

SISSETON WAHPETON COLLEGE

MANUAL OF ACCOUNTING, BUDGETING AND REPORTING

Approved by the Board of Trustees on July 25, 2011

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100 INTRODUCTION

101 Purpose of Manual

- A. The Sisseton Wahpeton College Manual of Accounting, Budgeting and Reporting is the official document describing the manner in which we account for and administer grants from the U.S. government, philanthropic institutions and others.
- B. This Manual of Accounting, Budgeting and Reporting is intended to be used as a guide for employees of the Sisseton Wahpeton College in the application of various Federal, State and Tribal laws and regulations governing grants awarded by the U.S. government and other funding sources.
- C. This Manual constitutes all current policies and standards that have been developed by the Chief Financial Officer of the Sisseton Wahpeton College, unless otherwise noted. A procedures manual for all applications can be found in the CFO's office.
- D. Reference to the Sisseton Wahpeton College contained herein may include "SWC".

102 Scope and Organization

The general organization of the Manual of Accounting, Budgeting and Reporting is as follows:

Section 100 Introduction

Provides a description of the purpose of the Manual of Accounting, Budgeting and Reporting.

Section 200 Internal Controls

Describes systems and human controls in place to safeguard the assets of SWC and to ensure business is conducted in an ethical manner.

Section 300 Financial Management Policies

Policies for the operation of the financial management structure of SWC.

Section 400 Accounting for Assets, Liabilities and Fund Balance

Establishes policies for accounting for the SWC assets, liabilities and fund balances.

Section 500 Revenue Policies

Determines when and how to recognize income on sales of goods and services of SWC to its funding sources.

Section 600 Cost Accounting Policies

Deals with the measurement, assignment and allocation of costs of SWC.

Section 700 Cost Estimating Policies

Describes those policies to be used in applying for grants with the U.S. government and other funding sources.

Section 800 Property Management Policies

Reflects policies and practices for the identification, control and disposition of SWC property, equipment and materials.

Section 900 Compensation Policies

Establishes policies over the control of compensation, cost related fringe benefits, the status of employees, faculty, staff and consultants, and the expenditure of funds on behalf of SWC by its employees.

103 Amending the Manual of Accounting, Budgeting and Reporting

This manual contains the essential fiscal policies of SWC, however required financial reporting or compliance may change, updating of this manual is essential to the fiduciary responsibility by the Chief Financial Officer.

200 INTERNAL CONTROL POLICIES

201 General Statement and Policy

Effective controls provide SWC with reasonable assurance that institutional objectives have been achieved through sound financial management.

Internal controls provide management with reasonable, but not absolute, assurance that:

- A. Transactions are properly recorded and accounted for to permit the preparation of reliable financial statements and to maintain accountability over assets.
- B. Funds, property, and other assets are safeguarded from loss from unauthorized use or disposition.
- C. Transactions, including those related to obligations and costs, are executed in compliance with laws and regulations that could have a direct and material effect on the financial statements.
- D. Data that support reported performance measures are properly recorded and accounted for to permit preparation of reliable and complete performance information.

202 General Business Conduct and Disclosure

- A. Unethical actions, or the appearance of unethical actions, are unacceptable under any condition. The policies and reputation of SWC depend on each employee applying her/his own sense of personal ethics, which should extend beyond compliance with applicable laws in business situations, to govern behavior where no existing regulation provides a guideline. It is our responsibility to apply common sense in business decisions where specific rules do not provide all the answers. Each supervisor is responsible for the ethical business behavior of her/his subordinates. Supervisors must weigh carefully all courses of action suggested in ethical and economic terms and base their decisions on the guidelines provided by this policy as well as their personal sense of right and wrong.
- B. Sisseton Wahpeton College will not tolerate the willful violation or circumvention of any laws of the Sisseton Wahpeton Oyate or the United States. Employees should not attempt to accomplish by indirect means, through agents or intermediaries, what is directly forbidden.

Failure to comply with the standards contained in this policy will result in corrective action, which may include termination, referral for criminal prosecution, and/or reimbursement to SWC or the government for any losses or damages resulting from the violation. As with all matters involving corrective

action, principles of fairness will apply. Any employee charged with a violation of this policy, herein, will be afforded an opportunity to explain her/his actions before corrective action is taken.

