



POLICY MANUAL

VOLUME VII

Business and Financial Affairs Policies

TABLE OF CONTENTS
Volume VII
Business and Financial Affairs Policies

7.0	INTRODUCTION.....	1
7.1	Accounting Policies	1
7.1.1	Accounting System and Accounts	1
7.1.1.1	Fiscal Year	1
7.1.1.2	Revenue Recognition	1
7.1.2	Accounts Payable.....	3
7.1.3	Capitalization	3
7.1.4	Mobile Device Allowances.....	4
7.1.5	External Auditor Selection and Review.....	6
7.1.6	Gift Cards and Certificates.....	7
7.1.7	Petty Cash and Cash Drawer Funds.....	7
7.1.8	Depositing Funds from Cash Collection Points.....	9
7.1.9	Student Account Guidelines	10
7.1.10	Student Deposits and Credit Balance Refunds	11
7.1.10.1	Student Advance Deposits	11
7.1.10.2	Student Financial Aid Refunds	12
7.1.11	Student Accounts Receivable Policy	12
7.1.11.1	Financial Obligations and Commitments	12
7.1.11.2	Deposits.....	13
7.1.11.3	Holds.....	13
7.1.11.4	Student Success Team.....	13
7.1.12	Student Collections and Accounting for Bad Debt.....	13
7.1.13	Travel and Expense Reimbursement	14
7.2	Budget Policies	18
7.2.1	Annual Fiscal Year Budget.....	18
7.2.2	Fiscal Budget Approval Process	19
7.2.3	Submission of Detailed Budgets	19
7.2.4	Capital Project Budgets.....	19
7.2.5	Budget Accountability	19
7.2.6	Budget Adjustments.....	20
7.2.7	Fiscal Year End Budgetary Transactions.....	20
7.3	College Finance Policies	20
7.3.1	Contract Authority	20
7.3.2	Debt Management.....	20
7.3.3	Financial Activities Code of Conduct.....	21
7.3.4	Financial Controls.....	21

7.3.4.1	Overview of Institutional Finance Controls.....	21
7.3.4.2	Control of College Funds and Accounts.....	22
7.3.4.3	Control of College Revenue and Contributed Funds.....	23
7.3.4.3.1	Control of College Revenue Funds.....	23
7.3.4.3.2	Control of Contributed Funds.....	24
7.3.5	Financial Investment Authority and Guidelines	24
7.3.6	Rental Properties.....	24
7.3.7	Revenue Source Approval	25
7.4	College Purchasing Policies.....	26
7.4.1	Purchase Order Policy.....	26
7.4.2	Check Request Form.....	26
7.4.3	Prohibited Transactions	27
7.4.4	Use of College Checks.....	28
7.4.5	College Credit Cards.....	29
7.4.5.1	Issuance of College Credit Cards.....	29
7.4.5.2	College Credit Card Guidelines	29
7.4.6	Surplus Property.....	31
7.5	Miscellaneous Business and Administration Policies	31
7.5.1	Management Procedures for College Owned Vehicles	31

Volume VII

Business and Financial Affairs Policies

7.0 Introduction

Volume VII of the *Davis & Elkins College Policy Manual* sets forth policies governing the College's business and financial affairs. It is important to note that revised information and legal or governmental policies may supersede, modify, or eliminate existing business and financial affairs policies. Amendments to a policy or procedure set forth in Volume VII will follow the procedures set forth in [Volume I](#), Section 1.8 of the *Davis & Elkins College Policy Manual*.

7.1 Accounting Policies

7.1.1 Accounting System and Accounts

Davis & Elkins College utilizes a central accounting system that is compliant with applicable legal requirements and generally accepted accounting principles advocated by the Financial Accounting Standards Board (FASB).

Department/division budget managers are identified by and work closely with the Vice President for Business and Administration to create an appropriate chart of accounts to accurately record all department/division-generated revenues and expenses. The College's Business Office maintains centralized accounting records and consolidated funds and/or accounts with full reporting to department/division budget managers and College administrative officers as scheduled. Department/division budget managers are granted online access by the Business Office to appropriate accounting records for monitoring revenue and expense activity.

7.1.1.1 Fiscal Year

As set forth in Article VI of the Bylaws of the Board of Trustees of Davis & Elkins College, the fiscal year of the College begins on July 1 and terminates on June 30 of the following year.

7.1.1.2 Revenue Recognition

The following guidelines are provided to assist in the determination of whether a transaction creates revenue for the College under Generally Accepted Accounting Principles. This policy applies to all transactions conducted in the ordinary course of business of Davis & Elkins College.

Definition of Revenue

Revenue should be recognized when it has been earned, regardless of the timing of cash receipts. Revenue is considered earned when the College has substantially met its obligation to be entitled to the benefits represented by the revenue. Deposits (whether refundable or non-refundable), early payments and progress payments should not be recognized as revenue until the revenue producing event has occurred.

The College does not include as revenue reimbursements of expenses such as an employee paying for a personal long-distance telephone call made from a campus phone in an emergency or repayment of a travel advance.

Tuition and Fees

Student income includes tuition and mandatory student fees. The College recognizes such revenue when earned rather than when paid. Tuition revenue is recognized over the course of the term for which it is earned, regardless of when it is received.

Tuition and fees are recorded in the terms for which they relate. Deposits and prepayments of tuition and fees are recorded as deferred until the start of the semester for which they are intended. Tuition is recorded in the financial statements net of discounts and/or scholarships.

Sponsored Programs

Sponsored program revenue includes direct revenue and indirect cost recovery earned under grants from governmental and private sponsors. Sponsored program revenues received by the College are primarily cost reimbursement grants and contracts. These contracts reimburse expenses that have already been incurred and revenues are directly related to the costs incurred. Sponsored program revenue is recognized as expenses are incurred. Adjustments to expenses under such programs result in an adjustment to revenue. Payments received in advance from sponsors are reported as deferred income until such time as the revenue has been earned, which is when the expense is incurred.

Investment Revenue

The College carries securities with readily determinable fair values and debt securities at fair market value. Only limited partnerships and other investments whose market value is not readily discernible are carried at the lower of cost or fair value. The College recognizes as unrealized gains (losses) the increases and decreases related to market changes. The College further records investment income as interest, dividends, rents, royalties, and similar payments when earned. The College records investment management fees as contra revenue, reducing the investment income.

Business Enterprises and Auxiliary Finances

Sales and services of College business enterprises and auxiliary enterprises are limited to revenues derived directly from the operation of the enterprises. This includes, but is not limited to student board and lodging, Graceland Inn and Robert C. Byrd Center lodging and related activities, Graceland Restaurant, catering services, Augusta Heritage Center folk arts workshops and related activities, concert hall events, athletic events, bookstore commissions, oil and gas property operations, faculty and staff rental units, community use of College facilities, and other miscellaneous enterprises.

Sales and services revenue is recognized when earned, that is, at the time goods or services are provided. Student board and lodging is recognized during the period in which students reside on campus and make use of campus residences and dining rather than when paid. Student board and lodging is recorded in the financial statements net of any College-provided discounts.

Other Miscellaneous Revenues

Miscellaneous incidental revenues such as library fines, charges for printing/photocopying services, sell of postage stamps, charges for transcript fees, etc. are recorded in the College's general operating fund when collected and reported on its financial statements as Other Income.

7.1.2 Accounts Payable

Davis & Elkins College operates with a centralized Accounts Payable system within the College's Business Office which has sole responsibility for processing all department/division expenses. The College's Accounts Payable function is part of its integrated, consolidated accounting system.

All department/division expenses will be processed through the College's Business Office-Accounts Payable and will be subject to all financial administrative procedures enforced by the College's management and regulatory agencies.

Department/division budget managers will work closely with the Vice President for Business and Administration to create an appropriate chart of accounts to accurately record all expenses incurred by department/division units. The College will prepare an operating budget for each department/division within its centralized accounting system that is approved by its Board of Trustees and is monitored by Business Office staff through a purchase order process (please note separate purchase order policy).

Monthly budget reports will be prepared by the Vice President for Business and Administration and accounting staff within the College's Business Office and will be reviewed by the President, Vice President for Business and Administration, and the Financial Oversight Committee of the Board of Trustees. General ledger expense activity of each department/division is subject to the College's annual general independent financial statement audit processes and procedures. System-generated budget reports are available to department/division budget managers by request and all budget managers will be granted online access to authorized expense accounts for monitoring budget activity of the department/division. Department/division budget managers will be responsible to a member of the College's Cabinet for administrative oversight and financial controls.

Those activities which are appropriately classified as "Agency Transactions" within the College's chart of accounts are subject to all Business Office administrative expense procedures, including the purchase order policy. Agency expenses will be processed within the College's Accounts Payable function and recorded in the College's centralized accounting system. These expenses will be subject to the College's annual general financial statement independent audit processes and procedures and all regulatory requirements. Authorized personnel will be granted online access to accounting records for monitoring activity and managing the funds for their intended use.

