

SECTION 3, COMPREHENSIVE STANDARD 3.10.4

The institution exercises appropriate control over all its financial and physical resources.

JUDGMENT OF COMPLIANCE

Compliant

Partially Compliant

Noncompliant

RATIONALE FOR JUDGMENT OF COMPLIANCE

North Georgia College & State University manages the financial activities and physical assets of the University in accordance with the policies and procedures set forth by the Board of Regents of the University System of Georgia [1] and the Georgia Department of Audits and Accounts [2].

The University's financial organization is set up in such a manner to ensure segregation of duties to maximize the integrity and security of this standard. Within this organization [3], the Vice President for Business and Finance is primarily responsible for this standard as indicated by the mission statement located on the North Georgia College & State University's web site for Business and Finance [4]; listing the areas of responsibility including "auxiliary services, budget, capital resources, comptroller, human resources, materials management, physical plant and public safety." Article XII of the *Statutes of North Georgia College & State University* [5, p. 16-17 of pdf] describes the powers and duties of the Vice President for Business and Finance.

The Comptroller is responsible for the financial and business services of the University. These activities include general ledger accounting, accounts payable, payroll, grants management, and student accounts. The University complies with the *BOR Business Procedures Manual section 1.7 Reconciliations* [6, p. 16-17] with monthly reconciliations of Human Resources/Payroll Systems, Accounts Receivable, Accounts Payable, Encumbrances, Bank Accounts and Capital Assets. Other reconciliations include continuous audit requirements from the State of Georgia for salary, travel and per diem payments.

The Georgia Department of Audits and Accounts annually conducts a standard review for the University [7]. The state standard reviews are

included in the documents section under NGCSU Reports located on the SACS website [8]. In addition to the annual standard review, the University also had an internal audit [9] and a presidential transition audit [10] conducted by the Board of Regents University System of Georgia Department of Internal Audit during fiscal year 2004.

The *Business Procedures Manual* contains section 16.0, page 16-1, titled "Audits," [11] and specifically refers to financial and management controls in relation to federal, state, internal, and third party audits that may be conducted on the university. Audits encompass several sections as listed in the *Business Procedures Manual*, section 16.0, "Audits," as follows: 16.2.1 Operational, 16.2.2 Financial, 16.2.3 Compliance, 16.2.4 Asset Verification, 16.2.5 Loss/Fraud, 16.2.6 Presidential Transition, 16.2.7 Information Technology, and 16.2.8 Consultant Services.

The *Business Procedures Manual* contains section 13.0 "Financial Management and Information Systems" whereby the state auditors are requested to review any new or revised accounting financial systems for compliance with the requirements as listed in section 13.1, page 13-3 [12], "1. Contains adequate internal controls, 2. is auditable, and, 3. is operated in an environment that provides adequate security to the data. This procedure applies to the main financial accounting system and to any other software system that maintains subsidiary records that supports the main accounting system."

Materials Management includes purchasing, inventory control and asset management. The Board of Regents *Business Procedures Manual* contains the requirements for purchasing, section 3.0 [13], inventory control, section 11.0 [14], and capital asset and depreciation management in section 7.0 [15]. The *Board of Regents Business Policy Manual*, section 707, "Purchasing," [16] provides the governance of the Georgia Department of Administrative Services to be used as a resource in which state contracts are approved and provided for the institutions' use.

Physical plant and auxiliary services include the development and implementation of campus capital projects and the supervision of campus facilities. Major Repair & Rehabilitation, Capital, and Construction Project reports are required to be submitted bi-monthly to the Board of Regents as specified in the *Business Procedures Manual*, section 20.4.3 [17 p. 20-9]. A listing of Board of Regent's approved University System building program projects is provided annually according to the *Board of Regents Business Policy Manual*, section 902, "Building Projects" [18]. The Facilities section 900 of the *BPM* provides the 901 "General Policy: ...the Board of Regents shall hold title to the property or assets of each institution..." in effect

securing the control of the assets as being held by the Board of Regents. Additionally, the University is also required to report semi-annually to the Board of Regents on its space utilization for use in the funding formula, Business Procedures Manual, section 20.4.6 [19 p.20-9].

The University is protected through various insurance policies. The *Board of Regents Business Policy Manual*, section 708, "Insurance," [20] details property insurance, liability insurance for both automotive and professional liability and a blanket fidelity bond which covers all employees in case of any loss committed by an employee.

The University follows budget policy as outlined in the *Board of Regents Business Policy Manual*, section 702, "Budgets" [21]. The budget policy differentiates between state funded programs and self supported auxiliary funded programs and the use of those funds. The annual budget allocation is approved by the Board of Regents of the University System of Georgia as posted in the minutes [22]. The University utilizes the *Board of Regents Business Procedures Manual*, section 8.0 [23], in the budgeting process, which states "Under constitutional authority, the Board of Regents (BOR) approves the annual budget request for the University System of Georgia (USG). Funding is provided to the University System by means of a funding formula, which establishes a basis for budgetary need linked to enrollment growth, increases in facilities square footage and other operating factors". Section 8.0 details the funding formula, and Section 8.5.5 states, "In June, the board approves the educational and general budget, auxiliary budget, capital budget, and student activities budget for all institutions."

