to pay for their contribution to the Maine State Retirement System and TIAA-CREF.
- 2235 - Employer's Share of Retirement Contribution Payable**
The liability incurred by the M CCS to fund the retirement benefit paid by the Maine State Retirement System or TIAA-CREF to the employees of the M CCS.
- 2250 - Deferred Compensation Payable**
Monies withheld from the paychecks of employees of the M CCS that provides them with additional income when they retire. These monies are not subject to income taxes until these funds are requested by the employee when he/she has retired.

2260-2280 - Dues Payable

Monies withheld from the paychecks of employees of the MCCA to pay for their yearly union dues and the sick leave benefit provided by the union.

2290 - MSECCA Payable

Monies withheld from the paychecks of employees of the MCCA to pay for their pledge to the United Way.

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2300 - Savings Bond Payable

Monies withheld from the paychecks of employees of the MCCA to purchase a U. S. Savings Bond.

2310 - Court Attached Payable

Monies withheld from the paychecks of employees of the MCCA to pay for court ordered wage attachments.

2320 - Miscellaneous Deduction Payable

Monies withheld from the paychecks of employees of the MCCA for non-recurring miscellaneous items.

2330 - Salaries Payable

A calculation that records wages owed to employees of the MCCA at the end of any accounting period. At year-end, the balance of unpaid wages is comprised of two amounts:

- a) The balance of unpaid wages due all employees of the MCCA at June 30, and
- b) The balance of wages due to employees whose contracts expire August 31.

The liability is normally reversed during the next accounting period.

2340 – 2349 - Accounts Payable

To record amounts due to vendors for services provided to the MCCA. The liability is recorded in the general ledger when the invoices entered into the accounts payable module. The liability is relieved when the check is issued to the vendor. Each college maintains its own accounts payable aging schedule. The balance on the aging schedule should agree to the balance in the general ledger at the end of the month. This includes liabilities incurred by the MCCA for services performed by vendors for which no invoice has yet been received by the MCCA or has yet to be entered into the accounts payable module.

2350 - Sales Tax Payable

Monies collected by the M CCS on the sale of items subject to the state sales tax. The liability is recorded at the time the sale is made by crediting sales tax payable. When the check is issued to the state, the account is debited, removing the liability.

2400 - Deposits Refundable

Monies collected by the M CCS as a security deposit for the privilege of utilizing a property owned by M CCS. Items included are rent deposits and room deposits.

2600 - Bonds Payable – Current

This balance is the amount of the principal due to investors in the next 12 months for all outstanding bonds issued by the M CCS.

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2630 - Interest Payable – Current

This balance is the amount of interest due on all borrowings not paid by the end of the current accounting period. This amount should be supported by a work paper. If an adjustment is made to this account, the offsetting entry is to interest expense.

2710 - Grants and Contract Pre-Payment

This account is credited when the M CCS receives these types of monies, before any services related to these funds have been provided by the M CCS.

2810 - Bonds Payable – Longterm

This includes any Bonds issued by or for M CCS on which M CCS pays the debt service on these funds.

2910 - Lease Obligation – Current

This balance is the amount of principal owed in the next 12 months by the M CCS on a lease agreement entered into for the purchase of a fixed asset (capital lease).

2920 - Lease Obligation - Long-term

This balance is the amount of principal owed for future years, excluding the first 12 months, by M CCS on a lease agreement.

Fund Balance

3010 - Funds Reserved for Encumbrance

The balance in this account represents the amount of the current accounting period's change in fund balance that recognizes future commitments by the

MCCS for goods and services. The account is debited when the commitment is paid.

3015 - Funds Reserved – Renewal/Replacement

The balance in this account represents the remaining funds a college has designated for Renewals and Replacements.

3050 - Fund Balance – Beginning

This balance is the cumulative effect of all the institution's previous years of operations or the net effect of all the changes in fund balances on an annual basis.

3100 - Fund Balances – Current Year

This balance reflects the net effect of revenue and expenditures during the current accounting year. At the end of the current fiscal year, this account is debited with the offsetting credit to account 3050, "Fund Balance-Beginning".

3300 - Investment in Plant

This balance is the value of the MCCS's investment in property, plant, and equipment.

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3350 - Fund Balance – Depreciation

This balance represents the total depreciation expense recorded for property, plant, and equipment.

Revenues

4010-4090 - Revenues and Receipts

A breakdown of the types of revenue earned by the MCCS for the services it provides to the community. These accounts reflect revenue, even if the MCCS has not yet collected it.

4120 - State Appropriations

Appropriations from the State of Maine recorded monthly.

4210-4290 - Government Grants and Contracts

These accounts record monies, either restricted or unrestricted, received from either a federal, state, or local source.

4310-4350 - Private Gifts, Grants and Contracts

These accounts record monies received from sources other than federal, state, and local agencies.

4600-4710 - Sales and Services

These accounts record revenues earned by the MCCS's supporting services such as the bookstore, food service operations, and dormitories.

4810-4899 - Other Revenue

These accounts record revenues of a miscellaneous nature.

4910 – 4990 - Non-revenue Receipts

These accounts record revenues that are either transfers between funds or colleges or revenues that result from an impact on the balance sheet, (i.e. principal reduction of debt, bond receipts, increase in fixed assets.

Expenditures

5100-5190 - Salaried and Wages

These accounts record the breakdown of salaries paid by the M CCS for the current accounting period and/or year.

5310-5395 - Other Compensation

These accounts record the breakdown of other compensation, such as overtime and stipends, paid by the M CCS.

Chart of Accounts

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5500-5550 - Payroll Tax

These accounts record the payroll taxes associated with payroll.

5610-5690 - Fringe Benefits

These accounts record the cost of fringe benefits provided to M CCS employees.

6100-6192 - Professional Services

These accounts record the cost of professional services provided by external vendors to the M CCS.

6210-6280 - Travel Expenses

These accounts record the cost of employee travel related to M CCS activities.

6310-6360 - Vehicle Operation

These accounts record the cost of operating and maintaining M CCS vehicles.

6410-6460 - Utility Services

These accounts record the various utility costs.

6510-6580 - Rents

Cost incurred by the M CCS for its use of buildings, machinery, equipment, land, etc. during the current accounting period and/or year.

6610-6670 - Repairs

Expenses incurred by the MCCA for the maintenance of all property, plant, and equipment. If the expenses appreciably extend the life of the asset, this account should be credited with the offsetting debit to the appropriate capital expense account.

6710-6770 - Insurance

These accounts record the costs of various insurance policies that MCCA maintains for the protection of property and employees.

6800-6890 - General Operating

These accounts record the cost of general operations for the MCCA. Example expenses include postage, advertising, employee tuition and meeting expenses.

6895 - Cash (Over) Short

The balance in this account represents the difference in the receipts deposited into the bank and the amount of receipts indicated on the cash register tape. If deposits are greater than the amount on the register tape, this account is credited. This account is debited if the balance on the register tape is greater than the deposit.

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6950 - Food

The balance in this account represents the cost of food purchased for Culinary Arts and Cafeterias.

7110-7140 - Fuel

These accounts record the purchase of fuel for MCCA buildings.

7200-7295 - Supplies

These accounts record the costs of supplies for all operations of the MCCA.

7300-7395 - Educational Grants, Payments and Other

These accounts record the costs of financial aid, grants, and other miscellaneous expenses.

8110-8250 - Capital Assets

These accounts cover expenditures for a physical resource that is of a relatively long-term nature. These assets can include furniture, fixtures, computer equipment, educational equipment, library books and resources, land, buildings, and building improvements and additions.

Maine Community College System

Policy and Procedures Manual

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SUBJECT: GENERAL ACCOUNTING

Effective: March 21, 1991

Section: 206 Record Retention Guidelines

Record Retention Guidelines

General Accounting

General and subsidiary ledgers				10 years
Final year-end ledgers GL3.1				10 years
Financial statements	monthly;	3 yrs.;	final yr-end	10 years
Balance Sheet	monthly;	3 yrs.;	final yr-end	10 years
Reportwriter Reports	monthly;	3 yrs.;	final yr-end	10 years
Trial balances GL3.2				3 years
General ledgers – monthly GL3.1				3 years
General and subsidiary journals				3 years
Journal entries				3 years
Federal/State income/excise taxes				10 years
Other taxes				6 years

Cash/Accounts Payable/Accounts Receivable

Cash books				10 years
Plant ledgers				10 years
Investment subsidiary records				10 years
Cash management reports				10 years
General/Dept./Div./Petty Cash				
Vouchers/records/backups				6 years
Current cash account activity				3 years
Bank deposit slips				1 year
Bank reconciliation papers				2 years
Check stubs/registers				6 years
Stop payment records				6 years
Bank statements/reconciliations				
General account funds				4 years
ARP report				4 years
Cash allocation report				4 years
Cash receipts and disbursement journals				4 years
Bank reconciliation check register				6 years

Record Retention Guidelines

Accounts Payable

Cash Disbursement Reports/Check Registers		6 years
Paid/cancelled checks		6 years
Stop payment/void records		6 years
Invoices to plan fund		10 years after disposal
Invoices, all other		6 years
AP4.9 Account distribution analysis report, monthly		3 years
AP4.6 Aged open payables	monthly;	until yr. closed & audited
AP5.2 Cash requirement report		until yr. closed & audited
AP4.10 Invoice batch records	after A/P reconciliations, 3 months	
907 Journalization reports	daily;	until monthly summary run
908 Journalization reports	monthly;	until yr. closed & audited

Payroll

Payroll control registers		6 years
Payroll transaction edits		4 years
Misc. CDC reports		2 years
Accounting totals reports		4 years
Savings bond ledgers		10 yrs. After last entry
W 2's		4 years
Paid payroll checks		2 years
Void payroll checks (sent to System Office)		2 years
Time cards		2 years
Work Study time cards		5 years
Accrual and deduction registers		4 years
MSRS reports		4 years
Dues reports		4 years
Wage and tax reports		4 years
Quarterly reports		4 years
Withholding certificates W-4		4 years
Group insurance registers		4 years
Blue Cross/Blue Shield		4 years
Dental		4 years

Accounts Receivable

Daily transaction report		until monthly report run
Summary transaction report	monthly;	5 years
Open trail balance	monthly;	5 years
Total balance report	monthly;	5 years
Other monthly summary reports		until yr. closed & audited

Record Retention Guidelines

Purchasing

PD5.10 PD Detail Report	monthly;	replace when superceded
PD5.10 PD Detail Report	final year-end;	1 year
PD5.5 PD Maintenance	monthly;	until yr. closed & audited
PD5.9 Open Purchase Document	monthly;	until yr. closed & audited
AP1.3 Vendor maintenance	monthly;	until yr. closed & audited
Purge reports		until yr. closed & audited
Contracts		6 yrs. after cancellation
Leases		6 yrs. after cancellation
Permits		6 yrs. after cancellation
Deeds/titles		6 yrs. after properly disposed

Maine Community College System

Policy and Procedures Manual

Page: 207 (Page 1 of 2)

SUBJECT: GENERAL ACCOUNTING

Effective: April, 1992

Section: 207 Political Campaign
Activities/Lobbying

Political Campaign Activities/Lobbying

A college cannot qualify for or maintain tax-exempt status as a charitable organization if it participates or intervenes in any political campaign on behalf of or in opposition to any candidate for public office. This has been interpreted by the IRS to include any monies paid or expenditures incurred by the college in connection with any political campaign, or the publication or distribution of statements opposing or supporting a candidate (excluding participation by students in a political campaign of their choosing to satisfy requirements of a political science course or positions taken by a student newspaper run as an educational endeavor). In addition to the revocation of a college's exemption, severe penalties may also be imposed on the individuals involved in approving or participating in political campaign activity on behalf of the institution.

A college cannot qualify for or maintain its status as a tax exempt charitable organization if it engages in more than an insubstantial amount of lobbying activities. Colleges receiving federal funds from the Department of Education must certify that no federal monies will be used to influence anyone in connection with any phase of a federal grant or cooperative agreement prior to making or entering any agreement over \$100,000. Influencing is defined to mean any attempt to influence any legislation or agreement through an attempt to affect the opinions of the general public or segments thereof, and through communications with any member or employee or a legislative body or any other governmental official or employee who participates in formulation of the legislation or agreement.

Exclusions from the definition of influencing legislation have been defined as follows:

- Making available the results of non partisan analysis, study, or research
- Providing technical advice to a governmental body in response to a written request
- Appearing before or communicating with any legislative body with respect to a possible decision of that body that may affect the existence of the organization, its powers, its duties, its tax-exempt status, or the deduction of contributions
- Communicating with the organization's bona fide members with respect to legislation or proposed legislation or direct interest to them, provided that the communication does not directly encourage the members to influence legislation or directly encourage the members to urge nonmembers to influence legislation.

Political Campaign Activities/Lobbying

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- Communicating with non-legislative government officials or employees²

² References: College and University Business Administration, National Association of College and University Business Officers, Washington, D.C., 5th Edition, 1992.

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SUBJECT: GENERAL ACCOUNTING

Effective: April, 1992

Section: 208 Management of Federal Awards

Management of Federal Awards

The Office of Management and Budget is a federal administrative agency that develops regulations for other agencies and establishes standard procedures for reporting, thresholds, cash request, accounting and other common functions among agencies. The federal agencies receiving the standards require colleges to comply with these regulations as terms of grants and contract agreements.

OMB periodically issues management circulars that provide guidance to the federal agencies but are not directly binding on the institutions. When colleges speak of complying with an OMB circular, they are in fact complying with the implementing regulations that agencies have developed to carry out the mandates of the circulars. This is important as, in certain circumstances, agencies are permitted to implement regulations that deviate from the language in the circular itself. In managing federal awards, it is important for the college to know what regulations the awarding agency requires to be followed.

The following OMB circulars have been given to each college for reference. While these circulars outline the regulations, care must be taken to ensure the regulations are current and applicable to a particular award.

OMB A-21 Cost Principles for Educational Institutions

Contains the principles used to determine costs applicable to research, development and educational services performed by colleges under contracts, grants and other agreements with the federal government. Specifies the allowability and allocability of costs, and describes the process used in developing indirect cost proposals.

Major changes effective for fiscal years beginning on or after October 1, 1991 include the following:

1. The administrative portion of educational institution's indirect cost rates is capped at 26%.
2. Educational institutions must certify that no unallowable costs are included in any proposal to establish indirect cost rates submitted to the Government on or after October 1, 1991.

Management of Federal Awards

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3. New limitations are applied to charges for advertising, public relations and travel. The following charges are now unallowable: alcoholic beverages; alumni activities; institutional – furnished automobiles for personal use; defense and prosecution of criminal and civil proceedings, claims, appeals, and patent infringements; donations and contributions made by institutions; entertainment; executive and legislative lobbying; insurance against defects; fines and penalties; goods and services for the personal use of employees; housing and personal living expenses of an institution's officers; memberships in any civic, community, or social organization or in any country club; selling or marketing of goods or services; and trustees' travel.

OMB A-110 Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-profit Organizations

Establishes standards for cash depositories, bonding and insurance, retention and custodial requirements for records, program income, cost sharing and matching, standards for financial management systems, financial reporting requirements, monitoring and reporting program performance, payment requirements, revision of financial plans, closeout procedures, suspension and termination procedures, standard form for applying for federal assistance, property management standards, and procurement standards.

OMB A-133 Audits of Institutions of Higher Education and Non-profit Institutions

Establishes strict guidelines for organizations receiving federal financial assistance. Requires not only an audit of the financial statements but also the control structure and issues of compliance for major programs over \$100,000 or greater than 3% of the federal expenditures of the institution.

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SUBJECT: GENERAL ACCOUNTING

Effective: April, 1992

Section: 209 Allowable Costs Charged to a Federal,
State or Local Grant

Allowable Costs charged to a federal, state or local grant

Grants that are written should include costs that are allowable under the appropriate federal, state or local guidelines. The federal costs should be in compliance with OMB Circular No. A-21, Cost Principles for Educational Institutions.

Allowable costs include, but are not limited to, full or partial payroll costs based on time and effort reporting, fringe benefits and sabbaticals. Fringe benefits would include items such as health insurance, dental insurance, FICA/medicare, MSRS and life insurance.

Other allowable costs include, maintenance and repair costs, material costs, memberships, subscriptions and professional activity costs, patent costs, plant security and pre-agreement costs. All such costs and others as described in OMB Circular No. A-21, should be documented to be sure they serve the objective of the grant and meet all federal, state and local guidelines.

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SUBJECT: GENERAL ACCOUNTING

Effective: March, 1994

Section: 210 Federal Grant Purchases

Federal Grant Purchases

College Store Procurement – During the course of the year, certain federal grant programs may wish to purchase books and supplies to achieve their stated objectives. As a result of this decision, the grant facilitator may have the option to make that purchase through the campus store. In order to be in compliance with federal regulations, the following procedure will be utilized for such purchases:

- Items purchased through the campus store with federal funds shall only be charged the actual cost of the item, plus any corresponding freight charge.

The federal regulation states that any item purchased through the campus procurement procedures with federal funds should be charged only their actual prices after deducting all cash discounts, trade discounts, rebates and allowances received by the institution. (A-21, Section J-27, Material costs)

Cafeteria Sales – As with any federal grant purchase, each campus that has the facility to provide food services to a federally sponsored activity should be sure that the federal grant is not charged in excess of costs. Also, given the fact that individual food items cannot be individually costed and every cafeteria has the motive to break-even, the following procedure will be utilized for such purchases:

- Federal grants that purchase food services through the on campus food service providers shall be charged the posted prices for all food purchases.

In-House Training – Should an opportunity arise that would allow a grant facilitator to utilize federal funds to provide training for the express purpose of meeting grant requirements, the option of utilizing in-house staff for that training can be a viable option. In order to meet federal requirements regarding the profit of such activities, the following conservative approach can be utilized:

- Comparable training should be surveyed in the surrounding area to determine cost of delivery by outside vendors and in-house training. In in-house training proves feasible to the federal grant, that option should be chosen. However, to be in compliance with federal programs, the retail in-house price should be discounted so as to eliminate any hint of profitability associated with the training provided.

In most cases, this would comply with the federal requirements and allow the federal grant to get the most for their funds.

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SUBJECT: GENERAL ACCOUNTING

Effective: March 21, 1995

Section: 211 UBIT Activities

UBIT Activities

The unrelated business income tax (UBIT) has received significant attention within the higher education community. The colleges of the Maine Community College System have been analyzing those activities that could step beyond an exemption and create a tax liability. As a guideline, MCCS defines exempt activities as those that are related directly to our educational mission. As such, those activities that relate to academic programming or services to support the educational learning of our students remain exempt.

It is the responsibility of each President through the Director of Finance to analyze the activities within the college for UBIT. In instances where a potential for UBIT may be interpreted, an analysis of the activity should be undertaken. The MCCS Chief Financial Officer is available to assist with the analysis, to review the college position, and to work with the external auditors regarding any potential tax issues.

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SUBJECT: GENERAL ACCOUNTING

Effective:

Section: 212 Financial Reporting of Fiscal Year
Activity for Revenues, Expenditures
and Credit Hour Delivery

In order to be in compliance with governmental accounting standards statistical reporting requirements, it is necessary to ensure that a count of credit hour instruction is aligned with the fiscal year's, (July 1st to June 30th) revenues and expenditures. While the fall and spring course work are clearly within the fiscal year period, the summer programs often cross the June 30th fiscal year-end. To clarify the recording of revenues, expenditures and credit hour delivery, the following procedure will apply:

A course that begins instruction and passes the add/drop period by or before June 30th will have all revenues, all actual and estimated expenditures, and all credit hours delivered recorded in the fiscal year ending that June 30th.

A course that begins but passes the add/drop period on July 1st or after will have all revenues and expenditures-to-date deferred into the fiscal year reporting period beginning that July 1st where the total revenues, expenditures and credit hours delivered will be recorded.

Those courses that are non-credit, customized training, and/or funded by restricted resources should use this guideline, as well as the specific circumstances and/or restrictions to interpret this procedure.