7.1.3 Capitalization

Davis & Elkins College maintains a fixed asset management system that serves as a guideline for the control of capital assets owned by the College. The system permits the College to maintain effective internal controls to manage its Fixed Assets and to maintain proper records regarding the use and disposition of those assets. This policy applies to Fixed Assets acquired with funding originating from the College, the federal government or other external sources, and by gift or loan.

Definition of Fixed Assets

A fixed asset, for the purposes of this policy, is defined as any property, plant, furniture, equipment, and software that equals or exceeds a unit cost or gift value of \$5,000 and has a useful life of more than one year.

Acquisition of Fixed Assets

1. Purchases: All purchases of fixed assets must be made in accordance with the College's purchasing policies and procedures.
 - a. The acquisition of information technology hardware, software and related equipment must be approved in accordance with the College Change Control Policy.
2. Donations: Fixed assets donated to the College are recorded at the fair value of the property as of the date of the donation.
3. Acquisition of Property: For all land and building acquisitions, the President and/or Vice President for Business and Administration will ensure that legal title to the land and/or building is appropriately transferred to the College. The Vice President for Business and Administration will also ensure the land or building is properly recorded in the College's accounting records.
4. Land, Building, and Leasehold Improvements: The Vice President for Business and Administration or appropriate designee ensures that purchases and expenditures related to the repair, maintenance, or improvement of land and buildings are recorded and coded.

Coding and Inventory of Fixed Asset Purchases and Expenditures

Acquisitions of fixed assets are coded to the appropriate accounting system account code to ensure accurate and complete financial reporting. In addition, Business Office personnel will generate and maintain property management records for Fixed Assets. Records include the vendor's name, the invoice and description, the initial department/division location, the original cost, and the acquisition date, as well as any other information that is needed to establish and maintain control, protect, preserve and maintain the property. All records necessary for accounting and audit purposes will be prepared and maintained in accordance with accounting principles generally accepted in the United States of America.

Department/division heads who are responsible for fixed assets in their department/division or unit inform the Business Office of any relocation of property within the department/division or unit, transfer of property to another department/division or unit, or stolen property.

Disposition of Fixed Assets

Departments/divisions and/or units may not sell or dispose of equipment without the approval of the Vice President for Business and Administration. Property no longer required by a department/division and/or unit will be disposed by the surplus procedures set forth in the College Purchasing Policy.

7.1.4 Mobile Device Allowances

Eligible employees whose job duties include the frequent need for a cell phone, smartphone, tablet or another mobile computing device, hereafter referred to collectively as a "mobile device," may

receive extra compensation in the form of a mobile device allowance to cover business related costs. Alternatively, the College may provide a mobile device to an employee. The College reserves the right to choose the device, carrier and services.

Determining Employee Eligibility for a Mobile Device Allowance:

Only those employees who have a frequent need to use a mobile device for business purposes are eligible. Frequent need is defined as:

1. An employee who must be on the road or in the field for business purposes and who needs to remain in touch with others; and
2. An employee who needs to be frequently available for emergency contact.

Employees requesting a mobile device allowance must submit a statement justifying the business need for the device to their supervisor. Eligibility is based on necessity, frequency, and safety. The guiding principle for eligibility is that the use of a mobile device by an employee is for the benefit of the College rather than the convenience of the employee. Simple convenience does not meet the eligibility requirements in order to receive a cell phone allowance. A Cabinet officer must approve the request for a mobile device in consultation with the Vice President for Business and Administration.

Dollar Amount of the Allowance

If the mobile device and plan are personally owned, the employee may select the service provider, phone device and plan features of his/her choice.

The College will pay the established allowance rate for a mobile device to each employee who meets the eligibility requirements. The employee's Cabinet officer must make a request for a mobile device on behalf of the employee by contacting the Chief Information Officer. Information Services will work with the employee to determine whether they will use their personal device or receive a College-owned device.

Payment to the Employee

Payments will be divided equally among pay periods and will be made to the employee per pay period in his/her payroll check. Note that the employee's mobile device allowance is taxable income and the allowance does not constitute an increase in base pay. Moreover, the allowance will not be included in the calculation of percentage increases to base pay due to annual raises, job upgrades, bonuses, or selected benefits based on a percentage of salary, etc.

Use of a Personal Mobile Device

If the mobile device is personally owned it may be used for both personal and business calls. An employee with a mobile device allowance must maintain an active contract with a carrier of his or her choice for the life of the allowance. Misuse of the mobile device, that is, using it in ways inconsistent with College policy or with local, state and federal laws will result in immediate cancellation of the mobile device allowance. Employees receiving a mobile device allowance must comply with the College Use of Mobile Electronic Devices Policy, the Acceptable Use Policy, as well as state and municipal laws. See [Volume II](#) of the Davis & Elkins College Policy Manual. Upon separation from the College, the mobile device allowance will terminate as of the date of separation.

Use of a College-owned Mobile Device

Misuse of a College-owned mobile device, that is, using it in ways inconsistent with College policy or with local, state and federal laws, will result in the immediate revocation of the mobile device and appropriate disciplinary action. Employees receiving a College mobile device must comply with the College Use of Mobile Electronic Devices Policy, the Acceptable Use Policy, as well as state and municipal laws. Upon separation from the College, the mobile device must be returned to the College.

Department and Division Responsibilities

It is the responsibility of the Chief Information Officer to review the College's mobile device needs to determine if the allowance should be changed, continued, or discontinued or if new allowances are needed. The Chief Information Officer will work closely with Cabinet officers to help review current usage patterns and to predict future needs. Human Resources will request recertification of mobile device allowances at the end of each fiscal year or other established timeline. The Chief Information Officer or any Cabinet officer may periodically request that the employee provide a copy of the first page of the service provider's bill in order to verify that he/she has an active mobile device contract and that the allowance is appropriate.

Reimbursement for Business Calls on Personal Cell Phones

Employees who do not qualify for the mobile device allowance may submit an expense reimbursement request for occasional, incremental business expenses. Incremental business expenses are those calls that result in additional costs that are above and beyond the employee's normal calling plan (e.g., excess minutes, roaming charges). When requesting reimbursement, the telecommunication expenses incurred by employees must be additional (incremental) costs, and must be substantiated and documented with a copy of the bill in accordance with College policy and applicable federal and state laws and regulations. An example of a bona fide policy exception would be occasions where employees are traveling for College business and make calls to work that involve roaming charges. The College will reimburse those employees for their additional out of pocket roaming charges.

7.1.5 External Auditor Selection and Review

The Board of Trustees appoints an external auditor to perform an annual audit of the College's financial statements. Once appointed, the Audit Committee is charged with meeting with the independent auditor to examine the financial statement of the College, to review and understand the results of the audit and discuss the management letter.

Auditor Selection:

The Audit Committee shall select a certified public accountant to prepare an annual audit, and approve any non-audit services to be performed by the external auditors, accept the auditor's report on behalf of the Board, and report its findings to the Board, bringing recommendations as appropriate to the full Board for action.

When a new auditing firm is to be appointed, the Audit Committee, in consultation with the College's President and Vice President for Business and Administration, approves the processes to be used for selection of an external auditor. These processes include the determination of the number of audit firms to be contacted, the method of requesting and evaluating requests for

proposals, and the timeframe to complete the process. Bids are reviewed with the Audit Committee, which then decides which firm will be appointed.

Auditor Evaluation

The Audit Committee will review the performance of the independent auditor and report its findings to the Board on an annual basis. In evaluating the auditor's performance, the Audit Committee considers the following factors:

1. The qualifications of the auditor;
2. The quality of the audit; and
3. The cost and value of the audit.

7.1.6 Gift Cards and Certificates

In compliance with IRS guidelines, gift certificates and gift cards purchased by any means and charged to the Davis & Elkins College budget are treated as taxable income to the recipient and must be documented and/or reported to the IRS. Reimbursement for or payment requests presented for the purchase of gifts must include the gift recipient's name, amount, and reason for the gift or prize. A College Employee ID number is required for any member of the College community receiving a gift, prize, or award utilizing College funds.

7.1.7 Petty Cash and Cash Drawer Funds

Petty cash funds are specially authorized cash funds established to handle incidental small purchases, make change, or reimburse staff for minor expenses incurred on behalf of the College. The funds are established for a specified amount of money and must be maintained at the authorized level. This is done by periodically replenishing the cash by completing a check request form to charge expenses to appropriate department/division budget accounts.

The following procedures must be followed for each fund. The department/division manager of the fund is responsible for ensuring that these procedures are followed. Non-compliance with these procedures may result in immediate dissolution of the fund.

