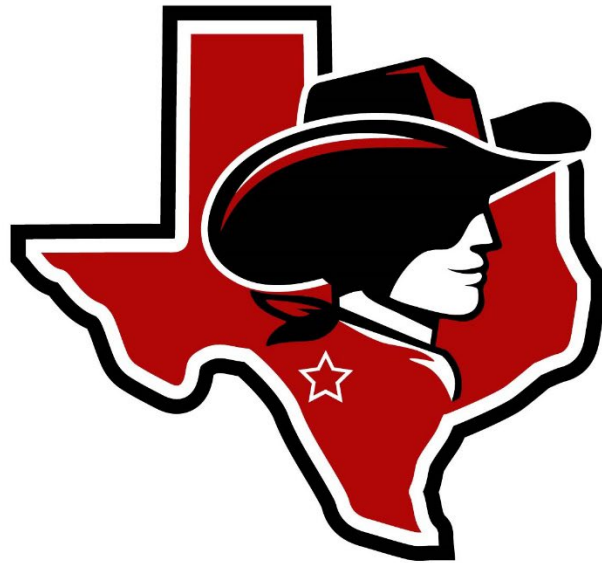


Business Office Policies and Procedures for General Accounting



SOUTHWEST
TEXAS ★ COLLEGE

(While Southwest Texas College's policies are maintained online by the Texas Association of School Boards and include both LEGAL and LOCAL policies, <https://pol.tasb.org/PolicyOnline?key=1174> the following reflect internal policies for the Business Office.)

Accounting (includes Budget)

The primary role of the Accounting Office is to maintain the general ledger and accounting records. The office reconciles cash to provide accurate information describing the College's financial position to internal and external users.

The financial information that is recorded is in compliance with Generally Accepted Accounting Principles (GAAP), the Texas Higher Education Coordinating Board reporting requirements, and other pertinent industry guidelines.

A. General Ledger

- The general ledger is maintained via various postings within the College's Colleague Finance Module such as AP/AR postings, Student receivables, Payroll posting, the College's budget planning process, P-card and supply purchase uploads, Purchase order postings, etc.
- The Accounting Office is responsible for upkeep of the Chart of Accounts in the College's Colleague Finance software system.

B. Investments

1. General

It is the policy of Southwest Texas College to invest public funds in a manner which will provide the highest investment return with the maximum security and safety while meeting the daily cash flow requirements and conforming to all state and federal statutes governing the investment of public funds. The Board of Trustees will review the SWTX Investment Policy and Investment Strategy not less than annually.

2. Management

Each member of the governing board and all investment officers shall attend at least one training session relating to the person's responsibilities under the Public Funds Investment Act (PFIA) Government Code, Chapter 2256) within six months after taking office or assuming duties. The Chief Financial Officer and the Controller are authorized to administer the investment program according to the strategy, standard of care and conditions prescribed in the policy. Each investment shall be approved by the President of the College.

3. Standard of Care

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of capital as well as income to be derived. Investment of funds shall be governed by the following investment objectives, in order of priority; preservation and safety of principal, liquidity, yield and

diversification. The standard of prudence to be used by investment officers shall be the “Prudent Person” standard and shall be applied in the context of managing an overall portfolio and whether the investment was consistent with the written investment policy of the district.

Investment officers involved in the investment process who have a personal business relationship with an entity seeking to sell an investment to SWTX shall file a statement disclosing that personal business interest. Any investment officer who is related within the second degree by affinity or consanguinity, as determined under Chapter 573, to an individual seeking to sell an investment to SWTX shall file a statement disclosing that relationship. A statement required under this subsection must be filed with the Texas Ethics Commission and the Board of Trustees of SWTX.

4. Internal Control

In conjunction with the annual financial audit, the Board of Trustees will request a compliance audit of the management controls on investments and adherence to the College’s established investment policies. The results of the compliance audit shall be reported to the State Auditor.

At each regularly scheduled meeting of the Board of Trustees, but not less than a quarterly per annum, a written report describing the investment status for all funds for the preceding reporting period will be prepared. The report must conform to the contents of the Public Funds Investment Act and must be prepared and signed by all investment officers.