Corrective action will be taken:

1. Against employees who authorize or participate directly in actions which are a violation of the policy.
2. Against any employee who has deliberately failed to report a violation or deliberately withheld relevant and material information concerning a violation of this policy.
3. Against any supervisor who attempts to retaliate, directly or indirectly, or encourages others to do so, against any employee who reports a violation of this policy.

203 Compliance with Laws

A. General

In complying with the laws and regulations that apply to educational institutions, you will find the following information useful:

1. Disclosure of SWC Information - the organization's service, financial and administrative information is a valuable, intangible asset. Protection of this information is vital to our continued growth and our ability to provide quality services. This type of information is referred to as "intellectual property" and is not always of a technical nature. (i.e. research, new service plans, operating plans, salary, wage and benefits data)
2. Disclosure of SWC financial information to tribal entities, individuals or other agencies, must be in written form with the purpose stated in the request and must then be approved by the President or Board of Trustees.

B. Political Contributions and Activity

The Hatch Act and the Intergovernmental Personnel Act of 1970 preclude Federal funds from being used for partisan political purposes of any kind by any person involved in the administration of federally-assisted programs. No funds or assets of SWC may be contributed to any political party or organization or to any individual who either holds public office or is a candidate for public office.

It is the policy of SWC that employees may not solicit, hand-out, or be involved in any type of political activity during work hours.

C. Commercial Bribery

Employees are not allowed to make a pamphlet either directly or indirectly or as a kickback to influence someone else, or allowed to accept anything of value from someone who wants to do business with SWC.

204 Employee Conflict of Interest

Employees have a primary responsibility to SWC and are expected to avoid any activity that may interfere, or have the appearance of interfering, with the performance of this responsibility. Similarly, employees may not use nor disclose confidential or proprietary information to any outside entity.

Conflict of interest, exists:

- a. If your outside business or other interests may adversely affect your motivation or performance,
- b. If your outside activities, in and of themselves are so demanding on your time that they interfere with your job performance.

205 Ethical Standards in Bidding, Negotiation and Performance of Government Awards

- A. SWC will observe the laws, rules and regulations which govern acquisition of goods and services. SWC will compete fairly and ethically for such business opportunities.
- B. Employees involved in the negotiation of grants will make all reasonable efforts to assure that all statements, communications, and representations to funding source representatives are accurate and current.

206 Signature Authorities

All checks, drafts, endorsements, notes and evidences of indebtedness of the college shall be signed by the President of the college, or such officer as may be authorized by the President and approved by the Board of Trustees. Checks drawn on college accounts shall require both the President's and the Board of Trustees Chairperson's signature for a legal transaction.

The President's signature stamp shall remain in custody of the President and the Board of Trustee Chairperson's signature stamp will be in possession of the CFO to process authorized cash disbursements. The signature stamps will be secured, separately, when

not in use.

207 Control of Non-Contemporaneous Cost Transfers

For all transfers of costs from one account to another and from a direct cost to an indirect cost or vice versa, made on other than a contemporaneous basis, SWC will:

- A. Have available in its accounting records an appropriate written justification statement for any cost transfers,
- B. The Accountant must provide written justification to the Chief Financial Officer, and
- C. Reflect the adjustment in the General Journal.

208 Security of Financial Data

- A. The organization's automated accounting system has sufficient built-in general controls and application controls to preclude unauthorized access to data.
- B. The system's accounting data will be backed up after use and stored in a safe location.

209 Use of SWC Assets

No employee of SWC may use any property, equipment, material or supplies for personal use without the prior approval of the President. Requests must be in written form, to include reason and justification for use of SWC property.

210 Other Internal Control Policies

- A. Cost data will be reconciled on a sample basis with labor and material charges and verified with source records (i.e., time cards, purchase orders, etc.).
- B. Labor charges will be periodically compared on a sample basis with work actually performed.
- C. Invoices will be periodically compared on a sample basis with the underlying accounting records.
- D. SWC will engage an outside auditor to review accounting and internal control systems on an annual basis.

300 FINANCIAL MANAGEMENT POLICIES

301 Principles of Accounting

SWC utilizes fund accounting procedures. Each grant, program, or fund is accounted for using a complete set of self-balancing accounts that reflect each individual program's assets, liabilities, fund balances, revenues, and expenditures.

Accounting is done on an accrual basis.

302 Basis of Accounting

SWC will report program expenditures and program income on the accrual basis. Accordingly, expenditures are recorded when a liability is incurred (i.e., when an invoice has been received), but revenue is not recorded until actually earned.