- Only one person, the Custodian, should have physical custody of the fund.
- The department/division manager of the fund should serve as an alternate Custodian responsible for physical custody of the fund when the Custodian is absent.
- A maximum single disbursement amount should be established for the fund. The department/division manager of the fund must approve any disbursements over the maximum amount. The Custodian must document the approval of any disbursements over the maximum disbursement amount.
- When making disbursements from the fund, the Custodian must obtain from the recipient a properly authorized receipt, paid invoice or other supporting documentation, prepared in ink or typed, listing the amount and account code to be charged.
- The fund is not to be used to cash personal checks for employees or students.
- The fund is not to be used to pay individuals for work performed or services rendered.

- The fund is not to be used for any type of loan to any person.
- Expenses that are not within the scope of the fund's purpose may not be paid from the fund.
- The cash and receipts must be maintained under a reasonable level of security within the physical location noted above.
- The Custodian must count and balance the fund at least monthly. Documented reconciliations must be kept in the department/division. At all times, the expenditure receipts, plus cash on hand, must equal the authorized amount. Any discrepancies identified must be investigated and adjusted promptly.
- The fund must be reimbursed to its original authorized amount as needed, but no less than once each fiscal year.
- Revenues must never be used to establish or increase the size of a petty cash fund. Deposit all income and gifts through the Business Office or other appropriate office.

The department/division manager is expected to physically inspect (count) the fund at the end of each fiscal year to verify that the fund is being adequately controlled; the amount of the fund is adequate, but not excessive; and the need for the fund continues to exist. The Custodian must document this review and submit the review form to the Business Office on the requested date. The fund is subject to unscheduled audits by authorized personnel or the College's independent auditors to verify proper control procedures are being followed.

Cash drawer funds are specially authorized cash funds established to handle cash collection activities outside of the Business Office. Cash drawer funds are established for a specified amount of money and must be maintained at the authorized level. This is done by a daily reconciliation of the cash to its established value and completing a cash receipt deposit form for appropriately depositing and recording cash collection and/or revenue collection activities in the Business Office.

1. The Business Office approves and designates areas which regularly receive cash as "cash collection points." Before collection begins, departments/divisions requesting status as a cash collection point (cash drawer) must submit a request to the Business Office that includes:
 - Department/division requesting cash drawer funds
 - Physical location where the cash drawer will be held
 - Authorized cash drawer amount
 - Department/division manager
 - Custodian of the cash drawer
 - Custodian job title
 - Date of request
2. All departments/divisions and other entities which collect cash, whether on a casual basis or as a cash collection point, must follow the cash handling procedures set forth below. Departments/divisions not complying with approved procedures may lose the privilege to serve as a cash collection point.

3. The Business Office will conduct periodic reviews of cash handling procedures and must approve any changes to the procedures.
4. College personnel may not use checking or other bank accounts for depositing College cash. All cash collected will be processed with the Cashier through the Business Office on a regular basis, usually daily. Custodians must balance and reconcile amounts on a deposit form with supporting documentation.
5. Cash collection point managers (Custodians) are responsible for physical custody of the fund. He/she or an authorized individual will have responsibility for collecting, depositing and reconciling the fund as required. The department/division manager of the fund should serve as an alternate Custodian responsible for physical custody of the fund when the Custodian is absent.
6. Only one cashier may have access to a cash register or cash drawer during a single shift unless approved by the department/division manager and the Vice President for Business and Administration. Cashiers must record the receipt of all cash through a cash register when one is available.
7. If no cash register is available, cashiers must give the customer a pre-numbered receipt form and retain a duplicate record for the Business Office. Cashiers must include the date, mode of payment (cash, check or credit card), identification of the department/division and the person issuing the receipt on all receipts whether manual or machine-generated.
8. Cashiers must account for all numbered receipts, including voided receipts. The department/division manager or Custodian must approve and initial any voided cash receipts or transactions. Cashiers will log the number(s) of receipts on the deposit form presented to the Business Office Cashier.
9. Cashiers may not accept checks or credit card transactions for more than the amount of purchase without approval of the department/division manager and the Vice President for Business and Administration.
10. Custodians must protect all checks, cash, and credit card receipts by using a cash register, safe, or other secure place until they are deposited. Custodians must separately record over/short amounts and investigate and resolve if possible.

7.1.8 Depositing Funds from Cash Collection Points

Responsibility for maintaining a complete and accurate record of funds collected across all campus departments/divisions shall rest with the Business Office Cashier. Deposits generated at authorized cash collection points shall be made available to the Business Office Cashier in a timely manner after collection. Deposits must include an approved deposit form for recording fund activity/transactions within the College's accounting system. The deposit form will include the following required information:

For routinely occurring fund activity and/or revenue generating transactions:

- Department/division identification;
- Date of activity/business transaction date;

- General Ledger account description and assigned number for recording transactions;
- Amount of deposit to be credited to each listed account;
- Deposit amount tendered by cash, check and credit card;
- Total deposit tendered to cashier;
- Signature of the authorized deposit form preparer;
- Date deposit prepared for delivery to Business Office;
- Documentation should be attached verifying receipt of funds using a receipt log, copy of pre-numbered written receipts, cash register report or some other form of approved transaction document.

For special and/or one-time only activities/events, approved in advance by the department/division Cabinet officer and Vice President for Business and Administration:

- Event description;
- Event coordinating manager and department/division;
- Event date(s) funds were collected;
- General Ledger account description and assigned number for recording transactions;
- Amount of deposit to be credited to each listed account;
- Deposit amount tendered by cash, check and credit card;
- Total deposit tendered to cashier;
- Signature of the authorized deposit form preparer;
- Date deposit prepared for delivery to Business Office;
- Documentation should be attached verifying receipt of funds using a receipt log, copy of pre-numbered written receipts, cash register report or some other form of approved transaction document.

The Business Office Cashier shall receive the prepared deposit for processing and offer appropriate receipt to departments/divisions for monies deposited. Cashier will verify accuracy of all deposits and may require the preparer to correct any incorrect information that is submitted for processing.

7.1.9 Student Account Guidelines

In order to help clarify mutual expectations between the College and its students, the following Student Account guidelines are provided:

- Provision for the payment of a Student Account balance must be arranged prior to the start of classes each semester.
- Semester grade reports, transcripts of grades, and diplomas will be withheld until all outstanding financial obligations to the College have been satisfied.

- Any student on a Deferred Payment Plan must be current on payments in order to register for subsequent terms.
- All student financial statements, invoices, and other related communications are sent to both the Responsible Party and the student.
- A past due account may be charged a late fee each month until the balance is resolved.
- Credit card processing fees, EFT/wire transfer fees, and returned check/NSF fees may be charged to students either at the time of the transaction or on the student's account as applicable.
- Every student and his or her financially Responsible Party must complete a Responsible Party Agreement form prior to, or upon, initial registration for classes. This form must be completed or updated annually.
- Should a student who has enrolled at the College decide – for whatever reason – that he or she does not wish to begin the semester at Davis & Elkins College, they must notify the Office of the Registrar prior to the start of the semester in order to ensure receiving a full refund.
- Students who withdraw from Davis & Elkins College on or after the first day of a semester will have all tuition and room and board charges pro-rated in accordance with the College Refund Policy; Volume VI (6.2.1.4).

7.1.10 Student Deposits and Credit Balance Refunds

7.1.10.1 Student Advance Deposits

An advance deposit is required from all students wishing to matriculate at the College. The Office of Admission is responsible for collecting and recording these deposits before account prior to the beginning of the term, after which they are applied to individual student accounts. These deposits are nonrefundable.

Students participating in fee-based programs of The Naylor Learning Center may be required to submit an additional deposit to secure their placement into those programs. Deposits are placed into a deferred account (separate from the advance deposit account) and moved into student accounts at the beginning of the applicable term. These deposits are nonrefundable.

Residential students are required to submit a one-time security deposit to offset damage or cleaning charges incurred during campus residency. This deposit is refundable upon the student's graduation, withdrawal, or move to off-campus housing. Students are required to do an official "walk-through" with a Resident Assistant or Resident Director prior to departing residential housing. Failure to do an official checkout will result in an "improper checkout" fee to which a portion of the security deposit will be applied. All damages and fines will be assessed to the student account within 30 days of departure from campus and a final audit of the account balance will be performed to clear all charges. If a credit balance results after all charges are assessed and cleared, the student will receive any remaining security deposit funds. Checks will be mailed to the permanent home address on file unless otherwise instructed in writing.

7.1.10.2 Student Financial Aid Refunds

Prior to the beginning of the school year, all students are asked to complete a Credit Balance Authorization form indicating what action the Office of Student Accounts should take in the event a student has a credit balance on his or her account. Students who have a credit balance on their student account, after all applicable aid and payments are posted, are identified and presented to the Office of Financial Aid for refund review. Upon completion of this review by the Office of Financial Aid, the Office of Student Accounts will process refund checks for eligible students based on their Credit Balance Authorization response. Refund check requests are processed by the Office of Student Accounts and checks are printed in accordance with Accounts Payable processes and procedures.

