



NAVAJO TECHNICAL UNIVERSITY

FISCAL POLICIES

Effective August 1, 2015

**Navajo Technical University
Fiscal Management Policies**

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Navajo Technical University Fiscal Management Policies

Introduction

This manual contains the fiscal management policies for Navajo Technical University (NTU). Policy and procedure development is a continuous process. New situations and issues give rise to the continuing need to develop new policies and procedures or revise existing ones.

NTU operates according to policies and procedures approved by the Board of Regents (BOR). The BOR, which represents the best interest of the community, adopts policies and procedures in accordance Navajo Nation laws and applicable federal regulations. The university administration implements them through specific regulations and procedures. The BOR periodically appraises the effects of its policies and makes revisions as necessary.

The Fiscal Management Policies Manual is the source of university policies used by university departments in carrying out their functions related to the administration of overall financial matters for NTU.

Goals

As trustee of university funds the Financial Services Office (FSO) has the responsibility to protect all funds and to use them prudently. FSO also recognizes that the quality and quantity of learning programs are related to both the amount of funding provided and the effective and efficient management of those funds. Therefore, FSO seeks to achieve the following fiscal management goals:

1. Administering funding received by NTU which supports quality education for the students.
2. Use the best available techniques for budget development and management.
3. Provide timely and appropriate information to all staff and faculty members who have fiscal management responsibilities.
4. Establish efficient procedures for accounting, purchasing, paying vendors and personnel, and all other areas of fiscal management.
5. Assure that funds are expended for the purpose for which they were budgeted.
6. Provide a complete and accurate accounting to all funding agencies as to the expenditure of awarded funds.

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GENERAL POLICIES

FISCAL YEAR

The university's fiscal year is June 1 to May 31.

DOCUMENTATION

Adequate documentation is to be maintained to support all financial transactions recorded in the accounting records. Expenses disallowed under federal contracts are to be identified and paid from non-federal funds. Supporting documents shall be retained in an orderly fashion. Journals, ledgers, subsidiary records, and unissued checks are to be properly safeguarded by the Financial Services Office (FSO).

Supporting documentation shall consist of but not limited to the following:

1. Purchases: purchase requisition, memo of justification, quotes, purchase order prepared from purchase request, and invoice(s);
2. Payments: receipts, packing slips, invoices, or pre-payment request as appropriate;
3. Travel: receipts will be required for lodging, airfare, baggage fees, tolls, airport parking, hotel parking, registration fees, rental car, rental car fuel, and travel expense report;
4. Reimbursements: original receipt(s) for all item(s) being reimbursed.

Supporting documents shall be stapled to the purchase/payment request as appropriate and filed in the appropriate vendor file in the appropriate fiscal year.

MATCHING FUNDS

When cash funds are needed for matching requirements, the source of these funds shall be identified in order to leave an audit trail prior to the submission of the grant application. This identification shall include:

1. The pertinent portion of regulations that allow the funds to be used for such purposes.
2. A clear explanation of the transaction shall be given; for instance, if the matching funds have not arrived on a timely basis, this shall be recorded.
3. All matching funds must be in place prior to starting the project. Some grantors require that the grantee's funds be used first.

A project code may be assigned for all matching funds used for a specific project.

ACCOUNTING PROCEDURES

NTU operates on the accrual basis of accounting. Under this method revenues are recognized in the period when earned and expenses in the period when incurred. Restricted revenues are recognized only to the extent of restricted expenditures and any additional funds available are recorded as deferred revenue.

In order to ensure observance of limitations and restrictions placed on the use of resources available to the university, the accounts of the university are maintained in accordance with the

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principles of "fund accounting." Separate funds, consisting of a group of self-balancing accounts, are maintained for each contract, grant, or program administered by the university. The operations of each fund are accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures.

Not all agreements provide for a period of performance which coincides with the university's fiscal year. For those programs the accounting records are maintained for the budget periods designated by the contract or grant agreements.

