CHICAGO STATE UNIVERSITY
ADMINISTRATION AND FINANCE

POLICIES AND PROCEDURES MANUAL

CHICAGO STATE UNIVERSITY
Administration and Finance Policies and Procedures Manual

TABLE OF CONTENTS

CHICAGO STATE UNIVERSITY
Administration and Finance Policies and Procedures Manual
TABLE OF CONTENTS

TABLE OF CONTENTS

INTRODUCTION

PURPOSE OF THE MANUAL

The purpose of this policies and procedures manual is to provide the University Community and employees with a systematic approach to implementation of policies plans and work routines. The manual is intended to provide the following benefits:

TO CONVEY MANAGEMENT'S PHILOSOPHIES

The manual is intended to communicate both University policies and the appropriate procedures or implementation of the policy. Policies should not be confused with procedures as defined below:

> **Policy** - A definite course or method of action to guide and determine present and future decisions. It is a guide to decision making under a given set of circumstances within the framework of University objectives, goals and management philosophies.
>
> **Procedure** - A particular way of accomplishing something, an established way of doing things, a series of steps followed in a definite regular order. It ensures the consistent and repetitive approach to actions.

TO IMPROVE COMMUNICATIONS

The manual is written to improve communication and bridge the gap between interrelated departments. This will help ensure optimum operations and consistent delivery of the finest in product or service from your department.

TO REDUCE TRAINING TIME

The policies and procedures manual is a functional guide for training new and existing employees and should prevent difficulties in performing duties due to lack of understanding or inconsistent approaches from personnel changes.

TO IMPROVE PRODUCTIVITY

Written policies and procedures speed up decision making processes by managers and employees by having a handy, authoritative source for answering questions. The manual will also ensure compliance with regulatory agencies affecting the University, such as the Illinois Statutes, Illinois Board of Higher Education, Generally Accepted Accounting Principles, various government contracting authorities, and independent certification organizations.

TO STRENGTHEN OPERATIONS

This manual will strengthen the University's quality control, management, production, and systems for financial control. It serves to translate the Chicago State's business philosophies and desires into action.

ACCESS TO THE MANUAL

Every employee of Chicago State University has access to the manual on the Chicago State University Website at www.csu.edu. Due to the cost of producing and maintaining the manual, it is not necessary to issue a hard copy of the manual to every employee, but one is available for supervisors or a person designated in each functional location.

CHICAGO STATE UNIVERSITY
Administration and Finance Policies and Procedures Manual

UPDATING OF THE MANUAL

No policies and procedures manual should ever be regarded as "complete" in the sense that it will never change. The best manual is one that continuously grows and adapts over time. **A**ll departments should prepare and maintain standardized operating policies and procedures that cover the performance of all major functions within their department.

Responsibility for Preparing the Manual
The Administration and Finance Division has responsibility for preparing the sections, production and maintenance of the manual. Each Department manager will be responsible for keeping their sectional areas current and up-to-date with the current needs of the organization. The external and regulatory climate is constantly evolving and changing, and so should your policies and procedures.

Policies should always describe how "actual" functions or jobs are performed by employees. Comprehensive policy and procedure statements are worthless, if in reality, employees follow an informal or verbal understanding of how their jobs are to be performed that is different than what is prescribed by the statement. It is imperative that managers ensure that policy and procedure statements coincide with the desired actions, and if actual functions begin to change, that the policy and procedure statement are updated to reflect this change.

Employees are encouraged to initiate or suggest revisions of policy and procedure statements that affect their area of responsibility. This will greatly assist the University in the preparation of updated policy statements and will empower employees to help shape the policy and procedure that they will be expected to follow.

REVISIONS

Origination of policies and procedures begins at the department level by employees or department managers. Once a draft copy of a proposed procedure is developed, it should be reviewed by Administration and Finance and corrected if necessary, before release as a new or revised University policy and procedure statement. The approval process generally consists of review for consistency and accuracy, conflict with University policy and general readability. Rudimentary procedures that affect only a sma**ll** unit within the University and are likely to be of no interest to others will receive final approval from Administration and Finance. University wide policies and those that impact more than one department or the entire University will also be approved by Legal Counsel.

A new policy should be issued if an existing statement is to be modified in any way. The revised policy will undergo the same approval process as the initial statement and should be assigned a new revision number level to indicate that it supersedes the prior statement. Superseded statements should be purged from the manual immediately and discarded.

Glenn Meeks
Vice President of Administration and Finance

Subject:	Issued to: All Manual Holders	Procedure No.	**1.0**
		Number of Pages:	2
SYSTEM OF INTERNAL CONTROL		Date of Revision:	1-1-00
		Supersedes:	_____

Chicago State University maintains an effective system of internal control in order to monitor compliance with policies and procedures established by the State of Illinois, The Chicago State University Board of Trustees and Management. Internal control can be divided into two areas: accounting controls and administrative controls. Administrative controls deal with the operations of the business, whereas the accounting controls deal with accounting for such operations. This manual focuses on internal accounting controls (although there may be some overlap between the two). Accounting controls are designed to achieve the five basic objectives:

Validation

Validation is the examination of documentation, by someone with an understanding of the accounting system, for evidence that a recorded transaction actually took place and that it occurred in accordance with the prescribed procedures.

Accuracy

The accuracy of amounts and account classification is achieved by establishing control tasks to check calculations, extensions, additions, and account classifications. The control objective is to be certain that each transaction is recorded at the correct amount, in the appropriate account, in the right time period. Control tasks, which ensure that transactions are recorded and reported in the proper accounting period, are essential to accurate financial reporting.

Completeness

Completeness of control tasks ensures that all transactions are initially recorded on a control document and accepted for processing once and once only. Completeness controls are needed to ensure proper summarization of information and proper preparation of financial reports. To ensure proper summarization of recorded transactions as well as a final check of completeness, subsidiary ledgers and journals with control accounts need to be maintained. This is because individual transactions are the source of the ultimate product-financial reports.

Maintenance

The objective of the maintenance controls is to monitor accounting records after the entry of transactions to ensure that they continue to reflect accurately the operations of the business. The control system should provide systematic responses to errors when they occur, to changed conditions, and to new types of transactions. The maintenance function should be accomplished principally by the operation of the system itself. Control maintenance policies require procedures, decisions, documentation, and subsequent review by a responsible authorized individual. Disciplinary control tasks, such as supervision and segregation of duties, should ensure that the internal control system is operating as planned.

Physical Security

It is important that the assets are adequately protected. Physical security of assets requires that access to the Banner Financial system be limited to authorized personnel. Protection devices restrict unauthorized personnel from obtaining direct access to physical assets or indirect access through accounting records, which could be used to misappropriate assets. Locked storage facilities restrict access to inventories, and fireproof vaults prevent access to check stock and other accounting forms. Transaction recording equipment limits access to assets by limiting the number of employees involved in recording and posting transactions, thereby minimizing the possibility of fraudulent misrepresentation. Electronic cash registers record cash sales both on cash register tapes and creating records in the Banner Finance Module.

Subject:	Issued to: All Manual Holders	Procedure No.	**2.0**
		Number of Pages:	1
BANNER FINANCE – Overview		Date of Revision:	1-1-00
		Supersedes:	_____

General Description

The Banner 2000 “system” is an integrated general and operating (subsidiary) ledger accounting and reporting system. The system is designed to provide both the features of a budgetary control system (management information) and a fund accounting system.

System Features

- Provides the ability to budget all accounts, both state and local.
- Permits automatic reallocation of expenditure budgets (ABR) within an account. Provides for reporting on an annual or a project-to-date basis.
- Provides for the comparison of actual expenditures against budgets.
- Produces both detailed and summary reports.
- Provides the ability to generate special reports through a variety of report generating techniques.
- Provides for automatic linkage between the general ledger and subsidiary ledger, which assures that the system will always be in balance and provides for the simplification of entering data into the system.
- Maintains current and past year data on budgets and actual expenditures, and budgets for a future year.
- Provides automation controls and edit routines to greatly increase the accuracy of data within the system.
- Provides the capability to perform daily update processing which simplifies error location
- and correction, account reconciliation and work scheduling, while also permitting the data files to be in a current reportable state at all times.

CHICAGO STATE UNIVERSITY
Administration and Finance Policies and Procedures Manual

Subject:	Issued to: All Manual Holders	Procedure No.	**2.1**
		Number of Pages:	3
BANNER FINANCE CONTROLS		Date of Revision:	1-1-00
		Supersedes:	_____

<u>Policy</u> Banner Finance application controls are applied to ensure the completeness, accuracy and validity of data.

<u>General</u> Through a combination of both manual and Banner programmed procedures each application includes a series of control steps to be followed from the onset of a task through its final disposition. If a transaction or an account number is rejected by a programmed edit check, manual procedures are in place to ensure follow-up, correction, and resubmission of the item in question, in a timely manner.

<u>Procedures</u>

Completeness of Input

All transactions are recorded and input into the system once. At least one of the following methods should be used to ensure the completeness of input:

a) One-for-one checking involves the review of all individual items that have been introduced to or updated in a file. To check for completeness, all documents associated with the input should be compared to a computer-generated listing of all activity for the corresponding file.

b) Batch or control totals involve the manual separation of input transactions into groups or batches that are to be processed together. Various counts or calculations are then performed on each batch to check for completeness. The following methods should be used for this purpose:

- A manual count of documents within a batch to be entered into the system. Once input, the total number of documents entered should be calculated by the system and compared to the manual count.

- A line count or item count should also be done comparing the document count to the total number of lines or items that have been entered into the system.

- Banner automatically compares the master file to identify transactions for which no match exists (e.g., an invoice from a vendor not on the master file) or items expected to match (e.g., purchase orders on file awaiting matching invoices). The history is also used to identify duplicate records (e.g., input of a previously paid invoice from a vendor).

- A computer sequence check is used to verify the completeness of input when serially ordered documents are used (e.g., invoice numbers, journal entry numbers, check numbers). The program can also assign sequential numbers on input for subsequent tracking.

Accuracy of Input

All transactions should be recorded and input accurately into the system. At least one of the following methods should be used to ensure the accuracy of input:

(a) One-for-one checking.

(b) Batch or control totals to verify accuracy. However, since this procedure does not take into account items that negate each other, batch or control totals designed to verify completeness of input should also be used. These include:

- Dollar amount or quantity totals manually calculated for all input transactions within a batch prior to the input process. During input, these totals should also be calculated by the system and compared to the manual count.

- Hash totals are similar to dollar amount or quantity totals except that hash totals are generally performed on numeric fields that have no cumulative significance.

(c) Computer matching is used to verify the accuracy of specific items; however, only those fields that exist in the master file can be tested.

(d) Programmed edit checks are designed to inspect various input fields and evaluate their amounts, formats, codes, and so on, for range or reasonableness. Fields may also be calculated and matched to other fields or files for their logical relationships. Required fields or items may also be flagged if they are left blank. Many accounting codes are set up to default such as the RAMP code, based upon the ORG code entered.

Authorization of Transactions

Only authorized or valid transactions are processed. All transactions are subject to at least one of the following techniques in order to determine their validity:

(a) Authorization by a responsible fiscal official should be required for all transaction data.

(b) Security measures and password that restrict access to various administrative or accounting functions, terminals, programs and data are employed by IT.

(c) Computer matching using master files with pre-approved standing/transaction data are used.

Handling of Rejected Transactions

All transactions rejected during authorization of transactions should be identified, investigated, and corrected on a timely basis. Transactions are then reintroduced to the system and subject to the same editing and control procedures as new (original) transactions. One of the following methods is used to process rejected transactions:

- When one or more transactions within a batch are rejected, the entire batch is rejected. No further processing of the batch will be allowed until corrections are made.

- Only rejected transactions are removed from further processing. All transactions that pass the editing are processed further. Any batch or control totals are adjusted appropriately.

- In both cases above, rejected transactions will be handled in either of two ways:

  a) Rejected transactions will not be recorded in Banner in any way. However, if the first method described is used, the rejected batch number should be recorded.

  b) Rejected transactions will be recorded in Banner, but will be segregated from accepted transactions by placing them in suspense files, awaiting corrective action.

Completeness and Accuracy of Computer-Generated Data/Transactions

Controls over Banner transactions are concerned that associated data is complete and accurate. (Examples of computer-generated transactions include automatic posting of cash receipts and revenue to the general ledger from the Student Module.) Controls are in-place to ensure that data used in the generation of other data is complete, accurate, and authorized, and that associated parameters are input accurately as well.

The following should be addressed:

- All key data used in the generation of transactions is reviewed to insure it is complete, accurate, and authorized.

- Programmed edit checks are used in Banner examine set various input parameters for reasonableness.

- Programs that generate transactions are secure.

- Results of processing (e.g., control totals) are checked manually.

Completeness and Accuracy of Updating

Daily and regular reviews are done to ensure that all transactions are updated accurately to relevant files once and only once.

To ensure the completeness and accuracy of update, at least one of the methods described above is used.

Subject:	Issued to: All Manual Holders	Procedure No.	**2.2**
		Number of Pages:	1
BANNER FINANCE SECURITY		Date of Revision:	1-1-00
		Supersedes:	_____

Policy Banner Finance access to information stored on a computer is restricted.

General Banner security software provides the ability to restrict access to the system at various levels: system, application, application function, data file, and data element. Adequate security features are also used in the operating system. Controls are in place to prevent unauthorized access to the system and to restrict each user's access based on specific job-related functions. For additional security information please refer to the policies of the *Information Technology Department.*

CHICAGO STATE UNIVERSITY
Administration and Finance Policies and Procedures Manual

Subject:	Issued to: All Manual Holders	Procedure No.	**3.0**
		Number of Pages:	7
ACCOUNTING SYSTEM		Date of Revision:	1-1-00
		Supersedes:	_____

Policy The University has established and maintains an effective accounting system to capture data regarding the economic activity of the entity.

General Management requires accurate and timely financial reports in order to judge the financial performance of the University and plan for future activities.

Account Types

Regardless of account type, all funds received and expended by the University are subject to rules and regulations dictated by the State of Illinois, the Chicago State University Board of Trustees ("the Board of Trustees"), the University as well as federal granting agencies and outside organizations. These will be spelled out in the appropriate sections of the manual. Other restrictions may be unique to certain accounts, as referred to in the following types:

1. Appropriated Accounts
   The most common type of account, and those that provide the majority of the revenue of the University, are funded through State appropriations. State funds are generated by tax dollars. Appropriations are expended based upon the policies and procedures dictated by the State, the Board of Trustees, and the University.

2. Current Restricted Accounts
   Current Restricted Accounts are funded from grants and contracts from agencies and organizations outside of the University. Such accounts can only be activated through the Office of Sponsored Programs. In addition to State, Board of Trustees and University regulations, current restricted accounts must also adhere to restrictions placed on their use by the sponsor of the funds such as federal granting agencies and outside organizations.

