

Turtle Mountain Community College

Creating a World of Opportunities

Accounting Procedures Manual

And

Reference Guide

Table of Contents

Allowability of Cost	3
Purpose	3
Determining allowability of cost in accordance with Subpart E Cost Principles	3
Definitions.....	3
Procedure of purchase approval.....	5
Procedure for Ordering or Purchasing goods/services.....	5
Procedures for Travel.....	7
Traveling with Students	8
Penalties and charges resulting from cancellations and no shows	8
Procedures for using College own vehicles	9
Accident Procedure.....	10
Procedure for reporting damage to vehicles	10
Procedures for Rental Car	10
Travel Settlement Procedure	10
Consulting Procedures	11
Procedures for drawdowns:.....	12
Procedure for Correcting Entries	13
Participant Support Cost Procedures.....	14
Indirect Cost on Participant Support	14
Unallowable cost charged to Participant Support.....	14
Managing Participant Support funding.....	14
Budgeting Participant Support.....	14
Budget Monitoring and Cost allocation	15
Grant Budget – Monitoring, revising and cost allocation	16
Responsibilities	16
Expenditures	16
Concession Activities.....	17
Vending Activity	18

Allowability of Cost

Purpose

All federally funded projects must adhere to the guidelines set forth by the federal government for managing federal funds through the Office of Management and Budget (OMB) Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards. Section 2 CFR 200 outlines a number of policies, procedures, and requirements that grant managers must follow. One of these sections is on allowable and unallowable cost that is relevant to nearly all federally funded projects, regardless of department and intent. Unless specifically noted in the Grant Award Agreement, the rules apply to all federal grant programs, including federal money passed through a state entity.

Determining allowability of cost in accordance with Subpart E Cost Principles

The policy follows the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) 2 CFR Part 200, which provides the basic criteria to determine direct cost on federally sponsored projects. Regardless of the funding agency, cost for sponsored programs are based on answering the question: Are cost allocable, allowable, consistent, and reasonable in the circumstance? Each financial transaction charge against a federal award is evaluated against this concept.

Prior to incurring an expense, the cost must be allowable, reasonable and the cost allocation must be determined. Allowable cost can vary by each grant; to ensure allowability, refer to the grant rules and regulations. For Federal awards, refer to Uniform Guidance 200.403. To meet the test of allocability, cost incurred that benefit two or more projects or activities must be allocated to the projects based on the proportional benefit. For Federal awards, refer to Uniform Guidance 200.405. Finally, the cost must be what a “prudent person” would consider reasonable for the products or services purchased. It is important to remember that all three tests (allowable, allocable, and reasonable) must be met before charging an expense to the grant. Failing to do so can lead to an audit disallowance, and if the inappropriate expenses is seen as being willful, charges of fraud could be placed against the College, program director, and/or administrative staff members.

Definitions

Allocable: The cost is incurred for the benefit of one project or is easily assigned to multiple projects. A specific project may only be charged that portion of the cost that represents the direct benefit to the project.

Allowable: Cost must conform to any limitations or exclusions stated in the federal cost principles or in the sponsored agreement. The cost must not specifically be designated as “unallowable” by regulation or grant award conditions.

Consistent: Similar cost are treated as direct or indirect cost when incurred in like circumstances. Cost that are direct charged to a grant should not be included as indirect cost on other projects when incurred for the same purposes.

Reasonable: The cost is generally recognized as reasonable if the item purchased and cost of the item reflects the action that a prudent person would take under similar circumstances at the time the individual makes the purchase. The cost must be necessary to the College’s operations and/or the

sponsored project's performance. The purchase must comply with established college policies and the purchaser must be acting with due prudence in carrying out their responsibilities to the College.

Indirect Cost: Cost that are incurred for common or joint activities and, therefore, cannot be identified readily and specifically with a particular grant projects, and instructional activity or any other institutional activity. Indirect cost is also referred to as Facilities & Administrative (F&A) cost.