**Maine Community College System
Financial Procedures Manual**

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SUBJECT: GENERAL ACCOUNTING

Effective: November 29, 2012

Section: 214 Payment of Meals and Other Food and Beverage Expenses

Payment of Meals and Other Food and Beverage Expenses

1. Purpose

MCCS recognizes that MCCS can benefit from providing customary and reasonable meals to employees, trustees and others when those meals help to advance the MCCS work schedule, business interests or mission. It is the purpose of this procedure to:

- A. Authorize only those meals that further MCCS business, further the MCCS mission, and otherwise comply with this procedure;
- B. Pay only for those meals that are necessary and reasonable; and
- C. Regulate meal payments through the standards of this procedure.

2. Policy

To further the purpose of this procedure, it is the policy of MCCS to require employees to:

- A. Exercise sound discretion and good business judgment in determining the desirability and necessity for meals;
- B. Be cost conscious and spend MCCS money as carefully and judiciously as the individual would spend his or her own money; and
- C. Report such expenses accurately and with the required supporting documentation.

MCCS reserves the right to disallow any meal advance or reimbursement request not in conformity with this procedure.

3. Definition

For purposes of this procedure, a “meal” is food or beverage service provided at the expense of MCCS for its employees, trustees or others, and therefore does not include:

Payment of Meals and Other Food and Beverage Expenses

- A. Student board meals, cafeteria or snack bar services for which students, employees, trustees and others pay individually for their food and beverages;
- B. The colleges' customary catering services paid for by third parties;
- C. Meals to the extent paid for by a source other than M CCS, such as a college or System foundation; and
- D. Travel meals as defined in *M CCS Financial Procedure 204* which are governed by that procedure.

4. Authorized Payments

M CCS only pays for meals, food and beverage service that further the M CCS business or mission; whose cost is reasonable; and that constitute either:

- A. A business meeting meal served as a part of a meeting of M CCS persons, such as employees, trustees, presidents, deans or faculty, and/or with non-M CCS persons, such as legislators, business and civic leaders and other legitimate business guest(s), provided M CCS business is primarily conducted;
- B. Meals, food and beverages provided by or for students as a customary and reasonable part of their recruitment visits, orientation sessions, student activities, or culinary arts or hospitality programs; and
- C. An employee or student recognition or appreciation event, provided such events are periodic and the cost is reasonable.

5. Gratuities

M CCS pays for reasonable and customary gratuities associated with authorized meals.

6. Alcohol

M CCS does not pay for alcohol.

7. Budgeting and Accounting

The System Office, Center for Career Development and each college shall for each upcoming fiscal year:

- A. Develop and maintain a separate budget for, and accounting of, all costs for meals covered by this procedure. Neither the System Office, Center for Career Development nor a college may exceed their meals budget once it is approved below by the M CCS Board of Trustees. Accordingly, such budgets shall account for meals related to the potential for late-year student

Payment of Meals and Other Food and Beverage Expenses

recognition or accomplishments, such as honor society events or athletic team accomplishments. In the event of increased meal expenses that are caused by external events and are required to further the mission, such as but not limited to in-state coordination, grant requirements, student recognition, or athletic tournaments, the System President, guided by the direction and guidelines established by the Board, has the authority to approve expenditures beyond those initially budgeted provided such additional amounts are justified, reasonable and within the scope the System's mission and activities; and

- B. Submit to the MCCS Board of Trustees such budgets for the Board's annual approval, and such accountings for the Board's periodic review.

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SUBJECT: GENERAL ACCOUNTING

Effective: November 29, 2012

Section: 215 Entertainment

Entertainment

1. Purpose

The purpose of this procedure is to ensure that MCCS resources are used consistently with MCCS' enabling law and statutory mission, and to otherwise comply with Maine law governing the expenditure of public funds.

2. Scope

This procedure applies to the System Office, each college and each center of the MCCS (hereinafter collectively "MCCS"). This procedure does not purport to apply to any independent foundation affiliated with MCCS which is subject to its own governance.

3. Definition

For purposes of applying this procedure and 5 M.R.S.A. §12021 et seq., "entertainment," regardless of whether the event occurs on or off MCCS property, includes but is not limited to payment for movie, theater and concert tickets; athletic event tickets (unless for coaches if the purpose is related to recruiting student athletes); clowns, jugglers and magicians; and comedians, storytellers and the like. Entertainment does not include guest lecturers, invited speakers, employment training programs, and programs that are part of an academic program. Likewise, it does not include meals which are governed separately under *MCCS Financial Procedures 214* and *215*.

4. Prohibited

Except as provided in *section 5* below, MCCS does not pay for entertainment.

5. Permitted

MCCS pays for entertainment that is periodic, limited, at fair market value, and mission related, such as music for a graduation, inauguration or other special event. MCCS also permits its student organizations to pay, consistent with other rules of the college, for entertainment from their student activity or other student-raised funds.

Entertainment

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6. Budgeting and Accounting

The System Office, Center for Career Development and each college shall for each upcoming fiscal year:

- A. Develop and maintain a separate budget for, and accounting of, all entertainment costs. Neither the System Office, Center for Career Development nor a college may exceed its entertainment budget once it is approved below by the M CCS Board of Trustees; and
- B. Submit to the M CCS Board of Trustees such budgets for the Board's annual approval, and such accountings for the Board's periodic review.

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SUBJECT: GENERAL ACCOUNTING

Effective: November 29, 2012

Section: 216 Contributions, Memberships, Gifts, Donations and Sponsorships

Contributions, Memberships, Gifts, Donations and Sponsorships

1. Purpose

The purpose of this procedure is to ensure that MCCA resources are used consistently with MCCA's enabling law and statutory mission, and to otherwise comply with Maine law (5 M.R.S.A. §12021 *et seq.*) governing the expenditure of public funds.

2. Scope

This procedure governs payments from any funds held by MCCA for membership dues and fees, gifts, donations and sponsorships (collectively "contributions"). This procedure applies to the System Office, each college and each center of the MCCA (hereinafter collectively "MCCA"). This procedure does not apply to expenditures made by an independent foundation that is affiliated with MCCA when such expenditures are not paid to or through MCCA.

3. Requirements

In addition to complying with the standards of this procedure, any expenditure for membership, gifts, donations and sponsorships permitted by this procedure shall be directly related to the MCCA mission and activities, and documented.

4. Membership Dues and Fees

A. Defined

For purposes of this procedure, "membership" is an individual or institutional affiliation with another organization for which dues are paid and from which certain services are received in exchange for those dues. Fees required for professional licenses, certifications and accreditation are not memberships and should be accounted for separately.

B. Prohibited

Except as provided in the sub-section below, MCCA does not pay for memberships. For clarity, MCCA shall not pay for or reimburse membership in any:

Contributions, Memberships, Gifts, Donations and Sponsorships

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1. Fitness, sporting, social, dining, country, airline, travel and hotel club; and
2. Organization whose significant purpose or activity is to lobby state government.

C. Permitted

1. Institutional Memberships

MCCS pays for institutional memberships (i.e., those in the name of the institution as distinguished from the individual) in professional organizations that provide information that directly furthers the mission of MCCS and/or provide professional development of its employees. Examples of memberships for which MCCS pays include but are not limited to the following:

- a) **National or Regional Professional Organizations**, such as the American Association of Community Colleges (AACCC); American Council on Education (ACE); Association of Community College Trustees (ACCT); American Law Institute (ALI); Association of Governing Boards of Universities and Colleges (AGB); Council for Advancement and Support of Education (CASE); Council for Higher Education Accreditation (CHEA); Council for Resource Development (CRD); National Association of College and University Attorneys (NACUA); National Association of College and University Business Officers (NACUBO); National Association of Student Financial Aid Administrators (NASFAA); and the National Association of Student Personnel Administrators (NASPA);
- b) **Industry Associations** related to the colleges' academic programs; and
- c) **Commercial enterprises**, such as Sam's Club or AAA, for which an institution receives discounted prices or services.

2. Individual Memberships

MCCS pays only for those individual memberships (i.e., those in the name of the individual as distinguished from the institution), including professional licensing fees, that:

- a) Relate directly to an employee's responsibilities;

- b) Advance directly M CCS’ operational needs and strategic goals; and
- c) Are otherwise approved by a college president or director of finance for college employees; the director of the Center for Career Development for Center

Contributions, Memberships, Gifts, Donations and Sponsorships

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employees; and the System president or System chief financial officer for System Office employees.

Permitted individual memberships typically include state or local professional or civic associations, such as a chamber of commerce, Kiwanis, Lions or Rotary club.

D. M CCS Umbrella Memberships

Each college president and the director of the Center for Career Development shall collaborate regularly to determine whether umbrella M CCS memberships can replace duplicate institutional memberships.

E. Annual Review

Persons using an institutional or individual membership shall periodically assess the value and usage of their membership and not renew the same if the service is no longer used or valued.

F. Annual Notice and Report

Each college president and the director of the Center for Career Development shall annually notify the System President of all institutional and individual memberships authorized for payment by M CCS. Each college president and the director of the Center for Career Development shall also annually report to the System President a list of all memberships costing more than \$1,000 in the preceding year.

5. Gifts and Donations

A. Defined

For purposes of this procedure, “gift” means an M CCS payment by cash, check, money order, gift certificate or gift card that is not in exchange for a tangible return of fair market value, and “donation” means a like payment in support of a particular cause.

1. Included

Gifts and donations include:

- a) Prizes, awards or other recognition for academic, athletic, social or professional achievement;
- b) Tokens of appreciation or sympathy; and
- c) Payments to other organizations, including non-profit organizations.

Contributions, Memberships, Gifts, Donations and Sponsorships

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2. Excluded

Gifts and donations do not include:

- a) Scholarships, financial aid, waivers, and emergency student loans;
- b) Settlements of actual or potential claims that include any tuition, fee or bookstore credit; and
- c) Payments by student organizations from student activity or other student-raised funds to support a cause of its choice.

B. Prohibited

Unless permitted by *Section 5.C* below, MCCC shall not make payment by cash, check, money order, gift certificate or gift card as a gift, donation or sponsorship to an organization, charity, civic group or non-profit, even if the activities of such entities promote, further or benefit the programs of MCCC.

C. Permitted

MCCC permits:

- 1) Prizes, awards or other recognition for academic, athletic, social or professional achievement, provided such recognition is customary and reasonable;
- 2) Token gifts, provided such gifts are customary and of de minimus value; and
- 3) Honoraria for distinguished or graduation speakers, guest lecturers, and student volunteers provided such honoraria is customary and reasonable.

D. Reporting

Each college president and the director of the Center for Career Development shall annually report to the System President a list of each person and organization to which the entity gave gifts, donations and honoraria greater than \$1,000 in the preceding fiscal year, and the total amount contributed to each.

6. Sponsorships

A. Defined

For purposes of this procedure, “sponsorship” is a payment of money in support of a cause, event or service in exchange for name recognition and/or good will.

Contributions, Memberships, Gifts, Donations and Sponsorships

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B. Permitted

MCCS pays only for a sponsorship that, pursuant to the following standards, constitutes legitimate advertising:

- 1) The nature of the opportunity or event is directly related to the MCCS statutory mission, duties and activities;
- 2) The target audience and the relationship of the advertising opportunity to that target audience have been identified;
- 3) The amount of the sponsorship approximates the cost of what MCCS would pay through another form of paid advertising to reach the same audience; and
- 4) The success of the advertisement or sponsorship is periodically monitored.

MCCS shall not pay for any other sponsorships, including those that constitute a mere gift, donation or other contribution as defined and prohibited by *Section 5.B* above.

7. Budgeting and Accounting

The System Office, Center for Career Development and each college shall for each upcoming fiscal year:

- A. Develop and maintain a separate budget for, and accounting of, all payments for contributions, membership dues and fees, gifts, donations, and sponsorships;
- B. Document each payment for a contribution, membership, gift, donation and sponsorship; and
- C. Submit to the MCCS Board of Trustees such budgets for the Board's annual approval, and such accountings for the Board's periodic review.

8. Annual Reports

MCCS shall annually report to the Legislature a list of all persons to which MCCS made contributions greater than \$1,000 in the preceding year and the total amount contributed to each such person.

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SUBJECT: GENERAL ACCOUNTING

Effective: April, 1994

Section: 250 Index

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	<u>Accounting Practices</u>
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SUBJECT: GENERAL ACCOUNTING

Effective: July 1, 1990

Section: 250 Accounting Practices

The purpose of the accounting practices is to ensure consistent application of financial activity in accordance with these standard accounting procedures. These guidelines will assist business office personnel in their day-to-day activities by clarifying preferred accounting treatment methods.

Accounting Practices – Asset Capitalization

Assets purchased with any fund sources meeting dollar level requirements for capitalization need to be recorded in the plant fund before fiscal year-end. While there are alternative ways to treat this transaction, for consistent recording the following treatment is recommended.

In the following examples, please utilize the appropriate 19XX asset and 8XXX capital expenditure account for the specific capitalization activity.

Examples:

1)	2340-1-1-00000	A/P		(750)
	8110-1-1XXXXXX	Computer Equip	750	

To record purchase of computer widget.

	1940-7-1-04010	Movable Equipment	750	
	4925-7-1-04010	Net Investment in Plant		(750)

To capitalize computer widget in plant fund.

2)	1935-7-1-04010	Building Improvements	100,000	
	4925-7-1-04010	Net Investment in Plant		(100,000)
	4860-7-X-04010	State Public Improve Funds		(100,000)
	8230-7-X-04010	Building Improvement	100,000	

To capitalize BPI non-cash repair for building improvement.

Note: Repairs made with BPI repair and improvement funds would be capitalized at year-end using the first two lines of the above entry.

3)	1940-7-X-04010	Movable Equipment		(950)
	1949-7-X004010	Depr. Equipment	855	
	8195-X-7-04010	Disposal/Fixed Assets	95	

To dispose of previously capitalized fixed asset with accumulated depreciation of \$855.

Accounting Practices – Bond Accounting

As the colleges receive invoices for construction/capital improvements with the 1999 general fund bond issue and subsequent bond issues, the Director of Finance will be responsible for obtaining signature approval from his/her college president or designee and other representatives, as appropriate. The Director of Finance will then make a copy for his/her files and for other representatives, as appropriate, and forward the signed original invoice to the System Office, where it will be vouchered into the Accounts Payable system. For major construction-related invoices, the Bureau of General Services will sign the invoice during the weekly construction meetings or, upon receipt of a copy of the invoice, will fax an approved copy to the System Office. When checks are to be issued for bond invoices, a memo will be sent to the Deputy State Treasurer in the State Treasurer's Office listing the invoices to be paid and requesting a transfer of bond proceeds into the MCCA cash pool account. Original invoices will remain as documentation for the Accounts Payable system with copies of the invoices filed at the college in a separate bond file.

Invoices will be vouchered in A/P as a debit to

	8230-7-X-01090	Building Improvement, Unexpended Plant
<or>	8220-7-X-01090	Building Construction, Unexpended Plant

When funds are transferred from State Treasurer's office

Debit	1100-1-1-00000	Cash Equivalents
Credit	1800-1-1-00000	Due to/from Campus
Debit	1800-1-X-00000	Due to/from Campus
Credit	1805-1-X-00000	Due to/from fund
Debit	1805-7-X-01090	Due to/from Fund
Credit	4915-7-X-01090	Proceeds General Purpose Bonds

On a regular basis, the following activity will be recorded by the local college:

	Debit	1935-7-X-04010	Building Improvements
<or>	Debit	1970-7-X-04010	Construction in Progress
	Credit	4925-7-X-04010	Net Investment in Plant

When the building is complete, the construction in progress account 1970 will be re-classed to a 19XX building asset account.

Accounting Practices - Stop Payments/Void Checks

In order to facilitate better control and reconciliation of cash, all stop payments and void checks will be run through the PWS/Ideas System. The following procedures should be used:

- 1) When you are contacted by a vendor questioning payment, verify your records that a check has been issued and has had ample time to reach the vendor.
- 2) Contact the Accounts Payable Clerk at the System Office, who will then contact the bank to determine whether the check has cleared and if a stop payment is necessary.
- 3) Prepare the Void/Stop payment form and send it to the Accounts Payable Clerk to back-up the telephone call stating the check number, issue date, payee, the amount of the check, and the reason for the stop/void (i.e. wrong vendor, duplicate payment, etc.). If a void, be sure to enclose the original check. **The Stop Payment will only be Placed upon Receipt of this form.** As all stop payments and voids must be processed within the monthly accounting period in which it occurred, the memo may need to be faxed to the System Office if it occurs during the last week of the period. Please be aware of this as you consider closing period activities.
- 4) Once all the information has been received at the System Office, the A/P Clerk will process the stop payment/void through the system. The system will then create the appropriate journal automatically to reverse the entries on the general ledger.

Accounting Practices – Transfers

Any permanent transactions between funds at a college must utilize either account 4940-mandatory transfer or account 4950-non-mandatory transfer. This action must occur if the information is to be correctly reported in the Statement of Changes in Fund Balance in our year-end audited financial statements.

The transfer consists of amounts permanently moved between fund groups to be used for the objective of the recipient fund group. These monies are to be classified as revenues only in the originating fund. Mandatory transfers arise out of binding legal agreements related to financing of the educational plant, such as amounts for debt retirement, interest, and required provisions for renewal and replacement of plant not financed from other sources, and grant agreements with agencies of the Federal government, donors and other organizations to match gifts or grants. Non-mandatory transfers serve a variety of objectives, including but not limited to, additions to loan funds, additions to quasi-endowment funds, general or specific plant additions, voluntary renewals or replacements of plant and prepayments of debt principal.

Transfers reflecting a revenue/expense to a particular specific unit should be recorded to that specific unit to show an increase/decrease to the fund balance, otherwise the specific units 99998 – mandatory transfers, and 99999 – non-mandatory transfers, should be used.

Non-permanent transactions such as inter-fund loans or the transfer of expenses that expect to be reimbursed should utilize the 1805-due to/from fund account. The 1805 account will be reconciled monthly at each location and, when consolidated across all funds, shall always equal zero.

Examples:

1.	4940-1-X-90020	Mandatory Transfer	500	
	4940-1-X-90030	Mandatory Transfer	500	
	101X-1-X-00000	Cash		(1000)
	101X-7-X-03010	Cash	1000	
	4940-7-X-03010	Mandatory Transfer		(1000)

To record debt service transfer in order to pay the debt service bond.

2.	4950-1-X-99999	Non-mandatory Transfer	500	
	101X-1-X-00000	Cash		(500)
	101X-7-X-02020	Cash	500	
	4950-7-X-02020	Non-mandatory Transfer		(500)

To record a voluntary transfer of fund to pay for renewal and replacement of plant.

3.	8110-1-1-99999	Computer Equipment		(750)
	4950-1-1-99999	Non-mandatory Transfer	750	
	1940-7-1-04010	Movable Equipment	750	
	4925-7-1-04010	Net Invest. In Plant		(750)
	4950-7-1-04010	Non-mandatory Transfer		(750)
	8110-7-1-04010	Computer Equipment	750	

To capitalize computer equipment in plant fund when originally purchased in Fund 1.

4.	1805-1-X-00000	Due to/from fund	1,000	
	6720-1-X-XXXXXX	Insurance – Equipment		(1,000)
	1805-2-X-00000	Due to/from fund		(1,000)
	6720-2-X-XXXXXX	Insurance – Equipment	1,000	

To transfer insurance expense to Fund 2. Format to utilize when matching grants.

Accounting Practices - Inter-Campus Charges

From time to time, one location will need to transfer a revenue/expense to another college or the System Office. To ensure that this transfer is properly recorded at each school and in the same accounting period, the attached ICC form (Inter-Campus Charges) has been developed. To aid in the reconciliation of this activity, one control asset account – 1800 Due to/from college – will be the offset at the college for the transfer. The 1800 account will be reconciled monthly on a system-wide basis, and if the transactions are recorded properly, shall always equal zero.