ACCOUNTING RECORDS

Accounting records for grant awards shall be maintained based on the beginning and ending dates of the award. All accounting records are to be maintained in accordance with generally accepted accounting principles and in compliance with federal regulations. The budget and accounting systems are compatible and should be maintained accordingly. A double entry bookkeeping system is to be used. The books are to be kept current and shall provide for the consistent identification of all costs. A chart of accounts providing identification of all budget line items shall be established.

JOURNAL ENTRIES

The university shall maintain an accurate system for making journal entries. The system shall have the following features:

1. A distinct number shall be generated for each journal entry
2. Documentation supporting journal entries shall be attached to the journal entry form.
3. Journal entries should never be made to the Fund Balance.
4. Journal entries should not be backdated except to reconcile accounts.
However, no journal entry should be backdated once the federal quarterly or monthly report is completed (i.e. SF 269, SF 270, FCTR, etc.)

ANNUAL AUDIT

The university is subject to the Federal Single Audit Act. An annual audit will be performed by a certified public accountant. The audit report shall serve as a final report to the funding agencies and as a management tool for the BOR and University Management.

The Single Audit Act requires that single audits be submitted within nine months after the end of the audit period, fiscal year, unless the cognizant or oversight agency for audits agree in advance to a longer period (they approve an extension).

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STRUCTURE OF THE ACCOUNTING SYSTEM

Jenzabar is the official accounting system used at NTU. The accounting system is a tool for accumulating the financial activities of the university. The primary responsibility for the information maintained in the system resides with FSO.

Accounts

1. The university receives funding from various sources, most of which is specified for certain types of expenditures. To enable the administrators of these funds to monitor and report on the activity of the funds, the accounting system must maintain separate records of each source of funds, and the expenditures from each source. This is accomplished by establishing separate accounts in the system, much as a bank establishes separate accounts for each depositor. An account is defined as a functional unit established for a specific purpose, with one individual having primary responsibility for its activity.
2. FSO is responsible for establishing accounts. This responsibility may be delegated. The accounts in Jenzabar are 15-digit numbers that are approved by the CFO. Similar types of accounts will all be in the same range of numbers.

Account Codes

To maintain detailed records of the dollar activity within an account, a series of account codes are used. Account codes are four-digit numbers that represent detail activity within an account.

Reporting

The transactions posted to an account are accumulated in the system. The responsible person (for example, Principle Investigator, (PI)) for the account is required to reconcile each account each month. This process verifies the balance of the account and identifies errors that must be resolved.

Account Classification

To comply with accounting and reporting requirements, accounts are classified into funds. These funds are described in the following paragraphs.

1. **Current Operating Funds:** Current operating funds are resources currently expendable by the University in direct support of its primary objectives. The current operating funds may be either unrestricted or restricted. Resources available for all purposes of the university, at the discretion of the BOR, are classified as unrestricted current operating funds. This group is further classified as general, designated and auxiliary funds.

Resources that are restricted for a specific purpose by persons or organizations

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outside the university are classified as restricted current operating funds. This group is further classified as sponsored project grants and contracts and other restricted funds.

2. **General Funds:** Unrestricted current operating funds not classified as designated or auxiliary funds. These funds primarily consist of tuition and fee revenue collections. General funds are used to support the academic programs and the general operating expenses of the University.
3. **Designated Funds:** Current operating funds that have been limited for a specific purpose by specific action of the BOR or by an administrative unit of the university authorized by the BOR to designate funds.

The designated funds account for the activities of indirect cost and administrative service charge recoveries, conferences, and certain instructional activities, such as the summer session, continuing education, international programs and extension programs. Also included are funds received from the sale of products or services that are not more appropriately classified as auxiliary enterprises according to the definition below.