3. Agency Accounts
   Agency funds are resources held by the University acting as custodian or fiscal agent. The resources are deposited with the University for safekeeping, to be used or withdrawn by the depositors at their discretion. These funds are held on behalf of students, faculty, and staff organizations, or some other third parties. Examples of agency accounts are: academic clubs, social clubs, accounts set up by various departments to buy coffee, retirement dinner accounts, etc., amounts due to other fund groups, balances owed to depositors, and balances owed to third parties. Receipts and disbursements increase or reduce assets and liabilities, and no activity is reported in either the Statement of Current Funds Revenues, and Expenditures, and Other Changes Or the Statement of Changes in Fund Balances.

   An agency account is established by Vice President approval, a statement of the purpose of the account and the source of funding.

4. Student Activity/Athletic Accounts
   Funded by activity/athletic fees and fund-raising efforts, these accounts are budgeted each year by the Vice President of Student Affairs. The Office of Vice President of Student Affairs not only formulates the budgets for these accounts, but also approves any budget changes during the year and sets further restrictions or guidelines on the expenditure of funds from these accounts.

5. Auxiliary Enterprise Accounts
   Accounts which are wholly or in-part self-supporting and whose purpose is to provide a service to the University of a nonacademic nature are known as Auxiliary Enterprise Accounts. Revenues from sales and services of auxiliary enterprises include income from entities organized to provide goods or services to students, faculty, or staff at a fee directly related to the cost of the goods or services provided. Included in this category are: the Parking Fund, Housing Fund (Residence Hall), Bookstore Fund (Follett's Bookstore), Child Care Fund, Facilities Rental Fund, Other Services Fund, and the University Center Fund. These accounts are also known as the University Facilities Revenue Bond operations because of its long-term source of funding.

Budget Line Items

All accounts, regardless of type, are structured by budget categories as followed by the State Of Illinois known as line items. These accounts are enumerated in chapter 11 (eleven) titled Expenditure Authority of Statewide Accounting and Management Systems (SAMS) manual. The most common line items are personal services, contractual, commodities, operation of automotive equipment, permanent improvements, travel, equipment and library books, telecommunication, awards and grants, debt service, refunds, and indirect cost (used for current restricted accounts only).

1. Personal Services (category 1100)
   Personal service funds are those, which pay the salaries of university employees. They are divided into five main subcategories:

   - Faculty: all faculty members
   - Administrators: all non-civil service administrators
   - Civil Service: all civil service employees
   - Student: all student employees and graduate assistants
   - Extra Help: all extra help employees who are allowed to work 900 hours consecutively in a year as per State regulations

All personal service expenditures are made through the University payroll office.

2. Contractual (sub code 1200)
   Contractual funds are those funds used to purchase goods and services for the University. The type of contractual services that could be charged to this category are detailed in Statewide Accounting and Management System (SAMS) manual in greater detail, such services can cover a wide range of expenditures, as noted by the following examples: legal services, medical services, repair services, repair parts, artistic services, entertainers, consultants, rentals, copy services, memberships, registration fees, candidate interview expenses etc. Whenever you are purchasing a tangible or non-tangible resource, and it is not an employer-employee relationship, you are utilizing contractual funds.

3. Travel (sub code 1290)
   Travel funds are expended for staff traveling on university related business. Airline

and train tickets, reimbursement for personal automobile use, lodging, and meals are all examples of travel expenditures.

4. <u>Commodities</u> (sub code 1300)
   Commodity funds are used to purchase consumable items which normally have a comparatively small unit value. Common examples would be paper, envelopes, office supplies, pencils and pens, chemicals, saw blades, ink, books (except when purchased for the library), etc. One item which requires special note is printing. The classification of printing depends on the nature of the specific job in question. If the major cost is in the setting up and plate charges, it is contractual. If the major cost is for the materials involved, the charge would be classified as commodities.

5. <u>Equipment</u> (sub code 1500)
   Equipment funds are expended for tangible items which are durable in nature and have a life span of at least two years and significant unit value. The capitalization policy for an equipment item is cost of $100 or more.

6. <u>Indirect Cost</u> (sub code 9610)
   Indirect Cost funds apply only to grant and contract accounts. They are those charges, which are assessed at a predetermined rate to certain current restricted account to reimburse the University for indirect services, heat, air conditioning, administrative services, space, etc.

STRUCTURE OF ACCOUNTING SYSTEM

Accounting is responsible for performing fiscal control in connection with appropriated, locally-held, revenue bond, and grant accounts (with the exception of personal services). This responsibility includes reviewing transactions for adherence to fiscal requirements of laws, regulations, contracts, agreements and established University fiscal policies. This section also monitors indirect cost allocations, travel control rules and is responsible for preparing detailed financial reports including monthly statements, cash reports, and reimbursements in accordance with agency or grantor provisions.

Central to the efficient fiscal operation of the University and its various units are the financial reports distributed on a periodic basis. Fiscal agents responsible for University accounts should become familiar with these reports. They furnish invaluable information that can help keep a department fiscally sound and operating within its resources. Included in this section is information to assist in interpreting these reports.

<u>Accounts</u>
An account is the basic building block of the accounting system.

<u>Ledgers</u>
All the accounts within the Banner 2000 Accounting System are contained in either a subsidiary ledger or a general ledger.

> <u>Subsidiary Ledgers</u> - the accounts used by most departments will be part of a subsidiary ledger. These ledgers contain the revenue and expenditure accounts of the University. Depending on the nature of each account, it may show data on the fiscal year basis (July 1 to June 30) or on a project-to-date basis (from the date the project began to the present date). For example, a grant would be on a project-to-date cycle, while a State account would be on a fiscal year cycle. The basic dollar data shown in these accounts are budgets, revenues, expenditures, commitments, obligations and budget balance available.

General Ledger - the general ledger accounts are used to record the University's cash, accounts receivable and other assets, accounts payable and other liabilities and the balancing amount (fund balance). These accounts also carry summaries of the budgets, revenues and expenditures in the subsidiary ledger (also called control accounts). Operating units need not concern themselves with the general ledger.

Relationship of Ledgers

The subsidiary and general ledger accounts have a predefined relationship designed in the system. In some cases there are many subsidiary ledger accounts reporting to one general ledger account. In other instances there are one- for-one relationships between the two ledgers. Any transaction posted to subsidiary ledger account is automatically posted to its related general ledger to update the claim on cash, fund balance and the appropriate summary revenue or summary expenditure control. The updating of the general ledger is performed simultaneously with the processing of each subsidiary ledger transaction. Because of this, the ledgers are always in balance with each other.

ACCOUNTING CONCEPTS

These greatly simplified accounting concepts are included here as informational background material only. These concepts explain some of the basic principles upon which the system is based and why it operates the way it does.

Accounting Equation

Banner 2000 is based on the double entry accounting system. The double entry concept simply means that the basic accounting equation is always in balance.

ASSETS = LIABILITIES + FUND BALANCE

An asset is something you own such as cash or equipment. A liability is something you owe such as accounts payable. The fund balance is the difference between the two—the equity or "ownership" you have.

In any accounting system, it is necessary to describe a financial transaction as either a debit or credit in order to affect an increase or decrease in any of the elements of the accounting equation. The formula dictates that the debits must always equal the credits. When a debit is entered into the system, an equal corresponding credit must also be entered. The rules are quite simple: (1) assets are increased by debits and decreased by credits; and (2) liabilities and fund balances are increased by credits and decreased by debits.

Expense and Revenue Accounts

Accounts that are used to record revenues and expenses are actually part of the fund balance or equity. When there is revenue the fund balance is increased. When there is expenditure the fund balance is decreased. Since expenditure decreases a fund balance, the fund balances are decreased by a debit - it follows that expenditures are increased by a debit. The opposite is true of revenues.

Fund Additions and Deductions

There are certain occasions when a fund balance must be increased or decreased and the transaction is not a revenue or expenditure. These are called fund additions and fund deductions. A gift is an example of a fund addition.

Account Code Structure Under Banner 2000 System
The Banner 2000 system identifies an account by means of a 15-digit account number. The first four-digits identifies the fund, followed by a four-digit sub code which identifies the organization, followed by a four-digit sub code which identifies the account, followed by a three-digit sub code which identifies the program.
Chart of Account Structure (FOAP)

The account number looks like this:
FFFF - OOOO–AAAA– PPP
FUND-ORGN- ACCT-PGM

Fund
Seventeen fund codes are used to record all the transactions of the University. Fund accounts are grouped into one of the following funds:

Fund	=	11	Current Unrestricted Fund
	=	12	Clearing-Unrestricted
	=	13	Other Current Unrestricted
	=	16	Other Current Unrestricted Funds
	=	17	Waivers
	=	20	Current Restricted
	=	30	Auxiliary Enterprise Fund = 40 Loan Funds
	=	50	Quasi-Endowment Funds
	=	60	Endowment Funds
	=	70	Annuity and Life Income Funds = 80 Agency Funds
	=	90	Unexpended Plant Funds
	=	92	Renewal and Replacement Fund =94 Retirement of Indebtedness Fund
	=	96	Investment in Plant Funds
	=	BK	Bank Fund

Organization
Organization identifying number defines the functional group or a division of the University, as well as special fund groups.

1100 -	Division I – President
1200 -	Division II - Academic Affairs
1300 -	Division III - Administrative and External Affairs
1400 -	Division IV – Student Affairs
5000C -	Grants
7000C -	CSU Loan Funds
8000C -	CSU Plant Funds
9000C -	Agency Funds
16921D -	Center For Global Studies
5056 -	CWS-ECON/POL Science
50600 -	CWS-VP Institutional Advancement
9999 -	Revenue Organization

Account Number
The account number identifies all type of accounting transactions, i.e., assets, liabilities, fund balance, revenues and expenditures according to the State of Illinois SAMS account code categories. The most common expense account codes are as follows:

1100	Personal Services
1200	Contractual
1292	Travel (In State)
1293	Travel (Out of State)
1300	Commodities
1500	Equipment
1600	Electronic Data Processing
1700	Telecommunications
1800	Operation of Automotive Equipment
4400	Awards and Grants
8800	Debt Services – Lump Sum

Program Codes
Program defines the Illinois Board of Higher Education (IBHE) ramp code classification as follows:

- Instruction
- Organized Research
- Public Service
- Academic Support
- Student Services
- Institutional Support
- Operation and Maintenance
- Auxiliary Services
- Student Financial Support

CHICAGO STATE UNIVERSITY
Administration and Finance Policies and Procedures Manual

Subject:	Issued to: All Manual Holders Procedure	Procedure No.	**3.1**
		Number of Pages:	1
GENERAL LEDGER		Date of Revision:	1-1-00
		Supersedes:	_____

Policy All valid general ledger entries, and only those entries, are accurately recorded in the general ledger. Banner uses different terms for the ledgers. Ledger accounts pertaining to Balance Sheet are called "general ledger" and ledger accounts relating to Statement of Revenues and Expenditures is called "Operating Ledger.

General The general ledger consists of control accounts for accounts in the university's chart of accounts. These accounts are listed in the general ledger in alpha-numeric or numerical order with the account title.

Procedures

Posting Monthly Activity to the General Ledger

There are two ways to post activity to the ledger accounts that are manual or system generated. Manual entries are prepared and posted by the accountants only upon approval from the Chief Accountant or Director of Administration and Finance. Ledger accounts are updated constantly as transactions are processed on the system from various modules. The postings to the general ledger accounts may come from any and all of the following sources:

- General journal-adjusting journal entries
- Purchasing Module
- Student or Financial Aid Module
- Human Resource Module for the payroll
- Accounts Payable Module

Documentation of Entries Not Originating from Journals

All entries (recurring and nonrecurring) that do not originate from journals are supported by journal vouchers that are numbered using the initials of the accountant posting the journal voucher. These journal vouchers are properly approved as mentioned in above.

Certain entries, called recurring adjusting journal entries, are made every period. These entries include, but are not limited to, the following:

- Amortization of prepaid expenses
- Amortization of deferred revenue
- Accrual of interest expense on bonds payable that are not paid within each accounting period

The university identifies these recurring adjusting journal entries for posting to the general ledger in each accounting period. Nonrecurring adjusting journal entries must be prepared to properly reflect account balances. Nonrecurring adjusting journal entries include, but are not limited to, the following items:

- Correction of posting errors
- Accrual of income and expense items
- Recording of noncash transactions

Adequate Documentation for All Journal Vouchers
All journal vouchers for journal entries are prepared only on the basis of adequate supporting documentation.

Authorization of Entries
All journal vouchers for entries into the general ledger are authorized and approved by the Chief Accountant or Director of Administration and Finance who is not involved in the origination of the entries.

Subject:	Issued to: All Manual Holders Procedure	Procedure No.	**3.2**
		Number of Pages:	1
GENERAL LEDGER MAINTAINENANCE		Date of Revision:	1-1-00
		Supersedes:	_____

Policy The general ledger should be adequately maintained.

General As stated throughout this section, the general ledger accounts are the source of all of the financial reports used by management. It is therefore critical that the accounting records, after the entry of transactions in them, are properly controlled so that they continue to reflect accurately the operations of the business.

Procedures

Close of Income and Expense Items

At the end of the fiscal year, all items of income and expense are closed so that they will not carry over to the next fiscal year. The closing of the income and expense accounts is automatically handled by the Banner system. Refer to Banner Finance manual to review the closing process in Banner.

Subject:	Issued to: All Manual Holders	Procedure No.	**4.0**
		Number of Pages:	1
REVENUE AND CASH ACOUNTING – Overview		Date of Revision:	1-1-00
		Supersedes:	_____

Whenever a revenue account is established under the jurisdiction of the University, all revenues received for that account automatically fall under the regulations and procedures applicable to State of Illinois Universities and must be accounted for as such.

<u>State Appropriated Revenue Accounts</u> are supported wholly by funds appropriated by the State. Tuition revenues are appropriated as part of the University's locally held, and is derived from Fall, Spring and Summer sessions.

<u>Student Activity/Athletic Accounts</u> are for the most part supported by student activity/athletic fees collected and monies budgeted from Student Affairs. In addition, some student activity/athletic accounts raise extra revenues through various fundraising events.

<u>Current Restricted Accounts</u> operate within budgets approved by the granting or contracting source.

<u>Agency Accounts</u> record receipts from outside sources; disbursements cannot be made from an agency account until adequate funds are deposited.

<u>Third-Party Receivables</u>

When it is necessary to bill a third party for student tuition and fees, or services contact, the credit and collection specialist, will assist in the issuance of a University invoice. In addition to sending out the original invoice, the credit and collection specialist will issue monthly printed statements to all open third party accounts until payment is received, and monitor the receivable. The credit and collection specialist is located in ADM 213, extension 12442.

CHICAGO STATE UNIVERSITY
Administration and Finance Policies and Procedures Manual

Subject:	Issued to: All Manual Holders	Procedure No.	**4.2**
		Number of Pages:	4
CASH MANAGEMENT		Date of Revision:	1-1-00
		Supersedes:	_____

Policy The University maintains an effective system of cash management that anticipates cash needs and plans adequately to satisfy them.