Unlike Circumstances: When a cost is incurred for a purpose outside of the normal practices or activity for that type of cost.

Procedure of purchase approval

First steps –

- A purchase requisition must be completed with all the documentation upload or otherwise attached at a minimum of two weeks prior to needing the items or services ordered or purchased.
- The grant director reviews and approves the purchase requisition. By approving, the director is agreeing the charge is allowable, allocable, and reasonable in addition to being in line with the goals and objectives of the federal grant award.
- If the grant director determines that the request does not meet those requirements, it will be denied and returned to the requestor

Next step

- Once the grant director approves, the request is review by the sponsored program office. Sponsored programs also review the request for allowability, allocability and reasonableness. Sponsored programs may ask for more documentation, explanations or budget justifications prior to approving the request.
- If sponsored program office denies the request, it is returned to the program director with an explanation why it is denied.

Next step

- Once the sponsored program officer approves, a member of the business office personnel reviews for correct account numbers, project codes and quick review of allowability.

Final steps – Once a week

- Once the request has gone though all review process outline above and obtained appropriate approvals, it moves on to the final stage of approval.
- On Monday at 11 am, unless it is a holiday then it moves to the next business day at 11 am, the President, Comptroller, Sponsored Programs and other members of the budget committee meet to review the purchase requests for the week. The President reviews, asked questions, approves or returns requests to the program director.
- Once the President approves, the comptroller is the final approval.
- The purchase requests are given to the business office personnel for processing

Procedure for Ordering or Purchasing goods/services

When a person outside the business office will place an order, go the store or pick up items or procure services, they should do as outlined below

- Walmart – If the program is purchases items from Walmart, the Walmart credit card should be checked out from the business office. TMCC is tax exempt and set up for tax exempt at the Bottineau Walmart. The tax-exempt number given by Bottineau Walmart must be given to the check out clerk prior to any items being rung up.
- Purchase order – Many vendors accept TMCC purchase orders. A TMCC purchase order will be emailed to the requestor on the purchase requisition. The employee picking up the items

should take the purchase order number with them to the vendor. If the employee is ordering the item, the purchase order number should be given at the time of ordering.

- Checks If the vendor doesn't accept purchase order, a check will be done for the amount of the purchase. The employee can pick the check up prior to going to the vendor for the items.
- Credit Card - As a last resort, TMCC credit are could be used to purchase items at local vendors. On line purchases are always credit card purchases.

Itemized receipts for all purchases must be turned into the business office promptly.

Procedures for Travel

According to fiscal policy 9.0010 Each travel authorization must be approved for each employee, student or anyone traveling at the College's expense through the purchase requisitions process prior to any expenses being incurred. Employees planning to travel must turn in their request as soon as possible and no less than two weeks prior to departure.

Purchase requisitions are needed for each vendor – conference registration, airline, hotel, and to the person traveling. The dates, destination and purpose of the travel must be included on each requisition. A copy of the agenda should be attached if one is available. Employees are responsible for unauthorized and allowable expenses. Employees should work with their supervisor to ensure classes or required duties are covered while on travel.

