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**EXHIBITS I-VI (forms also available from the Business Office):**

    Faculty Grant Proposal Review  
    Form I-9  
    Form W-4  
    Tuition Benefit Form

## Credit Card Application

## **I. INTRODUCTION**

A. **General.** The purpose of this manual is to describe the existing accounting and business policies and procedures that have been established as the norm at Haverford College and to serve as a valuable reference guide for the entire community. These policies and procedures have been designed to help safeguard the College's assets and to promote accuracy, efficiency and consistency in accounting and business operations throughout the College. It is hoped that a written manual will both contribute to these objectives as well as to assist members of the community to comply with the prescribed accounting and business operations of the College. **This manual is available on the Business Office website at [www.haverford.edu/business/](http://www.haverford.edu/business/).**

B. **Business Office Staff.** The following are brief descriptions of the responsibilities of the various positions.

1. **Controller and Assistant Treasurer.** The Controller supervises the Business Office staff (except Human Resources) and is responsible for all accounting and financial reporting, financial services, cash management, and assists in the management of the College's endowment.

2. **Associate Controller.** The Associate Controller has responsibility for the general ledger system (including monthly reports, journal entries, questions and corrections), sponsored research grants, the tuition benefit program, and for approving all purchase orders and Disbursement vouchers. The Associate Controller also assists in the supervision of the accounting clerical functions and the year end audit.

3. **Grant and Financial Accountant.** The Grant and Financial Accountant has primary responsibility for our federal grants and contracts and all sponsored research grants. Other responsibilities include fixed assets, journal entries, approving bookstore and library accounts payable items, the year end audit and processing and billing of employee accounts receivable charges made by employees.

4. **Payroll Supervisor.** The Payroll Supervisor is responsible for processing and maintaining all facets of the payroll (excluding the student payroll) and also processing and billing of employee accounts receivable (e.g. personal charges made by employees).

5. **Student Accounts Coordinator.** This individual is responsible for the billing and collection of all student tuition accounts. all questions from students and parents regarding such accounts should be directed to student accounts.

6. **Student Payroll and Telephone Assistant.** This individual handles the student payroll and is also the contact person for ordering new telephone service and telephone repair service.

7. **Cash Receipts Processor.** This individual is responsible for processing all cash, wire transfers, checks received, and lockbox payments, making bank deposits and payment of PA. Sales Tax.

8. **Accounts Payable Processors.** There are one and one-half accounts payable individuals who are responsible for processing all properly approved purchase orders, invoices and Disbursement vouchers, and processing and mailing all disbursement checks.

9. **Endowment Accountant.** This individual records accounting activity related to the College's endowment funds and assists with the sale and settlement of gifts of securities to the College. This individual also handles bank reconciliations and other accounting duties.

10. **Business Office Administrative Assistant.** The Business Office administrative assistant provides secretarial services for the entire office and assists payroll functions as necessary.

## **II. GENERAL LEDGER ACCOUNTING**

A. **Chart of Accounts.** All of the College's accounts are comprised of two mandatory segments: the account number and the object code. You may also add sub accounts and sub objects for further distinction.

1. **The account number** includes the Fund, Subfund and Department/Grant/Gift number. The current unrestricted fund is used to record budgeted revenues and expenditures including departmental salaries, fringe benefits and operating expenses. Current restricted accounts are utilized when grants or funds are received/designated for a specific operating purpose. Any fund balance remaining at June 30 is carried over to the next fiscal year.

1a. <u>The Fund.</u>	<u>SubfundDescription</u>	
10 Unrestricted	1010000	General current funds
	1020000	Internally Designated
	1030000	Auxiliary Enterprises
	1040000	Conferences and Events
	1050000	Faculty Research
20 Restricted	2020000	Private Grants
	2030000	Private Gifts
	2040000	Faculty Support
	2050000	Endowed Income (Direct spending)
	2070000	Governments Grants
	2080000	Government Financial Aid Grants

1b. **The Object Code.** A four digit number that represents the classification as income, expense, asset or liability to identify the nature of the transaction.

<u>Object Type</u>	<u>Object Code Range</u>
1000-1999	Asset
2000-2999	Liability
3000-3999	Fund Balance
4000-4999	Income/Revenue
5000-8999	Expenses
9000-9999	Transfers

B. **New Accounts.** New accounts will be created when necessary. The request should be made by contacting the Associate Controller for any account other than Endowment and the Endowment Accountant for new endowed funds. If the new account is needed as a result of a gift or non-federal grant, the request should be channeled through the Institutional Advancement Office (IA), which then consults with the Associate Controller/Endowment Accountant about the proper account to set up.

C. **Maintenance of Budget Status. The Budget Status and corresponding detail is the informational report on obtained through Kualii.** The appropriate department head and/or other individual responsible for an account will have viewing access. The Budget Status shows the current month's activity, ending balance, current budget, available budget and outstanding purchase orders. The corresponding details for each account can be found by clicking on any blue number.

**In order to keep the budget status reports accurate, internal charges from other departments such as xerox, postage, and office supplies should be charged out though a journal entry by the last working day of the month or a close as possible to that date.**

D. **Accounting Corrections.** Occasionally, you may find some errors when reviewing your report. Corrections are made by the individual using a journal entry. Transfers between accounts can only be done by the Business Office. **Please send the request by e-mail to the Associate Controller or the Grant and Financial Accountant** and include the reason for the transfer, the amount and the accounts involved.

E. **Questions and Information.** Except as listed below, questions and general information requests can be directed to the Associate Controller, Marie Bistline (x1245), Grant and Financial Accountant, Brian Jackson(x2920) or Controller and Assistant Treasurer, Mike Gavanus(x1249).

Questions regarding the following charges can be directed to the person noted.

Payroll (except student)

Johnny Whaley (x1242)

Student Payroll, Telephone	Nancy Sunderland (x1243)
Cash Receipts	Tim Boyle (x1244)
Vendor Payments through a Disbursement Voucher or Payment Request	Pierrette Picard (x1247)
Vendor Payments for Bookstore and Library	Kathy Salute (x1248)
Student Accounts	Barbara Wilson (x1251)
Credit Card statements	Nhon Lee (x1279)

### III. REVENUES AND CASH RECEIPTS

A. **Sources of Revenues.** The College's revenues are derived from various sources including student tuition and related fees, federal and state grants and contracts, private gifts and grants, investment income and miscellaneous income such as facilities rentals, use of copying machines and miscellaneous sales.

#### B. **Cash Receipts.**

1. **Gifts and Grants.** All gifts and grants to the College except certain federal grants and contracts are processed and acknowledged by the Institutional Advancement (IA) Office. Gifts and grants received by any department should, therefore, be forwarded on the same day directly to the IA Office along with the envelope and any correspondence. **Please do not hold checks, especially large ones.** Checks received by the IA Office are then restrictively endorsed (i.e. for deposit to the account of Haverford College only) and processed before transmittal to the Business Office for deposit. The total amount transmitted to the Business Office should equal the total of the IA's receipts transmittal, except in the case where a large check has been forwarded to the Business Office for deposit prior to being processed by the IA Office. In such cases, the Donations Holding account will be used until an account number has been assigned.

The cash receipt of federal grants and contracts for sponsored research and financial aid is handled by the Business Office via a submission of cash reimbursement requests to the federal government on a quarterly basis.

2. **Other Cash Receipts.** All cash and checks received by departments other than gifts and grants must be entered into Quali and transmitted to the Cash Receipts Processor in the Business Office together with a hard copy of the cash receipt doc from Quali. **Please remember that cash and checks are items that can easily be lost or stolen. Therefore, we request that all cash in excess of operating needs be brought in person to the Business Office on a daily basis. Cash maintained for operating needs must be kept in a locked compartment.**

All miscellaneous cash receipts are considered general revenues of the College and should not be credited to departmental or restricted accounts unless approved during the budget process or by the Vice President for Finance and Administration.