7.1.11 Student Accounts Receivable Policy

This procedure is to ensure the timely and systematic collections of student accounts receivable. Tuition, mandatory fees, room, and board revenues represent approximately 75% of the total budgeted operating revenues of the College. Timely collection of funds due to the College is critical for providing sufficient resources necessary for the daily operations of the institution.

Ancillary charges such as parking, library, and disciplinary fines, will be included on the student accounts and will be administered and collected by the Business Office. These charges will be immediately forwarded to the Office of Student Accounts by the office imposing the charge and will be included as part of the student's account.

7.1.11.1 Financial Obligations and Commitments

The financial obligations and expectations of the student are communicated throughout the admissions process. Students and their parents are provided estimated costs to attend college and potential aid to cover a portion of those costs. Once a student is registered for classes, a Student Account Statement is available through the Self Service Portal of Ellucian/Colleague. This statement reflects the details of their account, including charges, applied aid, and a running balance of the amount owed.

Provisions for the payment of a Student Account balance must be arranged prior to the start of classes each semester. Students are not fully registered, nor will they have the privilege of class attendance, participation in activities, or use of College facilities until their charges are paid or until satisfactory arrangements for payment are made through the Office of Student Accounts. Satisfactory arrangements can include direct payments, verified financial aid, and payment plans.

Direct Payments: Acceptable forms of payment are check, money order, electronic check, online payment, cash, and credit or debit card.

Financial Aid: Financial Aid is a major component of a student's means to cover their financial obligations. Over 90% the D&E student population receives some form of aid. The first step in the financial aid process is the completion of the FAFSA and required documentation. Once a student is enrolled, the Office of Financial Aid will continue to stay in contact with prospective students to ensure timely completion of their financial aid package. They will also provide necessary counseling with regard to various loan programs and the future financial obligations associated with these programs.

Payment Plans: D&E offers payment plans which are facilitated through a self-service portal with ACI Payments, Inc. Students have the option of setting up a payment plan for the unmet balance on their account. All payments on the plan are to be paid prior to the end of the academic term.

7.1.11.2 Deposits

In order to hold the place of and determine the financial viability of the prospective student, a deposit will be charged as follows: commuter = \$100, residential = \$250, and international \$2,200.

7.1.11.3 Holds

Accounts with unpaid balances will be placed on “Hold” to restrict access to semester grade reports, transcripts of grades, and diplomas. Any account with an unpaid balance equal to or greater than Two Hundred Fifty Dollars (\$250.00) will not be permitted to register for a subsequent semester.

7.1.11.4 Student Success Team

The Student Success Team will meet every two weeks throughout the year and will identify students who have various types of “Holds” on their accounts. By the end of the third week of the semester, notices will be delivered to students with financial Holds to direct them to the Office of Student Accounts to resolve their deficiencies. Students who do not comply with this directive or fail to fulfil their obligations by the fourth week of the semester, will have their student ID card deactivated, which will deny access to various privileges including, dining, library, print account, and extracurricular activities. Accounts that the Student Success Team identifies with more serious concerns may be recommended for administrative withdrawal from the College. It is the intent of the College that in order to protect the best interest of both the student and the College that all administrative withdrawals resulting from financial concerns be implemented prior to the end of the refund period.

7.1.12 Student Collections and Accounting for Bad Debt

Upon completion of a student’s studies at Davis & Elkins College, any outstanding balance to the College is immediately due and payable. If a balance is unpaid at the time of graduation, no diploma or transcript will be issued until payment is made. If a student discontinues enrollment at the College before completing a degree, a financial hold will be placed on the transcript until the balance is satisfied in full.

Students who are no longer enrolled with outstanding, unpaid balances will be regularly contacted by the Office of Student Accounts requesting payment be submitted immediately or according to a prearranged payment agreement.

Collection Agency

Should a non-enrolled student fail to respond to attempts to collect an unpaid student account balance or defaults on a prearranged payment agreement, such accounts will be placed with an outside collection agency after appropriate due diligence steps have been completed by the Office of Student Accounts.

Accounting for Bad Debt

When an account is turned over to a collection agency, the balance of the account will be moved to a collections receivable status within the College's chart of accounts. Accounts will remain in collection efforts for a period of three years. Unsuccessfully collected accounts will be written-off against an allowance for bad debt that is established on an annual basis according to generally accepted accounting principles. Bad debt accounts may continue to be placed with a collection agency for an additional four years, exhausting the credit bureau reporting period. When all efforts for collection have been exhausted, unpaid accounts will be archived and maintained according to the College's record retention procedures. All restrictions placed on students with unpaid balances will remain in force including financial holds on diplomas, transcripts, and re-admittance for enrollment.

7.1.13 Travel and Expense Reimbursement

It is the policy and intent of Davis & Elkins College to provide timely funding and/or employee reimbursement for those expenditures integral to budgeted and approved Davis & Elkins College business travel (transportation, lodging, meals, and entertainment). All travel must be preapproved by the Cabinet officer for the department/division. All such payments/reimbursements must never exceed available department/division budget allowances and shall be made in line with the following procedures and restrictions:

- 1. Reasonable and Proper** – All such expenditures must be reasonable, proper, and in accord with Davis & Elkins College's mission. No expenses or reimbursements shall be made for personal benefit of any employee. If a travel itinerary includes personal or vacation travel, only the business portion of the trip will be reimbursed. The traveler must provide documentation showing the incremental costs to be treated as personal expenses.
- 2. Prior Approval / Request for Payment or Reimbursement** – The following items must be submitted to the Business Office for prior approval or reimbursement as applicable:
 - a. *Preapproved Travel* – Travel should be properly approved prior to making an obligation for travel expenses to be paid directly by the College (through use of a College-issued credit card, College check card and/or direct vendor billing when available) or for personal reimbursement of costs incurred for approved business purposes.
 - b. *Travel Expense & Reimbursement Form (TE&R)* – All travel expenses must be reported and appropriately documented through use of the TE&R and must be submitted to the Business Office no later than fifteen business days after completion of travel. All requests for direct payment and/or reimbursement must fit into the department/division available budget allowance.
 - i. *Documentation-Itemized Receipts* – all TE&R forms must be accompanied by itemized expenditure receipts. Itemized receipts must include specific details (i.e. names and affiliations of persons partaking in meals, meal expense breakdown between food/drink; destinations and purposes of mileage driven).
- 3. Specific Expenditure Categories**
 - a. *Transportation* – With the exception of automobile transportation, other transportation needs (air, rail, etc.) should be anticipated well in advance of travel. As such,

Preapproved Travel requests should be submitted to the Business Office in order to arrange for the most efficient payment options. Such process should assure best price opportunities and enable the College to pay vendors directly, thus minimizing the need for employees to use College-assigned or personal credit cards.

- i. Travel by common carrier must be for tourist, coach, or economy rate. Any upgrade must be paid for by the traveler at the traveler's own expense. Rail fares may not exceed the regular fare charged to the general public. Round-trip or excursion fares should be used if practicable. Sleeping accommodations, if justified, may be utilized. The traveler's department/division head must specifically approve charges for ticket changes and excess baggage consisting of College materials.
- b. *Lodging* –Whenever need for lodging is anticipated in advance, Preapproved Travel requests should be submitted to the Business Office in order to arrange for the most efficient payment options. Such process should assure best price opportunities and enable the College to pay vendors directly, thus minimizing the need for employees to use College-assigned or personal credit cards. Travelers are expected to use prudent judgment in the selection of hotels while on official College business. Where possible, travelers should actively seek discounts for educators, AAA members, etc. Personal expenses and services (in-room movies, health club fees, etc.) are the responsibility of the traveler.
- c. *Alcoholic Beverages* – It is never the College's intent to encourage the consumption of alcohol. No expenditures for alcoholic consumption by its employees shall be considered for reimbursement. Should an employee incur expense for his/her alcoholic consumption during travel on College business, the employee shall be solely responsible for such expenditures.
- d. *Automobile Expenses:*
 - i. Davis & Elkins College Vehicles – Whenever a Davis & Elkins College vehicle is available and appropriate, it should be considered for use prior to either rental or use of personal automobile. Davis & Elkins College vehicles are meant (and insured) solely for College business purposes. As such, no employee shall use any Davis & Elkins College vehicle for personal purposes. No person other than qualified, licensed and approved Davis & Elkins College employee shall be permitted use of Davis & Elkins College vehicles. Loss of or restrictions to an employee's driver licensing, driver record, or any event negatively impacting his/her insurability may preclude or limit his/her use of Davis & Elkins College vehicles.
 - ii. Rentals – If no Davis & Elkins vehicle is available or appropriate, a rental automobile may be used for Davis & Elkins College business purposes. Whenever such use can be anticipated in advance, Preapproved Travel requests should be submitted to the Business Office in order to arrange for the most efficient payment options. Such process should assure best price opportunities and enable the College to pay vendors directly, thus minimizing the need for employees to use College-assigned or personal credit cards for such rentals. Travelers are expected to use prudent judgment in the selection of vehicles while on official College business. Where possible, economy or compact models should be utilized. Persons utilizing rental cars for College travel are covered under the College's fleet insurance policy and do not need to purchase

additional insurance coverage. Insurance offered by the rental agency will not be reimbursed on rentals within the United States. Automobile rentals in foreign countries must elect the optional insurance for the vehicle, but not for luggage.