Within the policies and procedures are many checks and balances between the University and the Board of Regents with the State of Georgia Department of Audits and Accounts and the BOR Department of Internal Audits routinely testing compliance. As historical data shows, the University complies with policies as determined by the Board of Regents.

In addition to the Board of Regent's policies, the University's website links internal budget policies and a budget handbook published by the Office of the Vice President for Business and Finance, describing the authority, duties and responsibility of University's budget principles [24].

Document Reference:

Number	DB Num	Document Title	Resource
1		Board of Regents, Office of Fiscal Affairs, Business	http://www.usg.edu/fiscal_affairs/bpm_acct/bpm-sect08.pdf

Number	DB Num	Document Title	Resource
		Procedures Manual, Section 8.0 Budget Process	
2		Georgia Dept. of Audits and Accounts, Accounting Procedures Manual	http://www.audits.state.ga.us/internet/sgd/apmanual.html
3		NGCSU Vice President of Business & Finance Organizational Chart	http://www.ngcsu.edu/Bus_Fin/VP_Bus_Fin_Org_Chart_02-2006.pdf
4		NGCSU Vice President of Business & Finance Mission Statement	http://www.ngcsu.edu/Bus_Fin/index.htm
5		NGCSU Statutes, Article XII	http://www.ngcsu.edu/Resource/irp/Statutes.pdf , pp. 16-17 in PDF.
6		Board of Regents, Business Procedures Manual, Accounting Principles and Definitions, Reconciliations Section 1.7	http://www.usg.edu/fiscal_affairs/bpm_acct/bpm-sect01.pdf , p. 16-17 in PDF.
7		Georgia Dept. of Audits and Accounts	http://www.audits.state.ga.us/internet/eaa/index.html
8		State Auditor's Reports 1997-2005 (2006*)	http://www.ngcsu.edu/sacs/Reference_Room/documents/ngcsu_rpts_4.htm#audits *FY 2006 will be sent as soon as it is received.
9		NGCSU Internal Audit, December 13, 2004	http://www.ngcsu.edu/sacs/Reference_Room/documents/NGCSU_reports/Audits/Audit_2004-12-13.pdf
10		Presidential Transition Internal Audit Report, FY 2004	http://www.ngcsu.edu/sacs/Reference_Room/documents/NGCSU_reports/Audits/Pres_Trans_Int_Audit_Report.pdf
11		Board of Regents, Business Procedures Manual, Audits Section 16.0	http://www.usg.edu/fiscal_affairs/bpm_acct/bpm-sect16.pdf
12		Board of Regents, Business Procedures Manual, Financial	http://www.usg.edu/fiscal_affairs/bpm_acct/bpm-sect13.pdf , p. 13-3 in PDF.

Number	DB Num	Document Title	Resource
		Management and Information Systems, Section 13.1	
13		Board of Regents, Business Procedures Manual, Purchasing and Contracts, Section 3.0	http://www.usg.edu/fiscal_affairs/bpm_acct/bpm-sect03.pdf
14		Board of Regents, Business Procedures Manual, Inventory, Section 11.0	http://www.usg.edu/fiscal_affairs/bpm_acct/bpm-sect11.pdf
15		Board of Regents, Business Procedures Manual, Capitalization, Section 7.0	http://www.usg.edu/fiscal_affairs/bpm_acct/bpm-sect07.pdf , p. 7-1 in PDF.
16, 21		Board of Regents, Policy Manual, Section 700, Finance and Business	http://www.usg.edu/regents/policymanual/700.phtml
17		Board of Regents, Business Procedures Manual, Section 20.0, Required Reports, Section 20.4.3	http://www.usg.edu/fiscal_affairs/bpm_acct/bpm-sect20.pdf , p. 20-9 in PDF.
18		Board of Regents, Policy Manual, Section 900, Facilities	http://www.usg.edu/regents/policymanual/900.phtml
19		Board of Regents, Business Procedures Manual, Section 20.0, Required Reports, section 20.4.6	http://www.usg.edu/fiscal_affairs/bpm_acct/bpm-sect20.pdf , p. 20-9 in PDF.
20		Board of Regents, Policy Manual, Section 708, Insurance	http://www.usg.edu/regents/policymanual/700.phtml
22		Board of Regents, Meeting Minutes April 2005, Fiscal Year 2006 Budget	http://www.usg.edu/regents/minutes/2005/apr05.phtml#bus2

Number	DB Num	Document Title	Resource
		Allocations	
23		Board of Regents, Business Procedures Manual, Section 8.0, Budget Process	http://www.usg.edu/fiscal_affairs/bpm_acct/bpm-sect08.pdf , p. 8-1 in PDF.
24		NGCSU Vice President of Business & Finance budgets homepage	http://www.ngcsu.edu/Bus_Fin/Budget%20Office/index.htm