Cash (not checks) received in the amount of \$10,000 or more must be reported to the federal government using **IRS Form 8300**.

C. **Securities and Other Gifts to the College.** Like cash gifts discussed above, gifts of securities and other gifts (such as art, rare manuscripts and equipment) to the College are processed through the IA Office. Any department receiving a gift or an inquiry about such a gift should consult with the Vice President for Institutional Advancement or one of her direct reports.

1. **Securities.** Gifts of securities (including mutual funds) to the College are processed by the IA and Business Offices. The IA Office coordinates the gift with the donor or donor's broker and records the gift. The Business Office coordinates the sale of the security or mutual fund (sometimes the donor's broker will sell the security in the name of the College). The College's policy is to sell all gifts of securities unless the donor specifically requests otherwise. The decision to invest in a particular security is thus left to the College's investment managers.

2. **Other Gifts.** Gifts of tangible personal property such as art works, collections, gems, furnishings and manuscripts that individually or collectively are claimed to have a value of \$5,000 or more must have that value established by a qualified appraiser. If such a gift is sold within two years of receipt by the College, the sale must be reported to the Internal Revenue Service on Form 8282 within 90 days of the sale. **This also applies to sales of restricted and closely held stock with a gift amount in excess of \$10,000.**

D. **Billing and Collection of Tuition Accounts.**

1. **Semester Tuition Bills and Registration.** Tuition bills are mailed in July and December and are based on student information contained in the Registrar's, Housing and Financial Aid files. The bill must be satisfied in accordance with College policy before the beginning of the semester. Accounts not satisfied are reported to the Vice President for Finance and Administration and the Dean of the College for action, which can include dismissal from the College. Special students are not permitted to complete registration until the bill is paid in full.

2. **Student Cash Receipts and Collections.** Most student cash receipts are received directly at our bank lockbox (the payments are made directly to our bank, which deposits the funds to our account the same day and sends Haverford the remittance stub only). The student accounts coordinator or cash receipts processor is responsible for crediting the remittance amounts to the student accounts. Checks received in the Business Office are restrictively endorsed by the student accounts coordinator and forwarded to the cash receipts processor for deposit. The student accounts coordinator must issue a receipt for all cash payments as a permanent record of cash received.

3. **Use of Collection Agencies and Write-Offs of Bad Debts.** Delinquent accounts are the responsibility of the student accounts coordinator and



the Controller. Accounts that remain unpaid after the student graduates or leaves the College may be referred to a collection agency. Such action requires the review and approval of the Controller. All student accounts and all other accounts considered uncollectible must be reviewed and approved by the Controller before being written off.

#### **IV. CASH MANAGEMENT**

A. **Petty Cash and Other Reimbursement Accounts.** Petty cash funds may be established by a department if the availability of cash is essential to the operation of the department. Petty cash is most often used to facilitate small repetitive purchases. **The establishment of a petty cash fund requires the approval of the Vice President for Finance and Administration.**

The departmental custodian of the fund is responsible for the fund and its safekeeping. Receipts or statements must be obtained that substantiate the use of the cash. When reimbursement of the fund is necessary, a check request should be submitted to the Business Office along with the appropriate supporting documentation.

Petty cash funds are subject to audit by the Business Office.

B. **Investment of Cash and Wire Transfers.** All monies received by the College are deposited to a single College deposit account to facilitate control and investment of available cash balances. Deposits to this account are normally made daily. Investment of available cash in this account shall be made in accordance with the College's short term investment policy. Except for repetitive wire transfers between existing College accounts, all wire transfers require the dual approval of the Vice President of Finance and Administration, the Controller or the Associate Controller. A **wire transfer** refers to an electronic transfer of funds from one account to another involving two or more banking institutions.

C. **Bank Reconciliations.** Bank reconciliations are performed monthly by the endowment accountant and are reviewed and approved by the Associate Controller and the Controller.

#### **V. PURCHASING AND ACCOUNTS PAYABLE**

A. **Purchase of Goods and Services.**

1. **General.** All purchases and expenditures of College funds must meet the ordinary business standard of reasonable and necessary, with prudent consideration of the College's limited financial resources. Purchases of goods and services on behalf of the College may be authorized by a department head, and should not exceed the department's budgeted amounts or, in the case of restricted accounts, should not exceed the restricted fund balance. **Purchases over \$20,000 require the approval and signature of the President, Provost, or Vice President for Finance and Administration, and purchases over \$100,000 require at least two such approvals.** These levels of

authorization also apply to all contracts. The Director of Facilities Management and the Chief Information Officer are authorized to approve purchases and contracts up to \$50,000.

**Every reasonable effort should be made to obtain the best possible quality, service and price. For larger non-routine purchases and contracts, competitive proposals should always be solicited and evaluated.** Even for routine purchases, vendor prices should be checked periodically with those of reliable competitors.

**2. Competitive Bidding. Competitive bidding is generally required for purchases, leases and contracts over \$20,000.** To the extent practicable, a written statement detailing the goods or services required should be provided to vendors. It is recommended that at least three (3) written bids be obtained and evaluated. Awards should be made to the vendor whose bid or offer is most advantageous to the College, considering price, quality, service and conformance to specifications.

**Formal competitive bidding may not be appropriate in certain exceptional cases;** for example, where the item is a highly specialized piece of equipment (or service) that is only available from one source, or due to legitimate extenuating or emergency circumstances. Authorization for exceptions to omit formal competitive bidding for items over \$20,000 should be made by the President, Provost, Vice President for Finance and Administration, or Principal Investigator (for sponsored research grants), as appropriate.

**Documentation of competitive bidding** (or justification why competitive bidding was not used) must be included in all requests for approval **of purchases that exceed \$20,000**, along with the related purchase order or check request. For smaller purchases, documentation should be kept on file at the departmental level or in grant records.

**3. Purchase Orders. All purchases of goods and services exceeding \$2,500 not processed through Central Purchasing or a credit card (see A.4 and A.5 below) should be initiated on a College purchase order form. A purchase order is not required for purchases under \$2,500 unless required by the vendor.** The Associate Controller and the Controller are authorized to approve requisitions/purchase orders on behalf of the Business Office. The purchase order is a legal document and, when accepted by the vendor, constitutes a contract between the College and the vendor. It should therefore contain all pertinent details of the agreement such as terms and conditions of sale. Purchases made by one department on behalf of another department require a countersignature.

**4. Office Supplies, Equipment, Photo Copiers, Fax Machines and Furniture. All of the above should be purchased through the Haverford College Purchasing Office** located in Stokes Hall. E-mail your request for office supplies to "supplyor", or call ext. 1032. For all other purchases, contact Nikki Millas at ext. 1032 or e-mail "nmillas@haverford.edu".

5. **Commercial Credit Card for Purchases.** The College has a commercial credit card program for the purchase of goods and services that cost less than \$2,500. Use of a credit card eliminates the need for purchase orders and can streamline the purchasing process for these smaller dollar purchases. Commercial credit cards may be issued to faculty, department heads and those designated by department heads to make purchases on behalf of the College. **Approved monthly credit card statements must be forwarded to the Business Office no later than 20 days after receiving the doc in your action list, with appropriate supporting documentation and accounting distribution.** For more information, please contact the Controller or Associate Controller.