"Available" means that the revenue is both recognizable and collectible within the current period or soon enough thereafter to be used to pay liabilities for the current period.

303 Elements of an Acceptable Financial Management System

- A. SWC will maintain records and make reports in such form and containing such information as may be required by its funding sources. SWC will maintain such accounts and documents as will serve to permit expeditious determination of the status of funds and the levels of service, including the disposition of all monies received from its funding sources and the nature and amount of all charges claimed against such funds.
- B. Federal Regulations require that grantee have records that identify adequately the source and application of funds for grant or supported activities. At a minimum these records will contain information pertaining to grant awards, authorizations, obligations, unobligated balances, assets, outlays, income and liabilities.

304 Insurance and Bonding

- A. SWC will maintain appropriate levels of coverage for comprehensive, liability, automobile, President's and officer's liability, theft and Workers Compensation.
- B. For personnel handling cash or preparing or signing checks, SWC will obtain minimum insurance coverage of three months' cash flow but not less than \$50,000.00, in a blanket fidelity bond coverage.
- C. Insurance coverage will be increased where grant provisions require an increased level of coverage.

305 Record Retention and Disposal

- A. All financial records, supporting documents, statistical records and other required or pertinent records of SWC will be retained for five (5) years from the day it submits its final expenditure report. For grants involving continued support or renewed annually, the retention period starts on the day SWC submits its expenditure report for that period.
 - 1. For five (5) years after the close of the year or until the tax audit or the return for the year is completed, whichever is longer: Accounts payable and accounts receivable ledger, payroll register, inventory ledger, bad debt write-off, supporting details, cash book, petty cash book, check register and checks, invoices (funding sources and vendors), insurance and safety reports.
 - 2. Permanently: Audit reports, charts of accounts, financial statements, general ledgers, fixed asset records, journal vouchers, profit and loss statements, tax returns, and annual reports. Charters, by-laws and minutes; grants and grant agreements; tax and legal correspondence; insurance claims and policies; accident reports and retirement and pension records.
- B. If any litigation, claim, negotiation, audit or other action involving the records has been started before the expiration of the five-year period, the records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the regular five-year period, whichever is later.
- C. The disposal date of expired documents determined under this policy will be the end of the fiscal year in which occurs the anniversary date of the required number of years for the act specified. A memorandum or record disposal will be prepared, listing the type of records disposed of.
- D. All records not supporting government grants or otherwise covered by rules of the Internal Revenue Service will be retained for three (3) years from the end of the fiscal year in which the records were originally prepared.

306 Scope of Audit Report

- A. An annual audit will be conducted in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States and the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Nonprofit Organizations.
- B. The audit will cover the entire operations of SWC. The auditor will determine whether:
 - 1. The financial statements and the accompanying schedules present fairly the

financial position and the results of financial operations in accordance with generally accepted accounting principles.

2. SWC has internal accounting and other control systems to provide reasonable assurance that it is managing Federal financial assistance funds in compliance with applicable laws and regulations.

307 Soliciting Audit Services

- A. In arranging for audit services, SWC will follow the procurement standards for retaining professional services.
- B. The audit solicitation and any resulting contract for audit services will make specific reference that "if it is determined that the contractor's audit work was unacceptable as determined by SWC, either before or after a reasonable time after a draft or final report is issued, because it did not meet SWC's standards, the AICPA Standards or those promulgated by the Comptroller General of the United States, the contractor may, at the written request of SWC, be required to re-audit at its own expense and resubmit a revised audit report which is acceptable."
- C. SWC will award three (3) year audit contracts, although the Board of Trustees may extend a contract for a longer period. At the end of such a multi-year period, SWC will observe competitive procedures in soliciting audit services.

308 Audit Committee

SWC will establish an internal audit committee composed of members of the Business Office, Executive Staff and the President or designee.

309 Frequency of Audits

An audit will be conducted no less frequently than annually.

310 Audit Resolution of Reportable Conditions

SWC will systematically assure that a timely corrective action plan of audit findings and recommendations will occur within six (6) months after receipt of the final audit report.

311 Chart of Accounts

The principal account groupings in the SWC chart of accounts will be maintained in accordance with rules and regulations of the funding sources.