4. **Auxiliary Enterprise Funds:** Auxiliary enterprise funds are those current operating funds, which generate revenue from an established auxiliary enterprise. An auxiliary enterprise is a separately organized university unit or activity established to sell products or services on a continuing basis and is managed essentially as a self-supporting business. The auxiliary enterprises generally support the instructional, research, or public service activities of the university. An auxiliary enterprise charges fees directly related to, although not necessarily equal to, the cost of the products or services. Sales of by-products of instructional, research, or public service activities are not classified as auxiliary enterprises. Examples of auxiliary enterprises include Residence Life, Intercollegiate Athletics, Bookstore, Copy Shop, Student and Employee Housing, Hospitality, Catering, Facility Usage/Rental and Cafeteria.
5. **Sponsored Project Grant and Contract Funds:** Funds received from Federal, State or other governmental agencies or private organizations that are provided on a contractual or grant basis with the restriction that the funds be used for a specific purpose. These funds may only be used for the intended purpose and must be spent in accordance with terms specified in an agreement established between the sponsor and the university. If not, the funds may revert to the sponsor.
6. **Other Restricted Funds:** Current operating funds received from outside sources with specific restrictions on how the monies are to be spent that are not more appropriately classified as sponsored projects. Included are restricted gifts, governmental grants for student aid, and private grants and scholarships.

Non-operating Funds: Non-operating funds are classified as endowment, plant and agency funds.

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Endowment Funds: Simply stated, an endowment is a special fund whereby the principal is held for investment and the interest earned on the principal is spent as directed by the donor.

Plant Funds: The unexpended plant funds, renewal and replacement funds, debt service funds, and the investment in plant funds together are called Plant Funds.

1. **Unexpended Plant Funds:** Unexpended plant funds are resources and any associated indebtedness to be used for the acquisition of physical properties for institutional purposes, which have not yet been expended. Indebtedness incurred to finance plant acquisition, construction, and the like, are included as a liability of the unexpended plant funds, until the proceeds of the indebtedness are expended. Examples of restricted unexpended plant funds include proceeds from the issuance of long-term debt and gifts. Unrestricted unexpended plant funds include capital or building renewal appropriations, as well as, funds set aside by the University from unrestricted fund balances.
2. **Renewal and Replacement Funds:** Resources accumulated for renewal and replacement of the capital facilities of the university.
3. **Debt Service Funds:** Accumulates resources for the payment of debt service charges and the retirement of long-term indebtedness. Examples of debt service funds include those for bonded indebtedness, Certificates of Participation, lease purchase agreements, and other forms of long-term indebtedness.
4. **Investment in Plant Funds:** Records the net capital acquisitions of the university. Capital assets are classified as land, buildings and improvements, infrastructure, equipment, library acquisitions, and construction in progress. The principal balance of liabilities incurred to acquire capital assets is recorded in this fund.

Agency Funds: Agency funds are resources held by the university in a fiduciary capacity for organizations or entities not directly affiliated with the university, such as the Student Activity Fee.

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BUDGET OVERVIEW

The Budget Committee, appointed by the President, is responsible for developing the university's annual operating budget. Grant budgets must be developed and maintained in accordance with sponsor guidelines as outlined in the Sponsored Project Agreement, and are monitored by the Contracts & Grants Accountant and Principle Investigator (PI).

Definitions

Budget: A plan of financial information which provides an estimate of proposed revenues or expenditures for a given period.

Budget Transfer: A movement of budget authorization from one account/sub-account/object code/sub-object code combination to another.

Budget Revision: An increase or decrease to the amount budgeted that does not affect another account.

Original Budget: An amount initially budgeted to an account.

Permanent Budget Change: A budget revision or transfer that adjusts the base budget for the next fiscal year. An example of a permanent budget change is the annualized transfer of funds to cover an increase to an employee's salary.

Temporary Budget Change: A budget revision or transfer that affects only the budget for the current fiscal year. An example of a temporary budget change is the transfer of Personal Services funds to Operations to hire a temporary employee from an outside service, such as Kelly Services, when a regular position is vacant.

BUDGET ADMINISTRATION

Funded Grant Application Process

When a grant proposal is awarded, upon acceptance by the BOR, the President signs the grant agreement accepting the conditions of the grant. Copies of grant agreements are maintained by the Contracts & Grants Accountant and with the PI.

Budget Expenditures

Budget expenditures must comply with the Federal Office of Management and Budget (OMB) requirements. Line-items are aligned with the funding agency approved budgets. This report, which includes account numbers assigned to the line-items, is given to the Project Director at the start of each budget period. It is the responsibility of the Project Director to be aware of the OMB requirements with oversight by the PI, Contracts & Grants Accountant and CFO.