- iii. Employee Automobiles – It is the College’s intent to compensate employees for College related business use of their personal automobiles. * Such reimbursement may take either of two forms. Employees may choose the method most appropriate for them. In no case shall an employee be reimbursed for both. Moreover, these types of reimbursement must not exceed the cost (or sum of costs for more than one traveler) of round trip air travel between the nearest airport of origin and destination, including coach fare and incidental expenses to travel to or from the airport.

* Commuting costs (transportation between home and work place) are never reimbursable.

- Mileage Reimbursement – The Business Office shall maintain detail of the current mileage reimbursement rate for such automobile use. Reimbursement in this form is calculated by applying the mileage rate by the number of miles driven on College business. The mileage reimbursement rate covers all operating costs of the vehicle, including, but not limited to gasoline, repairs, depreciation, and insurance. Private vehicles used for business travel are not covered by College insurance. No reimbursement is permitted for costs of repairs or damages to vehicles, costs for locksmiths, car washes, or towing whether they result from the acts of the traveler or others. Fines for moving or parking traffic violations are not reimbursable. All requests for mileage reimbursement must be submitted to the Business Office no later than fifteen business days after completion of travel. Travel expenses and requests for reimbursement must be submitted on a fully completed and documented Business Office TE&R Form. Documentation must include destinations and purposes of mileage driven. If more than one College employee shares a privately owned vehicle, only the owner of the vehicle will be reimbursed for mileage.
 - Reimbursement Fuel Purchases – An employee may choose instead to request reimbursement for gasoline purchases rather than for mileage reimbursement (as detailed above). All requests for such out of pocket expenditures for fuel consumed in driving on College business must be submitted on a fully completed and documented Business Office TE&R Form. Documentation must include destinations and purposes of mileage driven. Only actual use gas receipts are appropriate for reimbursement (prepaid gas receipts are not acceptable) and should be reasonable for the business miles driven.
- iv. Car and Taxi Service – When traveling, public transportation shall be used whenever practical. In cases where there is a business reason to use a taxi service (e.g., time constraints or the need to transport College materials), it is reimbursable. Car or taxi service to and from airports and terminals and reasonable tips are allowed. The College does not pay for taxi service to local airports in the Elkins, West Virginia and regional area. The least costly transportation must be used, especially if shuttle services are available. Taxi fares and costs of other local public transportation are allowable for official travel.

- e. *Other Travel Expenses* – The following items are generally reimbursable to the extent they are reasonable and necessary business expenses. In addition to the general documentation and restriction requirements, see sections noted for rules regarding some of these expenses:
- Registration/conference fees;
 - Computer network access;
 - Currency conversion fees;
 - Fax charges;
 - Gasoline for rental cars, including final fill;
 - Overnight parcel service when needed for business documents;
 - Parking;
 - Mileage on personal vehicles;
 - Taxi/car service to make travel connections;
 - Tips;
 - Tolls;
 - Fees for purchase of traveler's checks;
 - Canceled Travel If a trip is canceled for reasons beyond the traveler's control (e.g., conference cancellation and weather closings), the College will reimburse the personal costs expended to date that are not returned. Cancellation of reservations for lodging and transportation is the responsibility of the traveler. Any penalty for failure to cancel reservations will be the personal responsibility of the traveler if the supervisor determines that the reservation could have been canceled in time to avoid the penalty; and
 - Other documented and justified cost items will be given consideration for reimbursement.

The College will not reimburse nor will it directly pay for personal violations or fines associated with employee travel to include parking tickets, speeding tickets, toll violations, etc. (Please see "*Prohibited Transactions*, section 7.4.3).

- f. *Spousal Travel* –The IRS has ruled that the expenses of a spouse or other non-employee accompanying a traveler cannot be reimbursed if the person has no significant role or performs only duties of a clerical, secretarial, or medical nature. All requests for reimbursement of spousal travel require the advance approval of the President, and the supporting documentation must note that the accompanying person is performing significant duties as stipulated by the IRS before approving.

4. Forms of Payment

- a. *College Check Card/Check* – Whenever practical, preapproved travel expenses may be paid in advance through use of the College’s check card (arrangements to be made in the Business Office) or by request of a check for direct payment to the vendor.
 - b. *Credit Card* – Whenever use of the College check card or a vendor check is inapplicable for College business travel, an employee may use his/her College- provided credit card, when available, or may use a personal credit card to make preapproved advanced reservations and/or deposits. The College is committed to prompt employee reimbursement for use of a personal credit card. To ensure prompt repayment of approved travel expenses, it is essential that employees complete and submit a TE&R Form immediately upon completion of travel. All credit card obligations for travel expenses must fit into the department/division available budget allowance.
 - c. *Cash Advances* – The College strongly discourages requests for travel cash advances. Such are extremely expensive for the College to process and adequately monitor. In the event that a cash advance is necessary, it will only be considered as supportive of, rather than as substitution for, prearranged payment of travel expenses. Any travel cash advances which are approved require five business days prior notice for processing.
5. **Prompt Reimbursement**– It is the intent of the Business Office to reimburse employees for authorized personal travel expenses within 7–10 business days after proper submission of TE&R forms to the Business Office. The College shall reimburse the employee for any (credit card) “late fee” charges he/she incurs due to reimbursement occurring beyond 7-10 business days when employee has provided all required documentation for reimbursement.
 6. **Compliance** – All employee expenditures incurred while traveling and working on College business are considered to have been made on behalf of the College and its well-being. As such, no expenditures may be incurred which are contrary to or out of compliance with the College’s mission, policies, and procedures.
 7. **Grants and Contracts**– The Business Office only provides a budget and compliance review and cannot sign as an approver. Certain grants and contracts may require explicit permission of the granting agency. In some situations, compliance with U.S. Government travel regulations is required. When in doubt, consult with the Business Office.

7.2 Budget Policies

Davis & Elkins College seeks to allocate resources most efficiently to achieve its goals. The College has a responsibility to submit annually a balanced fiscal budget to the Board of Trustees. The following policies outline the College’s annual operating budget process.

7.2.1 Annual Fiscal Year Budget

The Davis & Elkins College fiscal budget is presented annually to the Board of Trustees for approval and includes projections for all operating fund activity. Both during the fiscal year and at the close of the fiscal year, the President, in consultation with the Vice President for Business and Administration, prepares for the Board of Trustees a comparison of budget to actual expenses and a projection for year-end results. The comparison includes a written explanation of variances.

7.2.2 Fiscal Budget Approval Process

The Vice President for Business and Administration will present the annual fiscal budget to the President and the Financial Oversight Committee of the Board of Trustees before submission to the Business and Finance Committee of the Board of Trustees for comment, adjustment, and approval. The Business and Finance Committee of the Board of Trustees will review and approve the annual budget and submit it to the full Board of Trustees. The Board of Trustees will provide the final approval of the annual budget. See the Board of Trustees Bylaws for additional information ([Volume I](#), Section 1.3).

7.2.3 Submission of Detailed Budgets

The College's budgeting is a centrally administered budget. Each Cabinet officer and his/her departments/divisions are provided an appropriation for the upcoming fiscal year. Cabinet officers work with assigned departments/divisions to determine an appropriate allocation of the appropriation to their department(s)/division(s).

College departments/divisions are responsible for submitting detailed operating budgets to the Cabinet officer. Cabinet officers submit final allocation of the appropriation to the Vice President for Business and Administration in accordance with a schedule published annually.

7.2.4 Capital Project Budgets

For any type of capital project greater than or equal to \$5,000, a budget will be provided by the appropriate Cabinet officer and/or Director of the Physical Plant to the Vice President for Business and Administration. Capital budgets will include a summary of all appropriate expenses associated with the project and will include such expenses as labor, materials, and project management costs. The budget, when submitted, will include the funding source for the project. The actual expenditures will be tracked against budget until the project is completed and placed in service.

7.2.5 Budget Accountability

The College's departments/divisions are responsible for management of budget allocations. The financial system does not allow for overspending in non-compensation expenses. The Business Office continuously monitors salaries and scholarship expenditures. When necessary, appropriate steps are taken by the Business Office to ensure sufficiency of funding.