400 POLICIES RELATED TO ASSETS, LIABILITIES AND NET ASSETS

401 ASSETS

402 Bank Accounts

- A. Bank accounts have been authorized by the Board of Trustees of SWC at Federal Deposit Insurance Corporation (FDIC) insured banks.
- B. To the maximum extent practical, funds will be maintained in interest-bearing accounts.

403 Petty Cash

Petty cash payments will be made for UPS services, local expense reimbursements and small vendor purchases, provided that proper documentation is furnished with each request.

- A. The “petty cash” funds on hand shall not exceed \$500.
- B. Petty cash funds shall be segregated from other cash.
- C. The petty cash fund shall be counted monthly by someone independent of the custodian of those funds.
- D. Cashing of employee personal checks out of the petty cash fund shall be strictly prohibited.

404 Accounts Receivable

As the terms and conditions of grants with the U.S. government permit, SWC will process and invoice for costs incurred.

- A. The accounts receivables shall be recorded when received.
- B. An accurate recording to the correct receivable is crucial to maintaining the integrity of records.
- C. Billings shall be mailed within thirty (30) day of recording the receivable.
- D. Reminder billings should be sent to aid in collecting past due receivables.
- E. A schedule of aged accounts receivable shall be maintained to aid in the determination of an allowance for doubtful accounts.

405 Fixed Asset Group of Accounts

All fixed assets will be separately accounted for in a Fixed Asset Group of Accounts. Assets will be classified according to major classification, offset by an appropriate credit to an equity or liability account. Depreciation will be charged to the various fixed asset categories in accordance with generally accepted accounting principles.

406 Capitalization of Equipment

- A. All tangible property with a useful life of more than one year and a unit acquisition cost of \$5,000 or more, will be capitalized and depreciated over its useful life using the straight-line method of depreciation. SWC will expense the full acquisition cost of tangible personal property below these thresholds in the year of purchase.
- B. The basis of accounting for depreciable fixed assets is acquisition cost, and all normal expenditures (including installation costs, architect-engineer fees, etc.) of readying an asset for use will be capitalized. However, unnecessary expenditures that do not add to the utility of the asset will be charged to the period incurred.

407 Equipment - Low Cost

In the case of original complement of unit low-cost equipment (e.g., chairs, tables, etc.) SWC will capitalize its investment of \$5,000 or more in such equipment.

408 Donated Property or Equipment

Donated assets, at the time of receipt, which meet SWC's criteria for capitalization will be capitalized at their fair or appraised value.

409 Self-Constructed Fixed Assets

For all long-lived assets constructed by SWC, the following costs will be capitalized:

All direct costs incurred specifically in the construction of the fixed asset.

420 LIABILITIES

421 Accounts Payable

- A. Only valid accounts payable transactions based on documented vendor invoices, receiving reports, or other approved documentation shall be recorded as accounts payable.
- B. A voucher system in which each vendor file is composed of: Vendor invoice, packing slip, purchase order, requisition, receiving report, authorization of acceptance of goods or services, etc. will be observed by SWC.

422 Procedure for Expenditures for Supplies, Goods and Services

All purchases of supplies, goods and services in support of carrying out the objectives of SWC will be made by purchase orders.

- A. Purchase Order Request forms may be obtained from the Business Office.
- B. The Purchase Order Request form must be completely filled out, including vendor name, description, dollar amounts of each item and the two required signatures.
- C. For items exceeding \$5,000, two bids must be obtained and attached to the Purchase Order form provided this is in agreement with the particular grant guidelines.
- D. A completed Purchase Order Request form is required to obtain a Purchase Order Number. The Purchase Order Number must be logged in the Purchase Order Book, with all pertinent information.
- E. Purchase Order Requests with Purchase Order Numbers on them are kept in numerical order.
- F. Any employee who initiates a purchase without a Purchase Order Number will be held liable for payment.
- G. Once goods are received, the receiving person verifies the order with the enclosed packing slip and/or invoice, initials the slip, notes any discrepancies and turns in the packing slip to the Business Office.
- H. The Accounts Payable Clerk will prepare a voucher for each invoice and obtain approval for payment. Invoices are then entered into the computerized accounting system.
- I. Exceptions to this are the Library and the Bookstore.

430 NET ASSETS

431 Restricted Funds

A. General Statement

Restricted funds are dollars given to the College by outside donors or grantors who place specific guidelines on the use of those funds. There are five categories of restricted funds:

1. Endowment income and expense
2. Current use, commonly referred to as development funds
3. State grants and contracts
4. Private grants and contracts
5. Federal grants and contracts

Policies and guidelines have been established to help departments meet their fiduciary responsibilities to donors and grantors when working with funds in the restricted range.