- Conference registration: Once the purchase requisition is approved, a check for the conference registration will be made and mailed in or taken along to the conference by the employee. If a check is not accepted or time constraints does not permit check to get to the vendor in time, the credit card can be used. If the employee has not be issued a TMCC credit card, the employee should come to the business office to register and use a TMCC credit card. A receipt should be printed and turned in the same day.
- Airfare: Once the purchase requisition is approved, the employee may book their airfare using the college credit card. If the employee has not be issued a TMCC credit card, the employee should come to the business office to book their flight and use a TMCC credit card. A receipt should be printed and turned in the same day. Economy tickets are allowable, any upgrades are at the traveler's expense. Receipts for baggage needs to be turned in if not included in the original booking of the flight. Reimbursements to the travel will not be given with out a receipt. If charged to the college, a baggage receipt not turned in, the traveler will be responsible to pay the college back
- Hotel: Once the purchase requisition is approved, the employee can book their hotel. The employee should request a credit card authorization for be sent to the business office email at purchasing@tm.edu if the employee does not have a credit card issued to them. If the credit card authorization is not completed, the employee will experience problems checking in and may need to pay for the hotel upon check in rather than the college credit card. Hotel receipts are required to be turned into the business office.
- Travel expenditures/loans to the traveler:
 - Mileage rate is the federal rate as determined by GSA. Mileage rate will be based upon the approved mileage chart from the college, whichever is appropriate. The college vehicle should be used whenever possible. When more than one person traveling to the same destination, they should ride the college vehicle together. Mileage will not be allowed if the traveler choose not ride in the college vehicle or bus transportation.
 - Per diem is allowed when traveling more than 24 hours. TMCC uses the federal GSA rate. Receipts are not required. Per diem is not allowed when a meal is provided by the conference regardless if the travel chooses to eat it or not. The breakdown for meals is based on departure and return times. Breakfast 20% of rate, lunch 32% of rate and dinner 28% of rate. When the hotel or conference offers a continental breakfast, per diem is still allowed for that breakfast meal. The per diem amount is listed on requisition as one line and the calculation as an attachment.

- Airport parking is allowable. If the employee did not receive an advance for parking, they will be reimbursed for it through the travel settlement process. A parking receipt is required regardless if it is on reimbursement or not. Without a receipt, the traveler will be responsible for that cost.
- Taxi/shuttle is allowable for actual cost with receipts or \$15 a day with out receipts or \$40 for DC, Chicago and New York City.
- TMCC will withhold 20% of the travel loan for mileage and per diem which will be given to the traveler once the travel settlement is completed and all receipts are submitted.
- Driving instead of flying – mileage is limited to the lower cost of either a 14-day advance coach or economy ticket plus round trip mileage to the nearest airport or mileage to the destination. When driving instead of flying, hotel and per diem will be allowed for one day prior and one day after the conference/meeting

Traveling with Students

Follow the same procedures outline in the Travel Procedures section except for the following

- Students must be eligible for the trip in accordance with the student handbook
- Meals for students

When traveling with students, a purchase requisition to the director or employee in charge of the traveling event should be submitted event for the cost of each student meals for the days of the travel at least two weeks prior to departure. The employee will take the check to the bank to cash and the appropriate denominations so it can be divided for each student. It is the responsibility of the person cashing the check to ensure the bank gave the correct amount.

The employee brings money to business office to be place in the safe. The employee in charge of the event will distribute meal money having the student sign receiving it and waiver form at same time.

Students choosing not to ride in the college provided transportation will not receive mileage or parking for the trip

Penalties and charges resulting from cancellations and no shows

Penalties and charges resulting from the cancellation of travel reservations (including airline, hotel or other travel reservations and conference registration) shall be the college obligation if the cancelation or change made is at the direction of and/or for the convenience of the college. If the cancellation or charge is made for the personal benefit of the traveler, it will be the travelers responsibility to pay the penalties and charges. However, in the event of accidents, serious illness or death within the employees immediate family or other critical circumstance beyond the control of the traveler, the college may choose to pay the penalties and charges.

If the traveler cancels the travel or otherwise needs to delay their trip, it is their responsibility to cancel the hotel. No show fees will be charge to the traveler unless the circumstances causing the no show are as described above, the college may choose to pay the charge

Procedures for using College own vehicles

The following procedures have been developed to insure efficient use and assignment of College vehicles. However, all vehicle users should realize that occasional problems may occur and should be flexible in attempting to work through such problems. Cost to programs for use of vehicle will be the federal mileage rate times the miles driven. A purchase requisition needs to be turned in prior to the trip.

Request to use: Reserve the college vehicle with the facility manager. Check the fuel card out from the business office the day you are leaving or close of business the day before. Beginning and ending odometer readings and receipts for fuel turned into the business office upon returning. Keys returned to facilities.