The information required on the two-part ICC form will be completed by the originating college. The control numbering system on the pre-numbered forms will have the school letter followed by 4 digits. On the form will be the accounting period, date the form was filled out, dollars, To:, From:, a description of the transaction, the FQAs on the originating college J/E, and necessary signatures. Once approved, the support documentation is attached and the original copy is sent to the receiving location. The journal entry on the originating college with the copy of the ICC attached will reference the ICC number, as will the journal prepared by the receiving college. To ensure the activity is recorded on both sides in the same period, late ICC's may need to be faxed to the receiving college.

Examples:

1.	2342-1-2-00000	A/P		(100)
	1800-1-2-00000	Due to/from college	50	
	6160-1-2-XXXXX	Legal fees	50	

CM records legal fee, 50% to be paid by EM. ICC C-0001 is prepared and sent to EM with a copy of the invoice.

- When an ICC is sent from Fund A on one college to be recorded in Fund B at the second college, the receiving college will accept the charge in Fund A, then use the Due to/from fund account to transfer the dollars to Fund B.

	1800-1-4-00000	Due to/from college		(50)
	1805-1-4-00000	Due to/from fund	50	
	1805-2-4-00000	Due to/from fund		(50)
	6160-2-4-XXXXX	Legal Fee	50	

To record legal fee paid by CM –ICC C-00001 and transferred to Fund 2.

Accounting Practices - Year-End Assignments

The Maine Community College System is on a July 1 to June 30 fiscal year. At the end of each fiscal year, the services of an independent outside auditor are secured to verify the validity of the accounting transactions and to ensure that proper controls are in place. The following reconciliation descriptions are noted as a guide for internal control steps to finalize the year-end accounting. They may also be utilized to varying degrees for each month-end.

Procedure

Cash-in-Bank (1010-1018)

Cash balances for all bank accounts are summarized in the subsidiary ledger. Bank balances should exclude any investments (certificates of deposit). Activity through June 30 should be recorded prior to reconciliation.

Reconcile as of June 30 the balance per banks to the balance per the general ledger. Important points to consider are:

- a. Provide a complete description of each reconciling item on the bank reconciliation work paper.
- b. Prepare any journal entries necessary to adjust the balance per general ledger to the balance per the reconciliation.

Returned Checks (1200)

Prepare schedule listing checks deposited but returned due to insufficient funds (not computerized) and reconcile to the general ledger. Comment on collectability.

Petty Cash (1220)

Reconcile all petty cash and change funds as of June 30. Totals must agree with the general ledger account balance. If there is a petty cash checking account, prepare the following:

- a. Prepare positive confirmations asking for verification of amount and custodian as of June 30.
- b. Reconcile the balance per bank to balance per general ledger.

Accounts Receivable (1300)

Prepare a detailed listing of the accounts receivable and balance to the general ledger. Prepare an aging schedule to determine the days outstanding breakdown of accounts receivable to assist in determining eligibility. Compare the balance of receivables on the aging schedule to the balance in the general ledger. Write off any un-located differences.

Due from the State (1350)

Prepare a detailed listing of all monies due from the State of Maine at year-end showing:

- a. Source of funds – particular branch or agency
- b. Amount of monies to be received

Reconcile the balance per the general ledger to the balance per the schedule. Prepare a journal entry, if necessary.

Allowance for doubtful accounts (1410)

The allowance for doubtful accounts should be calculated using the following criteria:

- a. The efficiency of the college collection process, and
- b. Amount of receivables by aging category

A template provided by the System Office will calculate the amount of the allowance unique to each college, if it is used properly.

If necessary, prepare a journal entry to adjust the balance per the general ledger to the allowance on the work paper. The bad debt expense account will receive the off-setting debit or credit, as necessary.

Prepaid Expenses (1450)

Prepare a detailed list as of June 30 or prepaid expenses showing:

- a. Type of expense
- b. Period covered
- c. Total amount of payment
- d. Amount expensed in the current year
(total payment time months remaining in current year to the months or expense period)
- e. Prepaid Portion

(total payment times months remaining in next year to the months or expense period)

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The only expenses to be considered prepaid are insurance, maintenance contracts, and dues. If the total payment for the service is less than \$250, then it should be expensed in the current year as an operating expense.

Investments (1600)

Prepare a detailed list of investments, such as bonds, securities, CD's, etc., held at June 30, showing:

- a. Name of investment, including bank
- b. Date purchased
- c. Face amount (cost)
- d. Interest rate
- e. Total accrued interest (from date of purchase to June 30)

Reconcile the balance per the general ledger to the balance obtained on the workpaper. If necessary, prepare an entry to accrue interest receivable, debiting interest income receivable and crediting interest income. Determine the market price on June 30 for all bonds and securities, using the Wall Street Journal dated July 1.

Inventories (1700, 1730, 1770)

Summarized the inventories of the bookstore and cafeteria, etc., as of June 30. The summary should provide a breakdown as to the amount of canned goods or textbooks, etc. Explain significant variations from prior year. A memo on the basis used for costing the inventories should be part of the analysis. Each inventory balance is to be supported by detailed sheets showing items, costs, extensions, and page totals.

Advances to Employees (1830)

Travel advances received no later than July 5 will be included in accounts payable if the travel was prior to June 30.

Prepare a detailed list of travel advances at June 30 showing:

- a. Name of individual
- b. Period covered by request
- c. Amount of advance payable

Physical Plant Assets (1900 –1970) (8110 – 8230)

Reconcile asset additions for the current year to the balance in the general ledger accounts (8110 – 8230).

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Prepare a detailed list of asset additions using current year invoices for the year ending June 30 showing:

- a. Date purchased
- b. Vendor
- c. Purchase order
- d. Description of asset
- e. Cost

Purchases that have a cost of less than ~~\$500~~ \$1,500 when shipping is included, should be reclassified to miscellaneous minor equipment and expensed. Prepare a detailed list of asset dispositions for each general ledger account for the current year. Purchases of less than \$1,500, originally funded by the plant reserve, should be reclassified to an Operation & Maintenance or other specific units, at fiscal year-end.

Prepare a schedule reconciling all fixed asset balances for the current year. The schedule should contain the following information:

1. Balance at the beginning of the current year: This balance should equal the ending balance in the account from the prior year after any audit adjustments.
2. Total dispositions in the current year from the appropriate general ledger account.
3. Total additions, which includes any transfers from other funds, in the current year.
4. The balance in this column is the net effect of all current year activity explained in items 1, 2 and 3. The balance in this column should agree to the ending balances in the general ledger before audit. If any differences exist, analyze and prepare a journal entry to adjust the general ledger balance.

Deposits in Custody of Others (2110)

Prepare a list of monies in escrow for others. Reconcile the total to the balance in the general ledger.

Unearned Revenue (2130)

Prepare a detailed list of monies received from students and the type of monies received such as housing, tuition, other fees, etc. Reconcile the total from the work paper to the balance in the general ledger.

Payroll Taxes Withheld (2150 – 2170)

Prepare a worksheet on each type of tax withheld and reconcile to the balance in the general ledger. Provide information as to date, check number, and amount of the liability paid to the federal and state governments.

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Vested Leave Payable (2180)

Prepare a schedule of vacation and compensatory time payable to employees as of June 30. Reconcile the work paper balance to the balance in the general ledger. Since this account is only adjusted at year-end, prepare an entry to adjust the balance in the general ledger.

Other Payroll Withholdings Payable (2200 – 2235) (2300 – 2320)

Prepare individual worksheets for each type of other withholdings, such as medical and dental insurances, retirement contributions, etc. Reconcile these amounts to the balance in the general ledger. Provide information such as date, check number, and which liabilities were paid after June 30.

Deferred Compensation Payable (2250)

Prepare a worksheet on the amount of the monies withheld, and reconcile to the balance in the general ledger.

Dues Payable (2260 – 2290)

Prepare a worksheet on amounts withheld from the employees' payroll checks, and reconcile to the balance in the general ledger. Provide information such as date, check number, and amounts paid after June 30.

Salaries Payable (2330)

Record the amount of wages earned by employees but not yet paid to them for the month ending June 30. Also, record the amount of monies due to staff under contracts expiring August 31. Prepare a journal entry to adjust the balance in the general ledger to the balance on the work paper.

Accounts Payable (2340 – 2348)

Using the accounts payable module, run an open accounts payable detailed listing showing vendors, vendor invoice number, and amount owed at June 30. Reconcile to the general ledger.

Miscellaneous Accounts Payable (2349)

Prepare a detailed listing of services received by the M CCS at June 30, for which no invoice has yet been received by the M CCS. Reconcile this balance to the balance in the general ledger. The account balance can be confirmed by examining the purchase order for an estimate of the cost or by directly contacting the vendor.

Sales Tax Payable (2350)

Obtain the final sales tax return for the month ended June 30. Reconcile the balance in the general ledger to the liability per the sales tax return.

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Bonds Payable

Prepare a schedule of all bonds outstanding at June 30, detailing the amount of principal payable during the next five 12-month periods and the amount payable after that time. Reconcile the total liability at the end of the current June 30 year-end to the general ledger.

Notes Payable

Prepare a schedule of all notes outstanding at June 30, detailing the amount of principal payable during the next five 12-month periods and the amount payable after that time. Reconcile to the general ledger.

Interest Payable

Prepare a schedule of interest expense to be paid by June 30. This estimate is obtained by taking the number of days between when a debt payment was last made and June 30 and multiplying this percentage of a month by the interest portion of the next debt payment.

Grant and Contract Prepayment

Prepare a schedule listing any grant monies received by June 30 for a program that has not yet started. Reconcile to the general ledger.

Mortgage Payable

Prepare a schedule of all mortgages outstanding at June 30, detailing the amount of principal payable during the next five 12-month periods and the amount payable after that time. Reconcile to the general ledger.

Lease Operations

Prepare a schedule of all leases outstanding at June 30, detailing the amount of principal payable during the next five 12-month periods and the amount payable after that time. Reconcile to the general ledger.

Accounting Practices - Transfer of Funds for Plant Reserves

As appropriate, each college may begin to establish a reserve for the potential replacement or renewal of plant assets. In order to achieve this, a portion of funds identified as savings during the course of the year can be designated for this purpose. To allow for consistent treatment across all colleges, the following entries should be utilized.

4950-1-X-99999	Non-mandatory transfer	1000	
1805-1-X-00000	Due to/from fund		1000
1805-7-X-02010	Due to/from fund	1000	
4950-7-X-02010	Non-mandatory transfer		1000

To transfer excess funds for plant maintenance reserve.

At year-end, the balance in specific unit 02010 (Renewals and Replacements) will be closed out to account 3015 – Funds Reserved – Renewal/Replacement.

Accounting Practices - Allocation of Cost

When transferring indirect costs from one department to another, the following practice should be followed:

7375.X.X.XXXXX	Cost Allocated
4290.X.X.XXXXX	Government Cost Recovery
or	
4350.X.X.XXXXX	Private Cost Recovery

The department that originally received the grant would debit Cost Allocated. The department that has provided the services would credit Government Cost Recovery or Private Cost Recovery, depending on the type of grant.

This will provide the responsibility center manager with the ability to track the original costs to his/her department in total.

This method can be used for Indirect Cost Formulas and Direct Cost Allocations.

It may appear as if revenue is being recorded twice, but it is not. Any amounts recorded in Accounts 4290 or 4350 will be recognized as Cost Recovery Revenue only.

Accounting Practices - Return of Employee Advances

Due to problems with the cash allocation process, employee expenses that are less than the original advance should not be processed through the accounts payable system as a zero dollar invoice. If the advance was from one fund but the expenses were charged to another fund, cash is not being allocated to the proper fund.

The following procedure should be used when an employee's expenses are less than the amount of the advance:

1. The amount returned should be deposited and reported on a Cash Receipt Summary.
2. The remaining expenses should be done by a journal entry,

Example:

An employee has received an advance for \$400.00. His expenses total \$350.00. His advance was charged to fund 1 and his expenses are also being charged to fund 1.

1.	Debit Fund 1 Cash	50.00	
	Credit Fund 1 Employee Advances		50.00
2.	Debit Fund 1 Expenses	350.00	
	Credit Fund 1 Employee Advances		350.00

If his expenses were charged to fund 3:

1.	Debit Fund 1 Cash	50.00	
	Credit Fund 1 Employee Advances		50.00
2.	Debit Fund 3 Expenses	350.00	
	Credit Fund 3 Due to/from		350.00
	Debit Fund 1 Due to/from	350.00	
	Credit Fund 1 Employee Advances		350.00

Accounting Practices - Endowment Accounting

In order for the Maine Community College System to be in compliance with Generally Accepted Accounting Principles, the following procedures should be used to properly record Endowment Funds.

Gifts that are considered to be endowments are recorded in the endowment fund as gift revenue. If the gift stipulates that investment revenue is restricted, the investment revenue will be recorded in Fund 3 and expensed as requested by the donor. If the gift stipulates that investment revenue is unrestricted, the investment revenue will be recorded in Fund 1 or 2, depending on the college's designation, and then expended accordingly.

Initial Endowment Gift:

1014-4-4-80100	-	Cash	\$500,000	
4340-4-4-80100	-	Private		\$500,000

Investment Revenue (Restricted)

1600-3-4-80100	-	Investments	\$20,000	
4510-3-4-80100	-	Endowment Income		\$20,000

Investment Revenue (Unrestricted)

1600-1-4-80100	-	Investments	\$20,000	
4510-1-4-80100	-	Endowment Income		\$20,000

Endowment Expense (Restricted To Record Scholarship

7310-3-4-80100	-	Scholarships	\$5,000	
1805-3-4-80100	-	Due to/from Fund		\$5,000
1805-1-4-00000	-	Due to/from Fund	\$5,000	
1300-1-4-00000	-	Accounts Receivable		\$5,000

Accounting Practices - Recording of Cost Matching/Sharing

Cost Sharing

Cost sharing (matching) occurs when college funds and resources are contributed to the support of a sponsored program. It may be required by law or agency regulations on a wide variety of federally sponsored projects or by private and local governmental organizations who prefer not to pay the full costs of a sponsored program.

Documentation of cost sharing is required by OMB Circular A-110. If a commitment to share in the costs of a project is made, the shared costs must be documented on the accounting records, or there is a risk that the costs would be disallowed. If a sponsored program requires that the college provide some source of cost matching/sharing, the following procedures should be used to record this in the accounting records. To record any cost matching, the same specific unit will be used in both the unrestricted fund and the restricted fund.

Indirect Costs

If indirect costs are utilized for the matching requirement, the following accounting entries will be used:

Project Indirect Costs = \$1,000; and the grantor would only pay \$800 of the total indirect cost .

To record the total expense of indirect costs:

7375.3.X.XXXXXX	Cost Allocated	\$1,000	
1805.3.X.XXXXXX	Due to/from Fund		\$1,000
1805.1.X.XXXXXX	Due to/from Fund	\$1,000	
4290.1.X.XXXXXX	Government Cost Recovered		\$1,000

To record the portion of indirect cost not covered by the grant:

7375.3.X.XXXXXX	Cost Allocated	\$200	
1805.3.X.XXXXXX	Due to/from Fund	\$200	
1805.1.X.XXXXXX	Due to/from Fund		\$200
4290.1.X.XXXXXX	Government Cost Recovered	\$200	

The documentation used to create the indirect cost in the grant would be used to identify that portion of the costs that was not covered and would thereby be considered the match. The amount recorded in account 4290 will equal the net recovery of indirect costs.

Direct Costs

If direct costs are utilized for the matching requirement the following will be used to record the matching:

Project Budget

	<u>MCCS Portion</u>	<u>Grant Portion</u>	<u>Total Budget</u>
Salary	5,000	20,000	25,000
Fringes	1,200	4,800	6,000
Travel	600	2,400	3,000
Gen. Op.	<u>200</u>	<u>800</u>	<u>1,000</u>
Total	7,000	2,800	35,000

Because the MCCS portion of the match equals 20% of the total budget, the following entries will be made to record the match:

7375.1.X.XXXXXX	Cost Allocated	7,000	
1805.1.X.XXXXXX	Due to/from Fund		7,000
1805.3.X.XXXXXX	Due to/from Fund	7,000	
7375.3.X.XXXXXX	Cost Allocated		7,000

The above entries assume that the total costs of the project are charged directly to the grant specific unit.

Accounting Practices - MSISP Grants

The Maine State Incentive Scholarship Programs (MSISP) grant scholarships to Maine students and include both federal and state funds. In order to record these funds properly on our accounting system, the following procedure should be used.

1.	101X-3-X-80020	-	Cash	1,000	
	4220-3-X-80020	-	State Grants		1,000

To record revenue received from FAME for the MSISP grant:

2.	7310-3-X-80020	-	Scholarships	1,000	
	1805-3-X-80020	-	Due to/from Funds		1,000
	1805-1-X-00000	-	Due to/from Funds	1,000	
	1300-1-X-00000	-	Accounts Receivable		1,000

To record the scholarships expense and credit the student accounts receivable.

As the bulk of the funds in this program are state funds, the State Grant revenue line will be utilized. The breakdown of federal and state funds will be determined at year-end.

Accounting Practices - Student Waivers

As a result of federal and state regulation, MCCS policies and other reasons, decisions are made regarding student tuition waivers. In order for MCCS to record these waivers consistently across the system, the following accounting entries will be required:

1300-X-X-XXXXXX	-	Accounts Receivable	1,000	
4XXX-X-X-XXXXXX	-	Revenue Account, as appropriate		1,000

To record the revenue for all students:

7390-X-X-XXXXXX	-	Misc. Grants	1,000	
1300-X-X-XXXXXX	-	Accounts Receivable		1,000

To record the expense associated with the granting of waivers.

Accounting Practices - Electronic Funds Transfers of Student Loans

With recent changes in technology, it is now possible to receive student loan funds through electronic funds transfer (EFT). In order to facilitate the proper recording of those funds, the following accounting entries will need to be input:

101X-3-X-80200	-	Cash	1,000	
2110-3-X-80200	-	Deposit/Custody-Others		1,000

To record the receipt of student loan funds received through EFT:

2110-3-X-80200	-	Deposits/Custody-Others	1,000	
1805-3-X-80200	-	Due to/from Fund		1,000
1805-X-X-00000	-	Due to/from Fund	1,000	
1300-X-X-XXXXX	-	Accounts Receivable		1,000

To release the funds and credit Accounts Receivable after all proper documentation has been completed.

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SUBJECT: CASH/INVESTMENT/TREASURY

Effective: March, 1993

Section: 300 Index

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302	Investment Management
303	Endowment Management
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SUBJECT: CASH/INVESTMENT/TREASURY

Effective: October 19, 1990

Section: 301 Cash Management

Cash Management

Introduction

Cash Management is the process by which an organization balances its need to have adequate cash balances to meet current obligations with its desire to make idle cash resources more productive. Management of the daily flow of funds into and out of the MCCA involves the following functions:

- Cash receipts and deposits
- Disbursement control
- Cash flow forecasting
- Investment of idle working capital

Administrative Policy

The goal of cash management is to maximize investment income and protect the cash resources of the MCCA. This goal is achieved by the following:

1. The utilization of internal control practices and procedures to reduce the risk of asset loss.
2. Cash resources in excess of current obligations are maintained to maximize investment income.

Definitions

Cash Receipts	The daily receipt and recording of cash, checks and other transfers.
Deposit	The deposit of cash receipts with a supporting deposit slip from the receiving bank.
Cash Budget	An estimate of the annual cash requirements of the organization shown on a monthly or daily cash flow basis.

Cash Management

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Segregation of Duties	The concept that prevents a person from performing tasks that would allow him/her to commit fraud and then be able to conceal the act. For example, an individual should not be allowed to record cash receipts and make deposits to the bank.
Compensating Balances	The average bank account balance needed to yield enough income to compensate for the bank's services and to earn a reasonable profit for the bank.
Disbursement Float	May be defined as the number of elapsed days between the time a check is issued and when it is presented to the bank on which it is drawn for payment.
Concentration Banking	The use one central bank account or accounts to handle all organizational cash receipts and disbursements.
Bank Wire Transfers	The transfer of funds between participating banks, in which the funds are available for use at the receiving bank or account on a "same day" basis.

Authority and Responsibility

The Chief Financial Officer, or his/her designee, is responsible for cash accounting and banking relationships. Each college finance director is responsible for the control and timeliness of their receipts and deposits. Control over disbursements is the shared responsibility of the Chief Financial Officer and each college finance director.