B. Policy

The college has a stewardship obligation to the donor or grantor to use the funds in the manner specified and to be able to report, if necessary, on categories and amounts of expenditures that support the intent of the fund. As a matter of college policy:

1. Each restricted grant, gift or contract is assigned its own fund account number.
2. All expenditures must be approved by the Principal Investigator/Project Director.
3. All final internal budgets, salary schedules and cost sharing budgets will require input from the President, Chief financial Officer and the Principal Investigator/Project Director.
4. Any budget revisions will require concurrence from President and the Chief Financial Officer and endorsement of the Principal Investigator/Project Director.

432 Endowment Fund

General Statement

Endowment funds represent resources that are subject to restrictions of gift instruments which require in perpetuity that the principal be invested and that only income from investments be used. Income earned on endowment fund investments is allocated directly to current funds.

The monies in the SWC endowment fund are the result of the participation in the Tribally Controlled Community College Endowment Program. The SWC matches federal funds with nonfederal funds. SWC may not withdraw any portion of the matching amount contributed by the federal government toward the establishment of

the endowment principal. If the college withdraws any portion of its endowment funds, an equal amount of federal contribution must be withdrawn and returned to the Director of the Office of Indian Education Programs for reallocation to other colleges.

433 Fund Groups maintained by SWC

A. Current Funds

Funds, including unrestricted and restricted resources, that represent expendable funds available for support of the college's operations, either for general or donor specified purposes.

B. Agency Fund

The agency fund consists of funds being held by the college as custodian for others, including student activities, financial aid, scholarship, and trust monies. Transactions of agency funds represent charges or credits to the individual asset and liability accounts and are not transactions of unrestricted or restricted current funds.

C. Property and Equipment Fund

The property and equipment fund is designed to account for funds expended for the institutional plant and equipment additions. Such acquisitions are financed through the current funds.

434 Investment Policy

General Statement

All investment transactions shall be reviewed and approved by the governing board.

Initial receipts for gifts, grants or bequests under an endowment agreement will be recorded as a net asset addition based on the fair market value of the property received.

Unrestricted investment income from endowment funds and term endowment funds will be recorded as unrestricted investment income. Restricted expendable investment income will be accounted for as an addition to temporarily restricted net assets. Investment income that must be added to the principal balance as required by a donor or grantor agreement will be recorded as an addition to permanently restricted net assets. Also, gains or losses from investments will be recorded as addition or deductions to the class of net assets to which they relate.

When a term endowment fund expires, surplus resources will be reinvested into additional CD's, unless otherwise specified.

500 REVENUE SOURCES

501 Revenue Recognition

Revenue under cost reimbursement-type grants is recorded as costs are incurred. Revenue and anticipated profits under certain performance based and unit rate contracts that require substantial performance over a long period of time before deliveries begin are accounted for under the percentage-of-completion.

502 Program Income

- A. Program income is gross income generated directly by a grant supported activity or earned only as a result of the grant agreement during the grant period.
- B. If authorized by Federal regulations or the grant agreement, costs incident to the generation of program income may be deducted from gross income to determine program income.
- C. Depending on the method provided for in the grant agreement, program income will be deducted from outlays, added to the funds committed to the grant agreement, or used to meet the cost sharing or matching requirement of the grant agreement.

503 Contributions

- A. A contribution is an unconditional transfer of cash or other asset to an entity or a settlement or cancellation of its liabilities in a voluntary nonreciprocal transfer by an entity acting other than as an owner.
- B. Contributions received, including unconditional promises to give, are recognized as revenue in the period received at their fair market value.
- C. SWC will recognize those unconditional promises to give in the financial statements only when promises are evidenced in the form of verifiable documentation.
- D. Contributions should be recognized as revenues or gains in the period received.

504 Donated Facilities or Services

Contributed facilities or services (e.g., volunteers) shall be recognized as revenue if the services received:

- A. Create or enhance non- financial assets, or
- B. Require specialized skills; are provided by individuals possessing those skills; and would typically need to be purchased if not provided by donation.

505 Rental Income

Rent payments received will be recorded as income.

506 Segregation of Revenues

SWC will separately identify the source and application of funds provided for all activities in its coding structure.