- Remove keys from ignition, windows up, doors locked when leaving the vehicle.
- Under no circumstances shall the driver operate a college vehicle while impaired. The employee must comply with the drug free workplace policy even while on travel.
- TMCC is not responsible for traffic or parking violations incurred by the driver. It is expected the driver will follow speed limits and rules of the road.
- Under no circumstance can the College owned vehicles or equipment can be used for personal purposes.
- College employees who have a valid driver's license may be permitted to operate a College-owned vehicle.
- No vehicle shall be operated for any reason other than official College business.
- It will be the responsibility of the operator to ascertain that all equipment is working properly within reason before using the vehicle. Report nonfunctions to the Facility Manager.
- No vehicle will be operated by any driver who is not covered under the College's insurance policy.
- All state and federal highway rules and regulations including speed limits must be obeyed.
- No alcoholic beverages or any other illegal drug use will be allowed at any time.
- Absolutely no chewing tobacco, smoking, or vaping in the vehicles at any time.
- Normally, the distance to be traveled shall be limited to a 500-mile radius from the College. If, however, a trip longer than 500 miles is necessary and will save the college money over other means of transportation, use of the college vehicle may be allowed.
- Vehicles will be returned to the college immediately upon completion of the trip.
- Vehicles will be reserved on a first come basis. Otherwise, assignment will be based on the following factors:
 - Instructional field trips, (first priority)
 - Number of people (more people, higher priority).
 - Distance (more miles, higher priority).
 - Number of days (fewer days, higher priority).
- No mileage will be paid to the individual when College vehicles are used. If no vehicle is available for local trips, personal mileage can be requested if the round trip exceeds forty-five miles.
- Facility personnel have priority for the use of maintenance vehicles at all times.

- College-owned vehicles must be used for approved long distance travel. If a vehicle is available and you use your own car, mileage reimbursement by the College will be denied.
- Credit cards are available but are to be used only to put gasoline/oil in college-owned vehicles.
- Non-college personnel or non-students may not ride in College vehicles unless it is a college sponsored tour for guests or a conference.
- College vehicles will not be furnished with maps, operating manuals, or tools, other than wheel jack and lug wrench. Vehicle registration, insurance card, and insurance company reporting guide (in case of accident) are located in the glove compartment.
- The operator is responsible to fuel up upon return to the college and remove all garbage.
- Maintenance department will be responsible to service and maintain fleet vehicles.

Accident Procedure

- Seek medical attention if warranted.
- Contact law enforcement.
- Obtain the name, contact, and insurance information from the other vehicle's driver.
- Take pictures of the all damage to property involved in accident and remit to Comptroller.
- Report accident to Comptroller as soon as practical for insurance claims.

Procedure for reporting damage to vehicles

- Notify facility manager of any damage sustained to the college vehicle as soon as possible. Damage may be caused weather, vandalism, hit and run, motor accident or other means
- Any damage needs to be document on and Incident report form

Procedures for Rental Car

A purchase requisition must be approved prior to booking rental vehicle. If the rental agency does not bill the college directly, the traveler will be reimbursed up to the rental rate for a standard calls vehicle unless there is documented business purpose for a larger vehicle and that purpose has been approved through the purchase requisition process. Differences between the stand vehicle approved and any upgrades to vehicle will be at the travelers expense. The traveler must bring an itemized receipt from the rental agency. The traveler should choose the most economical means of refueling the rental vehicle. Those receipts need to be turned in to business office with the rental receipt.

Travel Settlement Procedure

Within five business days from returning from traveling for the college, the traveler must turn in a travel settlement report form located on the college website. Itemized receipts for hotels, taxi/shuttle receipts, baggage fee receipts and any other expense TMCC has paid for or will reimburse the traveler for needs to be attached. Failure to turn in receipts will require the employee to pay for those cost incurred.

Consulting Procedures

The grant director or department seeking the services must create a scope of work.

