

PENSACOLA STATE COLLEGE
MANUAL OF PROCEDURES

Procedure Title:	Financial Management	<u>Number</u> 544
Related Policy:	Accounting – 6Hx20-5.001	<u>Page</u> Page 1 of 5

I. Purpose

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

II. Procedure

A. Reporting Entity

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

B. Structure of Financial Statements

1. The *Accounting Manual for Florida's College System* prescribes the minimum organization structure required for the general ledger. The College has integrated the accounting manual requirements into the chart of accounts employed within its accounting system. It is the responsibility of the Comptroller to ensure that changes to the accounting manual are updated within the College's accounting system so that the College can satisfactorily report financial performance.
2. The College employs subsidiary systems to support operations. These subsidiary systems collect detail that is only summarized within the general ledger. In these cases, procedures have been implemented to reconcile the total detail of transactions to the summary postings in the general ledger to ensure completeness and proper accountability. Examples in operation are the fixed asset, payroll, and student account subsidiary systems.

C. Structure of the College's Single Audit

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

D. General Controls

1. All revenues and expenses are budgeted as required by law.
2. Revenue Cycle
 - a. All deposits are required to follow Procedure 519, Depository Transactions. Fees charged comply with laws and rules.
 - b. The ability to provide a refund is governed by Procedure 302, Procedure for Refund of Student Fees.
 - c. Collection procedures for delinquent student accounts are established by Procedure 506, Collection of Delinquent Accounts.
3. Expenditure Cycle
 - a. The Board approves the salary schedule as part of the budget annually. The Board also directly establishes the President's compensation. Employees are paid bi-weekly.
 - b. Procurement is generally governed by Procedure 510, General Authority for Purchasing.
 - c. Guidelines for grant and/or contract administration are defined within Procedure 545, Grant Procedures.
 - d. Guidelines to disclose conflicts of interest are contained within Procedure 543, Procurement Procedures for Purchases from Federal Grants, and Procedure 549, Conflict of Interest Procedure for Grant Awards. The College has detailed the expectation for someone to report an instance of suspected fraud in Policy 6Hx20-1.038, Fraud.
4. Responsibility for College Property
 - a. The President of Pensacola State College is directly responsible for all College property. The intermediate responsibility is assigned to the Vice President, Business Affairs. The responsibility for property assigned to departments is delegated to property custodians at a level best able to control the custody of the property items(s). The Property Control Office is responsible for maintaining the College's property records in accordance with s. 274.02, Fla. Stat. The Capital Outlay Accountant works

to facilitate and coordinate information and custody during the acquisition, moving, and disposal of property items.

- b. The Board maintains insurance programs required by law and good business practice to protect College property against major perils such as fire and windstorm and insurance for general operations like general liability and automobile liability. Property custodians are responsible for ensuring that the property under their control is adequately protected against theft, loss, or damage and is used for the College's benefit. Property custodians are responsible for maintaining the equipment under their control in proper working order.
 - c. If insurance is needed or recommended for property items and/or their use, the property custodian should consult the Vice President of Business Affairs to verify that the items or related exposures to equipment operation are adequately insured. Likewise, the Vice President, Business Affairs, will notify property custodians of any lapses or changes in insurance coverage.
 - d. The procedure for disposing of surplus property is defined in Procedure 114, Disposition of Surplus Property.
 - e. The property inventory procedure is defined in Procedure 117, Record and Inventory of Property.
5. Cash is managed by the Comptroller in accordance with Procedure 519, Depository Transactions. The Coordinator, Capital Outlay and Banking, records daily any ACH deposits that have been credited to the College's account. The Director of Student Financial Services supervises actual cash collection and credit card collection processes college-wide. The Assistant Comptroller is responsible for managing the cash within the grants. The Vice President, Business Affairs, authorizes all grant drawdowns.
6. The Coordinator, Capital Outlay and Banking performs bank reconciliations at least monthly. The Comptroller reviews reconciliations to ensure timeliness and accuracy.
7. Records Management
- a. Financial records are stored in file cabinets, offices, and file rooms.
 - b. Electronic records are stored on the College's network, and within secure cloud arrangements. Employees are expected to comply with the following procedures:
 - i. Procedure 138, Cyber Risk; and
 - ii. Procedure 140, Identity Theft Prevention Program.
 - c. Applicable federal and state laws determine the confidentiality of records, rules, and regulations.
 - d. Procedure 120, Reproduction and Destruction of District Records, provides a procedure for the disposal of College records.
 - e. Property purchased using grant funds is disposed of by the requirements of the underlying grant.

E. Financial Reporting

1. At the end of the year, the Comptroller coordinates the year-end process to generate timely financial statements that will fairly represent the financial performance and outcomes of the College for the fiscal year in accordance with generally accepted governmental accounting standards. Additionally, the Comptroller is responsible to insure that the internal control structure in operation over financial reporting and compliance includes requirements to prevent material misstatement.
2. The Comptroller is responsible for financial reporting.
3. The Comptroller relies on the general controls documented in this procedure and generally does the following to produce timely financial statements:
 - a. Once each fiscal year, the department property custodian, in cooperation with the staff of the Property Control Office, conducts physical inventories of property recorded in the College accounting records. See Procedure 117, Record and Inventory of Property.
 - b. The Comptroller has a list of all items to be completed for yearend closing that is updated for each yearend. Each item is assigned to a person, and the person is given a date range for expected completion. This facilitates the completion of items in a logical fashion so that items are done in the proper order.
 - c. The Assistant Director of Financial Services organizes the counting of all cash on hand on June 30 or the last working day before June 30 by someone other than the custodian of the cash fund. On this same day, College business is stopped at mid-afternoon so that student transactions are fed to finance.,
 - d. The Coordinator, General Accounting works with Accounts Payable staff to pay invoices for goods and services received before June 30 by the last working day of June. Similarly, the Payroll staff ensures that all time worked in June is recorded in a June payroll. Between the last June payroll and the first July payroll, the compensated leave liability report is run and audited by the Payroll Director and then forwarded to the Comptroller to record.
 - e. The Assistant Comptroller works with grant managers to close out grants for yearend.
 - f. The Assistant Comptroller prepares the Schedule of Expenditures of Federal Awards (SEFA) and forwards it to the Comptroller for review and approval. The Vice President, Business Affairs, certifies that SEFA documents have been accurately reported by the due date.
4. The Comptroller utilizes the trial balance information from system reports to enter data into excel files designed to produce financial statements in the current GASB 35 format for financial presentation of what are essentially the balance sheet, income statement, and statement of cash flows. Once the statements are balanced, the notes to the financial statements (including required supplementary information) are prepared. Tables from the state file are then used as part of the graphical presentation in the financial statements Management Discussion and Analysis section. The statements and all exhibits are then proofed to each other to check for inconsistencies and errors.

Responsible Official: Vice President, Business Affairs

President's Signature:

Date: 03/28/23

A handwritten signature in blue ink, appearing to read "E. J. Meadows", is written over the "President's Signature:" label.