600 COST ACCOUNTING POLICIES

601 Consistency in Cost Accounting

Practices used by SWC in estimating costs in preparing its grant proposals will be consistent with its accounting practices used in accumulating and reporting costs. Accounting practices used by SWC in accumulating and reporting actual costs for a grant with the funding source will be consistent with its practices used in estimating costs in its grant proposals. Moreover, all costs incurred for the same purpose, in like circumstances, are either direct costs only or indirect costs only with respect to grants.

602 Unallowable Costs

Costs expressly unallowable or mutually agreed to be unallowable will be identified in separate accounts and excluded from invoices, claims, and reports to grantors.

603 Cost Accounting Period

The fiscal year of SWC will be July 1 through June 30. The same accounting period will be used for all adjusting entries, accruals and deferrals as well as accumulating costs in the indirect cost pool and establishing its base.

604 Grant Service Costs

- A. Each grant service will be adequately described and will include all related service expenses.
- B. Costs related to the supervision of program services and supporting services will be prorated among those services.

605 Indirect Costs

All costs for the overall operation of SWC will be considered indirect. In general, the following list of costs which are considered necessary for the overall administration of the college will be included in this category:

- A. The personnel expenses of the President and designated staff to the extent they are involved in activities of a general nature related to the overall operation. Such activities include personnel management or supervision by administrative staff that is not traceable to any specific program, fund, or activity.
- B. Staff time devoted to planning activities, which are of a general nature and not

assignable or allocable to a program, fund, or activity such as: preparing testimony, addressing public hearings, conducting public hearings and revisions of SWC objectives and plans.

- C. Staff time spent in researching and acquiring other resources to be used for the development and expansion of services.
- D. Staff travel expenses for personnel activities charged to SWC's indirect cost pool.
- E. General personnel management and record keeping related to employee benefits, as well as developing and implementing SWC personnel policies and such activities as staff orientation and training of a general nature.
- F. Financial management of the entire operation such as maintaining necessary journals, ledgers and accounts, making requisite bank deposits and withdrawals, invoicing and payment processing, payroll administration and preparing periodic financial reports that encompass the overall financial status.
- G. Costs of office furniture, supplies and equipment designated specifically for the administrative staff.
- H. The cost of general liability insurance, fidelity bonds, etc.
- I. All other costs that cannot be related to a specific program will be classified as indirect costs.

606 Direct and Indirect Costs

- A. Costs incurred specifically for a final cost objective (e.g., grant) will be treated as direct costs. Costs benefiting more than one cost objective will be consistently treated as indirect costs.
- B. SWC maintains one composite indirect cost pool combining all indirect costs. The base of allocation for the Indirect Cost Pool is total direct cost, less equipment, capital outlay, contractual services, and pass-through funds.
- C. SWC will treat all fringe benefits as direct or indirect costs, depending on how the particular employee is classified.

607 Allocation of Legal Fees

Legal fees incurred specifically in connection with a final cost objective will be allocated as a direct cost. Minor amounts of direct legal fees and all legal fees benefiting more than one cost objective will be treated as an indirect cost.

608 Contributed Services and Materials

- A. Contributed services in the form of volunteer services will be recognized if all of the following conditions exist:
1. The services performed are significant and form an integral part of the efforts of a particular fund, program or activity,
 2. There is a clearly reasonable basis for the amount to be recorded.
- B. Materials received as support will be recorded based on their estimated fair market value. When a reasonable fair market value cannot be determined, no support should be recognized.

609 In-Kind Costs

To satisfy a matching or cost-sharing requirement of a grant or contract, SWC will account for the following allowable in-kind costs:

1. Charges incurred by SWC as project costs, including non-cash items such as depreciation or use charges,
2. Project costs financed with cash contributed or donated to SWC by non-Federal third parties or in the case of federal funds, other federal funds specifically authorized by law for matching,
3. Project costs represented by services and real or personal property donated to SWC by non-Federal third parties, provided such costs are:
 - a. identifiable for records,
 - b. not included as contributions to other federally assisted programs,
 - c. necessary and reasonable for proper and efficient accomplishment of project objectives, and
 - d. allowable if SWC would have had to pay for them during the course of the grant.

610 Documentation of In-Kind Costs

SWC will obtain the same kind of documentation, to be retained for the same period of time, as required for incurred costs. To the extent feasible and practical, SWC will obtain independently generated documentation for in-kind costs; time sheets or log-in sheets for donated labor, written verification of the value of donated equipment or space, etc.