Follow TMCC policies for obtaining competitive quotes/bids.

Follow the conflict of interest policy to determine there isn't a conflict of interest with the consultant/independent contractor.

Determine appropriate status (independent contractor vs employee) in accordance with IRS and TMCC policy. An employee cannot waive their employee status through a contract, or otherwise. Specific criteria set by the IRS must be met to classify an employee as an independent contractor, otherwise, the person is an employee, no matter what a contract or waiver says.

Ensure an approved contract or consultant agreement is in place before services begin and that the contract agreement comply with TMCC policies and sponsored program guidelines. Whenever possible TMCC consultant agreement should be used.

The rate of compensation may either be an hourly or daily rate up to a stated maximum or lump sum for the entire project.

Payments will be made to consultants when the consult provides an invoice reflecting the following

- Name, address, phone number, and EIN

- Dates of the billing period

- Indication if it is a partial or final payment

- General description of services rendered and progress report turned in to grant director/department for the billing period.

- Itemized expenses for all claims for expenses such as hotels, or airfare

- Cumulative payments may not exceed contract agreement.

Obtain all deliverables prior to final payment.

PI/Grant Director/Department head will evaluate the performance of the consultant and provide feedback or evaluation to Human Resource Department. If the consultant did not comply with contract or complete all the deliverables or they are of poor quality, that consultant may not be contracted in the future.

Procedures for drawdowns:

- Electronic drawdowns are performed through the secure website such as Award Cash Management Service (ACM\$). Physical drawdowns are prepared for and signed by the Comptroller.
- A review of the ledger is performed by the accountant to look for errors in posting or unallowable costs. Errors detected are corrected prior to the draw.
- The payment request amount is calculated as the difference between the cumulative expenses as of the end date of the month or period of the drawdown is for and the amount of the last drawdown.
- The cumulative amounts should come from the cumulative budget vs actual statements for each grant or contract. These statements are prepared using reports pulled from the accounting system. The individual payment request by fund can be tied back to the expense detail report from the accounting system.
- The payment calculations are viewed by the Comptroller. The accountant enters the amounts for each award into the drawdown systems such as ACM\$. The accountant can submit and certify the final drawdown.
- A copy of the ledger and the cumulative budget vs actual statement is provided to the program director and the comptroller.

Procedure for Correcting Entries

Within 60 days of finding an error or being notified of an error by the grant director or Principal Investigator, a correcting entry will be created by the Accountant Specialist. A copy of the general ledger and any other supporting documentation will be attached. The Comptroller will review and post.

Participant Support Cost Procedures

A Participant is defined as the recipient, not the provider, of a services or training associated with a workshop, conference, seminar, symposium or other short-term instructional or informational sharing activity. Participants may include student, scholars, and scientist from other institutions, individual from the private sector, teachers, and state or local government personnel. Employees of TMCC are not eligible to receive participant support.

Indirect Cost on Participant Support

Participant support costs are exempt from indirect cost on federally sponsored projects.

Unallowable cost charged to Participant Support

Participant support is solely to provide financial assistance for participants to attend conferences and training. Unallowable cost includes honoraria for guest speakers, expense for the PI, project staff or collaborators to attend, and payments made to research subjects as an incentive e to recruitment or participation in the research project. Cost for hosting the conference or training should be budgeting and charged elsewhere in the federal award budget.

Managing Participant Support funding

Participant support funding is typically restricted for a purpose and exempt from indirect cost, requiring separate accountability from the rest of the award. Participant support should be charged to the following expense codes: stipends to 6190 Participant Support, 6191 Participant Support Supplies, 6192 Participant Support Other, 6193 Participant Support Travel, 6193 Participant Support Subsistence

Do not assume that an unexpended balance on the participant support sub budget may be used to offset a deficit on the parent or other non-participant support sub budgets. If the award agreement restricted the budget for purpose of participant support, it may not be used to offset other line items in the budget without written approval from the sponsor.