The Chief Financial Officer may prescribe the manner in which the MCCC administers its cash management program. This authority covers the methods and procedures used by the colleges to monitor and control cash receipts and disbursements.

Guidelines and Procedures

Segregation of Duties – Incoming mail must be opened and all cash and checks posted to a daily cash receipt book. The employee responsible for this task must not be responsible for the treasury function. The daily cash receipt book total must be verified on a weekly basis by the employee responsible for the treasury function. The employee assigned to prepare the cash receipt journal will turn over the cash to an employee designated as the cashier who will complete the cash deposit. After completion of the cash deposit, the cashier will turn over the deposit slip to the employee responsible for the treasury function. The deposit slip must be attached to copy four of the cash receipt journal.

Cash Receipts/Deposits - Cash receipts must be deposited daily to the MCCS concentration bank account to maximize interest income for the MCCS. All cash receipts must be posted to the cash receipts journal with the proper fully-qualified accounts. A college transmittal

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number must be entered on the cash receipt journal. The completed cash receipt journal must be mailed in triplicate to the System Office to the attention of the Senior Financial Analyst. The Senior Financial Analyst will assign a cash receipt journal voucher number and will return copy three to the college. Copy three of the cash receipt journal must be maintained on file with copy four and the deposit slip.

Pre-numbered Cash Receipt Books - All cash and check receipts must be recorded on pre-numbered cash receipt tickets. Copies of the pre-numbered cash receipt books must be maintained on file for annual financial audit purposes.

Disbursement Control - Each accounts payable batch must be verified against the cash requirements report in order to verify the totals. The Senior Financial Analyst at the System Office additionally will use the cash requirements report for two purposes. First, the report will serve as a basis to verify that sufficient cash is available to meet check disbursements. Second, the report will serve as a benchmark for the estimation of float and cash flow requirements. Accounts payable invoices must be processed timely, in order to ensure that all available discounts are taken.

Banking Relations - The concentration bank relationship will be formalized in a two-year written contract. The written contract will serve as a basis for the formalization of the banking relationship. Included in the written contract will be the terms and responsibilities of both parties. The bank services to be included in the written contract generally will include the costs and fees, overnight sweeping of the account, earnings credit, reports and summaries, the contract terms, and any other specific bank services such as account reconciliation. Each successive two-year bank contract will be arranged through a competitive bid process. Competitive bidding will be structured to ensure an adequate return to the contractor bank as part of the formalized banking relationship. All contract negotiations, renewals or changes will be the responsibility of the Chief Financial Officer.

Security - All check stock and signature plates must be secured in the safe vault under the control of the Senior Financial Analyst or college finance director at each college for local bank accounts.

Bank Accounts - The System Office must be notified of all local bank accounts including the account number, bank, and location. Local bank accounts will not be established without prior written approval of the Chief Financial Officer. On July 1 of each fiscal year, the System Office will issue to each bank doing business in the State of Maine a confirmation of all bank accounts in the name of the Maine Community College System. The confirmation will include a request to each bank for a listing of the bank account numbers and current balances. Any local bank accounts set up without the approval of the Chief Financial Officer

will be immediately closed out and the cash balances deposited to the M CCS concentration account.

Cash Flow Forecasting - The Senior Analyst will utilize the cash budget to forecast the cash needs of the M CCS. This will allow for better decisions concerning the timing and utilization of idle resources.

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SUBJECT: CASH/INVESTMENT/TREASURY

Effective: November 11, 2000

Section: 302 Investment Management

Investment Management

The overall financial objective is to provide a high level of current income to support the operating budget, with a growth as a secondary objective. These funds should be managed with prudent care and concern for principal preservation and have a level of liquidity to provide for adequate cash for operations.

The investment pool will be allocated among three broad categories as follows: short-term funds, with maturities less than one year; intermediate fixed-income funds, with an average maturity of one to five years; balanced income and growth funds, with an average bond maturity of ten years. Each category will be measured against an established benchmark to assure that investment objectives are being met:

Short-term – 90-day Treasury Bill
Income – Lehman Intermediate Government/Corp index
Growth - Standard and Poor's 500 Index

The blended benchmark for the Investment Manager will be 25% equity and 75% fixed income securities.

In order to reduce the risk associated with any given investment vehicle, the MCCS, in conjunction with the investment manager, will regularly monitor the financial position of the issuer and/or guarantor directly or through a recognized third party rating service for all institutions/investment vehicles with whom MCCS participates. All investments must be issued and/or guaranteed by an entity rated by Standard & Poor's or Moody's as A or better or A-1, P-1 for commercial paper. If unrated, investments must, in the opinion of the investment manager, be of equivalent credit standing to the above.

All investments may be held in safekeeping by the indicated and approved institution with which the investment is made.

The following is a list of permissible investments of the MCCS:

1. State of Maine Treasurer's Cash Pool
 - a. Funds are invested by the State Treasurer's Office in Certificates of Deposit, Repurchase Agreements, U. S. Treasury obligations, and A-1, P-1 commercial paper.

- b. The cashpool activity is managed by the Senior Financial Analyst.

Investment Management

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- 2. Short-term Repurchase Agreements collateralized at least 101% by U.S. Treasury or agency securities to insure both principal and accrued interest.
- 3. Money Market funds or similar products of commercial banks rated A or better by Standard & Poor's or Moody's.
- 4. Government securities
 - a. Direct obligations of the United States Government – U.S. Treasury bills, notes, bonds.
 - b. Obligations of any agency or instrumentality of the United States, such as the following:
 - Federal Home Loan Bank
 - Federal National Mortgage Association
 - Government National Mortgage Association
- 5. Certificates of Deposit, bankers acceptances, commercial paper, and other floating or fixed rate notes or instruments issued by or time deposits placed with banks.
 - Banks must meet the following criteria:
 - a) Have a corporate debt rating of A or better by Standard & Poor's or Moody's,
 - b) Members of the Federal Reserve System, or
 - c) Examined by the Comptroller of the Currency, or
 - d) Insured by the FDIC.
- 6. A-1, P-1 commercial paper with comparable maturity/risk to exceed comparable certificates of deposit and/or government securities.
- 7. Investment grade corporate fixed income vehicles meeting the rating guidelines set above.
- 8. Institutional funds as deemed appropriate by Investment Manager and within MCCS procedural guidelines.
- 9. Equity exposure should be sufficiently diversified and not exceed 30% of market value of the portfolio as held by the Investment Manager.
- 10. The Equity portion of the funds held by the Investment Manager may include up to 15% of market value in small cap funds and up to 10% of market value in international equities.

Reporting

The Board of Trustees, through the Investment Committee, will review a summary of all investments of operating funds on a regular basis. The System President, through the Office of the Chief Financial Officer, will submit the summary to include such information as the following: amount of invested assets, collateral held for each, cost of the investment, coupon/rate of return, current market value, maturity date, etc. The performance of external fund managers will be evaluated annually to ensure that overall objectives are being met.

Maine Community College System
Policy and Procedures Manual

Page: 303 (Page 1 of 2)

SUBJECT: CASH/INVESTMENT/TREASURY

Effective: December, 1998

Section: 303 Endowment Management

Endowment Management

The investment objectives for the endowment assets are to achieve a rate of return of inflation plus 4% to support the programs of the Maine Community College System through application of a total return concept, utilizing acceptable spending rate guidelines.

In order to meet these objectives, all endowment funds will be managed on a pooled basis, unless otherwise restricted. The endowment will be managed for total return consistent with prudent care and will not assume any undue investment risks.

As a guideline for endowment management to assist in the long-term growth of income and principal of the endowment funds, a responsible and balanced asset allocation of equity funds and fixed income vehicles will be utilized. As equity funds have historically produced higher long-term returns in excess of inflation than fixed income vehicles, consideration will be given to the potential long-term benefits of equities in the endowment portfolios. The normal range of equity exposure should be 50% to 65% of market. The equity portion of the funds may include up to 15% of market value in small cap and up to 10% of value in international equities.

The performance of the endowment fund should consistently out-perform the broad market indices and exceed the median of comparable investments. The measurements to be used for comparative purposes include the following:

- Equities – Standard and Poor’s 500 Stock Index
- Fixed Income – Shearson Lehman Intermediate Government/Corp Index
- Cash Equivalents – 90 day U.S. Treasury Bills

The investment manager should provide the MCCA with regular reports which indicate the performance of the invested endowment assets for comparison against the selected benchmarks. These periodic reports should also provide MCCA with the performance against the overall stated investment objective.

Endowment Management

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Reporting

Endowment management is the responsibility of the Board of Trustees through the Investment Management Committee. The System President, through the Office of the Chief Financial Officer will report to the Investment Management Committee periodically on the status of the endowment portfolio. The performance of an external endowment investment manager will be evaluated annually to ensure that overall endowment objectives are being met.

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Page: 350 (Page 1 of 1)

SUBJECT: CASH/INVESTMENT/TREASURY

Effective: October 18, 1990

Section: 350 Index

350 Index

Cash/Investments/Treasury Practices

350.1 Cash Reconciliation

Cash/Investments/Treasury Practices – Cash Reconciliation

The reconciliation of cash is a process whereby two different sources of information are compared and the differences are analyzed and explained. The result of this analysis is a verification of the total cash balance as shown in the general ledger. While the following steps describe reconciliation of the M CCS Concentration Account, this process may be adapted to reconcile any bank accounts.

Information needed:

1. A complete check register for the current accounting period.
2. All cash receipts summary sheets for the current accounting period.
3. The list of outstanding checks from the prior accounting period.
4. The following bank statements for the current accounting period:

The Concentration Account with Fleet Bank a/c 8340137

The Operating (ARP) Account with Fleet Bank a/c 6974295

The Payroll Account with Fleet Bank a/c 8273014

5. The spreadsheet template used to reconcile cash between the balance per bank and the general ledger balance.

Steps in the reconciling process:

1. Confirm that the deposits listed as outstanding during the prior accounting period have cleared the bank during the current period.
2. Take the cash receipts summary sheets for the current accounting period and compare the deposits to those shown on the bank statement. List all the deposits from the summary sheets that have not cleared the bank in the section titled “Deposits in Transit”.
3. Review the bank statement to determine if the bank has recorded deposits not listed on the summary sheets. An example of such a deposit is interest income. List this deposit in the section titled “Cash Receipts”.
4. Compare the outstanding check list from the prior accounting period to the bank statement to determine which checks have now cleared the bank.

5. Compare the current periods check register to the list of checks that have cleared the bank to determine which checks written during the current period are now outstanding. Record the total of the current period's checks in the section titled "Cash Disbursements".

Observation

The list of outstanding checks should be totaled and consist of two amounts:

The amount of checks from the current period's check register, and

The amount of checks still outstanding from the prior accounting period.

Record the total of these two amounts in the section titled "Outstanding Checks".

6. Review the bank statement to determine if the bank has disbursements not listed on the check register. For example, a monthly service charge and/or automatic withdrawals to the payroll service to pay the tax liabilities associated with payroll. List these amounts in the section titled "Cash Disbursements".
7. Compare the balance per bank adjusted for deposits in transit and outstanding checks to the balance that should be in the general ledger at the end of the accounting period. These amounts should be the same.
8. Compare the balance obtained in Step 7 to the balance that is in the general ledger. Explain any differences that exist and make the necessary adjustments so that the two balances equal.

Observation

Since there are three separate bank accounts, it is recommended to reconcile each account independently of the others.

Exhibits

Copy of bank reconciliation template

BANK RECONCILIATION

G/L ACCT. #

CLIENT NAME:

MONTH OF:

BANK:

PREPARED BY:

Gen. Ledger Acct. Bal.				Balance Per Bank			
Add Deposits & Debits				Add Deposits in transit			
Less Checks & Credits (Enter as negative amts.)				Less O/S Checks:			
				#1 Total		0.00	
				#2 Total		0.00	
				#3 Total		0.00	
				#4 Total		0.00	
				#5 Total		0.00	
				#6 Total		0.00	
---				---			
Bank Balance per G/L		0.00		Reconciled Bank Balance		0.00	
				Proof		0.00	
Checks Outstanding							
Number	Amount	Number	Amount	Number	Amount	Number	Amount
#1 Total	-----	#2 Total	-----	#3 Total	-----		
-----	0.00		0.00		0.00		

BANK RECONCILIATION

G/L ACCT. #

CLIENT NAME:

MONTH OF:

BANK:

PREPARED BY:

Checks Outstanding – Continued

Number	Amount	Number	Amount	Number
#4 Total	-----	#5 Total	-----	# Total
---				-----
	0.00		0.00	0.00

Maine Community College System

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Page: 400 (Page 1 of 1)

SUBJECT: ACCOUNTS RECEIVABLE

Effective: July,

1995

Section: 400 Index

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401	Accounts Receivable
402	Refund Policies
403	Title IV Financial Aid Refund Procedures
404	TC Tuition Bills for MCA

Maine Community College System

Policy and Procedures Manual

Page: 401 (Page 1 of 4)

SUBJECT: ACCOUNTS RECEIVABLE

Effective: October 5,

1990

Section: 401 Accounts Receivable

Accounts Receivable

Introduction

The principal source of receivables for the MCCS are student tuition, room, board, and other student sales. Other receivables at each college, and student receivables constitute a major segment of the balance sheet of the MCCS. These receivables represent claims that are expected to be settled by the receipt of cash in the near-term. Each college's ability to manage and collect its accounts receivable will improve the cash flow of the MCCS.

Administrative Policy

Accounts receivable management represents a significant example of decentralized administrative control for the MCCS. Each college is responsible for the local management of accounts receivable through a coordinated effort with the System Office. At a minimum, each college must maintain detailed accounts receivable records within an established system of review, analysis, and notification for outstanding accounts. To ensure the accuracy of the detailed accounts receivable records, aging schedules must be prepared, analyzed, and reconciled to general ledger control totals on a monthly basis. A percentage of accounts receivable will ultimately become uncollectable. This amount must be accounted for to ensure that the accounts receivable balance is shown at net realizable value.

Definitions

Aging - The method by which individual accounts in the accounts receivable records are analyzed by due date. The due date analysis usually includes a classification of accounts in terms of the length past due such as, currently due, 30 days past due, 60 days past due, 90 days past due, 120 days past due, 180 days past due, and over 180 days past due.

Write-Off - The removal of individual accounts which have been deemed to be uncollectable. To conform with generally accepted accounting principles, the write-off would be recorded as a debit to the allowance for doubtful accounts and a credit to accounts receivable.

Allowance for Doubtful Accounts – An account used to record the estimated amount to be uncollectable over the normal accounting period of the organization. The allowance is recorded as a credit to the allowance for doubtful accounts and a debit to bad debt expense.

Accounts Receivable

Page 2

Insufficient Fund Check – A check returned from the bank due to insufficient funds in the endorser's bank account to meet the demanded amount of the check.

Authority and Responsibility

Each college's finance director/business manager will be responsible for the management of accounts receivable including billing, aging of accounts receivable, reconciliation to the general ledger control account, determination of an allowance for doubtful accounts, and recommendations for account write-offs and collection. College finance directors/business managers will be responsible for the submission of accounts receivable summary journals to the System Office.

The System Office Finance Department will be responsible for the entry of accounts receivable summary journals for each college. The college finance directors/business managers will be responsible for compiling a list of outstanding accounts for collection.

Guidelines and Procedures

- a. **Journal Submission and Entry** – Each college business office must submit to the System Office an accounts receivable summary journal frequently enough to have sufficient funds to meet commitments, but no less than monthly.
- b. **Reconciliation** – Subsidiary accounts receivable accounts at each college must be reconciled to the general ledger control total in the accounting system on a monthly basis and as of June 30.
- c. **Aging** – Accounts receivable aging must be completed on a monthly basis and as of June 30. The analysis of receivables must be on the basis of 30 days, 60 days, 90 days, 180 days, up to 365 days, and over 365 days.
- d. **Statements** – Statements for outstanding accounts should be mailed monthly. Past due billing notices must be sent by certified mail.
- e. **Allowance for Doubtful Accounts** – An allowance for doubtful accounts must be determined by using the allowance method, which estimates a percentage of receivables that will become uncollectable. Allowance for doubtful accounts and adjustments to the allowance for doubtful account balance will be made regularly and as of June 30, as part of the year-end closing process.
- f. **Insufficient Fund or Protested Checks** – All checks for insufficient funds are forwarded from the contractor bank to the Senior Financial Analyst. The Senior

Financial Analyst prepares the necessary journal entry with a debit to the receivable entitled "returned checks". The journal entry will be forwarded to the Finance Department for the entry in the accounting system. The Senior Financial Analyst will forward to the college Business Office the original of the insufficient fund check, a copy of the journal entry, and a cover memorandum. The college Business Office must record the insufficient

Accounts Receivable

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fund check as a subsidiary accounts receivable record and proceed with efforts to collect the amount due.

g. Student Overdue Accounts – Students who do not pay all semester tuition and fee charges without receiving the prior consent of the college Finance Director/Business Manager are subject to administrative dismissal under the following conditions:

1. When a student's payment is considered overdue, he/she will be sent a statement indicating that if payment is not received within two weeks, dismissal proceedings will commence. If a student cannot meet this deadline, he/she may meet with the Finance Director/Business Manager to discuss the matter. If the student can provide adequate evidence that the overdue amount can be paid within a reasonable time of the deadline, the Finance Director/Business Manager may extend the deadline.
2. If the student cannot arrive at an agreed payment date with the Finance Director/Business Manager, he/she may appeal to the college President or his/her designee. If an extension of time is granted at that level, the college President/designee will advise the Finance Director/Business Manager of the new deadline. However, no extension of payment date can be given beyond the day prior to the first day of final exams within the current semester.
3. If a student fails to respond to the initial statement and dismissal warning, the Finance Director/Business Manager will send a letter to the student's school address, instructing the student to meet with the Finance Director/Business Manager to pay his/her bill or to make arrangements to pay within three days.
4. If the student fails to pay after the above process has been completed, the student will be dismissed by the college President or his/her designee, as follows:

A registered/certified letter will be sent to the student at his/her address informing him/her of the immediate dismissal. A copy of the dismissal letter will be sent to the registrar with instructions to delete the student from all active files. The registrar will inform the student's instructors that the student has been dismissed and should not be admitted to classes or examinations or given any grade in any course. If the student is enrolled through the

Continuing Education Office, the registrar also will inform that office of the student's dismissal. At the time of the dismissal letter, the receivable should be reviewed for possible write-off.

5. All of the above procedural steps should be appropriately documented in the student's file.

- h. Collection of Overdue Accounts – If necessary, the System Office will obtain the services of a collection agency by means of a written contract for the purpose of collecting overdue accounts. The collection agency contract will be agreed to after a competitive bid process.

Accounts Receivable

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College business offices will be responsible for the referral of uncollectable accounts to the collection agency. Each college business office will be required to provide the collection agency with the following information:

1. a list of accounts receivable that includes:
 - student name
 - last known address
 - description of the article or service supplied (i.e. tuition, room, board, etc.)
 - date of the original charge
 - the unpaid balance
 - the college of origination

2. each accounts receivable amount on the above list must represent a minimum due of \$25.

3. The accounts receivable list per college must total at least \$500.

Each college will also provide the System Office with a copy of the journal entry for the accounts receivable write-off.

- i. Alternative Collection Procedures – College business offices may use the Bureau of Taxation in order to achieve a tax refund offset for overdue accounts that have not been successfully collected. Small Claims Court also may be used as an alternative collection method, after the use of a collection agency has failed to achieve a result. The System Office must be notified in writing of the alternative collection procedure.

Accounts Receivable Write-Off Authority – Only the College Director of Finance is authorized to approve the write-off of accounts from accounts receivable.