When overspending does occur on other direct expenses, the department/division is responsible for covering the excess expenditures. The Business Office notifies the Cabinet officer and Vice President for Business and Administration of the overspending and then works with the department/division to determine the appropriate funding source to cover the negative variance.

Budget allocations for each department/division will be divided into operating budget lines within the College's accounting system based on prior year expense analysis or specific request from department/division budget managers. Adjustments to non-compensation budget lines may be necessary to cover Purchase Order or check request expenditures. Transfers may be made between operating budget lines when necessary with submission of a General Ledger Budget Entry (GLBE) form. Department/division budget managers or an authorized designee will prepare the transfer request form and submit to the Vice President for Business and Administration for approval with

appropriate explanation and documentation. Adjustments will be processed within the College's accounting system to reallocate the budget within a department/division upon approval.

7.2.6 Budget Adjustments

Between the time the budget is approved by the Board of Trustees and the start of the fiscal year, there could be adjustments to the budget, either by increases or decreases in revenue and increases or decreases in fiscal year expenses. These adjustments will be reported to the President and Business and Finance Committee of the Board of Trustees and approved by the Board of Trustees at the next regularly scheduled meeting.

7.2.7 Fiscal Year End Budgetary Transactions

At the end of the fiscal year, the Vice President for Business and Administration will close the budgeted funds by making the necessary transfers into reserve funds and ensuring that the funds are in balance (revenues equal expenses).

7.3 College Finance Policies

7.3.1 Contract Authority

Only the President and Cabinet officers are authorized to execute contracts or agreements for the College within their respective areas of responsibility, except for any authority that is reserved to the Board of Trustees or the Board otherwise delegates. Contracts and agreements for goods and services to be provided by the College, as well as for goods and services to be provided to the College, must comply with the College's Purchasing Policy.

The Vice President for Business and Administration or a designee must review newly written or external contracts/agreements that exceed \$5,000 prior to execution by the Cabinet officer. Upon review of the Vice President for Business and Administration or a designee, the President or a designee must approve all newly written or external contracts/agreements that exceed \$5,000 per the College's Purchasing Policy. Where appropriate, contracts/agreements may be forwarded to legal counsel for review and approval.

Unauthorized College employees shall not sign any contract, agreement, license, purchase order, memorandum of understanding, lease, or any other potentially binding document on behalf of Davis & Elkins College. Failure to comply with this limitation may result in personal liability as well as appropriate disciplinary action.

7.3.2 Debt Management

It is the policy of the Davis & Elkins College Board of Trustees not to encumber the College with long-term debt. In the event such a need may be considered or necessary, the following provisions outline the framework by which decisions will be made regarding the possible incurring of new long-term internal or external debt.

Debt Operating Guidelines

The Davis & Elkins College Board of Trustees has established a policy of not incurring any internal or external long-term debt ([Volume I](#) of the *Davis & Elkins College Policy Manual*). To obligate the College to any new internal or external long-term debt the following will apply:

- Prior to consideration of any long-term internal or external debt, including borrowing from the College endowment (i.e. longer than one year other than by lease), the President of the College, Chief Financial Officer, College Auditor, and the Business and Finance Committee will study the need for such debt, determine the financial ramifications, both long- and short-term, and make a complete report to the College's Board of Trustees for consideration.
- No internal or external long-term debt may be undertaken except by affirmative vote of 75 percent of all eligible voting members of the Board of Trustees.
- This 75 percent affirmative requirement may not be altered or overridden except by an affirmative vote of 75 percent of the eligible voting members of the Board of Trustees.

7.3.3 Financial Activities Code of Conduct

In accordance with the Davis & Elkins College Conflict of Interest and Code of Ethics policies, which are set forth in [Volume III](#) of the *Davis & Elkins College Policy Manual*, all College staff and faculty ("employees") have an obligation to the College to conduct themselves ethically, honestly and with integrity, as well as avoid actual or potential conflicts of interest. Employees are expected to refer any concerns about potential conflicts to the Compliance Officer or their Cabinet officer. Cabinet officers should direct their concerns to the President or Chair of the Board of Trustees.

7.3.4 Financial Controls

7.3.4.1 Overview of Institutional Finance Controls

In pursuit of its mission, Davis & Elkins College recognizes that the resources, both financial and physical, are committed to the College with a trust requiring prudent management and stewardship. In responding to this obligation, the College endeavors to incorporate sound practices in managing its resources.

The control of financial resources occurs at several levels within the College and outside the College.

The **first level of control** is within the Business Office. The Business Office, in collaboration with the Vice President for Business and Administration, is responsible for recommending appropriate policies and procedures to the President and Board of Trustees so as to ensure that all funds are handled properly (see e.g., the College Control of Funds and Accounts Policy); that transactions are recorded accurately and appropriately; that records are maintained securely with approved technology and software that affects financial records and internal controls; that reports are generated and disseminated in a timely manner; that financial statements are prepared quarterly and yearly to comply with external agencies, auditors, and the Board of Trustees requirements; that budgets are reviewed monthly; and that internal controls are reviewed at least annually.

The Vice President for Business and Administration has responsibility for prudently managing the College's resources while ensuring the procurement of quality goods and services. All administrative departments/divisions and/or units are required to review purchasing requests with the respective Cabinet officer to facilitate appropriate expenditures of budget funds.

The **second level of control** is at the department/division level. Online access to the College's administrative software accounting system is made available to budget managers to provide information Budget Managers need in carrying out their responsibilities. Upon request, department/division managers may receive budget reports also generated through the College's administrative software. These reports give accurate and timely information about detailed transactions such as accounts payable payments, payroll interfaces, departmental/division internal charges and journal entries, and compares the actual expenditures and transactions with the approved budget.

The **third level of control** is at the Cabinet level. The Cabinet, including the Vice President for Business and Administration, exercises oversight of finances by reviewing the year-to-date expenditures on a regular basis. Budget reports are provided to the Cabinet officers by the Business Office on a monthly basis or as requested. The year-to-date expenditures are compared to the College's budget. Adjustments to the College budget, if needed, may be addressed.

The **fourth level of review** is at the President's level. The President leads all meetings of the Cabinet. In addition to these regular meetings, the President meets regularly with the Financial Oversight Committee. These meetings include a review of cash flow, year-to-date revenues and expenses to budget, major capital projects and related expenditures, financial projections, and cash management.

The **fifth level of control** is at the governing board level. The Business and Administration Committee of the Board of Trustees is responsible for overseeing all matters related to the College's financial affairs and business operations. In addition, the Board's Investment Policy governs the management of the College's endowment. The Business and Administration Committee of the Board of Trustees meets at each scheduled Board meeting, with a monthly meeting of the Financial Oversight Committee also conducted to review financial statements and year-to-date expenditures, status of major capital projects and related expenditures, return on endowments, return on cash reserves, results of fundraising activities, and faculty and staff salaries and benefits. The Business and Administration Committee makes recommendations to the Board of Trustees on proposed operating budgets and capital budgets, including increases in student charges for tuition, fees, housing, and meals.

The **sixth level of control** is the preparation of the annual audit. One of the responsibilities of the independent, external auditor is to perform tests of the College's internal control over financial reporting and compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. See the College's External Auditor Policy (7.1.5) for additional information.

7.3.4.2 Control of College Funds and Accounts

Davis & Elkins College operates with a centralized accounting system within its Business Office which has been delegated by the Board of Trustees the responsibility for maintaining institutional oversight and operational control of all College-related financial activity. This policy prohibits

any department/division or College-related agency from maintaining funds and/or accounts outside of institutional control.

All financial activity will be managed and monitored by the College's Business Office through its centralized funds and/or accounts under full control of the College's management. All financial activity within these consolidated accounts will be subject to approved administrative and operational processes and procedures.

Department/division budget managers will work closely with the Vice President for Business and Administration to create an appropriate chart of accounts to accurately record all department/division-generated revenues and expenses. The College's Business Office maintains centralized accounting records and consolidated funds and/or accounts with full reporting to department/division budget managers and College administrative officers as scheduled. Department/division budget managers will be granted online access to appropriate accounting records for monitoring revenue and expense activity.

All funds and/or accounts under institutional control will be approved by the Davis & Elkins College Board of Trustees and be subject to the College's annual financial statement audit processes and procedures as well as all regulatory requirements. No department/division or agency will be permitted to maintain any funds and/or accounts outside of institutional control.

7.3.4.3 Control of College Revenue and Contributed Funds

Revenue and contributed funds collected by the College are processed in accordance with the following control procedures:

7.3.4.3.1 Control of College Revenue Funds

Davis & Elkins College operates within a centralized accounting and cash management system that requires all departments/divisions to process revenues through the College's Business Office. No department/division revenue may be processed and/or managed independent of the Business Office's financial oversight and accounting records.