611 Depreciation Method

The cost of buildings, equipment, vehicles, furniture and fixtures is depreciated on the straight line method over a period allowable by and consistent with IRS guidelines.

612 Disposition of Assets - Gain or Loss

Gains and losses from the sale, retirement or other disposition of depreciable property are to be included in the year in which they occur as credits or charges to the cost group in which the depreciation or amortization applicable to those assets was included. The gain or loss for each asset disposed of is the difference between the net amount realized, including insurance proceeds from involuntary conversions, and its undepreciated balance. The gain recognized for grant costing purposes will be limited to the difference between the acquisition cost (or for assets acquired under a capital lease, the value at which the leased asset is capitalized) of the asset and its undepreciated balance.

613 Service Lives of Tangible Capital Assets for Depreciation Purposes

SWC will maintain supporting records showing acquisition, use and disposition of each tangible capital asset or group of assets.

614 Purchased Labor

- A. The cost of all purchased or temporary labor incurred specifically for a grant, independent research and development or other final cost objective will be treated as an other direct cost
- B. All purchased or temporary labor benefiting more than one grant will be treated as an indirect cost.

615 Insurance

- A. SWC will obtain adequate insurance coverage.
- B. In circumstances where SWC's management considers prudent, SWC will assume the risk of loss. The cost of such self-insurance will be the projected average loss for that period plus insurance administration expenses in that period.
- C. To determine the cost of purchased insurance, SWC will obtain competitive quotes from insurance brokers/carriers every three years.
- D. SWC will maintain records to substantiate the amounts of premiums, refunds, dividends, losses and self-insurance charges, paid or accrued.

616 Bid and Proposal Costs

The cost of the effort of preparing grant applications and cost proposals for the funding sources will be treated as indirect costs. The cost of word processing, printing, and delivering grant application/contract proposals will be charged as an indirect expense.

617 Accounting for Match

Given the way a grant match was bid on each grant, the accounting system will accumulate and report related costs, distinguishing between SWC-paid, donated services, space or equipment and any income authorized to be treated as a match.

700 PROPERTY MANAGMENT POLICIES

701 Non-Expendable Personal Property

All non-expendable personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more shall be referred to as “Capitalized Equipment” and will be capitalized. All other equipment will be referred to as “Non-capitalized Equipment” and will not be capitalized. Both categories of equipment will be recorded in the property and supply records. Capitalized equipment will be tagged with bar coded tags and non-capitalized equipment will be tagged with numbered tags (non-bar coded) and recorded in the accounting records.

The Facilities Director, along with the accountant, will tag all equipment with a tag, document the name of the funding source, and assign an identification number to each property item. (All Information Technology equipment will be tagged by I.T. personnel and the information shared to maintain accurate accounting records.)

702 Recording of Property

Property records will be maintained accurately and includes the following information:

- A. A description of the property.
- B. Manufacturer’s serial number, model number, Federal stock number, or any other identifying number, as well as the college’s P.O. number sanctioning the purchase of the equipment.
- C. Source of the property including the grant or other agreement number.
- D. The cost of the property and acquisition date.
- E. The location, use, and condition of the property and the date the information was reported.
- F. Percentage (at the end of the budget year) of Federal participation in the cost of the project or program for which the property was acquired.
- G. Date of disposal and sale price or the method used to determine current fair market value where the college compensates the Federal agency for its share.

703 Physical Inventories

A physical inventory of all property will be performed at least once per year at the fiscal year end. The results will be reconciled with the accounting, property, and supplies records. Any differences between quantities determined by the physical inspection and those shown in the accounting records will be investigated to determine the cause of the difference. The College shall verify the existence, current utilization, and continued need for the property. This physical inventory reconciliation of equipment purchased with federal funds complies with the OMB Circular A-110-34.f.3 that mandates an inventory

count every two years.

704 Disposal of Property, Plant and Equipment

- A. No item of property, plant and equipment shall be removed from the premises without written approval from the President of SWC.
- B. When property is retired, the appropriate asset and accumulated depreciation accounts and asset accountability records shall be adjusted and any profit or loss reflected.

705 Fully-Depreciated Assets

Records of fully-depreciated assets shall be maintained as long as the college is in operation.