General Cash is required to pay for all assets and services purchased by the University and to meet future obligations as they come due. The disbursement of cash is daily, and a sufficient level of cash must be kept available to meet these requirements. However, cash is not a productive asset and earns no return. Therefore, only cash necessary to meet anticipated day-to-day expenditures plus a reasonable cushion for emergencies should be kept available. Any excess cash should be invested in liquid income-producing instruments. This Policy applies to the investment of all University funds unless specified by approved restricted agreements or bond covenants. The University will consolidate cash balances from all funds to maximize investment opportunities and will invest balances cognizant of cash flow needs and/or requirements only in depositories approved by the Board of Trustees, and in conjunction with the Board Regulations.

The primary objectives of investment activities shall be safety, liquidity, and yield.

A . Safety

Safety of principal is the most important objective of the investment program. Investments must be in instruments which ensure the preservation of capital, and reduce the risk of both credit and interest rates. The University must pre-qualify financial institutions to require standards of quality and to ensure that no conflict of interest is present.

B . Liquidity

The investment portfolio must remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This will be accomplished by structuring the investment portfolio so that securities mature concurrent with cash needs.

C . Yield

The investment portfolio shall be designed to attain a market rate of return, with any necessary adjustments for risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives.

Standards
All University investments will be made under the guidance of the Treasurer of the Board of Trustees, or designee. The prudent person standard shall be used in the management of our overall portfolio, and the use of due diligence shall be expected for ensuring that there are no apparent conflicts of interest in the investment process. Employees and investment officials shall disclose to the Board Treasurer any material interests in financial institutions with which they conduct business.

Investment Parameters

Investments shall be diversified by investing in securities with varying maturities, continuously investing a portion of the portfolio in readily available funds to meet cash flow needs, and to meet ongoing obligations. Investments must also be made in those types authorized by 15 ILCS 520/0.01, including the Illinois Funds, and securities backed by the full faith and credit of the U.S. Government and those approved by the Board.
Investments will not normally be made in securities maturing more than five years from the date of purchase or in accordance with state statutes or revenue bond resolutions, although bond revenue bond funds may be invested in securities exceeding five years if the maturity of such investments is made to coincide with the expected use of funds.

Reporting

A report of all investments will be made to the Board on a quarterly basis. This report must include each depository holding university funds, the dollar amount and the average interest earned on those deposits/investments. The standard of performance to be used is the 90-day Treasury Bill to determine its effectiveness in meeting investment criteria.

Collateral

Acceptable collateral is required for all university funds on deposit at an approved depository. Collateral is required for any amount on deposit in excess of the amount insured by the FDIC as required in Section V.G.2 of the Board Regulations.

COLLECTION PRACTICES

A review of accounts receivable listings for past due balances is performed on a continuous basis. Delinquent accounts are contacted immediately, not after the next billing cycle. The Office of Administration and Finance is responsible for collecting delinquent account receivables for Chicago State University from students and others while maintaining compliance with all Federal and State applicable rules, regulations, and statues governing debt collection.

Billing Statements
Collections are part of the Bursar function, which reports to the Office of Administration and Finance. The collection department is responsible for billing, collection and notification of students, employees' and others with delinquent accounts. The Banner 2000 Accounts Receivable module is used to maintain account, billing and collection records. Billing statements and collection notices are mailed to the most current address of record. Address records are maintained and updated by the Registrar's Office.

Student Collection Accounts
Delinquent accounts are generally caused by:

- Nonpayment of balance due on deferred payment plan or
- Adjustments made to financial aid awards after funds are disbursed.

Deferred Payment Plan
The deferred payment plan is offered Fall, Spring and Summer terms during registration. Under

the deferred payment plan students enrolling for fall or spring terms can make a down payment of one third of the tuition due. Students enrolling for a summer term, registered for 6 credit hours or more, can make a down payment of $300. The balance due is paid in two equal installments by the date specified each term in the class schedule bulletin. Accounts unpaid at the published deferred payment due date are considered delinquent. A late payment fee of $25 is charged to the student's account and internal collection procedures begin.

Internal Collection Process
The Collection Department bills all delinquent accounts, including the service charge for nonpayment and the final request for payment.

Collection Cycle

Day 01 to 10	Initial telephone call
Day 10	Initial collection letter
Day 11 to 20	Second telephone call and second collection letter
Day 21 to 40	Third Collection call
Day 41	Letter from the Senior Management
Day 50	Acceleration letter
Day 60	Legal letter (CSU Legal Department)
Day 90	State of Illinois Offset Letter
Day 120	Final notice letter referring account to a third party collection agency

PUBLIC UNIVERSITY TUITION STATEMENT ACT

Chicago State University is in compliance with the Public University Tuition Statement Act. Each public university is required by the Act to include as part of its undergraduate student tuition bills or other statement of tuition charges, or as a separate attachment to the bill or charge a statement of the amount appropriated by the General Assembly and the Governor from the General Revenue Fund and the Education Assistance Fund for operation of the State's public universities. The disclosure states the average amount each resident undergraduate full-time public university student received from the State of Illinois, which is applied to offset the full cost of instruction. This information is published on student tuition bills.

Holds
Various departments on campus can place holds on student-accounts. For example, administrative holds are placed on grade reports, transcripts and graduation applications.
Students who have delinquent student balances are subject to one or all of the following: administrative holds placed on transcripts, credit bureau reporting, assignment to collection agencies, state offset and litigation.

Payroll Withholding
Employees are notified about their debt and billed for collection, as described in the internal collection process. A payroll deduction will be made from any amounts payable to the debtor if the debt remains outstanding after the collection process is completed.

Appeal Process for Dispute of Charges
Within 30 days of the initial billing date a written appeal must be submitted to the Office of the Bursar. The appeal will be researched and responded to within 30 days of receipt in accordance with federal truth in lending guidelines. Collection activity will be suspended during the appeal process.

Returned Check Collection Process
Faculty and staff whose personal checks are returned unpaid by their bank are notified by mail to pay the amount of the check plus a $20 late fee within 10 business days. The University Cashier is notified to suspend check cashing privileges until restitution is made. The Bursar places the employee's payroll check on hold and assesses a $25 delinquent charge if payment is not made within the 10-day timeframe. When the employee picks up his/her payroll check from the Bursar he/she is advised, in writing, that an automatic deduction will be made unless payment is made within the next 5 business days. This automatic deduction will be deducted from any payment due to the employee (payroll check, travel reimbursement, etc).

Tax Relief Act 1997
The Bursar, in the Cook Administration Building room 213, is responsible for responding to questions pertaining to the Hope Scholarship Credit, Lifetime Learning Credit and Student Loan Interest Deduction. Marisa Dubose in room 213 of the Cook Administration Building is the contact person for the above-mentioned programs.

Perkins Loan Repayment
The Collection Department is responsible for loan receivables, entrance and exit counseling, billing, deferment processing and collections for this loan program.

Third Party Billing
The Collection Department provides third party billing services to students who have presented information from an agency, university or organization that needs to be billed for specific school related charges.

Collection Agencies
The Office of the Bursar uses three collection agencies to perform third party collections for the University.

State Offset
Pursuant to the State of Illinois Statutes Chapter 30 ILCS 2 10/5 an Offset Letter is mailed for all accounts that are 90 days past due. This letter informs the debtor that the collection account is being placed in the state offset system for collection.

Deferring Disbursements
Cash disbursements are made at the latest acceptable time, without affecting relationships with vendors. Early payment discounts should be taken advantage of if they result in benefit. Checks should be mailed at the end of the day and, if possible, at the end of the week.

Cash Budgets
A short-term cash budget is prepared in order to effectively manage cash balances. The cash budget is built around the three basic aspects of cash management: operations, cash flow, and financial condition. The short-term cash budget is prepared on a monthly basis to monitor cash position. The Budget Department prepares an annual budget to track long-term performance. Monthly budget to actual reports are used to monitor performance with budget, both for the current month and cumulatively.

CHICAGO STATE UNIVERSITY
Administration and Finance Policies and Procedures Manual

Subject:	Issued to: All Manual Holders	Procedure No.	**4.2**
		Number of Pages:	2
CASH RECEIPTS		Date of Revision:	1-1-00
		Supersedes:	______

Policy All University departments, schools, or agencies must make daily deposits intact with the University Cashier of all receipts received in their office. Any departmental receipt submitted to the Cashier should have a Cash Transmittal Report that will explain the source and nature of funds being deposited.

General Cash receipts must be protected from misappropriation. Physical access to cash receipts and cash receipt records is limited to authorized personnel. Additionally, cash receipts are recorded daily to ensure they are recorded in the appropriate period.

Procedures

Opening the Mail and Cash Payments
The departmental deposits are made at the Cashier window or mail is to be opened and a listing of cash and/or checks received is prepared under the supervision of the Cashier Supervisor. A listing of cash receipts is produced including the name, amount, social security/other identification number, date, and the total of all receipts.

Retention of Copies for Departmental Files
State and University policies require that adequate documentation be included to support and identify all deposits. Supporting documents are attached to the daily Cash Transmittal Report that will explain the source and nature of the funds being deposited. Examples of documents include correspondence, check stubs, receipts copies, etc. Copies of these documents should also be retained in departmental files.

Documentation Requirements
All checks, cash or electronic payments received by departments should be documented by one of the following methods:

- Pre-numbered receipt
- Cash register Report
- Check Receipt Log

Endorsement of Checks

In situations where cash receipts are received directly by the University, checks should be restrictively endorsed immediately.

Bank Deposits
All cash sales and check remittances are deposited in the bank via armored courier based upon a daily pick up schedule. No checks should ever be cashed from receipts, as receipts should be deposited intact. Expenditures must never be made from receipts.

Reconciliation of Cash/Checks Received to Bank Deposit

Records of cash receipts log and Banner daily summaries are compared to deposit slips and bank statements by the accounting staff. Banner's cash closing procedures automatically post the cash receipts to the general ledger.

Reconciliation of Deposits

At month end each deposit should be reconciled with the cash receipt shown on the monthly Fiscal Officers Report.

Gift Receipts

Any cash gifts to the University should be forwarded to the Chicago State University Foundation Office. Gifts should not be recorded as University receipt.

Sponsored Programs and Grants Receipts

Any checks related to Contract and Grant accounts must first be forwarded to the Office of Sponsored Programs.

Grant Accounts at the Office of Sponsored Programs identifies the grant and account number to which the check will be applied and will be transmitted to the University cashier for same day deposit. Most grants are on a cost reimbursement. That means that the University has to incur the cost up front for it to be reimbursed by the sponsor. This could have an impact on our cash flow, thus it is required that all reimbursement checks on grants are received and deposited into University accounts on a timely basis. All grant checks received by any other university office must be forwarded to the office of Sponsored Programs as soon as they are received. The administrative secretary, in the Office of Sponsored Programs will stamp the receipt date on the check. The grant accountant will then identify the appropriate **grant** and **account number** to which the check is to be applied. A copy of the check will be made and placed in the appropriate grant file. The check will then be transmitted to the cashier in Administration and Finance for deposit. This process in Sponsored Programs will take an hour at best. Therefore, checks should be deposited the same day that they are received unless further research is needed on the document.

All grant proposals should direct payments from sponsoring agencies, as follows:

Check payable to:

Chicago State University
Office of Grants and Research Administration
9501 S. Martin Luther King Jr. Dr.
Cook Administration Building, Room 303
Chicago, IL 60628

CHICAGO STATE UNIVERSITY
Administration and Finance Policies and Procedures Manual

Subject:	Issued to: All Manual Holders	Procedure No.	**4.2.1**
		Number of Pages:	3
CASH RECEIPTS – Cashier's Office Operations		Date of Revision:	1-1-00
		Supersedes:	______

The cashiering operations control the receipts of all cash and negotiable instruments for the University, including payments for tuition and fees, receipt of funds from grants and contracts, daily parking fees and parking decal and sales receipts. The Department is also responsible for cashing employee checks, and the deposit of all receipts into the proper bank accounts. In addition, the cashiering function includes the disbursement of semi-monthly payrolls to University employees, and financial aid stipend and loan checks to students.

1. <u>Daily Operations</u>
   The hours of the Cashier's Office are 8:30 a.m. to 5:00 p.m., Monday, Tuesday, Wednesday and Friday and 8:30 a.m. to 7:00 p.m. on Thursday.

2. <u>Cash Receipts</u>
   Included in the duties of the cashiers is the coding of all receipt data for entry into the Banner Finance module. Transaction detail codes for each revenue and cash receipt activity are used to record the transaction in Banner. Each transaction detail code corresponds to a FOAP accounting entry in the Banner Finance module. The use of detail codes ensures consistency of accounting entries for each FOAP. The totals of the daily receipts are checked to assure that they are in agreement with the bank deposits. Periodically, the Head Cashier or Internal Auditor conducts a surprise audit of the cashier's office to determine if the reported cash balances are in agreement with the physical count of all funds on hand.

   The cashier's office operates the Banner System. The Banner system (using TSASPAY) processes student tuition, housing, student loans, registration fees, and student activity fees. The Banner system (using TFAMISC) processes the on campus accounts such as departmental accounts, faxing, duplicating, fitness center, jazz tickets, parking tickets, daily parking booths, NSF checks, commencement fees, student organizations/club accounts, transcripts, admission fees, issuance, etc. All cash receipts come through the cashier's office, except for Electronic Funds Transfers (EFT) receipts.

3. <u>Payroll Disbursement</u>

   a. Payroll establishes and publishes the schedule of pay dates for the calendar year taking into account the minimum number of working days necessary to assure preparation and transportation time. No payroll checks will be distributed contrary to this published schedule. Bursar's staff will release to the payroll staff (upon receipt) the following:

      i. Direct Deposit pay stubs.
      ii. A list of employees who have received a notification form (210.05) from the state instead of a paycheck.

Cashier's staff will sort all paychecks in distribution order and deliver the checks to the Cashier's Office prior to 2 p.m. on disbursement dates. The statement of earnings should be available ASAP on disbursement dates.

b. Cashier will release payroll checks and direct deposit statements to employees with the proper identification.

c. The Cashier's staff will pull departmental checks and direct deposit statement of earnings on written authorization submitted to the Cashier's Office the day before disbursement dates. The department is responsible for distribution and any special arrangements concerning individuals within their area.

d. Administrative, faculty, and student payroll checks not picked up from the Cashier's Office within three working days after payday will be mailed to their home using the address listed on the check/check stub.

e. Civil service payroll checks will not be mailed. Civil service payroll checks not picked up from the Cashier's Office within three working days after payday will be retained by the Cashier until a "Release" form signed by the Chief Accountant or his designee (Payroll staff) is received by the Cashier.

f. Direct Deposit Statements not picked up are mailed to the departments the day after payday.

4. <u>Student Financial Aid Disbursements</u>
Financial aid stipends, loan checks, and student refunds are calculated, generated, and disbursed at least twice per semester. It is the policy of the University to mail student refund checks via U.S. mail approximately one week after the 50% drop date has passed. Check disbursement dates are prominently posted throughout the University and in the Bursar's area.