Budgeting Participant Support

Generally, participant support may not be re-budgeted without written approval from the sponsor. Please review your award documents and/or the sponsors terms and conditions

Budget Monitoring and Cost allocation

The grant director and PI are responsible for verify that charges on his/her awards are allowable. They can receive assistance from the Sponsored Programs Office and the Business Office on financial tasks but the PI and grant director will retain responsibility for review and approval on a transactional basis, of the charges assessed to the project.

The grant director and PI should review all expenditures and remaining balances related to their sponsored project. A budget vs actual report will be provided monthly along with general ledger detail for the beginning of the program year to date.

Any unallowable cost found by the PI or Grant director should be pointed out to the accountant specialist for transfer. Unallowable cost will be transferred to nonfederal institutional funds.

Grant Budget – Monitoring, revising and cost allocation

Responsibilities

Grant Director or Principal Investigators (PI) participate in program compliance. The Grant Director or PI is ultimately responsible for managing and overseeing the grant programs financial and programmatic activities in accordance with the applicable regulations and guidelines established by the grantor as well as TMCC policies and procedures.

The sponsor programs office is responsible for assisting Grant Directors and PI's on compliance, budget revisions, and reporting.

The accounting office is responsible for ensuring proper account codes are created during budgeting, verifying draw down and reimbursement requests meet regulations and requirements, compiling the information required for fiscal reporting and overseeing the audit process.

Expenditures

All purchases should be made in accordance with TMCC procurement policies. Each budget line item will be assigned an account code that will identify the federal award, the IPEDS code, expense in the budget, and federal awarding agency. The account string is divided up into five segments. XX-XXXXX-XXX-XXXX-XXXX. The first segment is two digits and is 01. The second segment is five digits and identifies the grant or fund. The third segment is three digits and is the IPEDS code identifier. The fourth segment is four digits and identifies the specific expense line in the budget such as supplies or travel. The fifth segment is four digits and specifies the award agency. It also is used for department budgets for the nonfederal operating budget such as president budget or library budgets.

Concession Activities

When a student club or other college group plans to offer concessions at a college sponsored activity, the advisor for the club or organization follows these procedures

Two weeks prior to the event complete the following.

- Submit a purchase requisition for each vendor for estimated costs for the paper products, food, and drinks that will be sold
- Submit a purchase requisition in the name of the club or organization advisor for startup cash. That person will take the check to the bank to cash and get the appropriate denominations of money and coin for the concessions or event. It is the responsibility of the employee cashing the check to make sure the bank gave the correct amount.
- Startup money is to be kept in the business office safe until the event.

Day of the event

- The advisor or designated employee picks up the startup money from the business office. If the event takes place on a weekend or holiday, arrangements need to be made with the business office personnel to pick up the startup money
- The advisor or designated employee is responsible to keep safe the start up cash and revenue received during the event and until the money can be turned in to the business office
- The startup and revenue money must be turn in the first business day after the event. If the money is to be turned in prior to the first day of business, special arrangements should be made with business office personnel.

First business day after the event

- Advisor will turn in the startup money and revenue to the business office
- A member of the business office personnel will verify the count of the money with the advisor. If the advisor does not have the time so verify the count of the money when it is brought in, the money will be placed in a sealed envelope in the safe until the advisor can come back to count and verify the amounts.
- A receipt will be made for the return of the startup money and a receipt for the revenue for the event. The copy of the receipt will be given to the advisor.

Vending Activity

College own or operated vending machines will follow these procedures

Revenue collection

- Vending machines cash revenue will be emptied by a business office personnel member and one other person that could be a business office employee or another employee.
- The vending machine cash will be counted in the business office by a business office employee and verified by a different business office employee
- Cash will be receipted.

Filling machines

- The revenue should be collected prior to filling whenever possible.
- In the event revenue cannot be collected out of the machine prior to filling, the machine should be filled with two people present, ideally with a business office personnel.