Budget Monitoring

Budgets are monitored through the purchase requisition process. Purchase Requisitions (PR) are initiated by the Project Director. Budgets are monitored for compliance with line-item amounts and budget justification. It is the responsibility of the Project Director to be aware of allowable and unallowable cost, line-item restrictions and budget balances with oversight by the PI, Contracts & Grants Accountant and the CFO.

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Budget Revisions

Budget revisions are initiated by Project Directors. The revision is then presented to the Administration (President, CFO, and Contracts & Grants Accountant) for approval to submit to the funding agency for final approval based the requirements of the funding source. It is the responsibility of the Project Director to justify a budget revision request.

Cost Transfers

Cost transfers are done if and when a budget revision is requested and approved by the funding agency for expenditures greater than 10 percent of the approved budget. Cost transfers of less than 10 percent of the budget are addressed by over-expending and under-expending line items. It is the responsibility of the Project Director to control cost transfers through effective planning and fiscal management

Reporting

Reports are initiated by Project Directors (or other appropriate designation). The final version is then presented to the Administration (President and Contracts & Grants Accountant and CFO) for approval to submit to the funding agency.

Program Performance

The Contracts & Grants Accountant shall monitor the performance of all programs administered by the University in conjunction with the project director and the Financial Services Office. Quarterly reviews of each program will be performed to assure that time schedules are being met and performance goals are being achieved.

The CFO shall be responsible for the publication of an annual contracts & grants report reflecting the performance of university activities taken as a whole. In addition he/she is responsible for insuring that all narrative and financial reports are submitted when required.

Grants, Contracts, Sub-Contracts, MOAs, MOUs, Other Agreements

Any agreement between the University and any Federal, State, or Local government or any Private entity will only be signed by the President with the approval of the BOR.

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CASH & NON-CASH RECEIPTING

1. Responsibility for the collection of monies in connection with University activities is delegated to the CFO. The CFO should be contacted regarding any deviations from policies stated herein. All funds received from any source, for any university activity, must be deposited with the FSO. "University activities" include, but are not limited to:
 - a. Revenue producing activities using NTU facilities or personnel acting on behalf of the university.
 - b. Research or research related activities, both government and private, including:
 - i. Grants, contracts, and/or drug studies.
 - ii. Fixed price contracts and/or indirect cost recovery funds.
 - c. Restricted and unrestricted gifts.
 - d. Income from investments.
2. Departments that are authorized to perform cashiering functions and require a change fund must have approval from the department head and CFO. To establish a change fund, a Purchase Requisition and promissory note must be completed. The custodian's signature indicates intent to comply with the policies set forth in this section. Change fund promissory notes expire May 31 each year and must be renewed by the custodian of the fund if the activity is to continue. When the change fund is approved, Accounts Payable will issue a check to the custodian.
3. The university President and/or CFO is authorized by the NTU BOR to conduct business with approved banks and to provide authorization for the opening and closing of all bank accounts.
4. Any university employee (Change Fund Custodian, Staff or Student) who is performing any part of the cashiering function is required to attend a Cash Handling and Receiving training.
5. Money losses resulting from fraudulent or dishonest acts committed by a university employee are the responsibility of the department head who will be looked to with regard to the proper following of the herein set policies. Criminal charges may be filed depending on the severity of the offense.
6. Each department is required to maintain supporting documentation when operating a change fund. Forms required include: Over and Short Ledger; Cash register tapes; Daily Balance Sheets; Monthly Verification of Cashier's Money (surprise cash count); and a Direct Deposit Log, with a validated University cash receipt copy attached. Contact the Financial Services' Office for information.

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EXPENDITURE POLICY

This section provides the University policies on expenditures for purchases of goods and services. (Travel expenditure policies are discussed in the TRAVEL section.)

All request for purchase of goods and/or services must have an original Purchase Requisition (PR) form as well as the Jenzabar PR form.

Purchase Requests less than \$5,000.00 require at least one quote.