5. Authorized Investments

The College will pursue a conservative approach to investment activity. Although other investments are authorized by law, SWTX may invest only in the following:

- a) Certificates of deposit if issued by a state or a national bank domiciled in this state. Each certificate of deposit must be guaranteed or insured by the FDIC or its successor or secured by obligations that are described by section 2256.009(a) of the Public Funds Investment Act.
- b) Treasury bills, treasury notes, and treasury bonds of the United States and other direct obligations of the agencies of the United States.
- c) State sponsored AAA-rated local government investment pools operated under the guidelines of the Texas Public Funds Investment Act.

SWTX will diversify maturity dates and to the extent possible, match investments with anticipated cash flow requirements. Unless matched to a specific requirement, investment maturities will not exceed five (5) years at the time of purchase.

From time-to-time SWTX has been endowed with other investments which no longer comply with the current investment policy. These investments will be liquidated when advantageous to the College.

6. Authorized Broker/Dealer

In accordance with section 2256.005(k) of the PFIA, a written copy of the investment policy will be presented to any person seeking to sell investments to the College. The registered principal of the business organization seeking to sell authorized investment shall execute a written instrument substantially to the effect that the registered principal has:

- a) Received and thoroughly reviewed the investment policy of the College; and
- b) Acknowledge that the organization has implemented reasonable controls in an effort to preclude imprudent investment transactions.

The College may not buy any investments or securities from a person or firm who has not delivered an instrument in substantially the form provided above according to the PFIA.

7. Transactions

All transactions will be executed on a delivery-versus-payment (DVP) basis.

8. Investment Strategy

Each major fund type has varying cash flow requirements and liquidity needs. Specific strategies shall be implemented considering each fund's unique requirements.

The objectives and strategy for each fund are as follows:

- a) Current/Operating Funds – Investment strategies for current and operating funds have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity, while preserving and protecting principal balances. Short-term operating funds will be deposited in an interest-bearing bank account or approved local government investment pool. Depending on cash flow requirements, current funds may be invested in short-term certificates of deposit in a laddered structure. A dollar-weighted average maturity of 365 days or less will be maintained and calculated by using the stated final maturity date of each investment.
- b) Endowments – Investment strategies for endowment funds will have as the primary objective the ability to generate a dependable revenue stream to the appropriate fund while preserving and protecting principal balances. Endowment funds will be deposited in interest bearing bank accounts, with significant balances being invested in bank certificates of deposit using a ladder structure. A dollar-weighted average maturity of

three (3) years or less will be maintained and calculated by using the stated final maturity date of each investment.

- c) Debt Service Funds – Investment strategies for debt service funds shall have as the primary objective the assurance of stability and liquidity adequate to cover the College’s debt service obligations. Funds will be invested in interest bearing bank accounts, an approved local government investment pool or short-term certificates of deposit in a laddered structure, or any combination herein. A dollar-weighted average maturity of 365 days or less will be maintained and calculated by using the stated final maturity date of each investment.
- d) Debt Service Reserve Funds – Investment strategies for debt service reserve funds will have as their primary objective security of principal and the ability to generate a dependable revenue stream. A dollar-weighted average maturity of five (5) years or less will be maintained and calculated by using the stated final maturity date of each investment.

Bids for Certificate of Deposit may be submitted orally, in writing, electronically or any combination of these methods. Market prices for invested funds will be monitored by the investment committee on a monthly basis.

9. Safekeeping

All bank deposits and investments of college funds shall be secured by pledged collateral equal to the amount of investment less FDIC coverage. Copies of original safekeeping receipts will be provided the College along with monthly reports showing the current market value of pledged securities. The Chief Financial Officer or the Controller will approve the release and/or replacement of pledged collateral.

All transactions will be executed on a delivery-versus-payment (DVP) basis. That is, funds shall not be wired or paid until verification has been made that the Trustee received the collateral. The collateral shall be held in the name of the College or held on behalf of the College.

10. Notification

A written copy of the investment policy shall be presented to any person offering to engage in an investment transaction with SWTX or to an investment management firm under contract with SWTX to invest in or manage the entity’s investment portfolio. The qualified representative of the business organization offering to engage in an investment transaction with SWTX shall execute *a written instrument (sample below)* in a form acceptable to SWTX and the business organization substantially to the effect that the business organization has:

- a) Received and reviewed the investment policy of SWTX; and

b) Acknowledged that the business organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between SWTX and the organization that are not authorized by the SWTX's investment policy, except to the extent that this authorization is dependent on an analysis of the makeup of SWTX's entire portfolio or requires an interpretation of subjective investment standards.