**B. Accounts Payable.**

1. **Disbursement Vouchers.** DVs are used to process disbursements not processed through usual purchasing procedures. These disbursements include personal reimbursement, subscriptions, honoraria, professional fees, petty cash reimbursement and those purchases where a purchase order is not used. **All DV requests, including those for personal reimbursement, require the original supporting documentation. Personal reimbursements submitted by department heads require approval by the appropriate senior administrator, except for those expenditures charged to outside grants and contracts. DVs submitted that do not have the proper support and approval will be disapproved and sent back to the originating department.**

In rare instances a department head may require a cash advance to fund a specific activity (e.g., Alumni Weekend). The advance must be approved by the appropriate senior administrator. A full accounting of the use of the funds and appropriate supporting documentation must be submitted to the Business Office no later than one week after the date of the advance. Unused funds must be returned to the Business Office.

**Disbursement vouchers to individuals, partnerships and unincorporated businesses for professional services, contracting, honoraria, prizes and awards, etc. require the individual's social security or the business tax identification number and permanent address for tax reporting purposes.** This should be reported to the Business Office using **IRS Form W-9**, which is available on the Business website . Please note that the College cannot release the check without this information. At the end of the calendar year, these individuals and businesses will receive IRS Form 1099 if payments to them exceed \$600.00. See section VI.G for more information.

2. **Invoices.** **All invoices submitted to the Business Office for payment resulting from a purchase order, must be reviewed, approved and received in Kuali by the originating department.** This is necessary to ensure that the goods or services purchased have been received or delivered in good order. The department head may designate another individual to review and approve invoices up to \$5,000 but all invoices over \$5,000 must have the approval of the department head. Managers reporting directly to the Director of Facilities Management are authorized to approve facilities invoices up to \$10,000.

3. **Processing of Checks and Manual Checks.** Computer checks are run once a week and distributed on Thursday's. Disbursement vouchers and payment requests received by the end of the day on Monday are processed that week. Those received subsequently will be processed the following Thursday. **Manual checks are available only in emergency situations** and require the approval of either the Controller or the Associate Controller, as well as a disbursement voucher or payment request as appropriate. Checks greater than \$2,500 but less than \$20,000 require a single signature, while checks of \$20,000 or more require two signatures by authorized signers as established by resolution of the Board of Managers.

4. **Special Instructions Regarding Cashing of Payroll and Disbursement Checks.** Please note that our regular payroll and disbursement (accounts payable) checks are drawn on TD Bank. TD branch offices may not cash these checks unless you have an account with TD, or appropriate ID such as a College ID and another picture ID such as a driver's license.

5. **Special Instructions Regarding Payments to Nonresident Aliens.** All payments for compensation made to or on behalf of our foreign (nonresident alien) visitors are subject to withholding and must be reported to the Internal Revenue Service. **Visitors who are from countries** with tax treaties with the U.S. must have a **U.S. taxpayer ID number** and complete IRS Form 8233 to claim exemption from the withholding rules. The Business Office cannot issue checks to nonresident aliens until the required documentation is received and Form 8233 is mailed to the IRS. Some payments to or on behalf of foreign visitors for travel expenses can be made without a U.S. taxpayer ID number. Please consult with the Business Office for further information.

C. **Sales and Use Taxes.** Generally, purchases made on behalf of the College are exempt from Pennsylvania, Florida and New York State Sales and Use Taxes. Please deduct these sales taxes from invoices before submitting them to the Business Office. Vendors may require the College's exemption certificate which can be obtained from the accounts payable section of the Business Office. The College is **not** exempt from Pa. sales taxes on certain purchases of materials, supplies and equipment used in the construction, alteration and improvements to real estate. This would include maintenance and grounds equipment as well as windows, doors, and trees. However, materials and supplies used in routine maintenance and repair and "building machinery and equipment" as defined by law are exempt. Regarding retail sales of tangible personal property and "selected" services, the College has the same responsibility to collect and remit sales taxes as any other vendor under the state sales and use tax law. At Haverford, this pertains to a regularly conducted business such as the College bookstore and computer sales. Isolated sales are specifically exempt except for sales of motor vehicles. **Personal purchases made through the College to avoid payment of sales tax is prohibited.** For further information about Sales and Use Taxes, please contact the Controller.

## **VI. HUMAN RESOURCES AND PAYROLL**

A. **General.** The Human Resources and Payroll policies of the College are described in the Faculty Handbook, the Administrative and Professional Handbook and the Staff Handbook, and are incorporated herein by reference.

B. **Authorization to Hire New Employees.** Procedures for hiring new employees are described in detail in materials available from the Affirmative Action Officers of the College or from the Human Resources (HR) Office. These procedures vary according to job classification.

**Faculty appointments**, either temporary or tenure track, are coordinated by the Provost. Positions are approved by the Provost and appointments made by the President on recommendation of the Provost. Tenure appointments are made by the Board of Managers on recommendation of the President.

**Administrative and professional positions** are approved in the annual budget process and are confirmed to the HR Office by the Vice President for Finance and Administration. Salary levels are determined by the Vice President for Finance and Administration in consultation with the department head. Procedures for appointment are contained in the Administrative and Professional Handbook. The President makes appointments on recommendation of the department head.

**Staff positions** are authorized in the annual budget process and are confirmed to the HR Office by the Vice President for Finance and Administration. Salary levels are determined by pay scales established for staff positions as confirmed by the Vice President for Finance and Administration. New employees generally start in the first quartile of the scale. Procedures for appointment are available from the HR Office.

All faculty and all full-time and part-time administrative, professional and staff employees receive a letter of appointment from the appropriate College official (the President, Provost or HR Office). A copy of this letter is forwarded to the payroll section of the Business Office as authorization to place the employee on the College's payroll. **Certain authorized temporary positions may be filled directly by the department head, who should send a memorandum about the hire and pay rate (after verifying the pay rate with the Vice President for Finance and Administration) to both the Human Resources Office and payroll.**

C. **Forms Required for Each New Hire.** All new employees must complete form W-4 (Employee's Withholding Allowance Certificate) for federal tax purposes and have form I-9 (Employment Eligibility Verification) completed and verified as required by the U.S. Department of Justice before they will be put on the payroll. Each College benefit for which an employee is eligible requires an application or enrollment form completed by the employee before enrollment is complete. These include medical insurance, clinical medical and dental plans, retirement plans, flexible benefits plan, life insurance and long-term disability. Please see Human Resources to discuss benefit plans and to obtain the appropriate forms.

D. **Timesheets, Processing of Payroll and Distribution of the Payroll.** All **exempt employees (faculty, administrative and professional employees)** are paid monthly on the last working day of the month and all **non-exempt (staff) employees** are paid every other Friday. In order to be paid, non-exempt employees must submit timesheets for all hours worked to the payroll section of the Business Office as described in the Staff Handbook. **Student employees** hired during the academic year are included on a separate student payroll, which is paid monthly on the fifteenth of each month for work performed during the previous month. Students must submit timesheets approved by their supervisor no later than the first of each month in order to be paid by the fifteenth. Exempt employees who perform work for the College outside their customary duties (e.g., supervision of outside athletic events) and receive additional pay will have that pay and applicable taxes included in their regular monthly paycheck.

E. **Payroll Corrections and Transfers.** All corrections to individual paychecks and transfers of payroll amounts between accounts must be submitted in writing by the department head to the Business Office.

F. **Special Instructions Regarding Temporary Summer Employees.** Temporary summer employees are those students and others hired to work during the summer months. The hiring of these employees and the applicable wage rate should be authorized during the regular budget process or included in a sponsored research or grant budget. **The department head hiring a temporary summer employee should send a completed authorization form to the Payroll office.** The employee also needs to submit to payroll completed W-4 and I-9 forms. These employees are generally non-exempt employees and must submit approved timesheets as described in section VI (D.) above. An authorization form should be sent to payroll authorizing payments to exempt employees. Authorization forms are available from the Human Resources and Payroll offices.