Purchase Requests \$5,000.00 - \$25,000.00 require at least three (3) competitive quotes.

Purchase Requests \$25,001.00 - \$40,000.00 require at least four (4) competitive quotes.

Purchase Requests \$40,001.00 - \$50,000.00 require at least five (5) competitive quotes.

Purchase Requests greater than \$50,000.00 require a Request for Proposal (RFP) a sealed bid and at least three (3) competitive quotes.

If the required number of quotes is not received, the request may be re-bid a second time in lieu of at least three (3) competitive quotes.

PURCHASING / PURCHASING AUTHORITY

CONTROL OF OBLIGATIONS

The President, assisted by the CFO and Program Directors/Principle Investigators/Chairs/Deans, etc., is responsible to the BOR for the acquisition of goods and services for university programs, in accordance with approved budgets.

1. All purchases made by the university are to be made through the use of purchase requisitions, purchase orders and in extenuating circumstances, university credit card. Purchases made out of pocket may or may not be reimbursed depending on supervisor approval and business justification. Approved purchase requisitions initiate the preparation of purchase order(s) by the Purchasing Technician.
2. Purchase Orders – Purchase orders shall be issued in compliance with the program budgets (contracts). If a proposed purchase is not authorized in the budget, it must be approved by a memo (email) from the funding source attached to the purchase order. Purchases of Services will also require a Professional Services Contract (PSC).
3. Credit Cards -- Purchases made from vendors who do not accept purchase orders may be made using the University's credit card(s) with approval of the CFO and a properly approved purchase requisition.

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Administrative Procurement Authority Levels.

COST PER VENDOR	POLICY
\$0- \$100,000	<p>The following identified positions shall have authority to approve procurement requests and procurement instruments at the following levels;</p> <ul style="list-style-type: none"> •Department Chairs shall have authority up to \$500.00. • Program/Department Managers and/or Deans shall have authority up to \$25,000.00, •Provost shall have authority up to \$50,000.00, •President shall have authority up to \$100,000.00.
Over \$ 100,000	<p>Prior approval through resolution of the BOR shall be required for all procurements over \$100,000.00 except for procurements over \$100,000.00 made by the President in exigent circumstances. The BOR shall ratify by resolution procurements over \$100,000.00 made by the President in exigent circumstances at the meeting of the Board following the procurement.</p>
Textbook & Instructional Supplies Ordering (For Resale)	<p>Textbooks and Instructional Supplies for resale must be ordered through the Bookstore using approved forms at least six weeks prior to the beginning of the semester. Textbook orders will Require Department Chair, Dean of Instruction and Dean of Business Affairs approval in addition to procurement level approvals.</p>
Construction	<p>All construction/renovation will follow NTU procurement and bidding requirements.</p>
Procurement Processing Authority Levels	<p>The identified positions shall have authority to sign off on certain official procurement instruments at the following levels;</p> <ul style="list-style-type: none"> •CFO shall have authority to sign Purchase Orders. President and/or the CFO shall sign all Financial Documents: credit applications, bank documents and those accompanying purchase order agreements. •President and/or the CFO shall sign all Procurement Contract agreements.

All procurements authorized under this provision shall comply with all requirements of the Procurement Policies for NTU and the applicable laws and regulations of the Navajo Nation including preference for Navajo / native vendors.

APPROVAL LIMITATIONS

1. The President shall have the authority to approve purchase requisitions of \$100,000.00 or less.
2. All purchase requisitions exceeding \$100,000.00 from a single vendor must have BOR approval, except for the following:

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- a. All payroll / payroll tax transfers and employee benefit transactions.
 - b. Monthly utilities.
 - c. Books and supplies for resale, including food and cafeteria supplies.
 - d. Risk Management Insurance Premiums.
3. The BOR shall approve an entire project or cost prior to payment. When a project or a payment schedule is approved by the BOR subsequent payments do not need to be approved by the BOR unless it is a renewal or a change order.
 4. If a purchase requisition was approved for less than \$100,000.00 but is invoiced for more than \$100,000.00, the purchase requisition and invoice shall be brought to the BOR for approval for payment at the increased amount prior to payment being processed.
 5. When a requisition/contract is approved with a payment schedule, each payment does not have to be approved by the Board.