Example of the above-named instrument:

BROKER/DEALER/BANKER CERTIFICATION FORM
As required by Texas Government Code 2256.005(k)
for
SOUTHWEST TEXAS COLLEGE

The college acknowledges that the only means the firm has to preclude imprudent investment activities arising out of transactions between the firm and the College is to confirm that all provisions of the College's Investment Policy are followed in investment transactions conducted between the firm and the college, and the paragraphs below should be read accordingly.

I, as a qualified representative for the firm, do hereby certify that I have received and reviewed the Investment Policy of the College, to the extent required by the above reference legislation.

I acknowledge that this firm has implemented reasonable internal procedures and controls in an effort to preclude imprudent investments between this firm and the College arising from transactions between the College and the firm.

Name of the Firm

Address of the Firm

Telephone Number of the Firm

QUALIFIED REPRESENTATIVE

Signature Date

Printed name

Title

-Investment policy revised/reviewed 09/15/2011 SWTX Board of Trustees

C. Audit

The College is subject to annual audits. Audited financial statements may be found on the College's website at: <https://SWTXC.edu/faculty-and-staff/faculty-and-staff-business-office.html>

D. Financial Reporting

- The Accounting Office provides the following:
- Various reports to federal state and local agencies
- Grant reporting
- Monthly Financial reports to The Board of Trustees
- Annual financial reports

E. Billing and payments

1. Accounts Receivable (A/R)

a) Cashiering services

- Tuition and fees
- Childcare services
- Application and Transcript fees
- Other Miscellaneous fees

b) Student account collections

c) 3rd Party

d) Misc. A/R

- All accounts due the college for goods or services purchased from the College must be paid within thirty days unless other arrangements are made with the Vice President Finance.

2. Disbursement processing:

a) Tuition refund (academic and continuing education)

b) Student loan disbursements

c) Petty cash

3. Deposits

a) Departmental deposits

b) Student organization deposits

- Any fund-raising activities at the College must be approved by the appropriate Vice President

4. Interdepartmental entries

5. Any departments of the College that generate income or charge for services rendered should follow the following procedures for receiving payment:

- Do not collect the money.
- Issue a bill of charges to recipient for services.
- Provide a copy of the bill immediately to the Business Office.
- Instruct recipient to make payment at the Business Office.

- Release goods or materials to the recipient when they show a receipt of payment from the Business Office.
6. Selling products, services and/or financial schemes during working hours at the College-by-College employees is prohibited.

F. Accounts Payable

Accounts payable is responsible for providing timely, accurate payments. All vendors must complete a W-9, https://SWTXC.edu/documents/business_office/SWTX_fw9.pdf and have been previously entered in the College's Colleague vendor database.

1. Vendor payment

- a) Checks will be processed on Thursday of each week. Invoices (with signed approval for Blanket PO and receipt verified for PO) must be delivered to Accounts Payable and online check requests, must be complete and approved, before noon on Tuesdays. Please follow instructions here for requesting a payment (check): <https://www.youtube.com/watch?v=NnStWLk0Bk>
- b) All payments are made on a net 30 basis unless a discount is offered. Every effort should be made to maximize discounts.
- c) Texas Sales Tax
SWTX is a tax-exempt Political Subdivision/Community College. Merchants should be informed of our tax-exempt status at the time of the transaction. Merchants may request a copy of SWTX's Tax Exemption Certificate. The SWTX's Tax Exemption Certificate may be obtained on the Business Office website: https://SWTXC.edu/documents/business_office/SWTX_sales_tax_exempt_form.pdf

2. Employee Reimbursements (including travel)

Employees may be reimbursed for expenses incurred on behalf of the College; however, it must be pre-approved by a VP and only in extreme circumstances with the exception of Travel. See **Travel Policy and Procedures** for more information.

G. Budget and Planning

- Assists departments in maintaining their budget throughout the fiscal year.
Note – Self Service instructions for checking budget may be found here: <https://www.youtube.com/watch?v=BwBEqNNxLio>
- Coordinates annual budget planning and implementation

H. Grants

The Accounting office serves as the financial and administrative liaison between college faculty/staff and grantors when dealing with grants and ensures that all sponsored programs activities are carried out in accordance with applicable regulations.

I. Transparency

See **Purchasing Policy and Procedures** for more information on applicable law.