To determine which students are eligible for a refund, the Bursar generates the Student Refund Report, TSRRFND. This report is analyzed for corrections, adjustments, and subsequent posting of refund amounts to individual student accounts. Refunds checks are generated through the Accounts Payable system, with original checks given to the Head C ashier and check copies given to Bursar for final audit. After the Bursar's final accuracy audit, the Cashier is notified to seal and mail out student refund checks. After ten (10) business days, any student who has not received his or her check may come to the Bursar's office to initiate stop payment and check re- issuance procedures.

5. <u>Personal Check Cashing</u>
Check cashing is allowed for employees up to amounts of $50.00. All employees must show a valid CSU identification card at the time the check is presented. Each check is to have written on its face, the employee's ID number and telephone extension. An employee who writes an NSF check will have the amount, plus a $20 fee deducted from their next paycheck, and will no longer be allowed check cashing privileges at the Cashier's office.

Subject:	Issued to: All Manual Holders	Procedure No.	**4.3**
		Number of Pages:	2
CASH DISBURSEMENTS		Date of Revision:	1-1-00
		Supersedes:	_____

Policy Disbursements from bank accounts are made for approved and for valid transactions.

General The payment for goods and services, whether accomplished by check or bank transfer, is organized to ensure that no unauthorized payments are made, that complete and accurate records are made of each payment, and that payments are recorded in the appropriate period. Additionally, physical access to cash and unissued checks is restricted to authorized personnel.

Procedures

Preparing Checks and Bank Transfers
Checks and bank transfers should be prepared based on the determination that the transaction is valid and is in accordance with the following university procedures:

A determination that the transaction is valid should be accomplished by reviewing the following supporting documentation as applicable:

- Invoices (together with receiving reports and purchase orders)
- Payroll records
- Direct Payment Voucher

All supporting documentation should be signed by a responsible official indicating proper authorization.

Checks and bank transfers should be prepared by persons other than those who initiate or approve any documents that give rise to disbursements.

Check Signing
Checks are signed by officials (“signatories”) other than those who approved the transaction for payment.

Prior to signing of checks the original supporting documentation is reviewed to ensure that each item has been checked and approved in accordance with the university’s procedures.

a. There is adequate physical control over the custody and use of the signature plates if a mechanical check signer is used.

b. The copies of the checks should be distributed as follows:

   - Vendor (negotiable copy),
   - Attached to voucher package.

Disbursement of Checks
After printing, all checks are forwarded directly to the payee, without being returned to the originators or others who are in a position to introduce documents into the cash disbursement system. Exceptions approved by the Accounts Payable Supervisor are allowed for certain dues payments, conference fees and other situations where the originator requires the check or it should be hand delivered.

Cancel Supporting Documents
The supporting documents should be canceled by the accounts payable department to prevent subsequent reuse.

Maintenance of Check Control Log
A separate record of checks being processed is maintained by using a check register log. The register list the sequence of checks issued; the name of the person to whom the checks are issued; the date the issue was made; and the sequence of checks returned and/or voided.

All checks are sequentially pre-numbered so that it can be established that all checks have been accounted for. All transactions are recorded on pre-numbered documents. Checks contain two numbers, the preprinted number and the number printed by Banner. These two numbers should be the same, to ensure all checks are accounted for. The usage of checks is reviewed by reconciling the quantity of checks issued to cash disbursement records by the accounting department on a weekly basis.

Supplies of unissued checks are locked in file cabinets inside a fireproof safe.

Disbursement of Funds
Prior to the disbursement of any funds, a voucher should be prepared with supporting evidence such as payroll records, receipts, or other miscellaneous supporting detail and approved where appropriate.

Summarize Disbursements
A summary of all disbursements should be maintained (e.g., check register) and an analysis should be performed in order to charge the proper general ledger accounts.

Subject:	Issued to: All Manual Holders	Procedure No.	**4.4**
		Number of Pages:	1
BANK RECONCILIATIONS		Date of Revision:	1-1-00
		Supersedes:	_____

Policy Confirm the accuracy of the bank balances shown in the general ledger monthly.

General Data on cash receipts and disbursements journals should be compared with the details reported on bank statements on a monthly basis. Unmatched and mismatched data are used to reconcile the book and bank balances. The reconciliations are performed by the general accounting personnel (who do not have access to cash and are not directly involved in processing or recording cash transactions).

Bank reconciliations are to be prepared by each accountant on a monthly basis using an acceptable format approved by the Accounting Department. Bank reconciliations and bank reconciliation journal entry sheets are due by the **15th** of the **2nd** month following the period being reconciled. For example, the July 31 bank reconciliation and journal entry sheet are due by September 15th. After the bank reconciliation and journal entry sheet are completed, a copy of the journal entry sheet should be provided to the Chief Accountant or his/her designated employee for input to the GL. The original bank reconciliation and journal entry sheet and any other statements or support should be attached to the Bank Reconciliation and journal entry form. The preparer and the person inputting the journal entry to the GL should sign the bank reconciliation and journal entry sheet.

The bank reconciliation journal entry sheet should be posted within five (5) days of the bank reconciliation's due date. For example, the July 31 bank reconciliation should be posted no later than September 20. The Director of Administration and Finance or his/her designated person should approve any exception to this policy.

CHICAGO STATE UNIVERSITY
Administration and Finance Policies and Procedures Manual

Subject:	Issued to: All Manual Holders	Procedure No.	**5.0**
		Number of Pages:	2
PROPERTY CONTROL – Overview		Date of Revision:	1-1-00
		Supersedes:	______

Policy Adequate control over physical assets of the University should be maintained.

General Under the Property Control Law of the State of Illinois, the university must meet certain standards of control over property. The Property Control Act designates the President of the University as the responsible officer to the Director of the Department of Central Management Services for the property of the University. The President has designated each fiscal officer of the accounts of the university with the responsibility of maintaining accountability and control of the equipment within his jurisdiction.

Procedures

Assets - Net Acquisition Costs

Assets are carried in the accounting records at the original net acquisition cost. Capital assets (e.g., land) customarily should be carried in the records at the original net cost. Purchased items of property, plant, and equipment are capitalized if all of the following criteria is met:

- They are for acquisition of visible tangible personal property.
- They are non-consumable in nature.
- Their anticipated life is at least one year.
- The cost of acquisition is $100 or more.

The capitalized amount includes invoice price plus all charges incurred to prepare the asset for operations.

Cost of acquisition or construction includes not only the contract or invoice price but also such costs as preliminary engineering studies and surveys, legal fees to establish title, installation costs, freight, and labor and material used in construction or installation.

Cash discounts taken are recorded as a reduction of the cost.

Posting to Detailed Ledger (Property Module)

Banner Property Module automatically capitalizes the asset additions whenever an equipment item using certain expenditures account codes (e.g. 1500 or 6600) is procured. These additions are then posted to the Property Module by running the FFPOEXT extract process. When an item is deleted from the Property Module it also removes it from the general ledger accounts in Plant Funds.

Reporting of General Ledger Activity

Every quarter Accountant II prepares the C-15 Fixed Asset Report for State Comptroller's Office based on general ledger activity.

Expenditures-Capitalization vs. Expense

Repair expenses are distinguished from expenditures for improvements, additions, renovations, alterations, and replacements. Expenditures are repair expense if they do not materially add to the value of the property and do not materially prolong the life of the property.

Examples of repair expense:

- Replacing loose or damaged shingles
- Replacing broken glass
- Painting and decorating a showroom
- Resurfacing a parking lot
- Making temporary repairs to last less than one year
- Making minor repairs to fully depreciated assets

Repair costs that increase the value of property, prolong its life, or adapt it to a new or different use are capital expenditures. If the life of the asset has been significantly extended, the remaining original cost and the repair cost should be depreciated over the new life. Examples of repair expenditures that are capital expenditures:

- Replacing floors
- Replacing a roof, thereby substantially prolonging its life
- Reconditioning machinery, thereby extending its life
- Replacing an auto’s or a truck’s engine
- Overhauling an auto or truck that was substantially worn out
- Installing a new heating system

Other expenditures that may be capitalized:

- Land improvements that depreciate over time (e.g., parking lots).
- Structural changes or alterations to university-owned buildings, which become a part of a building and increase its life or value.
- Significant improvements to property leased by the university, improvements that add value to the leasehold (e.g., permanent office partitions).

Subject:	Issued to: All Manual Holders	Procedure No.	**5.1**
		Number of Pages:	2
STATE OWNED EQUIPMENT		Date of Revision:	1-1-00
		Supersedes:	_____

Policy The University maintains the controls as prescribed by the Department of Central Management Services (DCMS) over capital assets and their related records to ensure that all recorded assets exist and are in use for operations (refer to applicable CMS regulations retained by the university's property control office).

General The physical existence of capital assets is verified and reconciled to the fixed asset records.

Following is a list of methods used to acquire the capital assets:

A . Accounts Established
Generally, inventory accounts are established in relationship to the financial accounts (refers to organization codes used in Banner) that provide the funds by which the equipment is purchased. As an example, Administration and Finance is a departmental allocation account, which is provided funds to acquire equipment. Equipment purchased with these funds is charged to the equipment account of Administration and Finance.

B . Addition to Inventory
Most of the equipment placed on inventory is purchased from university funds. These purchases are traced by the invoice vouchers, which provided the funds for the purchases. When the department purchasing the equipment desires that it be placed on the inventory of another account, the requisition initiating the purchase should have this instruction clearly noted. This information will then be carried forward to the invoice voucher from which the assignment of departmental responsibility will be made.

C . Transfer-in
Equipment may also be added to an account as a result of a transfer. Transfers may be made of two types:

1) Interdepartmental
2) From another state agency (outside the university)

Occasionally interdepartmental transfers are processed by Property Control upon receipt of a completed Inter-Departmental Equipment Transfer form. This form is to be signed by both the transferring and receiving fiscal officers and forwarded to Property Control so the necessary adjustments can be made.

If the department wishes to transfer equipment from another agency, Property Control must be notified. The department should furnish Property Control with the name of the agency from which the equipment is being transferred, a description of the items, and the tag numbers of the items. Permission will be asked of Springfield to receive the equipment. When permission is received, CSU tag numbers will be assigned and the equipment will be added to the inventory.

D. Gifts

When a department receives equipment as a gift, the University is required to report it to the Department of Central Management Services. It is important that complete descriptive information as well as an estimation of actual value be furnished. The equipment will be added to the inventory of the department as requested, and Property Control personnel will affix an inventory tag to the equipment.

E. Constructed

Members of a department who construct equipment for departmental use must furnish the Property Control Office with information upon completion of the project, giving description of the equipment sufficient for inventory identification purposes, the value and the inventory account to which the equipment is to be added.

F. Equipment Acquired Through Grants or Contracts (Retained by Granting Agency)

Chicago State University also has custody of equipment that has been acquired by various researchers as a result of a grant or contract. Title for much of this equipment is retained by the granting agency and thus is not property of Chicago State University. However, in accordance with the agreement between Chicago State University and the granting agencies, Property Control records are extended to this type of equipment.

Fiscal Officers in charge of equipment purchased from funds provided by a grant or contract are required to account for this equipment in a manner similar to procedures employed for University owned equipment.

G. Rented or Leased Equipment

Whenever equipment is rented or leased, the department receiving the equipment must notify the Property Control Office. The department is also responsible to give the location of the equipment and the duration in which it will be used.

<u>Procedures</u>

Identification and Record of Assets

(a) Assets should remain on the property records as long as the property is still in use.

At the time of acquisition, all assets are identified, tagged, and entered into the Banner Property Control Module. The tag is placed in a visible area. The tags provide a clear method of tracing the asset on the floor to the detailed property records maintained in the Property Control Module. The University is required by the DCMS to take a physical inventory of all capital assets annually as of March 31 of each year to ensure the completeness and accuracy of the university's records.

(b) All assets are examined to determine that they are currently being used.

Comparison to Detailed Records

The inventory of the assets on hand is compared to the detailed records.

Resolution of Differences

All differences are resolved by Property Management.

CHICAGO STATE UNIVERSITY
Administration and Finance Policies and Procedures Manual

Subject:	Issued to: All Manual Holders	Procedure No.	**5.2**
		Number of Pages:	3
DISPOSAL OF CAPITAL ASSETS		Date of Revision:	1-1-00
		Supersedes:	______

Policy DCMS guidelines are followed to dispose of capital assets. The university reports its deletions to D CM S on a quarterly basis. Disposal of capital assets occurs only after proper authorization has been obtained.

General Control over the disposition of property is maintained not only to preserve the accuracy of the records but also to ensure that assets are safeguarded, improper disposal is avoided, and the best possible terms are received for disposal.

Procedures

1) The following disposal methods are used to dispose of inventory:

Removal from Inventory
Property Control has been established as the university's distribution department for equipment that is no longer of use to a department. If a department has equipment to be transferred to Property Control, it should initiate the "Inter-Departmental Equipment Transfer" form filling in all necessary information as instructions indicate and forward the form to the Property Control Office. If the requesting department needs movers to transfer the equipment to the Property Control Office, a Work Order form has to be completed by the transferring department and sent to the Physical Plant/Facility Administration which will arrange for the pickup of the equipment.

Scrap
Equipment in scrap condition, with the exception of large items that might be difficult to move, is to be turned over to Property Control by the initiation of the "Inter-Departmental Equipment Transfer" form.

Trade-in
Before an item of equipment is traded in, approval must be obtained from both the Property Control Office and the Department of Central Management Services. The "Inter-Departmental Equipment Transfer" form, along with the requisition for new equipment, is to be forwarded directly to the Purchasing Office. The Purchasing Office, in the course of processing the request will forward it to the Property Control Office for approval.

It has been found that some vendors, offering a trade-in value on equipment, fail to pick up the traded item upon delivery of the new equipment. In such instances, after verification that the vendor does not intend to pick up the trade-in items, it should be turned over to Property Control for disposition.

Lost or Stolen
When a department discovers that equipment may have been stolen, the first thing to do is to contact the University Police, at extension number 2111. The sooner the University Police are informed, the more likely effective steps may be taken to recover stolen property. An "Inter-Departmental Equipment Transfer" form, (see page 102) with all appropriate information must

be submitted to Property Control when any equipment is determined to be missing. Property Control will then report the equipment missing to Springfield and remove it from departmental records.

Equipment Out of Location
If a fiscal officer finds equipment in his/her area that has an inventory tag number, which is not on his/her inventory, the Property Control Office should be notified. The fiscal officer needs to relate the tag number and description of equipment found from which the responsible fiscal officer can be identified.

In instances when equipment are found in locations other than stated on the Property Control records, the fiscal officers having accountability over those equipment should complete an "Inter-Departmental Equipment Transfer" form, to effect transfer of the equipment to the department receiving them. The completed form should then be forwarded to the Property Control Office to adjust the property records accordingly.

If the equipment does not have an inventory tag number, it is desirable first to determine if it is the personal property of one of the department's staff. If it is, it should be clearly marked "Personal Property". If not, Property Control should be notified in order that the equipment may be added to the department's inventory. If the department does not intend to retain the equipment for its own use, it should be turned over to Property Control for disposition.