Maine Community College System

Policy and Procedures Manual

Page: 402 (Page 1 of 1)

SUBJECT: ACCOUNTS RECEIVABLE

Effective: March 22,

1995

Section: 402 Refund Policies

Refund Policies

Introduction

The Board of Trustees of the Maine Community College System is empowered to establish system-wide rates for tuition, room and board and other charges, such as application fees. Laboratory fees, facility and student activity fees, and other similar charges associated with setting the fixed prices of the institution for the upcoming academic period are established by the College President, within the policy constraints as established by the Board of Trustees. While certain charges may vary from college to college, the Administrative Council has determined that the basis for refunds of these charges should be consistent.

Administrative Policy

Application Fee \$20.00 Nonrefundable
Laboratory fees, facility and student activity fees, and other similar charges associated with setting the fixed costs of the institution for the upcoming academic period may be determined to be nonrefundable by the College President. This information would be included in all published material related to refund policies.

Tuition Deposit	\$75.00)	Refundable for a stated period as established by the college prior to start of semester; nonrefundable period to begin as noted in College published material.
Room Deposit	\$50.00)	

Tuition, Room and Board Charges:

Official withdrawal within 10 class days of semester	80% refund
Official withdrawal within 11-20 class days of semester	50% refund
Official withdrawal after 20 class days of semester	No Refund
Course canceled by college	100% refund

Alternative meal plans may be established by the College President, based upon approved board charges. Refunds for alternative meal plans follow the guidelines for the refunds of board charges.

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Policy and Procedures Manual

Page: 403 (Page 1 of 1)

SUBJECT: ACCOUNTS RECEIVABLE

Effective: December,

1993

Section: 403 Title IV Financial Aid Refund

Title IV Financial Aid Refund

A *pro rata* refund of tuition, fees, room and board and other charges assessed the student by the institution (institutional charges) is required for all first-time Title IV financial aid recipients attending up to the 60 percent point in time in the period of involvement for which the student has been charged. Title IV financial aid recipients means all student who receive a grant, loan or work assistance under Title IV, or parents who receive Part B loans for their children. A first-time student is defined as a student who has not previously attended at least one class at this institution.

For a program measured in credit hours, the *pro rata* refund is determined by dividing the number of weeks remaining in that period as of the last recorded day of attendance by the student by the total number of weeks that make up the period of enrollment for which the student has been charged. This is further rounded down to the nearest 10 percent of that period, less any unpaid charges owed by the student for the period of enrollment for which the student has been charged, and less a reasonable administrative fee not to exceed the lesser of 5 percent of the tuition, fees, room and board, and other charges assessed the student, or \$100. The Blue Book, Accounting, Record Keeping, and Reporting by Post-secondary Educational Institutions for a Federally-funded Student Financial Aid Program is available as reference to assist with calculations.

Notification of withdrawal or cancellation and request for refund must be made in writing and addressed to [the designated institution officer].

Maine Community College System

Policy and Procedures Manual

Page: 404 (Page 1 of 1)

SUBJECT: ACCOUNTS RECEIVABLE

Effective: July 1, 1995

Section: 404 TC Tuition Bills for MCA

TC Tuition Bills for Maine Career Advantage Procedure to Process Technical College Tuition Bills for MCA Students

1. When the MCA student is admitted, the college software system can flag them as a "MCA" student. The student will be billed for and is liable to pay all fees and charges, except for tuition. The Directors of Finance have agreed to waive MCA students' payment due dates for the tuition portion. The third party bill for the tuition charges does not need to be sent to MCA.
2. When the student receives the bill from the technical college, the student will review the tuition charges with the regional Student Services Liaison during the next regular student meeting. The SSL will prepare a list to be sent to the MCA Business Manager around the fourth week of the semester. The list will include the following:
 - Student's name
 - College attending
 - Course title, credit hours, tuition cost for each registered course covered by tuition grant.
3. When the student lists are received from each of the regions (the fourth or fifth week of the semester), the MCA Business Manager will process an ICC to each college with supporting detail of the tuition charges paid.
4. The college processes the ICC through the A/R system. If there are any outstanding items, follow-up bills are sent to the student, either for payment or for discussion with the SSL for addition authorization.
5. As part of the normal tracking of a student's progress, the SSL would normally watch the student's grades and can inform the MCA Business Manager if a student failed, dropped out, or experienced other circumstance that would require account adjustment or possible MCA billing to the student to recover tuition dollars. At the same time, the MCA Business Manager would contact the SSL if a student had exceeded the 17 credit hour tuition grant limit.

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Page: 500 (Page 1 of 1)

SUBJECT: CAPITAL ASSETS

Effective: February 23,

1995

Section: 500 Index

500 Index

501 Capitalization of Property, Plant and Equipment

502 Lease of College Property

Maine Community College System

Policy and Procedures Manual

Page: 501 (Page 1 of 3)

SUBJECT: CAPITAL ASSETS

Effective: July 2, 2021

Section: 501 Capitalization of Property, Plant
and Equipment

Capitalization of Property, Plant and Equipment

Introduction

A capital asset is defined as a physical resource of a relatively long-term nature that benefits an operation for more than one year. Capital assets include furniture, fixtures, computer equipment, industrial (educational) equipment, library books and resources, land, buildings, and building improvements and additions.

Administrative Policy

Capital assets must be maintained on an inventory system. An inventory system enables the MCCS periodically to count fixed assets. A physical inventory is usually done at year-end to confirm the existence and value of fixed assets in the general ledger. The physical inventory will be at a minimum, a departmental review of assigned assets up to a full inventory using designated staff or external contractors, depending on budget constraints.

All property, plant, and equipment will be capitalized if the following criteria are satisfied: item cost is greater than \$5,000, and useful life is greater than one year. Any library book or resource with a useful life of one year or more should be charged to account 8170 during the year. At year-end the entire balance amount is capitalized as a library resource regardless of individual item cost. Generally, the cost of an asset is the amount paid when acquired or the fair market value at the time it is donated to the MCCS. If a capital asset consists of several components that might be interchangeable with other asset items, the components may be separately tagged and tracked even if the value of the component alone is less than \$5,000. Items obtained through restricted funding source should be capitalized, administered, and disposed by the awards regulatory requirements, if applicable.

Capital assets must be recorded in the Plant Fund of the MCCS. Capital expenditures related to buildings, land, and improvements and additions to buildings must be expensed in the Plant Fund. Fixed assets such as computers, furniture, etc. purchased with current fund monies must be transferred to the Plant Fund at year-end.

Effective July 1, 1990, the MCCS will recognize depreciation on a consistent basis to conform with accounting standards proscribed by the Financial Accounting Standards Board.

With respect to special items of property, plant, and equipment purchased after June 30, 1990, the following depreciation method and useful lives (one-half in the year of acquisition) is now utilized:

Capitalization

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1. Furniture, fixtures, equipment – straight line – 10 years
2. Computers, printers, software; similar high technology equipment – straight line – ~~5~~ 3 years
3. Capital improvements – straight line – 40 years or term of lease plus renewal periods
4. Buildings – straight line – 40 years
5. Vehicles – straight line – 5 years
6. Library resources – straight line – 5 years

Definitions

- Capital Asset** - Furniture, equipment, library books, improvements to land, buildings, and building improvements and additions which are of a relatively permanent nature and wear out over a period greater than one year.
- Acquisition Cost** - The original book value or the original purchase price of the capital asset.
- Depreciation** - A charge for a *pro rata* portion of the cost of a capital asset, based upon the asset's estimated useful life of service.

Guidelines and Procedures

- a. Purchases – All purchases of capital assets, including those subject to restrictions, must follow the purchasing guidelines and procedures as detailed in the Purchasing section of these policies and procedures.
- b. Current Fund Acquisitions – Capital assets purchased with Current Fund monies must be transferred by journal entry to the Plant Fund on an annual basis.
- c. Capital Asset Inventory – Each asset account should be updated for additions and deletions and reconciled to the general ledger on a regular basis. At year-end, each college should determine the existence of any obsolete assets. If such assets exist, they should be written off by debiting “Loss on Disposal” and crediting the respective asset account. No depreciation will be recorded for the year in which an asset is disposed/written off.

- d. Depreciation – Using the fixed asset software, depreciation will be booked in the plant fund as of June 30, after complete reconciliation and capitalization of all assets.

Capitalization

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Capital Improvements

1. All expenditures (including painting) are to be capitalized under the following circumstances:
 - a. If related to the occupancy of a new office, or
 - b. If related to a major renovation of an existing office.
2. Expenditures incidental to an existing office are to be recorded as follows:
 - a. Any expenditure in connection with or for replacement of an existing facility should be capitalized as an improvement.
 - b. Any expenditure in connection with maintaining an existing facility in good working order should be expensed as a repair.
 - c. Any item (regardless of its nature) for which an invoice is less than \$5,000.00 should be expensed as a repair (Painting or repairs, as the case may be).
3. Specific items to be expensed (regardless of amount) except those in 1.a. and 1.b. above.
 - a. Any incidental costs relative to painting such as moving the equipment, etc.
 - b. Invoices rendered for survey services relative to refurbishing are expensed as equipment maintenance.
 - c. Relocation and moving of equipment are expensed as equipment maintenance.

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Page: 502 (Page 1 of 1)

SUBJECT: CAPITAL ASSETS

Effective: February 23,

1995

Section: 502 Lease of College Property

Lease of College Property

The College Presidents now enter into agreements to lease existing college facilities to day-care providers or other entities whose services complement the college mission. In some instances, vacant college property is also leased to external entities to offset the costs of securing and/or maintaining the facility.

With the significant issues of the use and availability of college property and legal and tax implications, any property lease negotiations by the college president should include the MCCS General Counsel and the Chief Financial Officer.

Such lease agreements of college property should be renegotiated annually, as appropriate, and in no instances should such agreements exceed five years in length. Lease agreements in excess of five years will require the approval and signature of the President of the Maine Community College System and may be forwarded for action to the MCCS Board of Trustees.

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Page: 700 (Page 1 of 1)

SUBJECT: CAPITAL ASSETS

Effective: April, 1992

Section: 700 Index

700 Index

701 Position Planning and Control

Maine Community College System

Policy and Procedures Manual

Page: 701 (Page 1 of 4)

SUBJECT: CAPITAL ASSETS

Effective: April, 1992

Section: 701 Position Planning and Control

Position Planning and Control

Introduction

Planning for the types of positions needed to meet program goals and objectives must be carefully coordinated with the financial resources required to support those positions. Each college shall have an authorized position in the current fund for each employee. The control function ensures that as new positions are established or current positions are changed, funding sources have been identified and approved prior to employment or change in status.

Definitions

Budget - A plan showing how financial resources will be used to accomplish operational goals and objectives.

Position - An employment post in an organization for which certain roles and responsibilities have been defined.

Position Action - A position change which may include establishment of position, reclassification, reallocation, status change, or deletion.

Position Action Request - The form used to request position action and funding approvals, prior to implementation.

Authority and Responsibility

Position Action forms for new, re-classed, or revised budgeted position vacancies originate at the college upon the approvals of the President or designee and Director of Finance. The job evaluation approval is the responsibility of the MCCA Director of Human Resources or designee. Budgetary information is evaluated and approved by the MCCA Chief Financial Officer or designee.

Administrative Procedure

The College originates all position actions for new, re-classed, or revised positions. The form to initiate the action is to be accompanied by the appropriate job evaluation questionnaire. The position action information,

Position Planning and Control

Page 2

along with the budget impact requires the approvals of the College President or designee and the Director of Finance.

After receipt of the materials in the System Office, the Director of Human Resources will review the job evaluation and, upon approval, assign job class, bargaining unit, department number (if new department), and salary levels. The approved form is forwarded to the Chief Financial Officer for analysis and confirmation of the financial resources supporting the action. The budgetary documentation will detail if the action will be a replacement of a currently authorized position, a position supported by new and expanded program general funds or if it will be an appropriate and assured funding source outside of the general fund. Upon assignment of a position number, the approved material is returned to the college for action.

The college Director of Finance will keep records of funding sources for all positions to enable head count information by fund and by job category to be available for statistical purposes.

RECLASS/REVISED POSITION ACTION

This form should be completed for all **re-classed or revised** budgeted positions and should be forward to the System Office with the appropriate job evaluation questionnaire.

Check one: Reclassification _____ Deletion _____ Other _____
 [Specify] _____

Information to be supplied to College:

	Position Title	Pos. #	Job #	Hrs/Wk	Wks/Yr	Days/Yr	BiWkly Sal.
From							
To							
	Department Name	Dept. #	BU	Eff. Date	Exp Date	Fund(s) /%	Spec. Unit
From							
To							

Impact and Justification:

Financial Source and Impact:

List budget impact with salary, benefits, source of funding, (including recurring savings or revenue) and start/stop rates of each funding source:

Director of Finance _____ Date _____ President _____ or _____
Designee _____ Date _____

Human Resources:

Job Class # _____ Job Class Title B/U _____ Dept. # (if new dept.)/Name _____
 Salary Level _____

Director of Human Resources or Designee _____ Date _____

Finance and Administration:

Position Number

Director of Finance and Administration or Designee Date

White – College
Work

Yellow – Human Resources

Pink – Finance

Blue -

**MAINE COMMUNITY COLLEGE SYSTEM
NEW POSITION ACTION**

This form should be completed for all **new** budgeted positions and should be forwarded to the System Office with the appropriate job evaluation questionnaire.

Information to be supplied by college:

College Department Name Assigned Dept. # Proposed Position Title
Barg. Unit

Hrs/Wk Wks/Yr Days/Yr Beginning Month Expiration Date Fund(s)/% Specific Unit
(if necessary)

Impact and Justification:

Financial Source and Impact:

List budget impact with salary, benefits, source of funding, (including recurring savings or revenue) and start/stop dates of each funding source:

Department Manager Date

Director of Finance Date President or Designee Date

Human Resources:

Job Class # Job Class Title B/U Dept. # (if new dept.)/Name Salary Level

Director of Human Resources or Designee

Date

Finance and Administration:

Position Number

Director of Finance and Administration or Designee Date

White – College

Blue - Work

Yellow – Human Resources

Pink – Finance

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SUBJECT: PURCHASING

Effective: October,

1996

Section: 800 Index

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- 801 Purchasing
- 802 Purchase Orders
- 803 Competitive Procurement
- 804 Non-related Invoices
- 805 Contracts
- 805.1 Short-term Use of Facilities
- 806 Ethical Practices
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Maine Community College System

Policy and Procedures Manual

Page: 801 (Page 1 of 2)

SUBJECT: PURCHASING

Effective: November,

1998

Section: 801 Introduction/Definitions

Purchasing

The MCCS is an instrumentality (a “component unit”) of the State, for which a high standard of conduct in the commitment of public funds must be followed. Principles of fair and open competition should be adhered to when outside vendors seek MCCS business. Principles of competitive bidding should be followed to the greatest extent practicable in a manner free of actual or apparent conflicts of interest. MCCS programs must also be effectively served in the timely procurement of quality goods and services at the most reasonable cost possible.

Definitions

Purchase

Requisition A form used to request the purchase of specific goods, commodities, materials, or services. The form is to be completed by end-user, authorized by department head, and forwarded to business office for processing and subsequent commitment to purchase with the vendor. (Attachment A)

Purchase

Order A document for the acquisition of goods and services to be provided to the vendor/supplier. Purchase orders are numbered sequentially for control purposes.

Open Market

Purchase

Order A purchase order that is executed without the necessity for competitive bidding.

- Value \$200 to \$1,000

Formal

Purchase

Order A purchase order that uses some form of competitive bidding.

- Value \$1,001 and over

**Non-related
Purchase**

Narrowly defined categories of commodity or services purchases that are executed without the use of a purchase order. (See Procedure 804)

**Purchasing
Page 2**

**Blanket
Purchase
Orders**

Purchase orders used to acquire repetitive goods and services orders from the same vendor over a specified period of time by means of a contract.

**Contract
For
Services**

A contract for the procurement of the services of an independent contractor. Such services include management consulting, legal research, auditing, computer software development, custodial services, rubbish/garbage disposal, etc.

**Competitive
Bidding**

A process for procuring needed goods and services in which vendors are afforded an opportunity to compete for M CCS business in response to specific requests.

Sole Source

Circumstance in which a vendor is selected without a competitive bid. Such selections are made on a very limited basis, such as one business appears to be the only qualified vendor.

**Ethical
Practices**

Procuring goods and services without actual or apparent conflicts or interest. (See Procedure 806)

Maine Community College System

Policy and Procedures Manual

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SUBJECT: PURCHASING

Effective: October,

1996

Section: 802 Purchase Orders

Purchase Orders

Authorization of Requisitions

The college Directors of Finance, or their designees, are authorized to approve purchase requisitions and purchase orders up to \$25,000. College Presidents, or their designees, are authorized to approve purchase requisitions and purchase orders for more than \$25,000.

Approvals

Each college Director of Finance must maintain a permanent file with the names, and titles and authorization limits of those college employees authorized to approve purchase documents.

Blanket Purchase Orders

Blanket Purchase Orders are to be used to purchase repetitive, specified items, or categories of items from the same vendor over periods of less than a year or on a monthly basis; to order standard materials or maintenance supplies which require numerous shipments; or, to enable the MCCS to obtain more favorable pricing through volume commitments. Items that fall into this category are identified and priced according to competitive bidding guidelines prior to issuing the blanket purchase order. The following guidelines should be followed to ensure compliance with procedures regarding competitive bidding or blanket purchase orders:

1. Identification of Items: Items or group of items should be broken down to the greatest extent possible. Blanket orders should not be issued with descriptions such as “miscellaneous welding supplies”.
2. Quantity estimates, stock and delivery: identify the estimated quantity of each item to be purchased from the blanket order. Also, identify requirements such as vendor stocking, delivery and brands. This will help the vendors determine college needs and offer pricing based on those needs.
3. Period of time to be covered: Determine the most appropriate amount of time the blanket order should cover. This may be several months, one year or a period greater

than two years. Blanket orders will terminate on the date specified in the original bid documents.

Multiple blanket purchase orders may not be sought from the same vendor within the same year in order to avoid competitive bidding dollar limits and approvals.

Purchase Orders

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The blanket purchase order should include the following information:

1. List items or commodities in the greatest detail possible.
2. Estimate quantities of each item.
3. Dollar amount not to exceed for the total blanket order.
4. Dollar amount not to exceed per item.
5. Cancellation clause (see #8 Default under General Terms and Conditions on reverse side of purchase order).
6. The period to be covered (beginning date and ending date).
7. Terms and billing arrangements if different from standard practices (i.e. monthly invoicing, net 15 days).
8. Name(s) of person(s) authorized to purchase from an existing blanket order.

Authorization to Purchase from an Existing Blanket Order

1. Use the Blanket Purchase Order Speed Release or equivalent form. This form ensures accountability for individual purchases from the blanket order and will allow for processing of invoices.
2. The form may only be signed by the manager normally authorized to purchase for the department involved.

Change Orders/Amendments

1. An increase greater than 10% of the purchase document requires the issuance of a change order, with necessary authorizations included, per the revised purchase order total.
2. It is important for the college to print a new purchase document showing the amendment, on order to document clearly all phases of the purchase. Copies of the amended purchase order should be forwarded to all involved parties specifically identifying that it is an amended purchase order.

Purchase Order Control

1. Purchase Order Numbers. Purchase order numbers are controlled by each college. Numbers consist of six (6) characters, beginning with the letter identifying the college location and

Purchase Orders

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followed by five (5) digits, i. E. A97001 for Augusta; C9XXXX for CMTC; E9XXXX for

EMTC, etc. For control purposes, purchase order numbers should be issued in numerical

sequence. A purchase order log must be maintained by each college.

2. Bookstore Purchase Orders. Each college bookstore must maintain and issue purchase order alpha/numeric designations regardless of the purchase amount.
3. Purchase Order/Stock Control. All purchase order forms stock must be secured in a safe location.

Purchase Order Processing

The original purchase order should be sent to the vendor to confirm the commitment to purchase. The remaining copies of the purchase order should be maintained until central receiving or the receiver or requisitioner signs and dates the purchase order to confirm receipt of the merchandise. At that time, the receiving control document (packing slips) and signed purchase order should be sent to accounts payable to provide authorization for payment. A copy of the signed purchase order will be returned to the purchasing department to complete the file.