UNAUTHORIZED PURCHASES

Unauthorized purchases will be at the employees' expense, and the university must be reimbursed within ten (10) business days of notification or the amount of the purchase will be deducted from the employee's next pay.

PURCHASE ORDER SIGNER

The purchase order must be signed by the CFO or designee.

PAYMENT OF ACCOUNT PAYABLES

Payments to vendors will not be made until the invoice is matched with the receiving report and Purchase Order. The Accounts Payable Technician will match the documents, verify computations, partial payments noted, and apply any credit memos.

Any prepayments to vendors prior to the receipt of goods and/or services must be approved by the CFO.

Employees and BOR members shall acquire goods and services by following the approved purchase procedures. Employees and BOR members are prohibited from obtaining goods and services on behalf of the university without prior approval.

CHECKS AND CHECK SIGNERS

All disbursements shall be made by pre-numbered checks.

1. All checks shall require two signatures. Authorized check signers must be approved by the BOR and shall include the President, the Dean of Instruction, Provost, Dean of Students, Accounting Manager, Registrar, and the CFO. Signing checks in advance of approval and the practice of drawing checks to cash are prohibited.

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2. A list of checks outstanding ninety days or longer shall be prepared monthly by the Senior Accountant. The list shall be reviewed by the CFO for determination of actions to be taken.
3. "Void after 90 days" shall be printed on the checks.

CHECK VOIDING

When checks are voided before being distributed, the signature line shall be cut out and the word 'void' placed on the front of the check. The voided check shall then be placed on file in a voided check file.

METHODS OF PROCUREMENT

SMALL PURCHASE METHOD

1. These are purchases of services, supplies, or other property that are under \$50,000.00 and are not capital projects.
2. The requestor should acquire a price or rate quote from at least three (3) sources if over \$5,000.00. (Refer Expenditure Policy)

SEALED BID

NTU shall follow the Navajo Nation Business/Procurement Code when such does not violate federal or grantor policy.

All contracts shall require a minimum of three bids whenever possible. Selection will be made taking into consideration the quality of materials or services desired and their contribution to program goals and shall conform to Tribal Ordinances. However, the BOR shall reserve the right to reject any and or all bids and to accept that bid which appears to be in the best interest of the University.

1. Sealed bid method is considered feasible for construction if all of the following are met:
 - a. A complete and realistic job description can be produced;
 - b. Three or more responsible bidders are available and will provide a bid;
 - c. The procurement lends itself to a fixed price contract.
2. When bid procedures are used for construction, advertisements will be made according to grant requirements and specifications and bid forms will be mailed to the approved bidders.
3. Bid for other than construction

In addition, suppliers and contractors shall be invited to have their name placed on mailing lists to receive invitations to bid. When specifications are prepared, they shall be mailed to all suppliers and contractors who have indicated an interest to bid.

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4. The bidder to whom an award is made will be required to enter into a written contract with the University.

COMPETITIVE PROPOSALS

This method will be used when the sealed bid method is not feasible. The requestor obtains prices from more than one provider, preferably three (3).

1. If this method is used, the following applies:
 - a. Request for proposal must be publicized, identifying all factors requested, and be provided to an adequate number of vendors;
 - b. The award will be given to the bidder whose proposal is the most advantageous to the program/university, with the price and other factors considered.

NONCOMPETITIVE PROPOSALS

Solicitation for proposals is from only one source or competition is considered inadequate unless the "Sole Source" method has been approved and must be approved by the funding source.

1. This method is only allowed if the other three methods are not feasible and one of the following apply:
 - a. Item is available from only one source; or
 - b. Item is a university or public emergency approved by the President and time does not allow for solicitation process; or
 - c. The Board of Regents authorized noncompetitive proposals; or
 - d. After solicitation, competition is determined inadequate: or
 - e. The item or service is specified in a contract or grant.

TEN PERCENT WITHHOLDING

The final ten percent of payments on construction agreements or contracts shall be held until the entire transaction is complete and satisfactory.