Identification
Equipment that is the property of the University is identified with a tag or other marking. This metal tag is designed to be placed in a conspicuous place for easy review.

Effective July 1, 1999, University owned equipment purchased from research grant proceeds has unique color tags affixed on them. The serial numbers used for this equipment are different to distinguish them from the other University owned equipment.

Loans
At times it is desirable for a department to borrow an item of equipment from another department. The form, "Inter-Departmental Equipment Transfer", is used. The signature of the borrowing fiscal officer must be obtained acknowledging receipt and responsibility for the equipment, with the lender retaining one copy and the borrower, the duplicate of such form. Such forms, on file in the respective offices of the department will be considered adequate evidence that the necessary records have been maintained. It is not necessary to notify Property Control of the loan.

Loans in excess of one year should be discouraged. When loans do exceed that period of time, the departments should agree to a transfer of equipment to the borrowing department. Past reports indicate that loans exceeding that period of time quite frequently result in the loss of control of the equipment by both parties involved.

2) Documentation of Disposal

The following procedures are applied to the retirement and disposal of university assets. No item of property, plant, and equipment is removed from the premises without a properly approved disposal form.

A disposal form is completed for all disposals in accordance with DCMS guidelines. This disposal form is reviewed and approved either by Chief Accountant or Director of

Administration and Finance who is knowledgeable and not directly responsible for the asset.

3) Recording Disposal

Once the retirement has been properly approved and documented, the following procedures apply to the recording of the transaction. At the time the property is retired, the cost is removed from the appropriate asset account. In no instance should such cost exceed the fair market value for the new asset.

CHICAGO STATE UNIVERSITY
Administration and Finance Policies and Procedures Manual

Subject:	Issued to: All Manual Holders	Procedure No.	**6.0**
		Number of Pages:	1
PURCHASING – Overview		Date of Revision:	1-1-00
		Supersedes:	______

Policy Determination of University needs for goods and services should be made by fiscal officers according to University guidelines.

General The determination of needs for goods and services such as commodities, equipment and professional services should be made by fiscal officers in the University and according to guidelines with consideration to adequate quantities, reasonable prices, timely receipt, proper specifications, and desired quality. The guidelines must also consider and avoid the disruption of operational efficiency because of improper or untimely purchases and potential losses and use of cash caused by excessive purchases.

Associated Materials Illinois Procurement Code and Procurement Rules of the Chief Procurement Officer for Public Institutions of Higher Education and the Illinois Public Universities. Competitive bidding for purchases is required by the Illinois Procurement Code, 30 ILCS 500. The University Purchasing Office is responsible for overseeing the bidding process at Chicago State University and solicits bids in accordance with the time lines mandated by statute.

Procedures

The Purchasing Office coordinates the purchasing process for all University departments or offices seeking goods and services. The major responsibility for seeing that full value is received rests with the Purchasing Office. The following are various ways a department may purchase goods and services from outside vendors:

- PURCHASE REQUISITION:
  Used for the purchase of goods and services of $500 or more.

- DIRECT PAYMENT VOUCHER:
  Used for the purchase of goods and services less than $500.
  When paying reimbursements, a Direct Payment Voucher can be used for any dollar amount.

- STANDING ORDER:
  Used for the purchase of goods and services of a recurring nature from the same vendor.

- CONTRACT OR LEASE:
  Used for honoraria, consultant fees, leases for real property, etc.

Subject:	Issued to: All Manual Holders	Procedure No.	**6.1**
		Number of Pages:	3
PURCHASING –Purchase Requisitions		Date of Revision:	1-1-00
		Supersedes:	______

Procedures

1. A Purchase Requisition is used to provide the Purchasing Office with all the information necessary to furnish products or services. The following information should be completed by the requesting department:

   (a) VENDOR-NAME AND ADDRESS
   This should be completed when it is appropriate for user department to specify the vendor from which they desire to purchase the product or service.

   (b) BILLING ADDRESS (Optional)
   Specify the location where invoices should be sent.

   (c) DATE REQUESTED
   Enter the date when requisition was made by the user department.

   (d) DATE REQUIRED
   Specify the date that items requested is needed. Always estimate or project a specific preferred date the material or service is to be delivered. This consideration will assist the purchasing department in determining priorities. Always provide as much lead-time as practical by determining your needs as far as possible in advance. Denote "RUSH" when relevant to alert the purchasing personnel of the need for prompt action or priority of purchase. The fiscal officer or his designee is responsible for requisitioning materials or services in sufficient time to allow purchasing department to transact and arrange shipment and/or delivery in the most cost-efficient manner.

   (e) SHIP OR DELIVER TO
   Specify location where goods or services are to be delivered.

   (f) SHIP VIA
   If appropriate the user department should indicate the transportation or freight earner; otherwise, the means of shipment is determined by the purchasing department. On arrival notify name of originator or individual designated to receive goods when received from vendor.

   (g) ITEM
   List in numeric sequence (if part numbers are used) each separate item to be purchased.

(h) QUANTITY
Specify quantity to be purchased and delivered.

(i) UNIT OF MEASURE
Unit of measure is important and should be entered to assist the purchasing department.

(j) DESCRIPTION
Specify complete description of items ordered, including part number, name, catalog number, reference, model number, color, dimensions, and so on.

(k) UNIT PRICE List estimated unit price.

(l) REQUESTED BY Specify the name of individual submitting the requisition.

(m) APPROVAL The authorized fiscal officer will approve all expenditures.

(n) CONTROL NUMBER The Purchase Requisition form is pre-numbered to identify specific requisitions.

2. When the requisition is out for bid, the Purchase Requisition or in a separate document attached to it, should include the criteria for evaluating the bid in addition to low cost. Only those criteria should be considered during the evaluation of the bids in accordance with the Illinois Procurement Code.

3. All Purchase Requisitions should be signed by the fiscal officer or his designee and sent to the Purchasing Office.

4. Once the Purchasing Office has received the Purchase Requisition, it should review for completeness and availability of funds. The Director of Purchases takes one of the following courses of action depending on which category it falls into:

(a) PURCHASES UNDER $10,000

The Director of Purchasing will use his/her best judgment in choosing the vendor, taking into consideration the lowest price, the quality of goods or services and the speed of delivery. The vendor suggested by the fiscal officer may or may not be chosen by the purchasing agent; the final decision rests with the Director of Purchasing.

(b) PURCHASES $10,001 TO $25,399

In this category, the Director of Purchasing will obtain three price quotations from vendors on the university's bidders list. The quotations may be in written or verbal form. Barring difference in quality or delivery time, the vendor with the lowest quotation will be awarded the contract or purchase order. Frequently, items or services are available from only one source, in which case, obtaining quotations is not required. The State of Illinois Comptroller's Office may receive a copy of transactions in this category. If descriptions are not clear and legal contracts are not filed within fifteen (15) days of transaction date, there will be an additional delay. Exception to this process is professional and artistic services over $20,000 must be a sealed bid and published electronically.

(c) Purchases over $20,000

The Illinois Procurement Code requires that professional and artistic services over $20,000, and other purchases over $51,300, must be published electronically in the Higher Education Bulletin for 15 consecutive days and sealed bids accepted up to an announced date and time for public bid opening. Because of bidding requirements, purchases in this price category require a minimum of four weeks to complete. Exceptions to this process are:

Contracts between the State and its political subdivisions or other governments or between state governmental bodies except as specifically provided in the Illinois Procurement Code.

Grant means the furnishing by the State of assistance, whether financial or otherwise, to any person to support a program authorized by law. It does not include an award the primary purpose of which is to procure an end product for the direct benefit or use of the state agency making the grant, whether in the form of goods, services, or construction. A contract that results from such an award is not a grant and is subject to the Illinois Procurement Code.

Purchase of care.

Purchase of real estate.

(d) Professional service contracts that exceed $100,000 and Real Property and purchases of $250,000 or more shall require approval from the Board of Trustees.

5. Upon selection of the vendor, and finalizing of contract terms and price, a Purchase Order is issued by Purchasing. Two copies are sent to the fiscal officer; the yellow copy for departmental files, and the pink receiving report for return to Purchasing after the goods or services have been received or completed satisfactorily.

6. If there is an urgent need, the department may want to follow the routing of Purchase Requisition to be sure that signatures of approval are obtained promptly. Purchasing Office personnel cannot act until the approved Purchase Requisition is received in the Purchasing Office.

Subject:	Issued to: All Manual Holders	Procedure No.	**6.2**
		Number of Pages:	3
PURCHASING –Direct Payment Voucher		Date of Revision:	1-1-00
		Supersedes:	_____

Policy Determination of University needs for goods and services should be made by fiscal officers according to University guidelines.

Procedures

1. Direct Payment Vouchers (DPV's) are used to expedite payment in certain situations where the normal process of encumbrance funding is not practical, required or a direct payment is necessary. Generally, a DPV should be used only for expenditures of $499.99 or less. An exception is the payment for library books, the amount of which should not exceed $5,000, purchased by direct order. The library should provide proper supporting documentation.

2. After receiving the goods or services, the requesting department should attach the original vendor's invoice to a completed Direct Payment Voucher (DPV's). The DPV should include the following information:

a) PAYEE NAME AND ADDRESS
Specify the name and address of the vendor.

b) DATE REQUESTED Enter the date when requisition was made by the user department.

c) DESCRIPTION Enter the complete description of the item.

d) AMOUNT Enter the amount to be paid.

e) ACCOUNT NAME/DEPARTMENT
Specify the account name or department to be charged

f) OFFICE LOCATION/ PHONE EXTENSION Specify the office location and phone extension of the department

g) ACCOUNT NUMBER Specify the account number to be charged

h) MAJOR SUBCODE Enter the account major object classification, if any

i) EXPENSE DESCRIPTION Enter the account major object classification /expense description (optional)

j) CONTROL Numbers
Specify the number used to identify DPV. The DPV form may be pre-numbered

3. Direct Payment Vouchers (DPV's) will be processed by the Administration and Finance Accounts Payable department when proper documentation and approval are obtained as follows:

a) PAYMENT FOR AGENCY EXPENSES
Paid when proper documentation is attached and with available agency funds. The DPV should be approved by the Fiscal Officer or Director.

b) PAYMENT FOR CONTRACTUAL SERVICES SUCH AS REPAIRS
When the total annual amount is under $500 and accompanied by an invoice. The DPV should be approved by the Fiscal Officer.

c) PAYMENT OF CONSULTANTS FOR AMOUNTS UNDER $500
should be accompanied by a signed invoice.

d) PAYMENT FOR INTERNATIONAL STUDENT FEES Approved by the Fiscal Officer and Department Dean with supporting documentation

e) PAYMENTS OF NON-EMPLOYEE TRAVEL
It should be submitted with supporting documents

f) PAYMENT FOR REIMBURSEMENT OF SUBSCRIPTIONS, MEMBERSHIP FEES, AND REGISTRATION FEES
Is payable on a DPV when proper documentation is attached.

g) PAYMENT FOR BOOKSTORE PURCHASES
With Fiscal Officer and Dean's approval and payment for textbooks purchased by direct order from the Bookstore when the invoice is attached.

h) PAYMENT TO VENDORS FOR BOOKSTORE PURCHASES BY STUDENTS ON BOOK VOUCHERS
Supporting documents and proper approval must be attached.

i) PAYMENT FOR FOOD SERVICE (LESS THAN $500.00)
The agreement with any outside caterer must satisfy other university requirements pertaining to catering contracts, insurance liability, catering license, etc.

j) DISBURSEMENTS REQUIRING SPECIAL HANDLING OR EMERGENCIES
The disbursements requiring special handling and emergencies should be determined and approved by the President or Vice President of Administration and Finance. These disbursements require detailed description of the circumstance which initiated the need for special handling as well as proper documentation.

k) REIMBURSEMENTS TO THE STATE OF ILLINOIS

4. Direct Payment Vouchers may NOT be used for the following:

- Equipment purchases for items in excess of $499.99.

- Payments to students (other than reimbursements as stated above). Student payments, including such items as room & board tuition, salary or stipend, book fees, or other benefits should be processed on an Award Form submitted to the Financial Aid Office.

CHICAGO STATE UNIVERSITY
Administration and Finance Policies and Procedures Manual

Subject:	Issued to: All Manual Holders	Procedure No.	**6.3**
		Number of Pages:	2
PURCHASING – Purchase Orders		Date of Revision:	1-1-00
		Supersedes:	______

Policy Administrative controls for the completeness and validity over purchase orders must be administered.

General Purchase orders should be made on approved purchase order forms and reviewed for correctness. Approval of the purchase orders per University guidelines should be received prior to establishment of a firm order or contract. Copies of the purchase orders should be filed to allow for timely follow-up on undelivered orders.

Procedures

Preparation of Pre-numbered Purchase Orders

1) The Purchasing Department should prepare an electronically generated and numbered Purchase Orders with the following information, as applicable:

- Name and address of vendor
- Ship to information (location)
- Date the order was placed
- Date the goods are to be delivered or service performed
- Mode of transportation
- Terms of purchase (i.e., down payment, returnable if not used, etc.) Each item listed separately with description
- Specific quantity and unit of measure
- Unit Price
- Total Amount

2) Before the purchase orders are released, it should be reviewed and approved by the Director of Purchases for the following:

- Dates and quantities reconciled to requisition
- Prices compared to master files or standards
- Extensions and footings checked

Multiple-Copy Purchase Order Forms

Multiple-copy purchase order forms should be used, with copies being distributed as follows:

- Original to vendor
- Requesting department (yellow copy for file and the pink copy as receiving report for return to the Purchasing Department after the goods or services have been

received or completed satisfactorily)

- Purchasing department tickler file to allow follow-up on a timely basis for shipments or orders not received on a specified date
- Accounts payable department

Review of Unmatched Purchase Commitments

On a periodic basis, a review should be performed of any commitments that have not been matched with receiving reports or equivalent records of goods or services received. This is to ensure timely follow-up of purchase orders.

Change or Cancellation of Purchase Order

1) Should a situation arise where the fiscal officer finds it necessary to change or cancel an order after a purchase order has been issued, the Purchasing Office should be notified immediately by telephone at extension 2424. The requesting department should submit a follow-up memorandum to the Purchasing Office as a documentation of the fiscal officer authorization for the change or cancellation.

2) The Purchasing Office should then issue a Purchase Order Change Notice to the vendor.

CHICAGO STATE UNIVERSITY
Administration and Finance Policies and Procedures Manual

Subject:	Procedure No. **6.2**
	Number of Pages: 2
PURCHASING –Receipt and Acceptance	Date of Revision: 1-1-00
	Supersedes: _____

Policy Controls are established over goods and services received as a basis for determining and recording the liability for goods and services received.

General The physical receipt of all purchased goods should be the responsibility of a receiving department or designated individual. The receiving function should inspect goods for conformity with specifications on purchase orders. Quantities should be verified by counting, weighing, or measuring. Receipt and acceptance of a shipment should be documented on a receiving report with copies of the receiving reports being routed to the purchasing department.