Complete files must be maintained in either the purchasing department or the accounts payable department. The files must include all documentation in the flow if applicable, such as: purchase requisition, bid documentation (verbal quotation sheet, request for quotation, vendors' written quotes, bid summary sheet, justification if awarded to other than low bidder), sole source justification, all correspondence and notes regarding discussions with end-users or vendors, award letter, purchase order and amendments to purchase order, signature from receiving department, packing slips, etc.

**Maine Community College System
Financial Procedures Manual**

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SUBJECT: PURCHASING
2012

Effective: November 29,

Section: 803 Competitive Procurement

Competitive Procurement

1. Purpose

The purpose of this procedure is to ensure that MCCS obtains the best value in its procurements by:

- A. Establishing competitive procurement as the standard method of procurement;
- B. Requiring competitive bidding, with appropriately escalating degrees of formality, for procurements of escalating values;
- C. Using the most efficient means for procurements of nominal value; and
- D. Permitting limited exceptions when certain exigencies or operational demands so require.

2. Definition of Procurement

For the purposes of this procedure, “procurement” means the act of buying goods, services or both. Any commitment to expend college resources that is not a payment of wages or wage-related costs qualifies as “procurement.” This procedure recognizes five categories of procurement:

- A. Purchase of “goods” or some other form of physical property;
- B. Commitment to pay for “services” from a company, such as custodial services, snow removal, or maintenance of college owned equipment;
- C. Commitment to purchase “goods and services” in a single contractual agreement, such as the installation of a heating system;
- D. Commitment to acquire “professional services” from licensed professionals, such as architects, engineers or lawyers; and

- E. Commitment to “renovate or construct” a building for M CCS (also known as a Bureau of General Services (“BGS”) Public Improvement under 5 *M RSA* §1741).

Competitive Procurement

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3. Definition of Estimated Contract Value

For the purposes of this procedure, “estimated contract value” means the good faith identification of the value of a contract for goods or services as reasonably projected by the employee authorizing the transaction at the time of procurement.

4. Procurement Requirements

This procedure imposes certain requirements based upon the type of procurement and the anticipated total cost of the goods and/or services under consideration. Such types and costs are categorized as follows:

- A. Contracts with an estimated contract value of less than \$1,000;
- B. Contracts to procure goods, goods and services, or services with an estimated contract value of:
 - 1) Between \$1,000 and less than \$10,000;
 - 2) Between \$10,000 and less than \$25,000; or
 - 3) \$25,000 or more;
- C. Contracts to procure professional services with an estimated contract value of:
 - 1) Less than \$25,000; or
 - 2) \$25,000 or more;
- D. Contracts to renovate or construct M CCS buildings; and
- E. Considerations governing the issuance of any RFP or RFQ.

5. Blanket or Bundled Contracts

If a procuring employee knows or reasonably expects at the time of procurement that the need for a particular good or service is likely to reoccur within the same fiscal year, procurement of a blanket or bundled contract for that good or service for at least that fiscal year shall be considered and, if practicable and efficient, shall be sought, preferably at the beginning of a fiscal year. For the sake of efficiency, M CCS may choose to procure goods or services for several years in a single contract. In those instances, M CCS may contract for a period of not more than three years, but may offer up to two one year optional extensions. In any case, M CCS expects to reissue an RFP at least once every five years.

6. Specific Procurement Requirements

A. Contract with an Estimated Contract Value of Less than \$1,000

Selective procurement, in order to achieve net operational and financial efficiency, is required as follows:

- 1) Customary prudence and care shall be exercised;
- 2) Readily available means of market survey, such as internet searching, shall when practicable, be used; and
- 3) If the contract procures goods or services through purchasing agreements arranged by the State of Maine, University of Maine System or other like partner, the purchaser must determine whether the purchasing agreements were secured through processes that applied the essential protections of this subsection.

B. Contract to Procure Goods, Goods and Services, or Services with an Estimated Contract Value of between \$1,000 and less than \$10,000

Competitive bidding is required as follows:

- 1) The requisitioner must obtain price quotations from at least three vendors reasonably believed to be qualified shall be received;
- 2) Such quotations may be received by telephone, email, website, or other means, provided all such quotations are documented in writing in the attached Form (Form attached);
- 3) All such quotations shall be attached to the original requisition and maintained on file with the purchase order; and
- 4) If the contract procures goods or services through purchasing agreements arranged by the State of Maine, University of Maine System or other like partner, the purchaser must determine whether the purchasing agreements were secured through processes that applied the essential protections of this subsection.

In the event that a contract of this estimated value involves the purchase of non-standard or complex material or services, a procurement process like that set forth in *subsection C* or *D* below should be used.

C. Contract to Procure Goods, Goods and Services, or Services with an Estimated Contract Value of between \$10,000 and less than \$25,000

Competitive bidding is required as follows:

- 1) A standard Request for Proposal (RFP) shall be used to solicit bids from at least three vendors reasonably believed to be qualified;
- 2) Where practical, a specifications sheet shall be included in the RFP. Specifications include, but are not limited to quantity, description, delivery requirements, special conditions, drawings or other specifications;
- 3) The criteria or approximate weighting of diverse criteria by which the procure decision will be made such as price, life cycle cost, efficiency gains or processing speed shall be included in the RFP. (See *subsection 9*, below);
- 4) A statement that sets forth MCCS's right to reject any or all proposals shall be included in the RFP;
- 5) The standard "Notice to Bidders" (Notice attached) shall be included in the RFP;
- 6) A timetable with the dates of key events in the decision process shall be established and included in the RFP. The timetable shall, at a minimum, include the location, date and time proposals are due and when the successful bidder will be notified of the award. The RFP may allow for electronic submission of the proposal, but it cannot require electronic submission;
- 7) If replies are to conform to a certain format, that should be clearly stated in the RFP; and
- 8) If the contract procures goods or services through purchasing agreements arranged by the State of Maine, University of Maine System or other like partner, the purchaser must determine whether the purchasing agreements were secured through processes that applied the essential protections of this subsection.

D. Contract to Procure Goods, Goods and Services, or Services with an Estimated Contract Value of \$25,000 or More

Competitive bidding is required as follows:

- 1) All of the requirements set forth in *subsection C* above;

- 2) The RFP must be advertized in, at minimum, a major regional or state-wide news paper such as the Portland Press Herald, Bangor Daily News or Kennebec Journal;

Competitive Procurement

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- 3) The procuring college must establish a review committee with the deliberations and decisions of that committee clearly documented;
- 4) The review committee should seriously consider interviewing the highest rated respondents to the RFP before selecting the contractor; and
- 5) If the contract procures goods or services through purchasing agreements arranged by the State of Maine, University of Maine System or other like partner, the purchaser must determine whether the purchasing agreements were secured through processes that applied the essential protections of this subsection.

E. Contract to Procure Professional Services with an Estimated Contract Value of less than \$25,000

Competitive bidding is required as follows:

- 1) When contracting for engineering or architectural services, the authorized requisitioner may identify a qualified firm on the State of Maine Bureau of General Services (BGS) Prequalification List *or* issue a standard Request for Qualifications (RFQ) to at least three vendors reasonably believed to be qualified;
- 2) Obtain a written confirmation that all required professional credentials are current;
- 3) Provide the professional services firm with a written scope of the project, project schedule, project budget and a request for a written proposal that includes the deadline by which the firm must provide reports, drawings, specifications and other necessary documents in support of timely completion the project together with the total cost of the professional services and related expenses;
- 4) If the college and the professional services firm cannot successfully agree on the cost, scope, content and, or deadline for delivery, the college will so notify the professional services firm and *either* select another firm from the BGS Prequalification List, select the second ranked firm from the RFQ results or issue a new RFQ and repeat steps 2 and 3 above; and

- 5) Once the college and the professional services firm agree on the cost, scope, content and deadlines the college shall draft a 'rider' to the standard Professional Services Agreement that memorializes the agreements between the professional services firm and the college and have the agreement executed by the college, the professional services firm and, where appropriate, BGS.

Competitive Procurement

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F. Contracts to Procure Professional Services with an Estimated Contract Value of more than \$25,000

- 1) All of the requirements set forth in *subsection E* must be fulfilled *except* that the use of the BGS Prequalification List is prohibited. The requisitioner must issue a standard Request for Qualifications (RFQ) to not less than three vendors reasonably believed to be qualified;
- 2) The RFP must be advertized in, at minimum, a major regional or state-wide news paper such as the Portland Press Herald, Bangor Daily News or Kennebec Journal;
- 3) The procuring college must establish a review committee with the deliberations and decisions of that committee clearly documented; and
- 4) The review committee should seriously consider interviewing the highest rated respondents to the RFQ before selecting the contractor.

G. Renovations and Construction (Public Improvement Projects)

- 1) Any project meeting the statutory definition of a public improvement, (i.e. the construction, alteration or major repair of a building owned or leased by MCCS per 5 MRSA §1741), will follow the procurement standards established by BGS; and
- 2) As soon as a college identifies a project consistent with the aforementioned definition and establishes a funding source, the college will submit a Public Improvement Project (PIP) Request Form online with BGS (See <http://www.maine.gov/bgs/constrpublic/forms/index.htm>) and contact BGS which will oversee the project and procurement process.

H. Considerations governing the issuance of any RFP or RFQ under Section A-G Above

- 1) For large or more complex bids it may be beneficial to hold a bidders' conference, at which time all potential bidders may ask questions. If questions cannot be answered at that time, the purchasing staff must obtain the information and promptly respond, in writing, to all potential bidders;
- 2) During the bid process, vendors may not have access to information regarding other bidders, such as the names of other vendors participating in the bid process or prices already offered by other bidders. After the bid closing date but before the award has been made, information pertaining to bids may not be shared with other vendors. Once an award is made, it becomes public information and may be shared with anyone who requests it. Requests should be made in writing; if copies of documentation are provided, reasonable fees for copying may be assessed;

Competitive Procurement

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- 3) Answers to technical questions arising during the bidding process should be provided by the purchasing staff, who must coordinate the reply and ensure that all potential vendors are provided the same information;
- 4) When a change is made to a material specification, all vendors must be notified of the change and given an equal opportunity to bid on the revised specification. Such specifications include, for example, quantities, model numbers, descriptions, delivery and terms;
- 5) If vendors may submit alternative bids, the request for proposal must specify that option, giving all vendors equal opportunity to suggest alternatives;
- 6) After all bids have been received and examined for completeness, a summary sheet may be prepared to note all pertinent data and discrepancies. The following factors in combination, not necessarily listed in their order of importance, should be considered and documented before awarding bids:
 - (a) Prices;
 - (b) Bidder's previous record of performance and service;
 - (c) Ability of bidder to render satisfactory service in this instance;
 - (d) The bidder's service capability, integrity, facilities, equipment, reputation;
 - (e) Availability of bidder's representative to call upon and consult with MCCA user departments;
 - (f) Quality and conformance to specifications; and

- 7) All information gathered should be kept with the purchase order as backup documentation. In cases of bids for estimating purposes, a copy of each bid response is to be sent to the requester along with the bid summary sheet.

I. Procuring Text Books and other Academic Support Materials

Because MCCS recognizes that selection of text books and other academic support materials is integral to academic freedom, selective procurement for text books and other academic support materials is required as follows:

- 1) Reasonable and customary prudence and care for the financial burdens placed on students should be exercised in selecting text books and all supporting materials; and
- 2) The selection, distribution and use of text book and academic support materials must honor and comply with all copyright laws.

Competitive Procurement

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J. Contracts for Works of Art Regardless of Value

Selective procurement for works of art, including those MCCS is required to purchase pursuant to 27 MRSA §451 *et seq.*, is required as follows:

- 1) Proposals or works from at least three artists shall be considered; and
- 2) Customary prudence and care shall be exercised and a procurement process should be established similar to the process for procuring professional services in *subsections E and F* above dependent on the good faith identification of the estimated contract value for the work of art.

7. Waiver of the Above Procurement Requirements (i.e., Sole Source Justification)

An intentional material deviation in the procurement requirements set forth in *Section 6* above may be authorized (hereinafter “waiver”) only as follows:

- A. Reasons for requesting such a waiver must be detailed on the Contract Procurement Form (attached) prepared and signed by the requesting manager.
- B. One of the following standards must be met. There must be:
 - 1) Only one qualified vendor;
 - 2) Consistency in matters such as style and type with commodities or services previously purchased;

- 3) Emergency need for the goods or services;
 - 4) Manufacturer's direct sales that offer exceptional discounts. Prices from such manufacturers should, however, be checked periodically for comparison;
 - 5) Professional services requiring unique expertise or unique knowledge of MCCS; or
 - 6) Instructional Services Contracts. Due to other inherent controls within the delivery of specialized instruction, neither competitive bidding nor a waiver is required for contracts for instructional services.
- C. The following, by way of example, do not justify a waiver;
- 1) The college has used the vendor for many years;
 - 2) Another college uses the vendor and is pleased with its goods and services; or

Competitive Procurement

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- 3) This is the only vendor who will respond on an ASAP basis.
- D. Waiver of any contract with an estimated or actual value of \$10,000 or more shall not be executed without the following prior approvals. Only the:
- 1) College president or director of finance may approve such a college contract;
 - 2) Director of the Center for Career Development may approve such a Center Contract; and
 - 3) System president or System chief financial officer may approve such a System contract.
- E. Documentation of written justification for sole source awards should be attached to the purchase order.

8. Mistaken Deviation from the Above Procurement Requirements

A mistaken or unintentional material deviation from the procurement requirements set forth in *Section 6* above that is not authorized but that occurs by error or mistake (hereinafter "deviation") shall be reviewed promptly when known. Such deviations shall be evaluated to determine whether process changes, employee training, or employee discipline is appropriate.

9. Criteria in Awarding Contracts

Acquiring goods and services at the lowest total cost is an important objective of the MCCA. Circumstances also arise in which it may be in the best interest of the MCCA to make a bid award on a basis other than lowest apparent cost. Such circumstances may occur when the following elements of total cost are evaluated:

- A. Quality and commodity life-cycle cost;
- B. Transportation;
- C. Service and travel;
- D. Technical assistance;
- E. Willingness to maintain stock;
- F. After-hours availability;
- G. Unique expertise or unique knowledge of MCCA; and/or
- H. Unsatisfactory references of low bidder.

Documentation of written justification for the award of a bid to other than the low bidder must be attached to the purchase order.

10. Certain Contracts Subject to Unique Rules

The following contracts, regardless of estimated value, are subject to the following additional rules:

Competitive Procurement

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A. Contracts with Current Employees

Any contract of any value, other than a contract for instructional services, in which a current employee is known to have a substantial personal financial interest shall have been subject to the prior receipt of at least three bids from at least three vendors reasonably believed to be qualified.

B. Contracts Subject to Other Laws

Maine and federal law require MCCA in certain instances to procure goods or services pursuant to their own provisions. These provisions can either be in addition to, or effectively replace, the requirements of this procedure. One example of a federal law that is in addition to this procedure is The American Recovery and Reinvestment Act of 2009 ("ARRA" at *Pub. L. 111-5*). One example of state law that effectively replaces this procedure is the Public Improvements Act (*5 MRSA §1741 et seq.*, giving the Bureau of General Services' jurisdiction, including procurement, over certain MCCA public improvements). For contracts issued under the jurisdiction of such laws, MCCA shall comply with both the law and this procedure.

C. Contracts Subject to Grants or Other Restrictions

Grant or other agreements can require MCCS in certain instances to procure goods or services pursuant to their own provisions. These provisions can either be in addition to, or effectively replace, the requirements of this procedure. Whenever possible, the provisions of this procedure must be complied with in addition to the requirements of such a grant or other restrictive agreement.

11. Interpretation

This procedure shall be interpreted and applied in manners that comply with the requirements of 5 MRSA §12022(3) as applied to the extent possible consistent with the MCCS' authorizing law, including 20 MRSA §12706(5), (9) and (12) (Trustees' powers to control expenditures, contracts and purchases), and other governing laws, such as the Public Improvements Act, 5 MRSA §1741 et seq. (Bureau of General Services' jurisdiction, including procurement, over certain MCCS public improvements).

12. Attached Form(s)

- A. MCCS Standard Contract Procurement Form for All Non-Employment Contracts over \$10,000; and
- B. MCCS Standard Notice to Bidders

**MCCS
CONTRACT PROCUREMENT FORM
FOR ALL NON-EMPLOYMENT CONTRACTS OVER \$10,000**

1. Briefly Identify the Good or Service Procured:

2. Identify the Estimated Contract Value:

\$ _____

3. Identify the Actual Contract Value:

\$ _____

4. Is this a Blanket or Bundled Contract? Yes ___ No ___

5. Does this Procurement Qualify for a Blanket or Bundled Contract? Yes ___ No ___

6. Have you complied with the requirements of the attached MCCS Financial Procedure that applies to the type and amount of the contract you seek to award? Yes ___ No ___.

If no, please restart the procurement in a compliant manner.

7. Did you procure bids or price information from at least three vendors reasonably believed to be qualified? Yes ___ No ___.

If no:

- a. Are you seeking a waiver of competitive bidding rules under section 4 of the Attached Procedure? Yes ___ No ___.

If yes, explain: _____

- b. Are you seeking to award this as a sole source contract? Yes ___ No ___.

If yes, explain: _____

- c. Is this a Contract:

1) For instructional services? Yes ___ No ___.

2) One in which a current employee is known to have a substantial personal financial interest? Yes ___ No ___.

If yes, have you procured at least three bids from at least three vendors? Yes ___ No ___.

If no, please restart procurement by obtaining such bids.

3) Subject to a state or federal law that require a procurement procedure that is either in addition to (i.e., ARRA), or effectively replaces (i.e., BGS), the MCCS procurement requirements? Yes ___ No ___.

If yes, which law and how have you complied?

8. List the following information regarding at least three vendors reasonably believed to be qualified from whom bids or information were sought:

Names of Vendor: _____

Prices Obtained: _____

Dates of Contact: _____

Means of Contact: _____

Names of Vendor: _____

Prices Obtained: _____

Dates of Contact: _____
Means of Contact: _____

Names of Vendor: _____
Prices Obtained: _____
Dates of Contact: _____
Means of Contact: _____

- 9. Are you aware of any deviations other than those noted above from the requirements of Section 6 in procuring this contract? Yes ___ No ___.**

If yes, explain:

—

- 10. Are you recommending awarding the contract to a vendor that was not the lowest price? Yes ___ No ___.**

If yes, explain why:

- 11. Submitted by:**

Printed Name: _____

Date: _____

Signature: _____

**NOTICE TO ALL BIDDERS REGARDING CONDITIONS ON BIDS
STANDARD TERMS AND CONDITIONS APPLICABLE TO ALL MCCS CONTRACTS**

The following Maine Community College System (MCCS) standard contracting terms and conditions are incorporated and shall become a part of any final contract that will be awarded by any college or other operating unit of the MCCS. These terms and conditions derive from the public nature and limited resources of the MCCS. MCCS DOES NOT AGREE TO:

1. provide any defense, hold harmless or indemnity;
2. waive any statutory or constitutional immunity;
3. apply the law of a state other than Maine;
4. procure types or amounts of insurance beyond those MCCS already maintains or waive any rights of subrogation;
5. add any entity as an additional insured to MCCS policies of insurance;
6. pay attorneys' fees or costs for any other entity;
7. promise confidentiality in a manner contrary to Maine's Freedom of Access Act;
8. permit an entity to change unilaterally any term or condition once the contract is signed; and
9. automatic renewals for term(s) greater than month-to-month.

By submitting a response to a Request for Proposal, bid or other like offer to do business with a college or other operating unit of the MCCS, YOUR ENTITY UNDERSTANDS AND AGREES THAT:

1. The above standard terms and conditions are thereby incorporated either expressly or by reference to this notice into any agreement entered into between MCCS and your entity, and that your entity will not propose or demand any contrary terms;
2. The above standard terms and conditions will govern the interpretation of such agreement notwithstanding the expression of any other term and/or condition to the contrary;
3. Your entity will not propose to any college or other operating unit of the MCCS any contractual documents of any kind that are not in at least 11-point font and completely contained in one Word or PDF document, and that any references to terms and conditions, privacy policies or any other conditions referenced outside of the contract will not apply; and
4. Your entity will identify at the time of submission which, if any, portion or your submitted materials are entitled to "trade secret" exemption from disclosure under Maine's Freedom of Access Act; that failure to so identify will authorize MCCS to conclude that no portions are so exempt; and that your entity will defend, indemnify and hold harmless MCCS in any and all legal actions that seek to compel MCCS to disclose under Maine's Freedom of Access Act some or all of your submitted materials and/or contract, if any, executed between MCCS and your entity.