G. **Outside Contractors vs. Employee Status.** Outside contractors are individuals or firms (such as physicians, lawyers, architects, consultants, speakers, service contractors, and construction contractors) who follow an independent trade, business or profession in which they offer their services regularly to the public. They are generally not considered employees, and require a W-9 Form in order to be paid, unless they are an incorporated business. All other individuals who perform services for the College are generally considered employees of the College, even if the duration of their employment for the College is of a temporary nature. Accordingly, payments made to such individuals (except amounts totaling under \$100) must be processed through payroll and the appropriate forms, time sheets, etc. must be completed.

H. **Special Instructions Regarding Student Scholarships, Fellowships and Prizes.** Please note that, under the Tax Reform Act of 1986, the portion of any scholarship or fellowship that is attributable to services performed by a student (including teaching and research) is subject to taxation as compensation, even if such services are required for a degree. Withholding is required if the services are performed for Haverford College. Also, scholarships and fellowships that exceed the cost of tuition, fees, books, supplies and equipment required for courses, and all

prizes and awards are considered taxable income to the recipient. The College issues IRS Form 1099 to recipients of prizes and awards of \$600 or more, and IRS Form 1042S to nonresident alien students with taxable scholarships.

I. **Salary Advances.** Salary advances are made only in emergency situations and require the approval of the Vice President for Finance and Administration or the Provost.

J. **Resignations and Terminations.** When an employee resigns or otherwise leaves the College, it is imperative that the appropriate supervisor **immediately** notify the Human Resources Office. **It is the supervisor's responsibility to ensure that all College property (e.g. keys, uniforms, equipment, I.D. card, credit cards, security cards) are collected from the employee.**

## **VII. FIXED ASSETS**

A. **Definition.** The term **fixed assets** refers to the College's tangible properties that have useful lives that benefit the College over a period of years. These properties include land and land improvements, buildings and building improvements, all types of equipment, furniture, vehicles, library books as well as art and other historical treasures. Fixed assets are distinguished from other tangible items such as office supplies and consumable supplies (e.g. paper, light bulbs and laboratory supplies) that are used within a relatively short period of time.

B. **Authorization for Purchase.** Purchases of fixed assets should be made in accordance with the purchasing procedures described in Section V. The President, Provost or Vice President for Finance and Administration must approve all purchases of fixed assets that exceed budgeted amounts excluding those charged to sponsored research accounts. Purchases of fixed assets that may affect the physical plant of the College should be reviewed and approved by the Director of Facilities Management.

C. **Capitalization Policy.** It is the policy of the College to capitalize (i.e., record as an asset in our plant fund) fixed assets with a cost of \$2,500.00 (\$5,000.00 for computer equipment) or more and with a useful life benefiting the college of two years or more.

D. **Insurance Records and Reporting of Thefts and Damage.** Most fixed assets purchased through regular purchasing procedures need not be reported separately to the Business Office for insurance purposes. However, works of art and fixed assets donated to the College should be separately reported. Also, the Business Office keeps separate insurance schedules for automobiles and farm equipment, and these purchases should also be reported to the Business Office.

**All thefts, damage or destruction of College assets should be reported promptly to Chris Chandler in the Human Resources Office as well as to the Security Office.** The Business Office will report the loss to our insurance company if it is considered an insurable loss.

**E. Disposal or Trade-In of Fixed Assets. No college assets of value should be sold, traded-in or otherwise disposed of without the approval of the Controller or the Vice President for Finance and Administration. All such disposals should be reported to the Business Office describing the asset involved, the tag number, if applicable, and the nature of the transaction.** For office equipment and similar assets not sold or traded-in, the department head should contact Sam Williams in Purchasing to determine if the asset should be stored for future use. If not and the asset is considered worthless, (e.g. surplus or obsolete) the department head may proceed with the disposal of the item.

## **VIII. FEDERAL AND OTHER GRANTS AND CONTRACTS**

**A. Administration. The Business Office is generally responsible for administration of the fiscal aspects of grants and contracts such as grant accounting, development and negotiation of indirect cost rates and review of budget proposals. All other aspects of grant and contract administration are coordinated through the Provost's and Institutional Advancement Offices.** Federal grant manuals and regulations pertaining to federal grants and contracts are available on-line. For example, OMB Circular A-110 is available at <http://www.whitehouse.gov/omb/circulars/a110/a110.html>.

For each grant, the person responsible for insuring compliance with the guidelines of the granting agency or foundation is specified in advance. Some grants allow wide latitude in making budgetary changes during the grant period, while others require advance approval by the agency or foundation. It is essential that these guidelines be followed accurately. In case of questions about whether a proposed change requires approval by the granting agency or foundation, please consult the Associate Director of Foundation, Corporate and Government Relations, the Associate Provost or the Grant and Financial Accountant.

For National Science Foundation grants, the following still require prior approval by the Foundation: changes in objectives or scope of the work; changes in the principal investigator or the level of effort (including any increase in salary paid to the PI) and reallocation of budgeted funds for participant or trainee support costs. Prior approval requests must be submitted through the NSF FastLane system.

Project Directors of NEH grants who wish to make certain administrative changes must file the NEH Prior Approval Form with the Provost's Office for approval by the Associate Provost. A copy of the approved request should be sent to the Grant Accountant in Business Office

The administrative changes in question are:

- a. the expenditure of project funds for items that , under the applicable cost principles, normally require prior approval (see Article 5 of NEH's General Terms and Conditions for Awards)
- b. the one-time extension of an award period
- c. the incurring of project costs prior to the beginning date of an award



d. budget revisions

The prior approval matrix for all federal agencies can be found at [http://www.nsf.gov/bfa/dias/policy/rtc/priorapproval\\_oct08.pdf](http://www.nsf.gov/bfa/dias/policy/rtc/priorapproval_oct08.pdf).

**NSF No-cost extensions** must be processed through the NSF Fastlane system at least 10 days prior to the expiration of the grant. The entry must contain the new expiration date (12-month limit) and the supporting reasons for the extension. An extension merely to spend unobligated funds is not a valid reason according to NSF. The Associate Director will submit the request to Fastlane. Fastlane will then forward the approved request back to Haverford.

There is a separate module on Fastlane if additional time is required past the 12-month extension.

**NIH/HHS No-cost extensions** are processed through eRA Commons. Request is prepared by the PI at least 10 days prior to the grant expiration date. Log on to [commons.era.nih.gov/commons/](http://commons.era.nih.gov/commons/) then log on to info in the eRA file, click on "Status" in top blue bar, enter PI's last name, select correct grant, click on "extension" on right hand side under "Action". A Signing Official, the Business Office or Institutional Advancement, will then submit the request to eRA commons

**B. Review and Approval of Grants.** The Associate Provost must review and approve all proposals that pertain to the academic or research programs of the College and the Vice President for Institutional Advancement must review and approve all proposals to private foundations and corporations and non faculty proposals to government agencies. Proposals are also reviewed by the Vice President for Finance and Administration and the President as necessary. The actual **signature** required for submission of the proposal will depend on the type of grant.

**The Business Office must review and approve the budget portion of all faculty grant proposals (see Exhibit III)** and all other proposals with budgeted compensation costs before final approval can be given. The Grant and Financial Accountant is the individual primarily responsible for this review and for answering questions about grant accounting.