Procedures

Inspection of All Goods and Services

1) Purchased goods should generally be delivered to the university's Central Receiving department. In some cases, the goods can be delivered directly to the requesting department, in which case, Property Control should be notified.

2) Upon receipt of any item, the following immediate action should occur:

- Check the bill of lading for the correct delivery point.
- Verify the number of containers with the bill of lading.
- Examine containers for exterior damage.
- Note on the bill of lading any discrepancy (i.e., missing containers, damage, etc.).
- Sign and date the bill of lading.
- Retain a copy for the receiving department files.
- Examine goods for physical damage.
- Count or weigh items. Similarly packaged items may be counted on a test basis, if deemed appropriate. If goods are of a high dollar value and subject to breakage from shipment, the University may want all goods counted and tested upon receipt to avoid delays in production when parts are found to be defective. Make an indication of the counts on the copy of the purchase order.

3) The inspection process should be timely. Delays in inspection can cause delays in production due to material shortages, and inaccurate accounting information can be caused by inventory and accounts payable not being recorded on a timely basis.

4) The fiscal officer is ultimately responsible for verifying that all goods and services are

received and completed. The pink copy of the Purchase Order can be used as the receiving report. The fiscal officer should sign the pink copy to certify receipt of the goods or services. Services that are received should also be inspected or reviewed by the user department to determine that the work was done in accordance with the purchase order or contract. If the work is of a confidential or highly technical nature, the University may desire to have an officer of the University review the documentation for inspection and approval.

5) After inspection, the requesting department should submit the signed pink copy of the Purchase Order to the Purchasing Department to initiate recording of the liability and payment.

Proper Communication Between Departments

The receiving department should contact the Office of Purchasing if any order has an obvious discrepancy (physical damage, wrong item delivered, quantity error, etc.). The Office of Purchasing should notify the vendor and in an expeditious manner give the receiving department direction regarding the disposition.

CHICAGO STATE UNIVERSITY
Administration and Finance Policies and Procedures Manual

Subject:	Issued to All Manual Holders	Procedure No.	**6.5**
		Number of Pages:	2
PURCH ASE ORDER PAYABLE PROCESSING		Date of Revision:	1-1-00
		Supersedes:	____

Policy All valid accounts payable transactions, and only those transactions, should be accurately recorded as accounts payable.

General The recording of assets or expenses and the related liability should be based on vendor invoices for the related goods or services. The vendor invoices should be in agreement with an approved purchase order. Furthermore, evidence of receipt or performance should be in the form of a receiving report or other approved documentation before the vendor invoice can be processed. Invoices and the related general ledger account distribution should be reviewed before recording.

Procedures

Establishment of Control Devices

1) Vendors' Invoices are received directly by the Purchase Order Payables department. Purchase Order Payables should assign a 'due date' of 10 working days to ensure timely processing and availability of discounts, if any. If there is a valid reason for withholding payment, Purchasing should investigate accordingly

2) A package called the "voucher package" should be assembled with the following documents the Purchase Order Payables:

- Vendor invoice.
- Purchase order.
- Requisition.
- Receiving report.
- Authorization of acceptance of goods or services. (This may be indicated on the receiving report, purchase order, or memo from the user department.)

Procedures Performed on Voucher Package

After the voucher package has been assembled, the following procedures should be performed

1) The nature and quantity of goods ordered and the price per the vendor invoice should be compared to the purchase order and the receiving report.
2) Calculations of the invoice, such as totals and extensions of quantities multiplied by unit price should be re-computed.
3) The general ledger account distribution should be entered on the voucher sheet.

Sometimes an initial account distribution is noted on the purchase order. This procedure is desirable where the requisitioner is more knowledgeable about the general ledger account classification for the related goods or services purchased.

4) Forward the voucher package to the Administration and Finance's Accounts Payable Department

5) The voucher package and related general account distribution should be reviewed and approved by a responsible, knowledgeable individual.

6) Enter the voucher into the Banner Finance Module to record liability and initiate check processing

The Administration and Finance's Accounts Payable Department is responsible for auditing the voucher package and printing checks. Voucher packages received from Purchase Order Payables department should be kept on file. At due date and upon printing, the check vendor's name and amount should be compared with the voucher package by the Accounts Payable accountant. If there is a valid reason for withholding payment, the Purchasing Department should be notified immediately.

Partial Payment

In some cases involving orders covering many items, or extensive services, partial deliveries or completion may occur. If it is reasonable to issue payment on a partial basis, the fiscal officer should send a photocopy of the receiving report identifying the items received and authorizing partial payment. Upon completion of the order or services by the vendor, the fiscal officer would submit the original receiving report, certifying completion.

CHICAGO STATE UNIVERSITY
Administration and Finance Policies and Procedures Manual

Subject:	Issued to: All Manual Holders	Procedure No.	**6.6**
		Number of Pages:	2
PURCHASING – Return of Goods to Suppliers		Date of Revision:	1-1-00
		Supersedes:	______

Policy Returns of goods to suppliers should be adequately controlled, documented, and recorded.

General The return of goods to suppliers is done under a controlled system of procedures. These procedures include the authorization of the return by the requisitioning department or purchasing function and preparation of a change order by the purchasing department.

Procedures

1) Claims for return of goods are likely to be non-routine and infrequent. If a fiscal officer decides to return or exchange an item, he should notify the Purchasing Department so that a Return Merchandise and Shipping Memo can be filled out. It is important to note on the memo whether the item is to be returned or cancelled so that Purchase Order Payables department will know what action to take when processing an invoice for payment. The memo should include the following information, as applicable:

(a) Item Description
(b) Department and person rejecting the part
(c) Quantity received and rejected
(d) Reason for rejection
(e) Purchase order number
(f) Date received
(g) Vendor
(h) Authorization signatures:

- Person in charge of department in which rejected goods are noted
- Fiscal Officer or head of the department who made the requisition, if this authorization is deemed necessary
- Purchasing Department

2) When the rejected goods are received in the respective department, a copy of the Return Merchandise and Shipping Memo should be attached to the item being returned.

3) Copies of the memo should be sent to the following:

- Vendor
- Purchasing department
- Purchase Orders Payable department. This allows the Purchase Order Payables department to adjust the payments to the supplier and thus avoid paying for goods that have been returned.

4) The Return Merchandise and Shipping Memo prices should be compared to the original invoice by persons other than the preparer of the memo. In addition, extensions and additions should be checked to an adequate extent.

CHICAGO STATE UNIVERSITY
Administration and Finance Policies and Procedures Manual

Subject:	Issued to All Manual Holders	Procedure No.	**6.7**
		Number of Pages:	1
PURCHASING - CUT-OFF PROCEDURES		Date of Revision:	1-1-00
Supersedes:			______

Policy The liability for goods or services is recorded in the same accounting period in which the goods are received or services are provided.

General At the end of fiscal year, procedures are in place to ascertain that the related liabilities for goods or services received during the accounting period are also recorded in the same accounting period.

Procedures

Time delays in receiving and processing vendor invoices for goods and services can cause the University to record the liabilities for the related goods and services in a subsequent accounting period. The University implements special procedures at the end of an accounting period to ascertain that all liabilities are recorded and a proper purchasing cut-off is achieved. These special procedures include the following:

(a) Closing of the accounting records is delayed for a few days to allow receipt of vendor invoices.

(b) Receiving reports are analyzed to identify if the goods or services have been received as of June 30 of the current fiscal year and that the related liability is reported. This is performed for receipts on or shortly before the last day of the accounting period that is June 30 of the fiscal year. The Purchasing Office is advised to process invoices immediately for the goods and services that were received on or before June 30 based on the receiving reports.

(c) Likewise, receiving reports for goods received shortly after the last day of the accounting period are processed as an expenditure of the new fiscal year. Receiving reports that have not been matched with the related vendor invoice are accumulated and a liability recorded. Recording this liability is a special entry because the related invoices have not been processed through the voucher system. The dollar amounts for these liabilities can usually be obtained from the related purchase orders.

(d) The entry to record the liability for unmatched receiving reports, as discussed in (c) above is reversed in the subsequent accounting period by the Banner system automatically when the invoice is processed using prior year code.

CHICAGO STATE UNIVERSITY
Administration and Finance Policies and Procedures Manual

Subject:	Issued to All Manual Holders	Procedure No.	**6.8**
		Number of Pages:	1
PURCHASING – Standing Orders		Date of Revision:	1-1-00
		Supersedes:	_____

<u>Procedures</u>

1) The need for services that are provided on a recurring basis by the same vendor such as utilities, telephone, periodicals, or janitorial services, should be determined initially by the fiscal officers and thereafter provide for continuous service/delivery until not re-determined or until the end of the contract period. Procedures for purchase requisitions should be followed during the initial requisition.

2) The Purchasing Department will issue a standing order for the estimated amount. After the standing order has been issued, the department may order (either in writing or verbally) goods or services as needed, regardless of the dollar amount, as long as the amount of the standing order is not exceeded. The initial amount of the standing order may be easily amended in most instances. Departments should contact the Purchasing Office to arrange for amendments.

3) On open orders that show a firm amount to be paid monthly, quarterly, etc., Purchase Orders Payables will process payment unless notified of a problem. Example of firm prices for orders is maintenance, rental or lease agreement. All other open orders will continue to have each invoice signed by the fiscal officer or department head.

4) When the goods/services are received and when the department has received an invoice identified with the standing order number, the department should notify the Purchasing Department in writing that payment can be made. The Purchasing Department will process the invoice against the standing order, paying the vendor and reducing the available balance.

Subject:	Issued to All Manual Holders	Procedure No.	**6.9**
		Number of Pages:	1
PURCHASING – Contracts or Leases		Date of Revision:	1-1-00
		Supersedes:	______

Procedures

Requisitions for specialized services, typically, should be initiated by the fiscal officer authorized to make such purchases. If the purchase is to be for goods or services that can be requested on the requisition form, the requisition form should be used. If the goods or services are complex, highly technical, or require a formal request for proposal or contract, the appropriate contract or document should be prepared by an authorized individual. Review and approval of the document or contract should be performed by the following, as deemed appropriate by the University:

- Authorized fiscal officer or department head
- Authorized University officer such as the Director of Administration and Finance, Senior Vice President for Administration and External Affairs or the President
- Committee formed or authorized to commit to such a purchase by the Board of Trustees
- Review by University Legal Counsel
- Final approval by the President

Subject:	Issued to: All Manual Holders	Procedure No.	**6.10**
		Number of Pages:	2
PURCHASING –Other Considerations		Date of Revision:	1-1-00
		Supersedes:	______

Procedures

Campus Inventory Levels

Central Stores should monitor inventory levels to no more than a twelve-month supply. Examples of inventory items are commodities, supplies and equipment.

Purchases From Minority, Female, and Disabled Owned Businesses

Whenever, applicable, the Purchasing Department should purchase from state-certified minority, female and disabled-owned businesses when appropriated funds are being used for the purchase.

Tax Exempt Status

Chicago State University is a statutorily created state agency. As a state agency, it is exempt from Illinois Retailer's Occupational Tax (Sales Tax). University departments should be made aware of the sales tax exemption status of the University and direct vendor’s request for a sales tax exemption number to the Purchasing Office.

Subject:	Issued to: All Manual Holders	Procedure No.	**13.0**
		Number of Pages:	2
FINANCIAL RESOURCE REQUIREMENTS		Date of Revision:	1-1-00
		Supersedes:	______

Policy The University has an orderly process for anticipating financial resource requirements and analyzing the most effective means of providing for those needs.

General Debt, in the broadest definition of the term, is the result of borrowing funds for a specific purpose for a specific period of time. Long-term financing is primarily debt that will not be repaid within the normal operating cycle of the business or within one year. This financing, used for longer-term needs such as capital improvements and repair and renovation, will take the form of mortgages, bonds, and capital leases.

Procedures

Interest expense is accrued on all notes and leases payable. Interest is accrued monthly over the term of the note based upon the balance of the notes payable and the interest payment dates specified on the notes.

Installment and Mortgage Loans

Installment and mortgage loans are debt instruments used primarily to finance the acquisition of a specific asset. Most frequently, these loans are collateralized by the land, buildings or equipment acquired. The repayment terms of an installment or mortgage loan usually call for periodic payments to be made over the life of the debt. These payments include both an interest and principal portion. The lender should provide the borrower with an amortization schedule showing a breakdown between the interest and principal portion of each payment

Bonds

Bonds are the more prevalent forms of financing used to fund larger capital projects such as the construction of a new building or significant construction project. CSU used bond financing in 1994 to construct the Student Union Building and the Residence Hall. The bonds are secured by the assets of the project, as well as its related cash flow.

Amortization of bond premiums must also be recorded at the time of the payment of principal and interest based upon amortization schedules prepared when the bonds were issued.

Detailed records are maintained of the periodic deposits into a sinking fund required under the bond agreements.

- The deposits are made on a timely basis into a separate fund.
- Statements from the fund trustee (Seaway Bank) are reviewed and any discrepancies investigated and resolved.

Investment income from the fund should be recorded on a timely basis.

Long-Term Leases

Long-term capital leasing is another means by which the purchase of equipment is financed. The terms of a lease agreement usually call for equal periodic payments over the life of the lease. If a lease meets the criteria classification as a capital lease, the present value of the minimum lease payments is considered to be the long-term debt while the remaining portion of the minimum lease payments is considered to be the interest related to this debt.

An amortization schedule is prepared showing the breakdown of each payment between the principal and interest portions. As with other installment loans, the principal portion of the minimum lease payments due and the interest portion of capital leases should be recorded based on the amortization schedule referred to above.

Subject:	Issued to: All Manual Holders	Procedure No.	**7.1**
		Number of Pages:	1
ASSUMPTION AND AUTHORIZATION OF DEBT		Date of Revision:	1-1-00
		Supersedes:	____

Policy Determination of the need to assume debt should be made by Management and the Board of Trustees, and all debt must be appropriately authorized and within the scope of State of Illinois Statutes.

General The issuance of all new debt, as well as the refinancing of any existing debt is authorized by the board of trustees. This authorization is documented in the minutes of the board of trustees meetings in the form of a resolution.

Procedures

Board of Trustees Resolution
A resolution of the board of trustees should be prepared so as to document the board's approval of the issuance of the debt.

Debt Approval and Agreement
A copy of the resolution approving the issuance of the debt should be maintained with the executed copy of the debt agreement.

Records and Collateralization of Debt
A record should be maintained of the assets collateralizing the debt, if any.

- The assets should be specifically identified.
- The record should be updated periodically (e.g., property records) to reflect the current book value of the assets.

Subject:	Issued to: All Manual Holders	Procedure No.	**7.2**
		Number of Pages:	1
SAFEKEEPING OF DEBT AGREEMENTS		Date of Revision:	1-1-00
		Supersedes:	______

Policy Physical control of debt instruments should be maintained.

General The original executed debt agreements and debt instruments should be maintained in a safe place and the existence of these instruments should be verified periodically.

Procedures

Original Agreements and Instruments
The original debt agreements and instruments should be obtained once they have been executed.