All revenues generated within departments/divisions of the College will be submitted to the Business Office within a reasonable time of receipt and will be presented to the College's cashiers for proper recording within its centralized accounting records and preparation for deposit into the College's consolidated operating bank account(s).

Department/division budget managers will work closely with the College's Vice President for Business and Administration to create an appropriate chart of accounts to accurately record all revenues generated through department/division activities. Budget managers will be provided with online access to view all appropriate financial records and verify accurate posting of department/division revenues.

On occasion, departments/divisions within the campus may seek special grant funding and/or permission to undertake an independent fundraising event/project to supplement annual operating budget allocations or for special activities or projects beyond the scope of the annual budget. That department/division will work with the Vice President for Business and Administration to create an appropriate chart of accounts to track revenue generated through grant funding or independent

fundraising events/projects which will be subject to all administrative and operational requirements noted above.

Independent groups with a College maintained budget, such as student organizations, may undertake independent fundraising efforts, which will be handled as agency transactions within the College's chart of accounts and will be subject to all Business Office administrative processes and procedures. These funds will be receipted into the College's accounting system by its Business Office, posted to appropriate revenue accounts, deposited into the College's consolidated operating bank account(s), and are subject to the College's annual general independent financial statement audit processes and procedures as well as any and all regulatory requirements. Authorized personnel will be granted online access to view these agency records for monitoring accurate posting and managing intended use of the funds.

7.3.4.3.2 Control of Contributed Funds

Gifts of cash, securities, gifts-in-kind, pledges, and grants from private sources including individuals, corporations and private foundations are receipted in accordance with the following guidelines:

1. Any College employee who receives an in-kind contribution in support of a unit or department/division of the College shall submit information concerning the gift to the Office of Institutional Advancement so that proper gift credit may be issued.
2. The Office of Institutional Advancement is then required to remit all in-kind contributions to the Business Office along with information regarding the contribution and restrictions placed upon the use of the funds by the donor.
3. The Business Office is responsible for recording all cash transactions, maintaining pertinent records, reviewing all expenditures, issuing checks, and generating the College's financial reports.

7.3.5 Financial Investment Authority and Guidelines

Purpose and Scope

The Davis & Elkins College Board of Trustees is responsible, as a fiduciary, to manage the Endowment Fund, and as such, policies regarding investments and the endowment are found in the *Davis & Elkins College Policy Manual* [Volume I](#) (1.4.7).

7.3.6 Rental Properties

The College maintains a number of rental units that are made available to new faculty and staff when moving into the community. It is the College's intent to assist new members of the College community making a geographic transition by providing affordable housing options when possible. New faculty and staff may request a rental unit on a space available basis upon hire. Units will be leased for an initial period of two years. It is understood that after the initial two-year occupancy period, the College may request the rental unit be vacated to accommodate newly

arriving faculty or staff. When units are not required for new hires, individuals on a two-year lease have the option to extend their lease for an additional academic year.

This policy applies to the following rental units and any additional properties which the College determines will be used in a similar manner or for a similar purpose:

- Ross House
- Harpertown Road Houses
- Robert C. Byrd Center Apartments

The Ross House – preferential housing unit for senior personnel with above-average need for proximity to campus, includes senior officers (Cabinet), Director of the Physical Plant, Chief Information Officer, Director of Athletics and Director of the Augusta Heritage Center. Lease conditions to provide for exemption from two-year temporary residency. If preferential occupants are not identified, the unit may be assigned to faculty/professional staff with relocating/transitional housing needs.

Harpertown Road Houses – two Harpertown units may be made available to coaches and/or assistant coaches on a shared basis with up to four persons per unit. Lease conditions to provide for exemption from two-year temporary residency. If preferential occupants are not identified, unit may be assigned to faculty/professional staff with relocating/transitional housing needs.

Robert C. Byrd Center Apartments – rental units may be made available to 9 or 10-month contract personnel maintaining permanent residence elsewhere, requiring only temporary local living arrangements while fulfilling contract period at D&E. Lease conditions to provide for exemption from two-year temporary residency. Lease will remain in force and rental payments required for the non-occupancy period.

When units are not filled according to preferential selection/assignment, all faculty/staff will have an opportunity to apply for available rental space (excluding the Ross House). Employees may request to be placed on a waiting list for possible assignment of available units not reserved for preferential candidates. Lease terms will be managed for short-term rotation in order to maintain availability of preferential candidate housing.

Pricing of rental units will be evaluated and adjusted on no less than a three-year budget cycle. Units will be appropriately priced for intended use, market conditions and the College's ability to reasonably cover costs of operation, maintenance and administration of the properties.

All units will be covered by an appropriate lease agreement and security deposit prior to occupancy.

Based upon recommendation of the College's insurance carrier, all renters will be advised and encouraged to obtain renter's insurance which names Davis & Elkins College as an additional insured party.

7.3.7 Revenue Source Approval

Any request to establish a new revenue source or to substantially change the purpose of an existing revenue producing operation must be presented to the President, as well as receive appropriate financial and legal review and adhere to existing policy and law. The President will assure that

the revenue source fits within the College's mission. Thereafter, the proposal will be submitted to the Board of Trustees Business and Finance Committee and then the full Board for final approval.

7.4 College Purchasing Policies

7.4.1 Purchase Order Policy

All requests for purchases of \$500 or more must be submitted to the Business Office using the standard Purchase Order Form. All information on the form must be complete and accurate and the purchase must be within the budget availability of the requesting department/division. Required information includes:

1. Department/Division Name;
2. Department/Division Budget Manager (with signature authorizing purchase);*
3. Description of Purchase (including item(s) description and vendor numbers, etc.);
4. Vendor information, to include address, phone/fax number, email and website address;
5. Specific instructions for ordering and/or delivery;
6. Actual or quoted item purchase price;
7. Required levels of approval;
8. Budget account number(s).

For Information Services purchases in excess of \$500, the Chief Information Officer must be consulted prior to the approval of the Purchase Order by the Business Office.

When a completed Purchase Order is received by the Business Office, budget availability and proper accounting codes will be verified. Upon final verification by the Business Office, a purchase order number will be assigned and returned to the department/division to be acted upon. All invoices from vendors must include the Purchase Order number and be addressed directly to Accounts Payable-Davis & Elkins College. Use of an approved Purchase Order provides a budget manager with budget authorization to make purchases on behalf of the College for which the College will assume full financial responsibility.

*Note: Department/division budget managers have budget authority to request purchases up to \$1,000 (or as adjusted by College administration). Any purchase above \$1,000 (or as adjusted by College administration) must additionally have the authorizing signature of the appropriate Cabinet officer. Any purchase above \$5,000 (or as adjusted by College administration) must additionally have the authorizing signature of the President or his/her designee.

7.4.2 Check Request Form

The Business Office (Accounts Payable) check request form will be used to request payments to vendors/contractors where an invoice and/or purchase order are not provided or required. Check request forms must be completed by the department/division making the request for payment and approved by the department/division budget manager and a Cabinet officer when appropriate. Supporting documentation must be attached to the check request form to substantiate the business purpose of the request for payment. Check request forms may not be used to compensate

employees through the payroll system. Check request forms may be used for the following types of transactions:

1. Personal reimbursement for supplies, services and other purchases made by an employee or student on behalf of the College or a student organization;
2. Reimbursement of petty cash funds;
3. Travel advances;
4. Prepayment for supplies and/or services, when appropriate;
5. Payment to nonemployees for services rendered; and
6. Employee deductions and benefit payments, as presented by Human Resources/Payroll.

7.4.3 Prohibited Transactions

Davis & Elkins College funds are to be used only to meet the mission of the College. The Vice President for Business and Administration has the responsibility to determine minimum acceptable guidelines for expenditures consistent with Board of Trustees policy.

This policy applies to all faculty, staff, and student organizations in the expenditure of Davis & Elkins College funds and sets the College's standard for prohibited transactions. Grants, contracts, and other activities may be subject to other requirements that may be more restrictive. Where other standards are more restrictive than the College's standards, the other standards will be followed.

Prohibited transactions include, but are not limited to, the following:

1. Nonemergency personal expenditures;
2. Payments of political contributions;
3. Purchase, rental, repair, cleaning or laundering of clothing, including formal wear and academic attire, for personal use. Exceptions are made in the case of employees who are required by the College to wear uniforms or personal protective equipment;
4. Expenditures for subscriptions for journals, magazines, newsletters or newspapers for delivery to employees' homes;
5. Expenditures for computers, other equipment or other items for personal use;
6. Payments or reimbursements for personal violations, fines, or stolen articles;
7. Payments or reimbursements for annual fees for personal credit cards;
8. Reimbursement of credit card delinquency assessments or interest or overdraft charges unless caused by College error. Requests for reimbursement of charges resulting from a Davis & Elkins College error require the signature of the Vice President for Business and Administration or a designee;
9. Purchases of gifts, flowers or greeting cards to employees unless approved by a Cabinet officer;
10. Payments for personal membership in social, dining, airline and hotel clubs except as expressly approved by the President;

11. Reimbursements for use of personal airline miles/points for business related travel;
12. Reimbursement for personal travel expenses when a trip itinerary includes both personal and business related travel;
13. Any purchases of a personal nature; and
14. Repair to or replacement of personal property of an employee.