Assistance in writing and submitting proposals is given by the Assistant VP for Academic Resources or the Associate Director of Foundation, Corporate and Government Relations in Institutional Advancement. The Associate Director submits all federal grants through [grants.gov](http://grants.gov).

Please allow sufficient lead-time for the review and approval of grant proposals and grant budgets to avoid last minute problems with submission deadlines.

C. **Benefit and Indirect Cost Rates.** Although the Business Office reviews the entire budget, our main concerns are the benefit and indirect cost amounts.

**Benefits are direct costs and must be included in the budget.** Even if benefits are not properly included in a budget submitted to and approved by the federal government, all costs of benefits will be charged to the grant. All salaries and wages paid through a grant, including those of students, will have a benefit rate and amount associated with it. In calculating our benefit rates, the following expenses are considered: pension, social security, health insurance, unemployment, disability and life insurance, clinical medical and dental plans and worker's compensation. **These rates are determined and negotiated on an annual basis, so please check with the Business Office for the current rates.** Indirect costs are real costs the College incurs but which cannot be readily identified with one specific project or grant. Examples of these costs are operation and maintenance of plant, depreciation, and general and departmental administrative expenses.

**The indirect cost rate (60.6% effective through at least 6/30/12)** is applicable to federal grants and is established by submitting an Indirect Cost Proposal to the federal Department of Health and Human Services. The rate can change with the acceptance of each proposal, which the College currently submits every four years. The change in the rate coincides with Haverford's fiscal year, so that the new rate becomes effective on July 1 of each four-year period. The College's indirect cost rate is multiplied times the total salaries and wages to determine the indirect cost amount. Therefore, **please consult the Business Office to obtain the current rate to include in your budget.**

D. **Cash Reimbursement.** When a faculty member receives a federal grant, the College is notified by an award letter. This letter states the time period, the amount, and any restrictions on the grant. The College does not receive the actual cash in advance. We are reimbursed quarterly for expenditures made during the quarter. To receive reimbursement, the Business Office files a Federal Financial Report with the appropriate federal agency.

It is important to remember that all federal grant monies should be spent or obligated before the ending date of the grant. The college is given 90 days after the ending date to pay for any outstanding invoices. At the end of the 90 days, the college must request the final reimbursement.

E. **Effort Reports.** **Recipients of federal grants must conform to the regulations stated in Federal Office of Management and Budget (OMB) Circulars A-21, Cost Principles for Educational Institutions, and A-110, Uniform Administrative Requirements for Grants and Contracts with Institutions of Higher Education. These circulars state that we must have documentation to support any compensation charges made to a grant. For professorial and professional staff, these reports will be prepared no less frequently than each academic term.** In order to comply with this regulation, Haverford uses an effort report. This report is sent to the Principal Investigator and their staff three times each year to be completed and returned to the Business Office. These reports must be kept in the grant file for audit purposes. If the college

does not have them when audited, the salary expenses could be determined as unallowable costs. The money for these expenses would then have to be returned to the federal government. Thus, it is absolutely vital that effort reports be completed and returned to the Business Office as requested.

F. **Personnel.** If a new employee must be hired for a grant, the Principal Investigator (i.e., the faculty member awarded the grant) should contact the Human Resources Office for the proper hiring procedures to follow. All such employees are paid through the College's regular payroll. For more information about the College's human resources and payroll procedures, please refer to Section VI of this manual.

G. **Stewardship Reports.** The Institutional Advancement Office is responsible for preparing stewardship reports for grants from corporations and foundations. The financial data included in these reports should agree with the College's general ledger data and should be verified and confirmed by the Business Office. The Business Office is responsible for preparing the required quarterly expenditures reports for federal grants and contracts. The Principal Investigator is responsible for preparing any program reports required by a federal grant or contract.

#### **H. GRANT PURCHASING AND ACCOUNTS PAYABLE**

##### **A. Purchase of Goods and Services.**

1. **General.** All purchases and expenditures of Grant/College funds must meet the ordinary business standard of reasonable and necessary, with prudent consideration of the College's limited financial resources. Purchases of goods and services on behalf of the College may be authorized by a principal investigator, and should not exceed the grant budgeted amounts and/or, the restricted fund/grant balance. **Purchases over \$20,000 require the approval and signature of the President, Provost, or Vice President for Finance and Administration, and purchases over \$100,000 require at least two such approvals.** These levels of authorization also apply to all contracts. The Director of Facilities Management is authorized to approve facilities purchases and contracts up to \$50,000.

To be in compliance with government regulations, each principal investigator must review all purchases under the grant that are expected to equal or exceed \$25,000. This includes purchases that aggregate to \$25,000. These transactions should be reviewed on the Excluded Parties List System (EPLS) ([www.epls.gov](http://www.epls.gov)). The EPLS provides information regarding entities that are disqualified from receiving Federal assistance either directly or indirectly, i.e. all purchases made to vendors from Federal grants. If a selected party is listed on the system, please notify the Business Office immediately and do not execute the transaction with the vendor.

**Please note: for precautionary procedures, the Business Office recommends the PI review all vendors through EPLS.**

**Every reasonable effort should be made to obtain the best possible quality, service and price. For larger non-routine purchases and contracts,**

**competitive proposals should always be solicited and evaluated.** Even for routine purchases, vendor prices should be checked periodically with those of reliable competitors.

**International travel** is governed by the Fly America Act that states that "domestic grantees must use U. S. flag carriers to the maximum extent possible when commercial air transportation is the means of travel between the United States and a foreign country or between foreign countries. This requirement shall not be influenced by factors of cost, convenience or personal travel." The U.S. does have "Open Skies" agreements with the European Union, Australia, and Switzerland. These agreements allow you to use flag carriers of those countries for travel from the U.S. or between points outside the U.S., with reimbursement from your grant

2. **Competitive Bidding.** **Competitive bidding is generally required for purchases, leases and contracts over \$15,000.** To the extent practicable, a written statement detailing the goods or services required should be provided to vendors. It is recommended that at least three (3) written bids be obtained and evaluated. Awards should be made to the vendor whose bid or offer is most advantageous to the College, considering price, quality, service and conformance to specifications.

**Formal competitive bidding may not be appropriate in certain exceptional cases;** for example, where the item is a highly specialized piece of equipment (or service) that is only available from one source, or due to legitimate extenuating or emergency circumstances.

**Documentation of competitive bidding** (or justification why competitive bidding was not used) must be included in all requests for approval **of purchases that exceed \$50,000**, along with the related purchase order or check request. For smaller purchases, documentation should be kept on file at the departmental level or in **grant** records.

3. **Federal Capital Equipment.** A physical inventory of equipment purchased under a federal grant must be taken and reconciled with our records every two years. The Grant and Financial Accountant will send a list of equipment to each department to verify the existence, the current use and continued need. New equipment recorded on the inventory must contain the vendor name, description of item, serial number or other ID number, acquisition date and cost, location, and disposition data when disposed or sold. If the equipment is bought with federal money it must also include the federal source, percent paid with federal money, grant number and who has title.

## **B. Accounts Payable.**

1. **Disbursement vouchers.** Disbursement vouchers are used to process disbursements not processed through usual purchasing procedures. These disbursements include personal reimbursement, subscriptions, honoraria, professional fees, petty cash reimbursement and those purchases where a purchase order is not used. **All Disbursement vouchers, including those for personal**

reimbursement, require original supporting documentation. Disbursement vouchers submitted that do not have the proper support and approval will be disapproved and returned to the originating department.

Disbursement vouchers to individuals, partnerships and unincorporated businesses for professional services, contracting, honoraria, prizes and awards, etc. require the individual's social security or the business tax identification number and permanent address for tax reporting purposes. This should be reported to the Business Office using **IRS Form W-9**, which is available from the Business Office (contact Accounts Payable x1247). Please note that the College cannot release the check without this information. At the end of the calendar year, these individuals and businesses will receive IRS Form 1099 if payments to them exceed \$600.00. See section VI.G for more information.