Physical Safety of Agreements and Instruments
These debt agreements and instruments, as well as any subsequent amendments, should be kept in a safe place such as a vault or a safety deposit box. Consideration may be given to having these agreements and instruments maintained by the university's legal counsel at an outside location.

CHICAGO STATE UNIVERSITY
Administration and Finance Policies and Procedures Manual

Subject:	Issued to: All Manual Holders	Procedure No.	**7.3**
		Number of Pages:	1
RECORDING OF DEBT		Date of Revision:	1-1-00
		Supersedes:	______

Policy All debt should be recorded in the general ledger based on the terms of the debt agreements.

General The issuance of any new debt or the extension of any existing debt should be accurately recorded in the general ledger based on the terms of the debt agreement that has been reviewed and approved by the board of directors.

Procedures It will be necessary to prepare and record a general journal entry for cash received in exchange for debt, such as notes and bonds payable. The main objective is to identify the offsetting credit and properly classify the debt in the appropriate funds. These journal entries are subject to supervisory review and approval to ensure correctness.

CHICAGO STATE UNIVERSITY
Administration and Finance Policies and Procedures Manual

Subject:	Issued to: All Manual Holders	Procedure No.	**7.4**
		Number of Pages:	2
DEBT PAYMENTS		Date of Revision:	1-1-00
		Supersedes:	_______

Policy All payments should be properly recorded in the general ledger on a timely basis.

General Payment on notes payable and other long-term debt made through the Purcha sing Department or DPV disbursements system, through the transfer of funds by wire or other method should be recorded on a timely basis.

Procedures

Separate Principal and Interest Components

For debt that combines both principal and interest into one payment, it is necessary to record the separate principal and interest components of each payment. If an amortization schedule is to be provided by the creditor, it should be obtained when the debt agreements are executed or as soon thereafter as possible. If an amortization schedule is not provided, it should be prepared based on the terms of the debt agreement. A copy of the amortization schedule should be maintained with the original executed debt agreements. A copy should also be sent to the accounting department so that each periodic payment can be properly recorded in the general ledger.

Debt Payment through General Ledger Distribution

If the debt payment is made through the University's standard disbursement system, reliance should be placed on the general ledger account distribution process. The account distribution coding for these payments should be reviewed to ensure that the notes payable or other long-term debt and the related interest accrual are properly relieved in accordance with the applicable amortization schedule and other supporting documents.

Debt Payment by Other Method

Payments made by wire transfer or other method should be recorded through a general journal entry. The general journal entry account distribution for each payment should be supported by the related amortization schedule and other documentation.

CHICAGO STATE UNIVERSITY
Administration and Finance Policies and Procedures Manual

Subject:	Issued to: All Manual Holders	Procedure No.	**7.5**
		Number of Pages:	2
BOND DISCOUNTS AND PREMIUMS		Date of Revision:	1-1-00
		Supersedes:	_____

<u>Policy</u> Bond discounts and premiums should be amortized over the term of the bonds.

<u>General</u> Bonds normally may be issued for a price that differs from the face or maturity value of the bonds. This difference will be either a premium if the sales price is in excess of the face value of the bonds or a discount if the sales price is less than the face value of the bonds. The difference must be amortized over the term of the bonds. The method used to compute the amortization is the interest method. The amortization of a premium will reduce the interest expense while the amortization of a discount will increase the interest expense.

<u>Procedures</u>

Bond Amortization Schedule

A bond amortization schedule utilizing the interest method should be prepared to determine the periodic amortization and the adjustments to the bond carrying value.

Timely Recording of Discounts and Premiums

The amortization of bond discounts and premiums should be recorded monthly or, at a minimum, when interest is paid.

CHICAGO STATE UNIVERSITY
Administration and Finance Policies and Procedures Manual

Subject:	Issued to: All Manual Holders	Procedure No.	**7.6**
		Number of Pages:	1
DEBT COVENANTS		Date of Revision:	1-1-00
		Supersedes:	_______

Policy All debt covenants should be reviewed periodically.

General All debt covenants should be reviewed annually (or more frequently as the covenants require) so as to determine whether all covenant restrictions have been met.

Procedures

Debt Coven ant Review Checklist

The debt covenant section of each debt agreement is reviewed and a separate "debt covenant review checklist" should be prepared for each debt agreement. This checklist covers all covenants including those requiring the maintenance of certain financial ratios, those requiring the reporting of certain financial information to the bank on a periodic basis.

Frequency of Checklist Preparation

Annually, the checklists prepared above are completed. All covenants are reviewed and all required financial ratios should be calculated. A notation should be made on the checklist next to each individual covenant documenting whether or not the university is in compliance with that covenant.

Noncompliance with Debt Covenants

If noncompliance with certain covenants is noted, communications with the bank or other creditor should be instituted. It may also be necessary to obtain a waiver of the debt covenants from the bank.

CHICAGO STATE UNIVERSITY
Administration and Finance Policies and Procedures Manual

Subject:	Issued to: All Manual Holders	Procedure No.	**8.0**
		Number of Pages:	2
MONITORING OF ACCRUED LIABILITIES		Date of Revision:	1-1-00
		Supersedes:	______

Policy The University should establish a method of monitoring and accounting for accrued liabilities.

General Accrued liabilities, often referred to as accrued expenses or, more simply, accruals, are items for which a service or benefit has been received and for which the related liabilities are both acknowledged and reasonably determinable, but which are not yet payable, either because of the terms of the commitments or because invoices have not yet been received.

Procedures

Establishing List of Expenses

The accounting department should establish a list of commonly incurred expenses that may have to be accrued at the end of an accounting period. This list will serve as a reminder and help ensure that all expenses have been identified. A few examples of such expenses are:

- Salaries and wages Payroll taxes Vacation and sick pay
- Deferred compensation Commissions Professional fees
- Rent
- Insurance
- Interest

Preparation of Detailed Register

Once identified, each expense should be maintained in a detailed register.

When and How Accrued Liabilities Occur

The amount recorded for accrued expenses should be properly measured. For example: A University pays its employees twice per month, and the first pay check of the new year includes salaries and wages for three days in the current year and two days in the subsequent year. In this case, the university would record a journal entry at the end of the year to accrue 30 percent of the payroll amount.

Accrued liabilities come into existence with the passage of time or with the occurrence of an event. Most accrued liabilities occur with the passage of time. Examples of these include interest, rent, etc. Some accrued liabilities occur with the occurrence of an event, such as a service being performed. Examples of these include payrolls, retirement, and payroll taxes.

Recording the Accrual
The accountants prepare a journal entry to record the accrued liability and the matching expense.

The preparer signs or initials the journal entry. The entry is reviewed and approved by the Chief Accountant and initialed.

Review of the Account Balance
At the end of each accounting period, the Chief Accountant reviews the adequacy of accrued expenses.

If any adjustments are deemed appropriate to the account balance, a journal entry should be made to adjust both the accrued expenses and accrued liabilities. Reconciliations after year end are performed to help ensure the accuracy of the detailed records and the control. All discrepancies should be investigated and corrected on a timely basis.

CHICAGO STATE UNIVERSITY
Administration and Finance Policies and Procedures Manual

Subject:	Issued to All Manual Holders	Procedure No.	**9.0**
		Number of Pages:	2
PAYROLL - Overview		Date of Revision:	1-1-00
		Supersedes:	______

Personal Service dollars can be expended in only one way, through the Payroll Department of the university. There are three main categories of personal service funds:

1. <u>Academic Payroll (1120F & 1120A)</u>

The academic payroll consists of all faculty, faculty assistants, part-time lecturers, student tutors, and non-civil service administrators. All hiring of academic employees is initiated through the Office of Academic Personnel and Contract Administration, located in ADM 308, and the employees' files are maintained by the Office of Human Resources. After the prospective employee has accepted the employment contract or offer to hire, a hiring form is filled out by Office of the Academic Personnel and Contract Administration, which then requires the signatures of the Department Chairperson, Vice President for Academic Affairs, Affirmative Action Officer, and the President of the University.

After the above administrators have signed their approvals, the hiring form is transmitted to the Budget Office for budgetary review. If grant funds are being used, the hiring form is first reviewed by the Office of Sponsored Programs to assure that funds are allocated and available in the account indicated on the hiring form. For accounts other than grants, the Budget Control Accountant reviews the hiring forms to determine if there are funds available in the specified account. All hiring forms must have the signed approval of the Office of Sponsored Programs or Budget Control Accountant prior to processing by the Payroll Department.

Upon receipt by the Payroll Department, the information on the hiring form is transmitted into the Consolidated Payroll System. Depending on the payroll deadline, hiring forms received in the Payroll Office will be processed for payment on the first available pay date.

2. <u>Civil Service (1 120C)</u>

The Office of Human Resources, located in ADM 203, is responsible for the hiring process for all civil service employees. When a vacancy occurs or a new position is approved for an account, the fiscal officer initiates the hiring process by filling out a civil service personnel requisition and a job description form. After being signed by the fiscal officer and the operating vice president, it is transmitted to the Office of Human Resources along with the job description form. After the necessary selection process and hiring procedures are performed by that office, the personnel requisition is completed by adding the name of the selected candidate. The signed approval of the Affirmative Action Officer and the President of the University is then required. The personnel requisition is then turned over to the Budget Office for budgetary review and the approval of either the Grant Specialist (for grant accounts) or the Budget Control Accountant (all other accounts). After all of the above approvals are obtained, the Office of Human Resources issues an Employee Status form to the Payroll Department. Depending on the payroll deadline, hiring forms received in the Payroll Office will be processed for payment on the first available pay date.

3. Student Payroll (1140)

All Student employees are hired by the Office of Student Employment. All hiring procedures for student employees are covered in detail in the Student Employment Handbook available in the Office of Student Support Services ADM 207.

CHICAGO STATE UNIVERSITY
Administration and Finance Policies and Procedures Manual

Subject:	Issued to All Manual Holders	Procedure No.	**9.1**
		Number of Pages	2
PAYMENT TO UNIVERSITY EMPLOYEES		Date of Revision:	1-1-00
		Supersedes:	_____

Policies Payment for wages and salaries are made only to university employees.

General Controls are established to ensure that only valid university employees receive payroll payments.

Procedures

Distribution of Payroll
Payroll payments (check) are distributed by Cashier's Office who do not approve time reports, are not responsible for hiring/firing, and do not control the preparation of the payroll.

Unclaimed Payroll Checks
Unclaimed payroll (checks) are reported and returned to the accounting department. Subsequent payment requires the presentation of appropriate evidence of employment by the employee.

Pay Schedules
As a general rule, all academic and civil service employees are paid semimonthly, on the 15th day and the last day of the month. As weekends sometime interfere with this general rule, a calendar of paydays is distributed by the Payroll Office every January.

1. Faculty Pay Options

As teaching faculty is contracted on a ten-month basis, August through June 15, they may choose one of two options in the collection of their pay.

a. Collect pay August 31, through June 15, at a rate of their total contract dollars divided by 20.

b. Collect pay August 31 through August 15, at a rate of their contract dollars divided by 24.

The option chosen should be conveyed to faculty records at the time of accepting the annual contract.

2. Anticipated Payroll

All permanent academic and civil service employees are paid on an anticipated basis; that is, their pay is based upon the anticipation that the employees put in a full work period. Any sick or accrued leave taken will be deducted from the next pay period.

3. Delayed Payroll

All extra help civil service employees, student tutors and student employees receive their paychecks on a delayed basis; that is, their pay is delayed by one pay period. A student beginning September 1 would not receive his or her first paycheck until September 30.
This is necessary because of greater fluctuation in hours' worked and greater turnover, making it necessary for the paycheck to be figured on an exact as worked basis.

Subject:	Issued to: All Manual Holders	Procedure No.	**9.2**
		Number of Pages:	1
STOP PAYMENT AND RE-ISSUE OF PAY CHECK		Date of Revision:	1-1-00
		Supersedes:	____

Policy This policy is intended to define the procedures for the issuance of stop payments for payroll checks.

Procedures

1. The employee comes to the Payroll Department to sign the attached Replacement Warrant Request and Affidavit stating that they have or have not endorsed the check.

2. The Payroll Department calls the bank to place the stop payment.

3. Upon receiving the hard copy confirmation notice from the bank the Payroll Department checks with the accountant responsible for reconciling the bank statements for First National Bank to make sure the check is still outstanding.

4. The Payroll Department then types and re-issues the check.

5. A copy of the bank confirmation is given to the accountant responsible for the payroll account at First National Bank (Fannie Purnell/Chat Viacrusis). On the copy of the bank confirmation the Payroll Department writes the replacement check number.

6. The bank confirmation and the signed Replacement Warrant Request and Affidavit are filed in the Payroll Department records.

CHICAGO STATE UNIVERSITY
Administration and Finance Policies and Procedures Manual

Subject:	Issued to: All Manual Holders	Procedure No.	**9.3**
		Number of Pages:	1
REPORTING ABSENCES AND VACATIONS		Date of Revision:	1-1-00
		Supersedes:	_____

One of the prime responsibilities of a fiscal officer is to keep track of and verify the attendance of those employees under his or her jurisdiction. The documentation and procedures used to accomplish this depends on the classification of the employee, as follows:

1. Academic Employees

Non-civil service administrators, fill "Application for Vacation" forms to seek approval to take vacation time. The form is filled out in triplicate and sent to the immediate supervisor. After signing his or her approval, one copy is retained, one sent to the Payroll Office, and the third returned to the employee. Teaching faculty, of course follow the academic calendar, making vacation forms unnecessary.

Absences other than accrued leave for academic administrators are reported on an "Administrator's Report of Absence" form. Absences of teaching faculty are reported by the Department Chairman's Report of Faculty Absence". Each form is filled out in triplicate and is available in the Payroll Office. Upon completion of these forms, one copy is to be transmitted to the Payroll Office, one to the employee, and the third retained by the fiscal officer.

2. Civil Service Employees

Civil service employees report their attendance in one of two ways: nonexempt employees fill out semimonthly time cards which are submitted to the fiscal officer for review and approval; exempt employees fill out semimonthly Record of Attendance cards which are submitted to their immediate supervisor for approval.

All rules and regulations concerning attendance for civil service employees are covered in detail in the Civil Service Staff Handbook, available from the Office of Human Resources, ADM 203.

3. Student Employees

Student employees fill out a Student Time Sheet on a daily basis. On the final day of the pay period, the sheet is completed by the student verifying that the hours recorded are in keeping with the time actually worked, the fiscal officer signs the student time sheet and sends directly to Payroll for processing.

All procedures and regulations concerning the hiring of students are covered in the Student Employment Handbook, available from the Office of Student Employment, ADM 207, extension 2304.

CHICAGO STATE UNIVERSITY
Administration and Finance Policies and Procedures Manual

Subject:	Issued to: All Manual Holders	Procedure No.	**20.1**
		Number of Pages:	2
RESPONSE TO EXTERNAL AUDIT FINDINGS		Date of Revision:	1-1-00
		Supersedes:	_____

Policy This policy is intended to define the procedures for the investigation and resolution of external audit findings.