Maine Community College System

Policy and Procedures Manual

Page: 804 (Page 1 of 1)

SUBJECT: PURCHASING

Effective: October,

1996

Section: 804 Non-related Invoices

Non-related Invoices

Commodity requisitions may have invoices which may be processed without an existing purchase order. Some of the following may be exempt from competitive bidding requirements:

- Advertising
- Airline and hotel expenses
- Audio/Video Tapes, pre-recorded
- Books, Library and other resources
- Credit card payments
- Dues, memberships
- Expense and travel vouchers
- Freight and shipping
- In-house services such as food service, etc.
- Insurances
- Licensing fees
- Petty Cash
- Postage and meters
- Registration fees (conferences, seminars, classes)
- Staff educational course reimbursement
- State of Maine agencies (Central Warehouse, Central Printing, Central Copy, etc.)
- Subscriptions
- Utilities
- Workers Compensation

Purchases under \$200

Maine Community College System

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Page: 805

(Page 1 of 13)

SUBJECT: PURCHASING

Effective: October, 1996
Section: 805 Contracts

Contracts

Purchasing Contracts Authorization

Each college president or his/her designee will define authorization limits for who may sign contracts awarded through a competitive bid process. College individuals may sign contracts up to \$24,999 when necessary approvals have been obtained. Contracts over \$25,000 and sole source contracts over \$5,000 must be signed by the college president or designee. A list of names, titles, and authorization limits must be kept on file in the business office with the purchasing staff.

Contract Format

The approved format for MCCS contracts is the Contract for Services (Attachment C). Any change from this approved format must be referred to the System Office for legal approval before committing in any manner to an agreement.

The Contract for Services must be created in duplicate. One fully executed original contract must be kept on file at the college along with all bid documentation or sole source justification, and the second fully executed original must be sent to the vendor without any bid documentation.

Contracts for Services, where on-going familiarity with a college or the MCCS is important to the quality of work, may specify an option to renew, not to exceed 5 years. All contracted services must be competitively bid every 5 years. Any option to renew should be clearly stated in all Request for Proposals and should be incorporated as part of the specifications of work to be performed when a contract is established. For clarity, the expiration year of the renewable option should be stated in the first year of the contract award and should remain as stated in subsequent contracts.

Contracts for Services entered into for a specific project may only be extended as necessary to complete that project. Upon completion of the project or at original termination date, the contract may not be extended for purposes above and beyond the original scope, regardless of whether all anticipated funds have been expended.

Contract Format

Page 2

Any changes to an executed contract for contract period, price, or specifications requires a Contract Amendment (Attachment D). This form then follow the same approval trail as the original contract agreement.

Construction-related contracts where labor and materials are combined elements of the cost (such as carpentry, painting, and carpet laying), require a Contract for Services. The labor and material components must be shown separately within the language of in the contract. Contracts negotiated through and in concert with the State Bureau of General Services must follow the procedures established by BGS.

MAINE COMMUNITY COLLEGE SYSTEM

STANDARD AGREEMENT TO PURCHASE SERVICES

I. PARTIES

This Agreement (“Agreement”) is by and between the Maine Community College System and/or one of its colleges or centers (“MCCS”) and the following entity (“Provider”):

Name: _____

Employer Identification Number: _____

Mailing Address: _____

Telephone: _____ or _____

Email: _____ or _____

II. DATES OF SERVICES TO BE PERFORMED

The services to be performed under this Agreement shall commence no later than _____ and be completed no later than _____.

III. DESCRIPTION OF SERVICES TO BE PERFORMED

The services to be performed under this Agreement are described as follows:

IV. PAYMENT AMOUNT AND SCHEDULE

The total Agreement Amount is \$_____ to be paid as follows: _____

V. AGREEMENT ADMINISTRATORS

The Administrator of this Agreement for M CCS shall be:

Name: _____ Title: _____
Address: _____ Telephone: _____
Email: _____

The Administrator of this Agreement for Provider shall be:

Name: _____ Title: _____
Address: _____ Telephone: _____
Email: _____

V. AGREEMENT DOCUMENTS AND THEIR PRIORITY

This Agreement consists of the following documents which are hereby incorporated into this Agreement and made part of it by this reference. In the event of any conflicting interpretation(s), such documents shall be construed to apply and control in the following priority:

- First: M CCS Standard Agreement to Purchase Services;
- Second: M CCS Standard General Provisions, Rider "A";
- Third: M CCS RFP or other solicitation terms or conditions;
- Fourth: Provider's Response to M CCS RFP or other solicitation terms or conditions; and
- Fifth: Other (list specifically, if any): _____

VI. SIGNATURES

In consideration of the foregoing agreements made by M CCS, Provider agrees to furnish all qualified personnel, facilities, materials and services in performing the services, study and/or projects under the terms of this Agreement. Signed as follows by the Parties authorized representatives:

For M CCS:

By: _____ Date _____
Printed Name: _____
Position: _____

For Provider:

By: _____ Date

Printed Name: _____

Position: _____

Updated: GENERAL COUNSEL
7/22/2019

RIDER A

MCCS STANDARD GENERAL PROVISIONS

1. INVOICES AND PAYMENTS

Payments are subject to the Provider's compliance with all items set forth in this Agreement and subject to the availability of funds. MCCS will process approved payments within 30 days.

2. INDEPENDENT CAPACITY

In the performance of this Agreement, the parties hereto agree that the Provider, and any agents and employees of the Provider shall act in the capacity of an independent contractor and not as officers or employees or agents of MCCS.

3. BENEFITS AND DEDUCTIONS

If the Provider is an individual, the Provider understands and agrees that he/she is an independent contractor for whom no Federal or State Income Tax will be deducted by MCCS, and for whom no retirement benefits, survivor benefit insurance, group life insurance, vacation and sick leave, and similar benefits available to MCCS employees will accrue. The Provider further understands that annual information returns, as required by the Internal Revenue Code or State of Maine Income Tax Law, will be filed by MCCS with the Internal Revenue Service and the State of Maine Bureau of Revenue Services, copies of which will be furnished to the Provider for his/her Income Tax records.

4. AGREEMENT ADMINISTRATOR

The MCCS representative is the Agreement Administrator for this Agreement. The Agreement Administrator has authority to curtail services if necessary to ensure proper execution. The Agreement Administrator shall certify to MCCS when payments under the Agreement are due and the amounts to be paid. The Agreement Administrator shall make decisions on all claims of the Provider, subject to the approval of the President of the MCCS. All progress reports, correspondence and related submissions from the Provider shall be submitted to the Agreement Administrator.

5. CHANGES IN THE WORK

The Agreement Administrator may order changes in the work, the Agreement Amount being adjusted accordingly. Any monetary adjustment or any substantive change in the work shall be in the form of an amendment, signed by both parties. Any such amendments must be effective prior to execution of the work.

6. SUB-AGREEMENTS

Unless provided for in this Agreement, no arrangement shall be made by the Provider with any other party for furnishing any of the services herein contracted for without the consent and approval of the Agreement Administrator. Any sub-agreement hereunder entered into subsequent to the execution of this Agreement must be annotated "approved" by the Agreement Administrator before it is reimbursable hereunder. This provision will not be taken as requiring the approval of contracts of employment between the Provider and its employees assigned for services there under.

7. SUBLETTING, ASSIGNMENT OR TRANSFER

The Provider shall not sublet, sell, transfer, assign or otherwise dispose of this Agreement or any portion thereof, or of its right, title or interest therein, without written request to and written consent of the Agreement Administrator. No subcontracts or transfer of agreement shall in any case release the Provider of its liability under this Agreement.

8. EMPLOYMENT AND PERSONNEL

The Provider shall not employ or otherwise engage any person who is a current or former employee or director of MCCA without the prior written consent of the Agreement Administrator. The Provider shall cause the foregoing provision to be inserted in any subcontract for any work covered by this Agreement so that such provision is binding upon each subcontractor, provided that the foregoing provision shall not apply to contracts or subcontracts for standard commercial supplies or raw materials.

9. WARRANTY

The Provider warrants that it has not employed or contracted with any company or person, other than for assistance with the normal study and preparation of a proposal, to solicit or secure this Agreement and that it has not paid, or agreed to pay, any company or person, other than a bona fide employee working solely for the Provider, any fee, commission, percentage, brokerage fee, gifts, or any other consideration, contingent upon, or resulting from the award for making this Agreement. For breach or violation of this warranty, MCCA shall have the right to annul this Agreement without liability or, in its discretion to otherwise recover the full amount of such fee, commission, percentage, brokerage fee, gift, or contingent fee.

10. ACCESS TO RECORDS

The Provider shall maintain all books, documents, payrolls, papers, accounting records and other evidence pertaining to this Agreement and make such materials available at its offices at all reasonable times during the period of this Agreement and for such subsequent period as specified under Maine Uniform Accounting and Auditing Practices for Community Agencies (MAAP) rules. The Provider shall allow inspection of pertinent documents by MCCA or any authorized representative of the State of Maine or Federal Government, and shall furnish copies thereof, if requested.

11. TERMINATION

The performance of work under the Agreement may be terminated by M CCS in whole, or in part, whenever for any reason the Agreement Administrator shall determine that such termination is in the best interest of M CCS. Any such termination shall be effected by delivery to the Provider of a Notice of Termination specifying the extent to which performance of the work under the Agreement is terminated and the date on which such termination becomes effective. The Agreement shall be equitably adjusted to compensate for such termination, and modified accordingly.

12. M CCS AND GOVERNMENTAL REQUIREMENTS

The Provider warrants and represents that it will comply with all M CCS policies and governmental ordinances, laws and regulations.

13. GOVERNING LAW

This Agreement shall be governed in all respects by the laws, statutes, and regulations of the United States of America and of the State of Maine. Any legal proceeding against the State regarding this Agreement shall be brought in State of Maine administrative or judicial forums. The Provider consents to personal jurisdiction in the State of Maine.

14. M CCS HELD HARMLESS

The Provider agrees to indemnify, defend and save harmless M CCS, its officers, agents and employees from any and all claims, costs, expenses, injuries, liabilities, losses and damages of every kind and description (hereinafter in this paragraph referred to as "claims") resulting from or arising out of the performance of this Agreement by the Provider, its employees, agents, or subcontractors. Claims to which this indemnification applies include, but without limitation, the following: (i) claims suffered or incurred by any contractor, subcontractor, material man, laborer and any other person, firm, corporation or other legal entity (hereinafter in this paragraph referred to as "person") providing work, services, materials, equipment or supplies in connection with the performance of this Agreement; (ii) claims arising out of a violation or infringement of any proprietary right, copyright, trademark, right of privacy or other right arising out of publication, translation, development, reproduction, delivery, use, or disposition of any data, information or other matter furnished or used in connection with this Agreement; (iii) claims arising out of a libelous or other unlawful matter used or developed in connection with this Agreement; (iv) claims suffered or incurred by any person who may be otherwise injured or damaged in the performance of this Agreement; and (v) all legal costs and other expenses of defense against any asserted claims to which this indemnification applies. This indemnification does not extend to a claim that results solely and directly from M CCS's negligence or unlawful act, or action by the Provider taken in reasonable reliance upon an instruction or direction given by an authorized person acting on behalf of M CCS in accordance with this Agreement.

15. NOTICE OF CLAIMS

The Provider shall give the Agreement Administrator immediate notice in writing of any legal action or suit filed related in any way to the Agreement or which may affect the performance

of duties under the Agreement, and prompt notice of any claim made against the Provider by any subcontractor which may result in litigation related in any way to the Agreement or which may affect the performance of duties under the Agreement.

16. LIABILITY INSURANCE

The Provider shall keep in force a liability policy issued by a company fully licensed or designated as an eligible surplus line insurer to do business in this State by the Maine Department of Professional & Financial Regulation, Bureau of Insurance, which policy includes the activity to be covered by this Agreement with adequate liability coverage to protect itself and M CCS from suits. Providers insured through a “risk retention group” insurer prior to July 1, 1991 may continue under that arrangement. Prior to or upon execution of this Agreement, the Provider shall furnish M CCS with written or photocopied verification of the existence of such liability insurance policy.

17. SEVERABILITY

The invalidity or unenforceability of any particular provision or part thereof of this Agreement shall not affect the remainder of said provision or any other provisions, and this Agreement shall be construed in all respects as if such invalid or unenforceable provision or part thereof had been omitted.

18. FORCE MAJEURE

M CCS may, at its discretion, excuse the performance of an obligation by a party under this Agreement in the event that performance of that obligation by that party is prevented by an act of God, act of war, riot, fire, explosion, flood or other catastrophe, sabotage, severe shortage of fuel, power or raw materials, change in law, court order, national defense requirement, or strike or labor dispute, provided that any such event and the delay caused thereby is beyond the control of, and could not reasonably be avoided by, that party. M CCS may, at its discretion, extend the time period for performance of the obligation excused under this section by the period of the excused delay together with a reasonable period to reinstate compliance with the terms of this Agreement.

19. SET-OFF RIGHTS

M CCS shall have all of its common law, equitable and statutory rights of set-off. These rights shall include, but not be limited to, M CCS’s option to withhold for the purposes of set-off any monies due to the Provider under this Agreement up to any amounts due and owing to M CCS with regard to this Agreement, any other Agreement with M CCS , including any Agreement for a term commencing prior to the term of this Agreement, plus any amounts due and owing to M CCS for any other reason including, without limitation, tax delinquencies, fee delinquencies or monetary penalties relative thereto. M CCS shall exercise its set-off rights in accordance with normal M CCS practices including, in cases of set-off pursuant to an audit, the finalization of such audit by M CCS or its representatives.

20. ENTIRE AGREEMENT

This document contains the entire Agreement of the parties, and neither party shall be bound by any statement or representation not contained herein. No waiver shall be deemed to have been made by any of the parties unless expressed in writing and signed by the waiving party. The parties expressly agree that they shall not assert in any action relating to the Agreement that any implied waiver occurred between the parties which is not expressed in writing. The failure of any party to insist in any one or more instances upon strict performance of any of the terms or provisions of the Agreement, or to exercise an option or election under the Agreement, shall not be construed as a waiver or relinquishment for the future of such terms, provisions, option or election, but the same shall continue in full force and effect, and no waiver by any party of any one or more of its rights or remedies under the Agreement shall be deemed to be a waiver of any prior or subsequent rights or remedy under the Agreement or at law.

21. EQUAL EMPLOYMENT OPPORTUNITY

During the performance of this Agreement, the Provider agrees as follows:

- a. The Provider shall not discriminate against any employee or applicant for employment relating to this Agreement because of race, color, religious creed, sex, national origin, ancestry, age, physical or mental disability, or sexual orientation, unless related to a bona fide occupational qualification. The Provider shall take affirmative action to ensure that applicants are employed and employees are treated during employment, without regard to their race, color, religion, sex, age, national origin, physical or mental disability, or sexual orientation.

Such action shall include but not be limited to the following: employment, upgrading, demotions, or transfers; recruitment or recruitment advertising; layoffs or terminations; rates of pay or other forms of compensation; and selection for training including apprenticeship. The Provider agrees to post in conspicuous places available to employees and applicants for employment notices setting forth the provisions of this nondiscrimination clause.

- b. The Provider shall, in all solicitations or advertising for employees placed by or on behalf of the Provider relating to this Agreement, state that all qualified applicants shall receive consideration for employment without regard to race, color, religious creed, sex, national origin, ancestry, age, physical or mental disability, or sexual orientation.
- c. The Provider shall send to each labor union or representative of the workers with which it has a collective bargaining agreement, or other agreement or understanding, whereby it is furnished with labor for the performance of this Agreement a notice to be provided by the contracting agency, advising the said labor union or workers' representative of the Provider's commitment under this section and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

- d. The Provider shall immediately inform the MCCS Agreement Administrator of any discrimination complaints brought to an external regulatory body (Maine Human Rights Commission, EEOC, Office of Civil Rights) against their agency by any individual as well as any lawsuit regarding alleged discriminatory practice.
- e. The Provider shall comply with all aspects of the Americans with Disabilities Act (ADA) in employment and in the provision of service to include accessibility and reasonable accommodations for employees and clients.
- f. Contractors and subcontractors with contracts in excess of \$50,000 shall also pursue in good faith affirmative action programs.
- g. The Provider shall cause the foregoing provisions to be inserted in any subcontract for any work covered by this Agreement so that such provisions shall be binding upon each subcontractor, provided that the foregoing provisions shall not apply to contracts or subcontracts for standard commercial supplies or raw materials.

22. EMPLOYMENT AND PERSONNEL

The Provider shall not engage any person in the employ of any State Department or Agency in a position that would constitute a violation of 17 MRSA § 3104 or MCCS policies on Nepotism and Conflict of Interest. The Provider shall not engage on a full-time, part-time or other basis during the period of this Agreement, any other personnel who are or have been at any time during the period of this Agreement in the employ of any college or other component part of MCCS, except regularly retired employees, without the written consent of the college or system president as appropriate. Further, the Provider shall not engage on this project on a full-time, part-time or other basis during the period of this Agreement any retired employee of MCCS who has not been retired for at least one year, without the same written consent. The Provider shall cause the foregoing provisions to be inserted in any subcontract for any work covered by this Agreement so that such provisions shall be binding upon each subcontractor, provided that the foregoing provisions shall not apply to contracts or subcontracts for standard commercial supplies or raw materials.

23. MCCS EMPLOYEES NOT TO BENEFIT

No individual employed by MCCS at the time this Agreement is executed or any time thereafter shall be admitted to any share or part of this Agreement or to any benefit that might arise therefrom directly or indirectly that would constitute a violation of 17 MRSA § 3104 or MCCS policies on Nepotism and Conflict of Interest. No other individual employed by MCCS at the time this Agreement is executed or any time thereafter shall be admitted to any share or part of this Agreement or to any benefit that might arise therefrom directly or indirectly due to his employment by or financial interest in the Provider or any affiliate of the Provider, without the written consent of the college or system president as appropriate. The Provider shall cause the foregoing provisions to be inserted in any subcontract for any work covered by this Agreement so that such provisions shall be binding upon each subcontractor,

provided that the foregoing provisions shall not apply to contracts or subcontracts for standard commercial supplies or raw materials.

24. UNILATERAL CHANGES

Provider is not authorized to change unilaterally any term or condition relating to this Agreement.

25. TRADE SECRETS

Provider agrees to defend, indemnify and hold harmless MCCA in any and all legal actions that seek to compel MCCA to disclose under Maine's Freedom of Access Act any information that Provider has given to MCCA as part of soliciting or executing this Agreement that Provider has designated as entitled to "trade secret" exemption from disclosure under law. Provider will designate for MCCA any such information prior to executing this Agreement, and Provider's failure to so designate any such information will authorize MCCA to conclude that no portions are so exempt.

26. NON-APPROPRIATION

Notwithstanding any other provision of this Agreement, if MCCA does not receive sufficient funds to fund this Agreement and its other obligations, if funds are de-appropriated, or if MCCA does not receive legal authority to expend funds from the Maine State Legislature or Maine courts, then MCCA is not obligated to future payments for work not yet performed under this Agreement.

27. INTERPRETATION

Provider agrees that, in all matters relating to or arising from this Agreement, MCCA does not agree to: provide any defense, hold harmless or indemnity; waive any statutory or constitutional immunity; apply the law of any jurisdiction other than the State of Maine; procure any type or amount of insurance beyond that MCCA already maintains; waive any right of insurance subrogation; add any entity as an additional insured to MCCA policies of insurance; pay any attorneys' fees, litigation costs and expenses or liquidated damages; promise confidentiality in a manner contrary to Maine's Freedom of Access Act; and does not agree to permit any automatic renewal for term(s) greater than month-to-month.

