

The superintendent/president shall establish procedures to assure that the district's fiscal management is in accordance with the principles contained in Title 5, section 58311, including:

- A. Adequate internal controls exist.
- B. Fiscal objectives, procedures, and constraints are communicated to the Board of Trustees and employees.
- C. Adjustments to the budget are made in a timely manner, when necessary.
- D. The management information system provides timely, accurate, and reliable fiscal information.
- E. Responsibility and accountability for fiscal management are clearly delineated.

The superintendent/president shall also establish procedures that satisfy the U.S. Education Department General Administration Regulations (EDGAR) Second Edition for any federal funds received by the district.

The books and records of the district shall be maintained pursuant to the California Community Colleges Budget and Accounting Manual.

The books, records and internal controls of the district shall be compliant with Generally Accepted Government Auditing Standards and/or Generally Accepted Accounting Principles, as applicable.

As required by law, the Board of Trustees shall be presented with a quarterly report showing the financial and budgetary conditions of the district.

As required by the California Community Colleges Budget and Accounting Manual, expenditures shall be recognized in the accounting period in which the liability is incurred, and shall be limited to the amount budgeted for each major classification of accounts and to the total amount of the budget for each fund.

See Administrative Procedure 6305, Reserves.

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Reference Update:	11/14
References:	Education Code §84040(c) Title 5, §58311 ACCJC Accreditation Standard III.D 2 Code of Federal Regulations Parts 200.302(b)(6)-(7), 200.305, and 200.400 et seq.
Steering:	VPBAS / N/A
CCLC Update:	#29, 10/16

Fiscal management shall conform to the following standards:

1. Provide for responsible stewardship of available resources.
2. Provide for safeguarding and managing district assets to ensure ongoing effective operations; maintenance of adequate cash reserves; implementation and maintenance of effective internal controls; determination of sources of revenues prior to making short-term and long-term commitments; establishment of a plan for the repair and replacement of equipment and facilities.
3. Provide for an organizational structure that incorporates a clear delineation of fiscal responsibilities and staff accountability.
4. Provide that appropriate administrators keep the board current on the fiscal condition of the district as an integral part of policy and decision-making.
5. Provide for development and communication of fiscal policies, objectives, and constraints to the board, staff, and students.
6. Provide for an adequate management information system that gives timely, accurate, and reliable fiscal information for planning, decision-making, and budgetary control.
7. Provide for appropriate fiscal policies and procedures and adequate controls to ensure established fiscal objectives are met.
8. Provide a process to evaluate significant changes in the fiscal environment and make necessary, timely, financial, and educational adjustments.
9. Provide both short-term and long-term goals and objectives, and broad-based input coordinated with district educational planning.
10. Practice effective oversight of finances, including management of financial aid, grants, externally funded programs, contractual relationships, auxiliary organizations, and institutional investments and assets.

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Reference Update: 11/14

References: Education Code §84040(c)

Title 5, §58311

ACCJC Accreditation Standard III.D.9

2 Code of Federal Regulations Parts 200.302(b)(6)-(7), 200.305, and 200.400 et seq.

CCLC Update: #25, 11/14; #29, 10/16

Steering: VPAS

11. Additional authorizations are required on major purchases at these levels of approval:
 - a. Up to \$15,000.00: one administrator authorization
 - b. Greater than \$15,000.00: two administrator authorizations, where the final approver is the division vice president. If the first approver is the president, then the second approver is the vice president, administrative services.
 - c. Change orders to existing purchase orders that increase the amount to greater than \$15,000, require a final division vice president approval.
12. Provide financial information to ensure all financial resources are used with integrity in a manner consistent with the mission and goals of the institution.

The books, records, and internal controls of the district shall be compliant with Generally Accepted Government Auditing Standards and/or Generally Accepted Accounting Principles, as applicable.

Federal Grant Funds

Allowable Costs

Prior to obligating or spending any federal grant funds, the superintendent/president or designee shall determine whether a proposed purchase is an allowable expenditure of federal funds in accordance with 2 CFR 200.400-200.475 and the terms and conditions of the federal grant award. They shall also determine whether the expense is a direct or indirect cost as defined in 2 CFR 200.413 and 200.414 and, if the purchase will benefit other programs not included in the grant award, the appropriate share to be allocated to the federal grant.