CONSULTANT SERVICES

The president/project directors/department heads/deans may contract for consultant services as long as such services do not exceed federal guidelines and selection of the consultant complies with Expenditure Policies.

SUSPENSION AND DEBARMENT

All vendors will be reviewed annually for their suspension and debarment status. The page shall be printed to be used as documentation that the company awarded the contract, bid, or proposal is not suspended or debarred.

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Bidders shall include a statement of good standing.

SOLE SOURCE JUSTIFICATION

Sole source justification is the rationale of the decision to use sole source solicitation as a procurement process. Sole source justification should be thoroughly documented. The burden of proof to justify sole source procurement falls to the requester who should prepare a document called Sole Source Justification and Approval.

The Federal Acquisition Regulation (FAR 6.302, Circumstances permitting other than full and open competition) describes the seven exceptions that can be invoked as sole source justification:

Competition Requirements (FAR Part 6)

Other Than Full and Open Competition (FAR Subpart 6.3)

Circumstances permitting other than full and open competition (FAR 6.302):

1. Only one responsible source and no other supplies or services will satisfy agency requirements.
2. Unusual and compelling urgency.
3. Industrial mobilization; engineering, developmental, or research capability; or expert services.
4. International agreement.
5. Authorized or required by statute.
6. National security.
7. Public interest.

The most frequently invoked justification for adopting a sole source procurement process is the first exception (FAR 6.302-1), i.e. when there is only one responsible source and no other supplies or services satisfy requirements usually defined in the statement of work (SOW). Under this exception, sole source purchase must meet one of the following criteria:

- Unicity, i.e. the item is only available from one single supplier (one-of-a-kind, parts maintenance, compatibility, standard compliance); or
- Immediacy, i.e. delivery date or delays resulting from competitive solicitation are not acceptable; or
- Emergency, i.e. delays resulting from other methods of solicitation are not bearable; or
- legitimacy, i.e. specific contexts (geographic, contractual, political, legal, military, security, etc.) may allow such a non-competition of sources; or
- Inadequacy, all sources are qualified as inadequate (compatibility, compliance, price, quality, service, support, etc.); or
- Exigency, i.e. any other specific reason dictating the choice of a given provider.

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Sole Source justification is also known as: source justification, sole source justification, sole source justification letter, sole supplier justification.

INAPPROPRIATE SOLE SOURCE JUSTIFICATION

Sole sourcing is not appropriately justified and justifiable when used as a method of selecting a preferred vendor. Notwithstanding the fact that they could be voided by potential sole source solicitation protests, purchases of this kind, when put under scrutiny, will surely attract auditors' interest in their quest for details suggesting a bit of favoritism, partiality, and other bias.

PETTY CASH FUNDS

Definitions

1. **Petty Cash:** A cash advance used to provide operating funds to authorized individuals (usually a moderate amount) for incidental departmental expenses and reimbursement for small dollar expenditures.
2. **Custodians:** A university employee designated by a dean or department head, who is responsible for the maintenance of the petty cash advance. The custodian is responsible for ensuring that the expenditures incurred or reimbursed from the advance are allowable in accordance with NTU policy.
3. **Petty Cash Voucher:** A pre-numbered two-part form used when reimbursing allowable expenses from the petty cash advance. One copy is attached to the original supporting documentation (later submitted to Accounts Payable when replenishment of funds is requested), and the second is given to the cash recipient. Petty Cash Vouchers may be obtained from any office supply store.

Policy Statements

4. A Petty Cash advance is available only to an employee of NTU.
5. Petty Cash cannot exceed \$250.00.
6. Petty Cash funds may not be used to reimburse expenses for sponsored project grant and/or contract accounts. If the expense should be charged to a sponsored project account, process the reimbursement request via a Purchase Requisition.
7. Petty Cash funds must not be used for types of expenditures which are prohibited by NTU.
8. Petty Cash funds should be physically separated from other types of advances in a secure locked drawer, a locked cash box, a safe accessible only to the custodian.
9. Records and receipts must be maintained to support all expenditures incurred or reimbursed from the petty cash advance. The receipts submitted for reimbursement must show evidence of being paid. If a receipt, bill or invoice was either not issued, or does not show evidence of being paid because payment was made by check, include the canceled check. The custodian should deny the request if the original receipts or attachments required by policy are unavailable, or if the request is not reimbursable under university policy. If a request to replenish the petty cash advance is refused due to lack

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of support or if the expenditure is disallowable, per university policy, the custodian will be held personally liable.