2. **Invoices.** All invoices submitted to the Business Office for payment resulting from a purchase order, must be reviewed and approved by the originating PI. This is necessary to ensure that the goods or services purchased have been received or delivered in good order. The PI may designate another individual to review and approve invoices up to \$5,000 but all invoices over \$5,000 must have the approval of the PI.

3. **Special Instructions Regarding Payments to Nonresident Aliens.** All payments for compensation made to or on behalf of our foreign (nonresident alien) visitors are subject to withholding and must be reported to the Internal Revenue Service. **All foreign visitors must have a Taxpayer ID #.** Visitors who are from countries with tax treaties with the U.S. must complete IRS Form 8233 to claim exemption from the withholding rules. The Business Office cannot issue checks to nonresident aliens until the required documentation is received and Form 8233 is mailed to the IRS. Some payments to or on behalf of foreign visitors for travel expenses can be made without a U.S. taxpayer ID number. Please consult with the Business Office for further information.

#### 4. **Unallowable Costs on Federal Grants**

OMB Circular A-21, *Cost principles for Educational Institutions*, specifically identifies many costs as unallowable charges to a federal grant . Expenses not eligible for reimbursement on a sponsored project include, but are not limited to:

- Advertising for general promotion of the College
- Alcoholic beverages
- Alumni or Fundraising activities
- Bad debts
- Charitable donations, contributions
- Commencement and convocation expenses
- Contingency provisions
- Entertainment (including local meals not specifically and clearly identified in the proposed scope of work and budget) and social activities
- Fines and penalties
- First class or other non-coach travel

- Gifts - including flowers
- Goods and services for personal use
- Legal fees
- Lobbying costs
- Membership in any civic or community organization, country club or social club
- Student activity costs

**I. Maintenance and Distribution of Budget Status report.** The Budget Status report and corresponding details are available on -line at any time on Jaspersoft (KFS Reports). Monthly reports are not final until it says "Closed". Occasionally, you may find some errors when reviewing your account. A correction of expenses can be done by anyone using the Journal Entry Doc on Kualu. For a general transfer, send an email to the Grant and Financial Accountant or the Associate Controller and include the reason for the transfer, the dollar amount and the accounts involved.

**J. ARRA (American Recovery & Reinvestment Act) Grants**

In accordance with Section 1512 of the American Recovery and Reinvestment Act of 2009 (ARRA), all awards funded by ARRA require quarterly reporting through [www.FederalReporting.gov](http://www.FederalReporting.gov). Section 1512 requires awardees to submit a quarterly report no later than 10 calendar days after each calendar quarter in which the recipient receives the award (Jan 10, April 10, July 10, and Oct 10). Reports are cumulative each quarter and include information such as the award number, award amount, award description, primary place of performance, project status, and number of jobs created/retained. Full Details including many helpful hints, webinars, and answers to FAQ's can be found at this site: [www.federalreporting.gov](http://www.federalreporting.gov). Principal Investigators (PI's) are responsible for insuring full compliance with these guidelines.

Haverford's Associate Director of Foundation, Corporate & Government Relations provides written instruction to PI's on how to fill out ARRA reports in accordance with guidance from the Office of Management & Budget. (such as M-09-21, M-10-08, M-10-14, and M-10-34) as well as from NSF's own data model. For each reporting element, the Associate Director will either supply the data or explain how and by whom it is to be supplied. He will invite questions from Principal Investigators and answer them by contacting the government through [www.federalreporting.gov](http://www.federalreporting.gov) or at NSF as necessary. The Principal Investigators themselves then will supply the reporting information on scientific activity.

Detailed financial information on ARRA grants is available to PI's through web access to the general ledger at all times. However, the Grant & Financial Accountant will email the PI Quarterly Revenue & Expenses to be entered into [www.federalreporting.gov](http://www.federalreporting.gov). This will insure that Indirect Costs are reported in the correct period as they are not entered into the General Ledger System until the month following a quarter-end.

After the PI's have entered their quarterly reports to [www.FederalReporting.gov](http://www.FederalReporting.gov), the Grant & Financial Accountant will log into the site to verify the accuracy of the funds received/invoiced and expended.

## **K. SUBRECIPIENT MONITORING POLICY**

With regard to subawards Haverford College assumes the following responsibilities, taken directly from the Subaward Monitoring Fact Sheet of the Cost Analysis and Audit Resolution Branch of NSF. Beneath each responsibility is a brief indication of how the college fulfills it.

1. Pre-award: complete some type of documented form of cost or price analysis to ensure that the amount to be paid to the subawardee organization is reasonable for the work to be performed.

The College requires a budget for all subawards at the time of application, and it is subject to the same review by the Business Office and the Provost's Office as the budget for the prime award.

2. Pre-award – verify that the subawardee:
  - a) Is able to perform technical and administrative tasks satisfactorily;
  - b) Has an adequate accounting system (a project cost accounting system);
  - c) Has the financial capability to implement and administer the subaward;
  - d) Has budgeted appropriate indirect costs (rates and application base);
  - e) Has not been debarred or suspended from receiving Federal grants or contracts.

With regard to items a), b) and c), the College will issue subawards only to organizations whose capabilities have been verified; they are almost always direct recipients of federal awards, which have undergone assessment on the points in question by federal agencies such as NSF.

With regard to item d), the proposed subaward budget will be reviewed by the Business Office along with a copy of the organization's indirect cost rate agreement.

With regard to item e), the College requires certification from the subawardee on the subaward agreement form that "neither [the subrecipient] nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from participation in this transaction by any federal department or agency." If necessary, this can be verified through the list of excluded parties on the federal System for Award Management ([www.sam.gov](http://www.sam.gov)).

3. Award – include applicable Federal and [agency-specific] regulations as flow-through provisions in subaward agreements. Provisions that should be included in subaward agreements beyond statement of work, payment, and deliverables are:
  - a) Prime awardee's right to audit the subrecipient and access the subrecipient's financial records;
  - b) Prime awardee's right to perform technical and administrative site visits;

- c) Cost principles (2 CFR 220, 2 CFR 225, 2 CFR 230, or FAR Part 31) and administrative requirements (2 CFR 215 or 45 CFR 602);
- d) Non-performance and termination or other legal remedies;
- e) Statutory or regulatory requirements — such as conflict of interest, nondiscrimination; drug-free workplace, animal rights, human subjects, and a number of grant terms and conditions.

For all of these items, the College relies upon the standard subaward agreement forms provided by the Federal Demonstration Partnership, “an association of federal agencies, academic research institutions with administrative, faculty and technical representation, and research policy organizations that work to streamline the administration of federally sponsored research.”

4. Post-award:

- a) monitor subrecipients to ensure program performance;
- b) monitor subrecipients to ensure financial and administrative regulatory compliance (e.g., review Office of Management and Budget Circular A-133 audit reports, conduct site visits);
- c) review and approve invoices and supporting documentation.

With regard to item a), the Principal Investigator on the subaward is required to report to the Principal Investigator on the prime award at Haverford. With regard to item b), subawardees are almost always direct recipients of federal awards from NSF (or other federal agencies), so again the College relies upon the assessment of those federal agencies themselves; when deemed necessary, it will review audit reports or conduct site visits. With regard to item c), invoices and supporting documentation will be reviewed and approved by the Business Office just like they are for direct costs from the prime award.