The superintendent/president or designee shall review and approve all transactions involving federal grant funds and shall ensure the proper coding of expenditures consistent with the California Community Colleges Budget and Accounting Manual.

Period of Performance

All obligations of federal funds shall occur on or between the beginning and ending dates of the grant project and shall be paid no later than ninety (90) days after the end of the funding period, unless specifically authorized by the grant award to be carried over beyond the initial term of the grant. (2 CFR 200.77, 200.308, 200.309, 200.343)

Procurement

The superintendent/president or designee shall comply with the standards specified in 2 CFR 200.317-200.326 and Appendix II of Part 200 when procuring goods and services needed to carry out a federal grant, as well as any more restrictive state laws and district policies concerning the procurement of goods and services.

As appropriate to encourage greater economy and efficiency, the superintendent/president or designee shall avoid acquisition of unnecessary or duplicative items, give consideration to consolidating or breaking out procurements, analyze lease versus purchase alternatives, consider entering into an interagency agreement for procurement

of common or shared goods and services, and/or use federal excess or surplus property.

The procurement of goods or services with federal funds shall be conducted in a manner that provides full and open competition in accordance with state laws and district regulations and the following requirements:

1. Any purchase of supplies or services that does not exceed \$3,500 threshold specified in 48 CFR 2.101 may be awarded without soliciting competitive quotes, provided the district considers the price to be reasonable and maintains written evidence of this reasonableness in the record of all micro-purchases. (2 CFR 200.67, 200.320)
2. For any purchase that exceeds the micro-purchase threshold but is less than the bid limit required by Public Contract Code sections 20650 and 20651, the superintendent/president or designee shall obtain price or rate quotes from an adequate number of qualified sources. (2 CFR 200.320)
3. Contracts for goods or services over the bid limits required by Public Contract Code sections 20650 and 20651 shall be awarded pursuant to California law and BP 6330–Purchasing and Contracts, unless exempt from bidding under the law.
4. If a purchase is exempt from bidding and the district's solicitation is by a request for proposals, the award may be made by a fixed-price or cost-reimbursement type contract awarded to the entity whose proposal is most advantageous to the program, with price and other factors considered. (2 CFR 200.320)
5. Procurement by noncompetitive proposals (sole sourcing) may be used only when the item is available from a single source, the need or emergency will not permit a delay resulting from competitive solicitation, the awarding agency expressly authorizes sole sourcing in response to the district's request, and/or competition is determined inadequate after solicitation of a number of sources. (2 CFR 200.320)
6. Time-and-materials-type contracts may be used only after a determination that no other contract is suitable and if the contract includes a ceiling price that the contractor exceeds at its own risk. Time-and-materials-type contract means a contract whose cost is the sum of the actual cost of materials and direct labor hours charged at fixed hourly rates that reflect wages, general administrative expenses, and profit. (2 CFR 200.328)

For any purchase of \$25,000 or more, the superintendent/president or designee shall verify any vendor that is used to procure goods or services is not excluded or disqualified by the federal government. (2 CFR 180.220, 200.213)

All solicitations shall incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description shall not, in competitive procurements, contain features that unduly restrict competition. The description shall avoid detailed product specifications to the extent possible, but may include a statement of the qualitative nature of the material, product, or service to be procured, and, when necessary, shall set forth those minimum essential characteristics

and standards to which it must conform if it is to satisfy its intended use. When it is impractical or not economical to make a clear and accurate description of the technical requirements, a brand name or equivalent description may be used to define the performance or other salient requirements of procurement, clearly stating the specific features of the named brand that must be met by offers. In addition, every solicitation shall identify all requirements that the offer must fulfill and any other factors to be used in evaluating bids or proposals. (2 CFR 200.319)

The superintendent/president or designee shall maintain sufficient records to document the procurement, including, but not limited to, the rationale for the method of procurement, selection of the contract type, contractor selection or rejection, and the basis for the contract price. (2 CFR 200.318)