706 Land, Buildings, Building Improvements

All real property, including land, land improvements, structures and appurtenances thereto, excluding moveable machinery and equipment, shall be capitalized. Such expenditures shall be recorded in the accounting records. Subsidiary records shall be maintained to show the detailed accumulation of real property acquisitions.

707 Supplies and Materials

All items not considered equipment shall be classified as supplies or materials. Supplies, materials, etc. may be purchased according to program contracts and budgets, or as considered necessary for the operation and administration of the College programs. The requisition and purchase order processes must be followed.

800 COMPENSATION POLICIES

801 Compensation Policy

It is the policy of SWC to match the total compensation (base compensation and fringe benefits) offered by other colleges of same size for personnel performing comparable work in the same labor market area.

802 Wage and Salary Administration and Changes in Salaries

- A. Salaries and wages of all new employees, quoted at hourly, per credit hour and annually will be established when making an offer of employment and approved by the President.
- B. Each employee's salary or wage will be formally reviewed annually and adjusted based upon the results of each employee's performance appraisal.
- C. New hires, terminations, pay rate changes, promotions and demotions will be documented by the Personnel Action Form and approved/disapproved in writing by the President. A copy of all such authorizations will be retained in each employee's personnel file.
- D. The President, the appropriate Executive Staff personnel or Grant Manager will promptly notify the payroll clerk of all hires, rate changes, dismissals and employee separations.
- E. Master personnel records will be maintained for each active employee and of past employees for five (5) years beginning with the date of employee termination.

803 Labor Distribution Reporting

- A. The normal hours of work are eight (8) hours, from 8:00 AM to 4:30 PM, with a half hour lunch break, each workday.
- B. Charges to grants or administration for salaries and wages, whether treated as direct costs or indirect costs, will be based on documented payrolls approved by the Chief Financial Officer. The distribution of time worked must be supported by time and effort timesheets.
- C. Payroll reports will be prepared and controlled according to the following minimum standards:
 - 1. Employees, including subcontracted employees performing in-house work, are responsible for preparing their own time and effort timesheets.
 - a. Employees should be provided clear instructions of the work to be performed.

- b. Timesheets should be prepared in ink or on the computer.
 - c. Timesheets should be filled out and submitted on the pay period ending date.
- 2. Timesheets will be signed by employees and the supervisor only after they are filled out.
- 3. Corrections are to be made by cross-out and new entry, with no erasures or whiteouts.
 - a. Corrections are to be initialed by the employee and supervisor.
 - b. An explanation must be provided for corrections.
- 4. Distribution and collection of timesheets will be controlled by the Payroll Clerk.
 - a. Only one timesheet is to be furnished to an employee per pay period.
 - b. Corrections are to be initialed by the employee and supervisor.
 - c. Timesheets must be turned in to the Payroll Clerk.
- 5. New employees are to be oriented on proper timesheet procedures. Employees must be made aware of their individual responsibility for accurate timesheet preparation

804 Fair Labor Standards Act Record Retention

For all employees, SWC will retain the following records for at least three (3) years: Employee's name, home address, occupation, gender and hours and days of work

805 Evidence for Consultant Utilization

Whether used in a direct or an indirect capacity, the utilization of all consultants, grant personnel and consulting firms will be sufficiently evidenced with:

- A. Details of all agreements (e.g., work requirements, rate of compensation, and nature and amount of other expenses, if any) with the individuals or organizations providing the services and details of actual services performed.
- B. Invoices or billings submitted by consultants, including sufficient detail as to the time expended and nature of the actual services performed, and
- C. Consultant's work products and related documents, such as trip reports indicating persons visited and subjects discussed, minutes of meetings, and collateral memoranda and reports.

806 Control of Independent Contractors

The use of contractors will be closely monitored so as not to vary from the rules of the IRS. In particular, consultants will:

- A. Furnish their own tools or trade - tools, materials, and etc - in performing their work

- B. Adhere to precise contract scope of services or adjusted as the need arises, with the approval of the President and/or designee. The agreement should specify the obligation of the contractor to pay his/her own self-employment taxes.
- C. Not receive any fringe benefits as such, although their fee may include provisions for fringe benefits.
- D. Not be assigned a permanent work station.
- E. Will use his/her own invoices, work orders or timesheets in billing for services.

807 Use of SWC Vehicles

- A. All employees who have authorization from the President to use SWC vehicles will maintain a contemporaneous log of the use of such vehicle and account for its use at the end of trip.
- B. Personal use is prohibited.