(drafted SE 3/7/14)

## **IX. BUDGETING**

A. **The Budget Cycle.** Planning for the annual operating budget of one fiscal year begins in the fall of the prior year. Working with the Administrative Advisory Committee (AAC), the Associate Vice President of Finance and the Vice President for Finance and Administration reviews such major budget parameters as enrollment, student charges (tuition and fees, room and board), endowment spending, annual giving, employee compensation, departmental operating expenses, utilities, debt service, insurance, and other expenditures. Offices and departments receive budget request forms (described below) in early November for submission in December. By January a preliminary budget has been prepared for review by the President and the Finance Committee of the Board of Managers. The final budget for the following fiscal year is normally approved by the Board at its February meeting.



## B. Budget Request Forms.

1. **Operating Expenditures.** Each office and department is invited to request funds for operating expenditures (supplies, duplicating, postage, printing, travel, food services, etc.) for the following fiscal year. As guidelines for the request, information is provided on the current year's budget and amounts actually spent for the two prior fiscal years. Requests that exceed a targeted level of increase must be accompanied by an explanation of the need for the larger increase.

2. **Student Hours.** Offices and departments are asked to request their needs for student assistance in terms of the hours to be worked by students. Historical data on the hours used in previous years are provided. Pay rates for students are set on an institution-wide basis rather than by individual offices and departments.

3. **Staffing (Personnel).** Information on the staffing of exempt (faculty, administrators, and professionals) and non-exempt (staff employees) positions for the current fiscal year is provided to each office and department. Any proposed changes from the current staffing must be discussed with department heads and the need for the position explained in detail for consideration by the President, AAC, and the Board. Increases in compensation are established on a pooled basis as part of this budget process; individual salaries and wages for each employee are determined later in the spring.

4. **Capital Equipment.** A few departments budget funds for purchases of major capital equipment, but most needs are met by centralized equipment budgets handled by the Provost (academic needs) and the Vice President for Finance and Administration (administrative needs).

C. **Budget Control.** The Business Office (see II.C. above) provides monthly reports which describe spending in individual line items within each budget. Each office and department is expected to limit its spending to those amounts agreed to during the budgeting process. **A proposal to spend amounts that exceed the budget must receive prior approval from the President after consultation with the Provost (academic budgets) or Vice President for Finance and Administration (administrative budgets).**

## X. YEAR END CLOSE AND AUDIT

A. **Fiscal Year Closing Procedures.** **The College's fiscal year ends on June 30.** This means that all revenues earned and all expenditures incurred after June 30 are recorded in the next fiscal year. Conversely, a purchase made and received June 29, for example, would have to be recorded in the current fiscal year even if the invoice is received after June 30. **Therefore, we recommend that purchases of equipment and supplies and other purchases of a material (sizable) nature be well into process by June 1 to ensure that the goods and related invoice are received in the Business Office by June 30.** Specific cutoff instructions are as follows:

1. **Invoices and Disbursement vouchers.** All invoices and Disbursement vouchers pertaining to the current fiscal year should be submitted to the Business Office by June 30 or as soon as possible thereafter. Generally, invoices received after the first week in July will be charged to the next fiscal year unless the amount exceeds \$2,500.00, or the amount has been properly accrued at June 30. All departments should review their open purchase orders and other expenditures at June 30 and inform the Business Office if an accrual is necessary to reflect the expenditure in the proper fiscal year. An **accrual** means that the item has been charged to the department in the current fiscal year and recorded as a liability at June 30 since the item was received and actual payment of the invoice will not be possible until after June 30.

2. **Gifts and Grants.** All gifts and grants postmarked by June 30 and received during the first week in July will be recorded (by the Development Office) in the current fiscal year. All subsequent gifts will be recorded in the next fiscal year.

3. **Service Department/Internal Charges.** All service department and other internal charges for the month of June should be submitted to the Business Office no later than July 6, so that these charges can be properly expensed in the June general ledger. Departments may cut-off their activity before June 30 (e.g., June 25) if this facilitates the prescribed closing procedures.

4. **Physical Inventories.** The Bookstore, the Dining Center and Central Purchasing must take an annual physical inventory at or near June 30. The Business Office audits the physical inventory counts as necessary. Purchasing and receiving should be suspended for at least one week before the inventory to facilitate the actual count. The final priced out physical inventories should be submitted to the Business Office no later than July 10.

B. **The Outside Audit.** The annual audit of the College's books and records generally takes place from the middle of August until the middle of September. While most of the auditors' time is spent in the Business Office, the scope of the audit may require the auditors to visit with other departments as well. Departments should provide the auditors with any information or documentation that they might request.

C. **Internal Audit Function.** The College does not have a formal internal audit department. However, the Business Office on occasion may conduct internal audit reviews within the College. The purpose and extent of such reviews includes examination of financial records to ensure proper use of College funds and evaluation of accounting and business procedures to ascertain compliance with established procedures and controls. An internal review also has the goal of assisting department heads to improve the efficiency of their operation and to suggest improvements when deemed necessary.

## **XI. TRAVEL AND OTHER ITEMS**

### **A. Business Travel Policies, Advances and Reimbursement.**

1. **General.** All necessary and reasonable expenses for authorized College travel will be paid or reimbursed in accordance with the following guidelines. Exceptions will be necessary from time to time, and should be cleared, in advance if possible, with the President or Vice President for Finance and Administration. Unreasonable costs (e.g., very expensive restaurants or exclusive hotels) and travel expenses incurred by a companion cannot be paid by the College and are not reimbursable. **Upon completion of a trip, a travel reimbursement request form (see Exhibit IV) must be submitted to the Business Office, along with the required vouchers and receipts to document business related expenses. Travel expenses paid by a College credit card must be documented via the monthly credit card statement along with the required supporting documentation. Travel expenses must be approved by your immediate supervisor. The Provost approves all faculty travel expenses.** Consult the Faculty Handbook regarding faculty travel. Please remember to convert foreign expenditures into a U.S. dollar equivalent. When employees travel together, the most senior person should pay for shared meals, taxis, tolls, etc.

2. **Transportation.**

**Airplane and Train.** All efforts should be made to obtain the lowest, coach fare (or other intermediate class) available. This usually requires 14 to 30 days notice and often, a non-refundable ticket. Only if such accommodations are not available or would be inconvenient to use is first class or other travel allowable, provided that a proper explanation is made with the travel reimbursement request. Ticket stubs should be attached to the request for reimbursement. It may be appropriate to travel and stay over a Saturday night if it reduces the overall cost of the trip.

**Automobile.** Travel by private auto is reimbursable at a fixed rate per mile, provided such total reimbursement does not exceed equivalent air coach fare or other reasonable available transportation. **The mileage rate is currently 50 cents per mile.**

**Rental Automobiles.** Rental autos may be used when such travel is more advantageous to the College than the use of taxis or other means of transportation. Normally, advance reservations for compact automobiles should be requested. (When a rental reservation for a compact vehicle has been made and none is available, rental agencies usually provide a standard vehicle at a compact rate.) **Optional collision damage waivers should normally be declined since the College's automobile insurance includes this coverage.**

**Taxi and Limousine Service.** Fares including reasonable tips are allowable if no other reasonable public transportation is convenient.

3. **Meals, Lodging and Other Expenses.**

**Meals.** Reasonable and customary expenses for meals and tips are reimbursable. Meal expense should be claimed only when there is an out-of-pocket meal expense. Out-of-pocket meal expense should normally be limited to \$55.00 or less per day.

**Lodging.** Reasonable hotel/motel expenses when supported by receipts are reimbursable. (While no maximum is established since it is recognized that reasonable expense differs according to size of town and area of the country, "deluxe" and other expensive hotels should always be avoided.) When staying in New York City, please note that as a non-profit educational organization we are not subject to the NYC hotel occupancy tax. You may obtain a New York State Exempt Organization Certification from the Business Office.