28. APPROVAL

This Agreement must have the approval of an authorized MCCA administrator and must comply with the MCCA policy on Contracts before it can be considered a valid, enforceable document.

Maine Community College System

Policy and Procedures Manual

Page: 805.1 (Page 1 of 3)

SUBJECT: PURCHASING

Effective: March, 1994

Section: 805.1 Contract for Short-Term Use
of Facilities

Contract for Short-Term Use of Facilities

The college Director of Finance or designee is authorized to sign a contract for Short-Term Use of Facilities to allow non-MCCS use of meeting rooms, etc. Fees for the use of college facilities and guidelines for implementation are determined by the college President. The approved contract format is enclosed (attachment 805.1 A). The college may reproduce this format for their use and adapt it for college-based procedures, but the language in the attachment including Rider A must be included in its entirety.

CONTRACT FOR SHORT-TERM USE OF FACILITIES

THIS AGREEMENT is made, as of _____, by and between the Maine Community College System, 323 State Street, Augusta, Maine 04330 (“MCCS”) and _____ (“Renter”).

1. Premises. MCCS hereby rents and leases to Renter and Renter hereby rents and leases from MCCS at _____ campus, according to the terms and conditions set forth below and the provisions of Rider A on the reverse hereof, _____ (the “Premises”).

2. Use of Leased Premises. Renter shall use the leased Premises only for _____

_____.

3. Term. The term of this lease is from the date first written above through _____
_____.

4. Rent. The rent is _____, payable in advance.

5. Additional Services Provided by MCCS for Which Additional Rent is Payable. Renter shall pay to MCCS on demand additional rent in an amount to the cost of any additional services provided to Renter by MCCS at Renter’s request. Such additional services may include, but are not limited to photocopying, telephone, postage, office supplies, and use of equipment in connection with this lease.

6. Food and Meals. MCCS reserves the right to provide exclusive food and beverage concession services to Renter related to Renter’s use of the Premises. If anything other than existing concession services of MCCS are required by Renter, Renter shall give MCCS one week’s notice of the amount and type of food and beverages required.

7. Local Campus Rules. Renter agrees to comply, and to take all reasonable steps to assure that its guests, invitees, agents, visitors and employees comply, with the local MCCS campus rules, a copy of which is attached hereto.

In Witness Whereof the parties have executed this contract as of the day and date first written above.

(Date)

(MCCS by:)

Print or Type Name

(Date)

(Renter by")

Print or Type Name

Rider A

Utilities. M CCS agrees to provide reasonable amounts of heat and electricity to the leased Premises, subject to interruption due to any accident, to the making of repairs, alterations or improvements, to albor difficulties, to trouble in obtaining fuel, electricity, service or supplies for the sources from which they are usually obtained for the Premises, or to any cause beyond M CCS's control. No other utilities are provided by M CCS under this lease.

Compliance with Laws and Insurance. Renter shall not permit any use of the Premises which will be unlawful, improper, noisy or offensive, or contrary to any State or Federal law or regulation or any municipal ordinance or regulation applicable to the Premises. Renter shall not permit any use of the Premises which will make voicable any insurance on the Premises or on the contents of the Premises.

Waste, Cleaning and Surrender. Renter agrees not to permit the Premises to suffer any waste, and Renter shall at the expiration or termination of this lease remove all of Renter's effects from the Premises, sweep the Premises clean and deliver to M CCS the Premises, and all keys and locks thereto, in the same condition as they were at the commencement of the lease, reasonable wear and tear excepted. If the premises are not surrendered to M CCS in the condition required by this paragraph, Renter agrees to pay M CCS all reasonable charges incurred by M CCS as a result of Renter's use of the Premises to clean and restore the Premises to the same condition as they were at the commencement of this lease, reasonable wear and tear excepted.

Alterations, additions. Renter shall not make or permit any alterations or additions to the Premises without M CCS's express prior written consent.

Assignment, subleasing. Renter shall not assigne or sublet any portion of the Premises, without the express prior written consent of M CCS.

M CCS's Access. M CCS may at reasonable times enter and inspect the Premises and make repairs and alterations thereto.

M CCS held harmless. Renter agrees to indemnify, defend and hold harmless M CCS, its foficers, agents employees and assigns from any and all claims and losses accruing to or resulting from injuries to any person, or damages to property due to the condition of the Premises or its use by Renter, its invitees, agents, visitors or employees, or due to the Premises or any appurtenance thereof being or becoming out of repair. Without limitation, this provision shalll apply to injuries and damages caused directly or indirectly by the actions or omissions of Renter, its invitees, agenst, visitors or employees, or by rain, snow, ice, wind, water, steam, gas, or odors in any form, or by the bursting or leaking of windows, doors, walls, ceilings, floors, pipes, gutters, or other fixtures, as well as any and all claims and losses resulting from failure to remove snow or ice from the roof of the Premises or the sidewalks and parking lots bordering on the Premises, and to damage caused to fixtures, furniture, equipment or other things located at the Premises, whether or not owned by Renter.

Renter's Insurance. At M CCS's request, Renter shall maintain comprehensive public liability insurance in the amount of \$300,000 and property damage insurance in the amount of

\$300,000, relating to Renter's short-term use of the Premises, with insurance companies qualified to do business in Maine, insuring M CCS as well as Renter against injury to person or damage to property and covering all of those substantive areas for which M CCS is liable pursuant to the Maine Tort Claims Act, 14 M.R.S.A. §§ 8101-8118, as amended.

Severability. If any provision of this lease or its application to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this lease shall not be affected thereby.

Maine Community College System

Policy and Procedures Manual

Page: 806 (Page 1 of 1)

SUBJECT: PURCHASING

Effective: October, 1996

Section: 806 Ethical Practices

Ethical Practices

The purpose of this procedure is to provide guidance to employees engaged in purchasing activity. Please reference M CCS Board Policy 410, Conflict of Interest, for additional information.

M CCS employees must represent the best interests of the M CCS in vendor dealings, putting aside any personal or parochial concerns. M CCS employees must be aware of any interest or relationship with outside vendors that may influence that employee's decisions. Employees who are faced with actual or potential conflicts of interest must recuse themselves from the decision making process.

M CCS employees must not use M CCS property for personal use or personal gain or assign or sell M CCS property without appropriate approvals consistent with M CCS policies and procedures. M CCS employees will not accept gifts, personal loans, entertainment, meals, or other special considerations, except for de minimus, from an individual or firm doing business with the M CCS.

Employees and members of an employee's immediate family will be afforded the opportunity to provide goods and services to the M CCS on the same basis as outside vendors.

Maine Community College System

Policy and Procedures Manual

Page: 807 (Page 1 of 1)

SUBJECT: PURCHASING

Effective: October, 1996

Section: 807 Vendor Relations

Vendor Relations

The purpose of this procedure is to secure and maintain vendor relationships consistent with prevailing law and MCCS procedures.

MCCS employees should strive to:

1. Provide prompt and courteous attention and cooperation to a vendor;
2. Provide equal treatment and opportunity to vendors soliciting MCCS business;
3. Guarantee, within prevailing law, the confidentiality of vendor specifications and price quotes;
4. Explain clearly to vendors the reasons for accepting or rejecting bids;
5. Avoid personal obligations to vendors;
6. Keep informed of available goods and services; and
7. Promptly address vendor complaints.

Maine Community College System

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Page: 808 (Page 1 of 1)

SUBJECT: PURCHASING

Effective: October, 1996

Section: 808 Inventory; Receiving and
Inspection

Inventory Receiving and Inspection

Sound receiving and inspection procedures mark the starting point for preserving a college's rights against suppliers and are essential to successful prosecution of claims for shortages or damages to shipments. Early detection of defects or obvious failures to comply with specifications often permits a college to secure a replacement at the supplier's expense and puts the college in a more favorable position if a claim develops.

Shortage and/or damage should be called to the attention of the supplier or the carrier at the earliest opportunity. Tardy claims are usually suspect, and there is the risk of losing rights because of a short non-claim clause in the "bill of lading" or "vendor's form."

Inventory Controls:

1. Inventory must be purchased and maintained in accordance with generally accepted accounting principals.
2. Inventories must be maintained to the greatest extent practicable in all auxiliary enterprise operations, instructional programs, or support areas in which the value of inventory on hand is material.
3. Colleges must establish appropriate authorization and control for removing inventory from stock.
4. Physical inventories must be completed as frequently as practicable and conducted by persons other than those responsible for maintaining the inventory records.
5. The inventory costing methods must be documented and justified in writing to include the original cost of purchased items or fair market value as of the date of gift for donated assets.

Maine Community College System

Policy and Procedures Manual

Page: 809 (Page 1 of 1)

SUBJECT: PURCHASING

Effective: October, 1996

Section: 809 Surplus Property

Surplus Property

Each location may determine if materials and equipment under its control may be declared surplus to the needs of the college or the MCCS. Supplies and equipment may be determined to be surplus due to age, lack of usefulness, and obsolescence. The disposal of materials and equipment will be coordinated by the purchasing department of the college, in accordance with the following steps:

1. Inventory with assigned values must be determined from the fixed asset module.
2. The inventory list must be forwarded to each college to determine if a use may be found at another college.
3. If a use is not found within the MCCS, such materials and/or equipment may be disposed of through:
 1. State Surplus auction;
 2. Advertisement and sealed bid submission;
 3. Public auction through a contracted private auctioneer by written contract; or,
 4. Public auction conducted exclusively by the local college.
4. Fair market values may be assigned by the local college from industry guidelines or local expert opinion.

Materials and equipment disposed of by means of a private auctioneer must have a competitive bid process for the procurement of the auctioneer's services.

Maine Community College System

Policy and Procedures Manual

Page: 810 (Page 1 of 3)

SUBJECT: PURCHASING

Effective: October, 1996

Section: 810 Vendor Maintenance

Vendor Maintenance

Introduction

Vendor maintenance is a basic requirement of all finance and administration functions. Prior to the processing of purchasing documents or accounts payable checks, a vendor must exist in the computer system. Vendor maintenance is also crucial for the accurate filing of federal Form 1099-Misc. Note: The task of such reporting is the responsibility of the MTC System Office.

The following procedures are to ensure that vendor maintenance is handled in an accurate and consistent manner.

Definitions

New Vendor – A vendor who does not exist in the file and needs to be added.

Vendor Change – A vendor who currently exists in the file, but requires any change.

Incorporated/Corporation – A vendor who does not require Federal Form 1099 information.

1099 - A federal form issued to a vendor who provides non-employee services; reported to the IRS at calendar year-end.

Tax ID# - The identification number issued by the Federal government to businesses and individuals for tax reporting purposes. This may be either an Employer ID#, such as 01-5555555, or a Social Security #, such as 005-55-5555.

Issuing a New Vendor Number

The vendor number consists of school number + letter of vendor name as filed + 4 numeric digits (#LXXXX). The 4 digits are assigned in order and kept as a log on a vendor list printout. To print the vendor list, go to the Main PW Menu. Type “X” or “T” to exit the menu. At TCL (:) type Vendor.List (example: Vendor.List). Wait until “:” returns then do “shift – alt – P” to release print job.

To select the vendor letter, utilize the rules of alphabetic filing:

(a) the first letter of the surname – John Doe, W L Blake Co, N H Bragg Inc.

Vendor Maintenance

Page 2

- (b) if no surname, the first letter of the anme as written (ignoring identifying articles such as The, A, An, etc.) such as PricewaterhouseCoopers, Alexander The Great, The Big Apple, University of Maine, Harvard University.

In setting up the vendor name:

- (a) leave out all periods and punctuation – e.q. H R Briggs, Loring Short & Harmon
- (b) abbreviate organizational types without the period – Co, Corp, Inc

no abbreviations in legal vendor name – examples: AAJC, spell it out; State of Maine (department, bureau or division), list as: Maine State Department of Taxation; same for city departments such as: Augusta Tax Assessors Office; national organizations and associations, list as: National Rifle Association, etc. It is very important that vendor names and tax ID# numbers are entered exactly the way the vendor files his/her taxes, i.e. if John Doe is an indiviual doing business as Just Call Me Handy, then the vendor amintenance file must read:

John Doe
dba Just Call Me Handy
123 USA Street
Anytown, US 12345

NOTE: The only way you will know exactly how it should read is to ask the vendor before you enter the information.

Following these guidelines will cut down on the inadvertent creation of multiple numbers for the same vendor.

It is always a good idea to write the addition on your hard copy vendor list to note that the number has been used, until you print a new list in its entirety.

Entering the New Vendor Number

The following fields are required when entering a new vendor: Entity, Vendor #, 1. Legal firm name, 2. Address, 3. Address* (see note below), 4. Phone, 5. Abbreviation (20 character field to allow vendor recognition on general ledger and other reports), and 8. 1099. If the vendor is not incorporated (Inc.) or a corporation (Corp.), then we are required to report their payments to the IRS. You then enter “Y” in this field and must complete field 15. Tax ID#. If the vendor is Inc., Corp., or an employee being reimbursed for expenditures, then this field is marked with an “N”.

Vendor Maintenance

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- * Note: field 2. Address is for remittance of accounts payable checks. If the address for ordering (purchase orders) is different from field 2, enter this address in field 3. If the address is the same for both purposes, enter the word same in field 3.

Recording a Change to a Vendor Number

When a change is necessary to an existing vendor, simply pull that vendor file up and make the change.

Vendor Maintenance Report

It is necessary to run a Vendor Maintenance Report each month. This report will show all activity to the vendor maintenance file from the date of the last report. This report can be accessed from the vendor maintenance menu under PWS.

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SUBJECT: PURCHASING

Effective: October, 1996

Section: 850 Index

850 Index

Purchasing Practices

850.1 Closing Purchase Documents

Purchasing Practices – Closing Purchase Documents

Purchase documents should be closed periodically. Once an invoice is input and validated, the purchase document may be closed without waiting to have the actual check cut. It is not necessary to be concerned with upload/download control.

Procedures

1. From TCL (:), run PD.FIX
2. From TCL (:), run stripper for 3 files PD.PURCH.ORDER, vendor, and RQ.PURCH.REQN
3. From PWS, run Pd5.10 – Open Purchase Documents Invoice Report. Do not release this report until the screen returns to the menu.
4. Analyze the Report and look for:
 - a. Old purchase documents that may have been canceled or paid through NR, Petty Cash, etc.
 - b. Purchases documents that are paid in full or have been paid over the purchase document amount.
 - c. Purchase documents that have dollars remaining due to discounts, etc. Verify that all the items have been received and that all the items have been paid before closing.
 - d. Odd-looking purchase document numbers that were an input error (too many characters, spaces, etc.).
5. Close all necessary purchase documents.
 - a. Go to PD menu (5) PD
 - b. Go to Transaction Processing Menu (3) PD3
 - c. Go to Purchase Document Amendment/Close (2) PD3
 - d. Pull up the purchase document and select CP (close pd.). Message comes up (Do you want to close entire pd?) Select Y for yes. File the purchase document (if you don't file the purchase document it will not close).

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SUBJECT: ACCOUNTS PAYABLE

Effective: April, 1992

Section: 900 Index

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901 Accounts Payable

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Policy and Procedures Manual

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SUBJECT: ACCOUNTS PAYABLE

Effective: September 20, 1990

Section: 901 Introduction

Introduction

Accounts payable refers to the amount due to vendors for the purchase of goods and services. Accounts payable are recognized as liabilities in the accounting records when legal title or the right of possession to goods or services passes to the buyer. Accordingly, the ordering of goods or services does not create a liability until received and/or invoiced.

The M CCS recognizes its accounts payable liabilities in the period it receives goods or services. Excluding payroll, approximately all of M CCS disbursements are in the form of accounts payable. It is essential, then, that a process of authorization and control be in place.

Administrative Policy

Each college and the System Office are responsible for the local authorization of accounts payable representing their disbursement obligations.

Accounts payable must be processed in conformity with the accrual basis of accounting. Amounts due to vendors are recognized as liabilities either when goods/services, or invoices are received by the M CCS. Invoices representing accounts payable must be processed as expeditiously as possible in order to maintain the good will of vendors. Payments to vendors should not be earlier than the invoice due date, but all locations should normally take advantage of available purchase discounts.

Definitions

Accrual Basis - The process whereby the M CCS recognizes a liability when it receives goods or services.

Invoice - Evidence submitted by a vendor of an obligation to pay for goods and services that have been received by the M CCS and authorized by a signed purchase order.

Liability for Accounts Payable – A legal obligation to pay a vendor for goods or services received by the M CCS.

Accounts Payable

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Responsibility Center Manager – A manager or supervisor who is assigned budget, revenue, and expenditure responsibility and accountability, corresponding to his/her area of operational control in the organization.

Guidelines and Procedures

Accrual Accounting Basis – Accounts payable liabilities must be entered in the accounts payable module in the period the MCCS receives goods and services. This process will allow MCCS to recognize liabilities on the accrual basis of accounting in the proper accounting period.

Invoice Processing – Invoices for goods must be compared to receiving documents and purchase orders for quantities and condition of goods received. Invoices for services are compared to purchase orders, where appropriate, and approved by the responsibility center manager.

Invoices entered into the accounts payable module must either show gross invoice amount, invoice date, and invoice due date or be entered for the net amount. Vendor terms are loaded through the individual vendor master files. The system will calculate available discounts, depending upon invoice due date and terms. Entered invoices must be cross-referenced to related purchase order numbers for a control check to the validity of the invoice amount, to verify prior approvals, and to close the purchase document item.

Payment Processing – Each college will follow the established weekly schedule for the upload of accounts payable to the System Office. Cash requirement reports will be generated for approved invoices. The total of the cash requirement report must be validated against the total of the approved invoices. The total of the cash requirement report must be validated against the total of the approved accounts payable invoices. Using the accounts payable transaction approval function, the colleges will note invoices to be paid in the next check run.

The college business office will print a hard copy of the cash requirements report. The college finance director/business manager will approve the accounts payable invoices with his/her original signature on the cash requirements report. The original of the cash requirements report will be mailed to the System Office Finance Department. A copy of the signed cash requirements report will be maintained on file at the college business office.

The System Office will generate a cash requirements report for college invoices, in accordance with the weekly accounts payable check processing cycle. The total of the cash requirements report will be

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validated against the total of the consolidated accounts payable batches and will be submitted to the Senior Financial Analyst. After all accounts payable approvals have been verified, the System Office will generate an invoice check run and mail invoice checks directly to the college business office.

Accounts payable detail and general ledger summary detail will be downloaded to each college Business Office. The college runs a disbursement report to verify the detail of the check run, noting especially any invoices entered for the college at the System Office. Accounts payable detail should be reconciled with the Accounts payable control account in the general ledger on a monthly basis to reconcile existing differences.

Accounts Payable Aging – Aging reports for accounts payable should be analyzed on a monthly basis. The aging, along with the final cash requirement report run at month-end, is used to reconcile the A/P balance to the general ledger. It is also used to analyze vendor invoice dates against the due dates and paid dates. This information should confirm the accuracy of accounts payable balances and ensure that vendor invoices are being paid timely.

Open Purchase Order Listing – An open purchase order listing provides detail for all purchase orders which have not yet been matched to invoices. Each college should review the listing on a monthly basis, especially to assist in identifying items to be accrued at month-end, and to investigate all purchase orders outstanding in excess of 30 days to determine if the invoice has been misplaced or the purchase order has been received by the vendor.

Manual Checks – Manual check processing is discouraged, as it interferes with the established accounts payable processing schedule and weakens established procedural controls.

Manual check may be permissible in emergency situations on a limited basis. Each college must send the System Office accounting section a manual check request form detailing the emergency, noting proper college approvals. The System Office will process the manual check after all required approvals have been obtained. The college Business Office will enter the invoice for which a manual check was processed for the next accounts payable upload.

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Authorization – Approval authority for invoice payments is only granted to the System President, college president, Chief Financial Officer, finance director, and business manager. This approval authority may be delegated in writing in order to accommodate operational needs. The System Office and each college business office will maintain on file the names and titles of the persons authorized to approve invoices for payment.