Procedures

Internal Audit Department

- Within 7 days from the receipt of the proposed findings and recommendations, request for an exit conference with the Office of the Auditor General. All conferences shall be completed within 14 days from the University's receipt of the proposed findings and recommendations. If no conference was requested, the reason should be documented.

- Within 21 days from the receipt of the proposed findings and recommendations, deliver to the Office of the Auditor General any written comments concerning the findings and recommendations involving Chicago State University's departments.

All Other Departments

- Within 3 days from receipt of the proposed findings and recommendations from the Office of the Auditor General, hold a conference with the internal audit department concerning the proposed findings and recommendations. All conferences shall be completed within 10 days from the department's receipt of the proposed findings and recommendations. If no conference was requested, the reason should be documented in a memo to the Internal Audit Department.
- Within 15 days, deliver to the Internal Audit Department a report concerning the findings and recommendations involving the department. The department's response to the proposed findings and recommendations shall include a summary-level work plan that:
    - Summarizes the Office of the Auditor General concerns and includes a general explanation of the practices that led to the proposed findings.
    - Summarizes the proposed corrective actions, and specific deliverables that will result from the proposed corrective actions.
    - Present target dates for completion of corrective actions.
    - Specify the person or position responsible for implementing such corrections.

A columnar format for the summary is suggested. The summary report should be transmitted to the President, Senior VP President for Administrative and External Affairs, Director of Administration and Finance, Chief Accountant, and the Internal Audit Department for review and discussion before it is delivered to the Office of the Auditor General.

The department head will monitor the implementation of the corrective actions specified in the summary-level work plan and report their status to the President, Senior VP President for Administrative and External Affairs, Director of Administration and Finance, Chief Accountant, and the Internal Audit Department until completed. A monthly status report should be prepared.

Results of Noncompliance

Department heads may be subject to administrative sanctions. Inadequate accounting systems may result in inaccurate and unreliable financial information and may expose the assets of CSU to improprieties.

Authority for Policy or Regulation

CSU's responsibility for responding to proposed audit findings can be found in the 74 Illinois Administrative Code CH.III. Sec 420.720

CHICAGO STATE UNIVERSITY
Administration and Finance Policies and Procedures Manual

Subject:	Issued to: All Manual Holders	Procedure No.	**20.2**
		Number of Pages:	1
USE OF TELEPHONES		Date of Revision:	1-1-00
		Supersedes:	____

<u>Policy</u> The intent of the policy is to allow employees to make reasonable telephone calls, but to guard against telephone abuse.

<u>General</u> This policy is intended to permit university employees to make reasonable use of the telephone system, but to guard against telephone abuse. The use of the telephone system is limited to official business. Official business calls include emergency calls and calls that are in the best interest of the university.

<u>Procedures</u> A monthly report of long distance calling will be distributed to all Deans and Directors. It will be reviewed for accuracy, including the extension, name and extension. If corrections are necessary, or if local calls are required, please call extension # 2559.

Distribute the long distance call detailed report to the appropriate employee, have each employee validate and verify that each call made was either business or personal. In the event that calls made were personal, payment must be made, within two weeks, to the Office of the Cashier, ADM 211. Payment may be made with cash, check or Visa, MasterCard or Discover card. Checks should be made payable to Chicago State University with Fund Number 1520I in the memo section. Receipts will be issued for each payment.

If it is determined that an employee has abused the telephone policy, the employee may be charged the actual costs of the call plus $1 .00 per minute for long distance and $.50 per minute for local calls. These rates are intended to cover the administrative costs associated with processing payment.

Subject:	Issued to: All Manual Holders	Procedure No.	**20.3**
		Number of Pages:	2
BURSINESS EXPENSE POLICY		Date of Revision:	1-1-00
		Supersedes:	____

Policy This policy is established to provide guidance on the types of expenses which the University will allow to be paid with University funds.

Procedure Reasonable expenses for the following meals/refreshments are allowable from University funds. All requests for reimbursements/purchases of meals or refreshments must indicate the purpose of the function and must be in accordance with the purpose of the account. Catering by the University food service is the recommended means of obtaining on campus meals/refreshments.

1. Refreshments (coffee, rolls, soft drinks, etc.) are permissible when the refreshments are for parent visits, orientation sessions, receptions for a speaker or visiting dignitary, official committee or planning sessions, or other authorized events. Retirement parties, going away parties, holiday gatherings, birthday parties, etc. are not considered authorized events.

2. No alcoholic beverages may be purchased with university funds.

3. All requests for reimbursement/purchase of meals must identify the group and provide a business purpose for the meal. The list of attendees may be summarized to show the entire group. Meals may not be purchased for state employees, unless they are attendees of a recognized conference and there are other participants.

4. Meals involving university personnel and non-university individuals are permissible. The maximum amount allowed for meals per person, will be a rate equal to twice the in-state travel meal allowance. Any exception to the maximum allowable amount requires the approval of the respective fiscal officer. Meals for prospective candidates should not include more than four university employees, unless approved by the Dean, Vice President or the President.

5. University funds cannot be used to purchase meals where only university employees are in attendance unless approved by the Dean, the respective Vice President, or the President. The amount per person is limited to twice (2 X) the in-state travel meal allowance.

Interviewee expenses for candidate travel may be reimbursed. This includes transportation, lodging, and meal expenses. Hotels (including room and tax only) and transportation may be billed directly to the University. A per diem may be established by the dean or director at a rate not to exceed one and one-half times (1-1/2) that of the in-state meal allowance.

Dues and memberships in professional organizations are permissible with the approval of the Dean, Vice President or the President. Any materials must become the property of the University. Although the University encourages its employees to participate in social, service and fraternal organizations, memberships in these organizations may not be paid with university funds.

Decorations and floral arrangements are permissible if for events open to the public or special university functions. Floral arrangements to express sympathy to university employees may not be paid from university funds.

CHICAGO STATE UNIVERSITY
Administration and Finance Policies and Procedures Manual

Subject:	Issued to All Manual Holders	Procedure	**20.4**
		Number of Pages:	2
MOVING EXPENDITURES		Date of Revision:	1-1-00
		Supersedes:	_____

Policy This policy is intended to define the circumstances whereby an employee of the University may be reimbursed for moving expenses.

General The moving policy is intended to define who may be reimbursed for (or have moving expenses paid by the university), including the President, and to define the maximum amount of payment.

Procedures The term "employee" includes all full-time faculty and selective administrative and civil service employees recruited outside the commuting area of the post of duty of the assignment. The President shall annually define the administrative and civil service positions that are eligible for reimbursement for moving and/or relocation expense.

Moving or relocation expense associated with the appointment of the President shall be limited to reasonable and actual expense and shall be subject to approval of the Board of Trustees.

For all full time faculty, and for those administrative and civil service positions defined, the maximum allowable reimbursement for moving and/or relocation expense shall be the lesser of sixty percent of actual expenses or $5,0 00.

The President may make exceptions to any reimbursements, but must annually make a report to the Board of Trustees listing the exceptions made.

Receipts must be submitted for expenses incurred, including moving companies, automobile rentals, gasoline for automobile rentals, and lodging.

There is no reimbursement for meals incurred. Per Diem reimbursement is not allowed.

Gasoline receipts for one, one-way trip may be submitted for one personal vehicle. Alternatively, mileage for relocation travel will be calculated at 9 cents per mile, one way, as determined by concentric circles from the previous location.

Reimbursement for house hunting expenses is not allowed.

If both spouses are appointed to eligible positions, the moving expense reimbursement shall not exceed the amount payable to one spouse.

Reimbursement for moving or relocation expenses is not allowed for part-time or temporary employees.

Within one month after employment begins, **Direct Payment Vouchers** (DPV) should be completed by the department and forwarded to the Vice President or President for approval.

1. In general, the allowable expenses are to be charged to General Instructional Expense Account.

2. Reimbursement accounts may not be submitted for payment in excess of the maximum allowed or for all moving expenses.

Moving and relocation expenses are subject to the adequacy of legislative appropriations. For each fiscal year, the University may establish new reimbursement maximums. Any modifications will reflect anticipated funds available in the internal operating budget for this purpose.

CHICAGO STATE UNIVERSITY
Administration and Finance Policies and Procedures Manual

Subject:		Procedure No.:	**20.5**
		Number of Pages:	4
TRAVEL REIMBURSEMENTS		Date of Revision:	1-1-00
		Supersedes:	_____

Policy The purpose of this policy is to allow Chicago State University employees to be reimbursed for university training or required travel in accordance with the Higher Education Travel Reimbursement Guidelines.

General Travel expenditures incurred by a university employee may be reimbursed if their expenditures fall within the policies and regulations of the Higher Education Travel Control Board. Travel advances are not permitted, except for group (team) travel and in special circumstances, approved by the Vice President.

A. Business Travel - Travel necessary to carry out required administrative, instructional, research, and public service functions of the University.

B. Professional Travel - Travel of faculty and staff to professional and scientific meetings for the sake of professional enrichment.

C. Organization Travel - Travel of faculty and staff to organization meetings when the University holds official membership in the organization (e.g., the university has assisted in the promotion of the research, educational, or service activities of the professional organization concerned).

D. Special Travel - Official representation not otherwise provided in these regulations and approved by the President.

Procedures Travel must be approved in advance. All travel must be encumbered with the use of a Travel Authorization, whether in-state or out of state. The employee is reimbursed for expenses after completion of the trip.

Traveling within the State of Illinois is to be authorized and approved by the appropriate fiscal officer prior to the beginning of travel, using the Travel Authorization and Encumbrance form. Whenever the fiscal officer is the traveler, the approval of his or her immediate supervisor is also required. Out-of-state travel requires the additional approvals of the appropriate Dean, Vice President and President. Additionally, all requests for travel outside the 48 states of continental United States or Canada must be presented to the Office of the President or Board of Trustees 30 days prior to the beginning of the trip. All fiscal officers have a complete and detailed statement of the travel regulations. Any questions regarding them should be directed to the Office of Administration and Finance.

In all cases, the method of travel should serve the best interest of the University. The method of itemization of expenses is the same for all types of travel. Each travel authorization and travel voucher must indicate the purpose of the travel, the dates of the travel, the points of departure and destination, and the mode of transportation.

When a privately owned vehicle is used, the travel voucher must show the dates and points of travel, mileage, and mode of transportation. If the distance traveled between two points is greater than the usual route between these points, shown on a road map, the reason for the greater distance must be stated.

Upon completion of the trip, the traveler must fill out a Travel Voucher in order to be reimbursed for expenses. The travel authorization number must be entered on the Travel Voucher in order for payment to be processed.

Travel Vouchers must be supported by receipts in all instances for railroad and airplane transportation, for lodging, and all other items in excess of $10.00 except for meals and incidental items as described in the regulations.

An employee may choose to purchase airline or train tickets in advance through use of the University's Purchasing Office. The tickets will be billed directly to the University, thereby reducing the funds expended by the employee. To initiate this process, send a purchase requisition detailing the destination and the timing of the trip to the Purchasing Office. Include a copy of the travel authorization. Purchasing will then make the necessary arrangements. The tickets will be delivered to Purchasing or arrangements may be made for prepaid tickets to be picked up at the airport or train depot.

Effective April 17, 2012, the mileage reimbursement rate is $0.555 per mile. The increased automobile mileage rate of $0.555 per mile is up from $0.51 per mile.

Meal Allowance listed below is for travel of 18 hours or less during the same calendar day or when lodging is not required and travel begins prior to or at 6:00 a.m. and travel ends at or after 7:00 p.m.

Breakfast (In-State)	$5.50
Breakfast (Out of State)	$6.50
Dinner (In –State)	$17.00
Dinner (out of State)	$19.00

Reimbursements for breakfast will only be made for those employees whose travel starts before or at 6:00 A.M.

Reimbursements for dinner will only be made if travel is completed at or after 7:00 P.M.

Lunch is not a reimbursable expense for same day travel. Lunch is only reimbursed if travel is greater than 18 hours.

If traveling on a per diem, or for travel involving overnight stays, in excess of 18 hours, the reimbursement rates are as follows:

In State	$7.00 per quarter
Out of State	$8.00 per quarter

Quarter days are as follows:

12:00 Midnight to 5:59 A.M.
6:00 A.M. to 11:59 A.M.
12:00 Noon to 5:59 P.M.
6:00 P.M. to 12:00 P.M.

When the costs of meals are included in an approved conference fee, the traveler must deduct the amount of those meals from the per diem expense at the rate shown above. Lunch expense shall be deducted at the rate of $5.50 for an in-state conference, and $6.50 for an out-of-state conference.
Lodging shall be at the conference hotel or the hotel closest to the conference. If no conference is involved, the hotel used shall be the most economical and within the allowances established by the Travel Control Board. For a list of preferred hotels, please go to http://www.cms.illinois.gov/cms/2_servicese_oth/trvlpref.htm. State approved hotel rates can be viewed at http://www.stateuniv.state.il.us/travel/allowances/ .

TRAVEL AUTHORIZATION AND ENCUMBRANCE FORM

<u>Form source</u>	All CSU travelers, faculty, staff and students requesting university funds for business related travel.
<u>Form Purpose</u>	To obtain authorization for university related travel and establish encumbrance of travel funds to be reimbursed to the traveler.

Procedure

1. This form must be filled out and submitted for all faculty, staff or students intending to travel using university funds. In addition to being the authorization form for both in-state and out-of-state travel, this form serves to encumber funds which will be reimbursed to the traveler after the trip is completed.

2. For in-state travel, the document is signed by the traveler and fiscal officer. In the case of travel by a fiscal officer, the signature of the respective Dean or Director is required. Travel by Deans or Directors require the approval of the respective Vice President.

3 Out-of-state travel requires the additional approval of the appropriate Dean, Director or Vice President.

Reimbursements to travelers cannot be processed unless a Travel Authorization and Encumbrance document is on file in the computer. <u>The six digit Travel Authorization number at the top right hand corner of the form must also appear on the traveler's Travel Voucher (State Form C10) in order for reimbursement to be processed and a check generated.</u>

CHICAGO STATE UNIVERSITY
Administration and Finance Policies and Procedures Manual

Subject:	Issued to: All Manual Holders	Procedure No.	**20.6**
		Number of Pages:	1
GRANT CLOSE-OUT		Date of Revision:	1-1-00
		Supersedes:	_____

Policy The University has established procedures for grant close-outs.

General The final step in the management of a grant/contract is to close the account when it expires.

Procedures

1) A termination of account memorandum should be forwarded to the appropriate departments several days before the grant expires.
2) Sponsored Programs should liquidate any outstanding reservations/encumbrances balance.
3) The account should be reviewed to ensure that total revenue is equal to total expenditures.
4) Indirect cost charged to the project must be checked to ensure that the indirect cost rate used on the project and the amount charged are in accordance with the grant/contract agreement.
5) The accounts receivable balance should be reviewed to ensure that there is no open balance in the grant receivable account.
6) To avoid any erroneous transactions posted to the account after the 90 day lapse period following the expiration date, a termination and expenditure end date must be attached to the account using the Banner screens FTMFUND and FRAGRNT.
7) Ensure all required program deliverables are accomplished.