**Other Necessary Miscellaneous Expenses.** Reimbursement is provided for such items as customary gratuities, parking, business telephone calls, special fees for foreign travel, costs of obtaining passports, and registration fees at conferences and conventions. If such expenses exceed \$25, they must be supported by receipts. **Personal entertainment (e.g. movies, concerts and athletic events) and other personal expenses are not eligible for reimbursement.**

4. **Travel Arrangements.** The College has established relationships with The House of Travel (610-649-4850) and Your Travel Connection (610-355-0700) to coordinate travel arrangements for College employees. You may use their services or you may book your trip on-line with established travel carriers and companies.

5. **Travel Insurance Notes.** The College carries insurance coverage for employees of the College against accidental death during travel on College business. Details of the coverage amounts and limitation are available from the Human Resources Office. The mileage rate for reimbursement of personal automobile use is a full-cost rate and assumes that the employee carries his or her own automobile insurance.

6. **Travel Advances.** A cash advance equal to estimated out-of-pocket travel costs may be requested using the standard check request form. Please have the advance approved by your department head. At the conclusion of the trip, all expenses must be itemized on the reimbursement request form and charged to the appropriate departmental account(s) with the cash advance indicated as an offset to the total expense. A cash advance in excess of actual costs incurred by the employee must be returned to the College. According to IRS Publication 463 Travel expense advances not adequately accounted for must be included in your taxable wages.

B. **Entertainment Expenses.** Reasonable and necessary expenses to entertain official College visitors (such as speakers and prospective faculty) or donors must be approved by the Provost, Distinguished Visitors Office, Institutional Advancement, or other department head as appropriate. Group meals off campus should be kept to a minimum and gratuities must not exceed 15-20%. Costs of alcoholic beverages

should also be kept to reasonable amounts, and cannot be charged to federal grants. **Entertainment expenses for employees are generally not allowed, except for the occasional event such as a holiday luncheon or retirement party.** Entertainment costs are prohibited on federal grants.

C. **Telephone Service.** All new telephone service, changes to existing telephone service and repairs must be requested through the Business Office by contacting Nancy Sunderland (x1243)). All such requests are subject to approval.

Telephone expenses are allocated to individual departments based on the number of telephones in the department and on the actual calls made by the department. Individual calls are charged back to the using department. Fixed charges not assignable to individual calls including the cost of equipment acquisition are divided among the number of telephone extensions and allocated accordingly. Installation costs related to new service, additional equipment or changes to existing service are charged directly to the requesting department. Telephone expenses assigned to academic departments are charged to a single instructional support account for which the Provost Office is responsible.

D. **Credit Cards.** **The use of American Express credit cards** is limited to the President, the Provost and other administrators (primarily in the IA and Admissions Offices) whose job duties entail extensive travel. Requests for American Express cards should be submitted to the Controller or Associate Controller . In rare instances, it may be appropriate for an administrator to have a gasoline credit card; this requires the approval of the Vice President for Finance and Administration. **See section V.A.5 for credit cards for purchasing purposes.**

**College credit cards are not to be used for any personal expenses. Monthly statements for credit card use must be submitted to the Business Office by the 20<sup>th</sup> of each month, and require the approval of the department head and/or senior administrator. All hotel bills and supporting documentation for any other charges over \$250 should be submitted with the statement.**

Lost or stolen credit cards should be reported immediately to the Business Office. All credit cards issued to an individual should be returned to the individual's supervisor at least one week before that individual resigns or otherwise leaves the College. It is the responsibility of the supervisor to enforce this policy. The cards should then be forwarded to the Business Office for cancellation.

E. **Charging by Employees.** Personal charges made by employees for such items as bookstore purchases, meals in the dining center, medicines, etc. are generally permitted provided that the entire amount so charged is deducted in full from the employee's next paycheck. Otherwise, the purchase must be made in cash. An employee's privilege to make personal charges may be suspended by the Vice President for Finance and Administration or the Controller if they deem this action necessary.

F. **Service Department Billings.** Costs for such items as postage, copying machines, office supplies and telephone use are charged out monthly to

departments. **It is imperative that departments that provide such services send this information to the Business Office no later than the last working day of the month.** Service departments should cutoff their monthly activity early enough to accommodate this schedule. Any questions or problems with these procedures should be directed to the Associate Controller. Service departments are responsible for maintenance of data supporting their charges.

#### G. Mortgage Policy.

1. **Mortgage Policy Statement.** Haverford's current policy (applicable to regular faculty members and senior administrators) is to provide a 20-year mortgage at a rate 1 and 1/2% below Philadelphia market rates or at federal "safe harbor" rates, **whichever is higher.** The current maximum mortgage is \$250,000 and no points are charged. The mortgage amount may represent 90% of the value of a house within four miles of the campus. The College will not provide mortgage support for a house farther than four miles from the campus. Eligible faculty who are **approaching retirement** are eligible for a College mortgage for a term of 10 years and for a maximum principal amount 1/2 of the regular mortgage. Prospective users of this policy must indicate their interest to the Vice President for Finance and Administration and discuss the details with the Controller before making any commitments. The Board of Managers can amend this policy at any time.

2. **Procedures.** A written request for a mortgage should be sent to the Controller with a copy to the Vice President for Finance and Administration. The Business Office requires copies of the sales agreement and all inspection reports, a title report and a homeowner's insurance policy. Once the written request and the sales agreement are received, the Controller calculates the interest rate and then communicates the rate and acknowledgement of the mortgage commitment to the faculty member or administrator. There is currently a \$350 settlement fee charged for preparation of the mortgage documents. Other procedural questions should be discussed with the Controller.

#### H. Moving Expenses.

The College will pay the first \$2,000 of the necessary and reasonable moving expenses of newly appointed regular faculty, and full time administrators and professional employees, who must move in order to accept a position with the College. In addition, the College pays one-half of the excess of such expenses over \$2,000 up to a maximum of \$4,000 for any one individual or family. All such expenses must be adequately documented with a list of expenses supported by invoices, receipts, etc. Moving expenses paid by the College will be included or excluded from your taxable wages in accordance with current Internal Revenue Service regulations. Current examples of taxable reimbursements include the cost of meals and automobile mileage in excess of the IRS allowance.

#### I. Conflict of Interest Policy for Employees.

Employees have a duty to carry out their responsibilities in good faith with due regard for the best interests of the College. A conflict of interest or possible conflict

of interest may arise between an employee's personal and/or business interests and his/her responsibilities to the College. A conflict may exist if it adversely influences the employee's judgment with respect to his or her job responsibilities, or leads to some financial gain or potential financial gain to the employee or a member of his/her family.

Employees are encouraged to avoid any conflict between their interests and the interests of the College. However, when a conflict or possible conflict of interest exists, the employee shall promptly make full disclosure to the employee's department head and/or the appropriate senior staff member. Faculty members shall report to the Provost.

**With any conflict of interest, the employee shall not initiate any related contract or transaction to which the College is a party, and shall otherwise refrain from acting, until written approval is received from the appropriate senior staff member.**

Employees may not accept gifts or any payments from vendors or potential vendors to the College, except for the occasional nominal gift such as a meal, ticket to a sporting event, or book. Unauthorized use of College resources or property is also unacceptable.

Conflict of interest policies regarding outside employment and consensual relations are described in other sections of the various Handbooks. Faculty who serve as principal investigators on federal research grants are also subject to the Conflicts of Interest in Research policy statement dated September 4, 1996.