Review of Expenditures

Budget supervisors are expected to conduct a review of all charges to their department/division on at least a monthly basis and to ensure that corrections are made in a timely manner. All corrections must be reported to the Vice President for Business and Administration. Corrections should be reported on a General Ledger Journal Entry (GLJE) form with supporting documentation and explanation of the reason for the correction/adjustment noted.

Records

The Vice President for Business and Administration maintains the official financial records of the College in accordance with the College's Record Retention policy. Supplemental financial records may also be retained, but must be consistent with and reconcile to the official information maintained by the Vice President for Business and Administration.

7.4.4 Use of College Checks

All checks representing payments to employees or vendors of Davis & Elkins College are issued from the Business Office under the supervision of the Vice President for Business and Administration. No other office, division, or department has authority to make payments or issue checks on behalf of the College. Vendors' checks are processed twice a week, typically occurring on Tuesday and Thursday. Payrolls occur twice a month, typically the 15th and 30th/31st. Checks issued through the College's Accounts Payable system must receive approval of the Vice President for Business and Administration or his/her designee prior to their release for distribution. Printed checks are attached to supporting documentation and initialed by the Vice President for Business and Administration or his/her designee before mailing. The Vice President for Business and Administration, or in the event this position is vacant, the duly appointed Business Manager or President, has the authority to approve individual checks or payrolls up to \$300,000. Payments more than \$300,000 must receive a second approval initial from the President. The individual providing the second approval must also initial the supporting documentation.

All Accounts Payable checks made payable to the Vice President for Business and Administration will be approved by a second signer, as previously identified.

Adequate insurance will be kept in place by the College to protect the institution from forgery or theft that might occur from the actions of any current or former employee.

7.4.5 College Credit Cards

7.4.5.1 Issuance of College Credit Cards

College credit cards are issued generally to authorized employees who travel on official College business. This credit card is to be used primarily for travel, but other College-related business uses are allowed with permission from the authorized employee's supervisor or department/division head.

To obtain a College credit card, an employee's Cabinet officer must submit a request to the Business Office providing justification for the card. The approved request will be forwarded to the President, if approved, then to the Business Office for processing with the College's credit card provider. If the cardholder violates the College Credit Card guidelines, the cardholder may be subject to a warning letter, suspension of card privileges, card cancelation, or other disciplinary action by the College, as well as be held personally liable for the charges.

7.4.5.2 College Credit Card Guidelines

When using a Davis & Elkins College business credit card, it is vitally important that all cardholders faithfully handle use of an assigned credit card under the following necessary guidelines in order to facilitate the efficient processing of credit card payment obligations, budget monitoring and accurate accounting for purchases:

- Credit card use for travel should never exceed available department/division budget allowances.
- When approved travel expenses will exceed or severely impact individual credit card limits, advance payments may be arranged with the vendor through the Business Office.
- In the case of travel expenses, a TE&R form must be completed and submitted in a timely manner to the Business Office with the credit card statement, having itemized travel receipts attached in the order that they appear on the statement, for verification of approval for credit card purchase. Please verify prior to submitting that all receipts are accounted for.
- In the case of supplies and other purchases, the purchase order policy guidelines must be followed. An itemized receipt(s) with PO number included, if applicable, must be attached to the statement in the order that they appear on the statement for verification of approval for credit card purchase. Please verify prior to submitting that all receipts are accounted for. When arranging for a recurring charge to a credit card account, please discuss with the Business Office use of the College's check card to handle this type of payment.
- Itemized receipts and individual statements (properly coded with budget expense lines) must be packaged in an orderly fashion and submitted in a timely manner to the Business Office in order to facilitate proper processing and payment of charges. Lack of documentation and/or disorganized submission of documentation critically delays processing and may result in a late payment of charges, for which the College incurs a late payment penalty and a potentially negative credit score ranking.

- If documents are not properly submitted within the reasonably scheduled deadline period, allowing for timely payment on the College's credit card account, the cardholder will be required to submit a personal check to cover the charges not appropriately documented. Upon subsequent submission of missing documents, an appropriate personal reimbursement will be made.
- The College's credit card may not be used to purchase gift cards. Gift cards are an unallowable budget expense unless approved in advance for use under appropriately documented circumstances.
- The College's credit card may not be used to pay for professional services that would be taxable to an individual or entity if paid through a properly processed College business check. Any exception to this situation should be approved in advance and proper controls put into place to comply with all reporting requirements.
- Use of a credit card must occur within the department/division's established budget. Credit card accessible funds does not automatically equate to budget availability. All credit card users must be aware of department/division budget availability in order to appropriately incur charges.
- The College's credit card should never be used for items of personal obligation. If under extreme circumstances such use is necessary, the College must be immediately reimbursed in full for the personal expense. Repeated personal use is not acceptable and may result in loss of College credit card eligibility.

Violation of credit card use guidelines is a serious impediment to timely payment of a debt obligation, budgetary control, and compliance with IRS and other required directives. All assigned users are expected to assist with proper use of the College's credit card privilege and agree fully to its terms by acceptance of the card when assigned.

Additional Cardholder Responsibilities:

1. It is the cardholder's responsibility to safeguard the credit card and account number to the same degree that a cardholder safeguards personal credit information. The cardholder must not allow anyone to use the account number or card. If the card is lost or stolen or if the card has been compromised in any way, the cardholder must immediately contact the Business Office to report the compromise to the credit card company.
2. Each cardholder is responsible for resolving disputes either directly with the merchant or with the credit card company. The Business Office must be notified of the disputed charges.
3. The cardholder is responsible for ensuring that returns and their associated credits have been properly reflected on the monthly statement. A cardholder may not request a refund check from the credit card company.
4. If a rebate is associated with a College credit card transaction, it is the cardholder's responsibility to deposit the full amount of the rebate to the College. In addition, any gift cards or other incentives received as a result of a credit card purchase must be used for College purposes. All supporting documentation must be submitted to the Business Office.

7.4.6 Surplus Property

Disposition of College surplus property is the primary responsibility of the Business Office. The property disposition procedure applies to all departments/divisions.

Definition of Surplus Property

Surplus property includes any item(s) which is/are no longer needed by the department/division that initially purchased the property.

Disposal Options

The first option for items that are deemed Surplus Property is always recirculation within or among other departments/divisions. Unauthorized removal or disposal of College owned, loaned, or donated property, regardless of value, constitutes a violation of College policy.

Procedures for Disposal of Surplus Property

The Business Office must be notified immediately when a department/division has non-information technology surplus property. The item description, approximate age, condition, and location should also be conveyed with this notification.

In the event a College department/division possesses technology hardware or software that is no longer required due to excess of useful life, lack of continued need, inability to upgrade required hardware or software, damage, excessive maintenance cost, or incompatibility with new hardware, all such equipment must be sent to Information Services for evaluation. See the College Hardware and Software Disposal policy in the *Davis & Elkins College Policy Manual Volume II* (2.4.4) for additional information.

7.5 Miscellaneous Business and Administration Policies

7.5.1 Management Procedures for College Owned Vehicles

All departments/divisions that manage College owned vehicles must follow the administrative procedures below:

1. The purchase of all vehicles must be processed through the Business Office according to applicable equipment purchasing procedures;
2. All vehicles must be licensed, titled and insured through the Business Office. All such records will be maintained in the Business Office; and
3. Departments/divisions that manage a College owned vehicle must verify that each driver has received training through the College's insurance company. If the driver's training status is not known, managers must contact the Business Office fleet manager to verify that a driver is qualified prior to allowing driving privileges.

Departments/divisions requesting loan of a College owned vehicle from a department/division that manages a College owned vehicle should follow the procedures below:

1. The requesting department/division must contact the vehicle managing department for availability of a loan vehicle. The managing department will request presentation of a College Owned Vehicle Expense Sheet to reserve or sign out a loaned vehicle.

2. Each requesting department/division must ensure that an assigned driver has received training per above item #3.
3. The managing department/division must initial the completed College Owned Vehicle Expense Sheet upon satisfactory return and examination of the vehicle and forward to the Business Office.
4. All departments/divisions that manage a College owned vehicle must provide, on an annual basis, the odometer readings for each owned vehicle. These reports will be requested for each vehicle at the end of a fiscal year as part of the College's year-end accounting and audit procedures.

All questions and concerns should be directed to the Business Office fleet manager.