The superintendent/president or designee shall ensure all contracts for purchases using federal grant funds contain the applicable contract provisions described in Appendix II to Part 200—Contract Provisions for Nonfederal Entity Contracts Under Federal Awards. (2 CFR 200.326)

Capital Expenditures

The superintendent/president or designee shall obtain prior written approval from the awarding agency before using federal funds to make capital expenditures, including the acquisition of land, facilities, equipment, and intellectual property and expenditures to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life. (2 CFR 200.12, 200.13, 200.20, 200.33, 200.48, 200.58, 200.89, 200.313, 200.439)

Conflict of Interest

No member of the board of trustees, district employee, or district representative shall participate in the selection, award, or administration of a contract supported by federal funds if they have a real or apparent conflict of interest, such as when they or a member of their immediate family, their partner, or an organization which employs or is about to employ any of them has a financial interest in or a tangible personal benefit from a firm considered for a contract. Such persons are prohibited from soliciting or accepting gratuities, favors, or anything of monetary value from contractors or subcontractors unless the gift is an unsolicited item of nominal value. (2 CFR 200.318)

Employees engaged in the selection, award, and administration of contracts shall also comply with BP/AP 2710—Conflict of Interest and AP 2712—Conflict of Interest Code.

Cash Management

The superintendent/president or designee shall ensure the district's compliance with 2 CFR 200.305 pertaining to payments and cash management, including compliance with applicable methods and procedures that minimize the time elapsing between the transfer of funds to the district and the district's disbursement of funds. (2 CFR 200.305)

When authorized by law, the district may receive advance payments of federal grant funds, limited to the minimum amounts needed and timed in accordance with the actual immediate cash requirements of the district for carrying out the purpose of the program

or project. Except under specified conditions, the district shall maintain the advance payments in an interest-bearing account. The district shall remit interest earned on the advanced payment to the awarding agency on an annual basis, but may retain interest amounts specified in 2 CFR 200.305 for administrative expenses. (2 CFR 200.305)

When required by the awarding agency, the district shall instead submit a request for reimbursement of actual expenses incurred. The district may also request reimbursement as an alternative to receiving advance payments. (2 CFR 200.305)

The superintendent/president or designee shall maintain source documentation supporting the expenditure of federal funds, such as invoices, time sheets, payroll stubs, or other appropriate documentation.

Personnel

All district employees who are paid in full or in part with federal funds, including employees whose salary is paid with state or local funds but is used to meet a required match or in-kind contribution to a federal program, shall document the amount of time they spend on grant activities. (2 CFR 200.430)

Records

Except as otherwise provided in 2 CFR 200.333, or where state law or district policy requires a longer retention period, financial records, supporting documents, statistical records, and all other district records related to a federal award shall be retained for a period of three years from the date of submission of the final expenditure report or, for a federal award that is renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report. (2 CFR 200.333)

Audits

Whenever the district expends \$750,000 or more in federal grant funds during a fiscal year, it shall arrange for either a single audit or a program-specific audit in accordance with 2 CFR 200.507 or 200.514. (2 CFR 200.501)

The superintendent/president or designee shall ensure the audit meets the requirements specified in 2 CFR 200.500-200.521.

Specified records pertaining to the audit of federal funds expended by the district shall be transmitted to the clearinghouse designated by the federal Office of Management and Budget and shall be made available for public inspection. Such records shall be transmitted within thirty (30) days after receipt of the auditor's report or within nine (9) months after the end of the audit period, whichever is sooner, unless a longer period is agreed to in advance by the federal agency or a different period is specified in a program-specific audit guide. (2 CFR 200.512)

In the event the audit identifies any deficiency, the superintendent/president or designee shall promptly act to either correct the identified deficiency, produce recommended improvements, or demonstrate the audit finding is invalid or does not warrant action. (2 CFR 200.26, 200.508, 200.511).

- Procedures for determining allowable costs in accordance with EDGAR Second Edition Subpart E Cost Principles.
- Procedures to implement the requirements of 2 Code of Federal Regulations Part 200.305 governing payments.