10. The use of Petty Cash funds is subject to university audit, and therefore the custodian is responsible for the proper disbursement of the funds, receipting, and record keeping according to university requirements. In addition, the custodian is responsible for maintaining an activity ledger of all receipts and disbursements of petty cash. The department is responsible for performing monthly surprise audits of the fund. Evidence of the audit, including the supervisor's sign-off, must be maintained.
11. The recipient who signed for the funds will be held personally liable for the funds advanced. In the event of termination of employment, the University Payroll Department may exercise the right-of-offset, or the university may take other legal action, as appropriate.

TRAVEL

NTU has secured the services of an on-line travel agency, AM-TRAV to facilitate university travel. Travelers are not required to utilize AM-TRAV but are encouraged to do so. Booking travel and lodging through AM-TRAV will result in the costs being charged directly to a University credit card.

Travel Authorization

Who and What Qualifies for Travel

1. Travel reimbursement for food and lodging is only for travel over 100 miles from the employee's duty post.
2. Foreign travel and travel to Hawaii and/or Alaska require the President's authorization regardless of the funding source.
3. Individuals who are eligible to be paid through the travel process are employees, students, volunteers and other affiliates traveling for university business purposes.

Any individual who is eligible to be reimbursed for travel expenses who is a visitor or an independent contractor, needs to be paid on a Purchase Requisition.

Only current employees are covered with insurance under the Worker's Compensation program through the Navajo Nation. Non-Employees are responsible for obtaining their own health and accident insurance.

Accountable Plan

1. NTU reimburses employees under an "accountable" business expense reimbursement plan. Reimbursements or other expense allowances made under an accountable plan generally are nontaxable and do not have to be reported by the employer on the employee's Form W-2.
2. This summary is meant to provide guidance for the majority of situations related to employee travel and business expenses, but it is not exhaustive. Any disputed expenses,

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whether or not specifically addressed in this summary, must meet applicable requirements of the Internal Revenue Code and Treasury Regulations in order to qualify for reimbursement under an accountable plan.

3. In order to qualify as an accountable plan, payments for expenses must meet the requirements of Internal Revenue Code Sections 62, 161, 162, 274, etc., as applicable, and related Treasury Regulations. These requirements include:
 - a. Business connection requirement -- Advances, allowances or reimbursements are only for specified deductible business expenses that are paid or incurred by the employee in connection with his/her services as an employee.
 - b. Substantiation requirement -- The employee must substantiate each business expense with a detailed record, such as a trip report or log, and documentary evidence, such as itemized receipts or paid bills, specifying the following:
 - i. The amount of each separate travel or business expenditure
 - ii. Dates of departure and return, or dates of expenditure
 - iii. Number of days away from home spent on business, if travel
 - iv. Address of business
 - v. Business purpose
4. Return of funds requirement -- If an advance was received, the employee must return to the employer, within 10 days after the trip ends, any amount in excess of the expenses substantiated.
5. Expense reimbursements should be submitted to FSO as soon as possible after the initial expense or completion of travel, and within a reasonable period of time. IRS guidance states that reimbursements submitted within 60 days will be treated as having been accounted for within a reasonable period of time. However, the university is a complex organization with diverse operations and unique circumstances in all its disciplines. As such, there is sufficient justification to have an additional 30 days added to the reasonable period in the University's Accountable Plan Policy. The following is additional guidance for employees:
 - a. Reimbursement requests submitted within 90 days will be considered qualified and nontaxable under the accountable plan. Reimbursement requests submitted after the 90th day will generally be nonqualified, and taxable to the payee. Nonqualified reimbursements are processed through payroll to collect the appropriate taxes and remitted to the IRS.
 - b. An exception may be requested by preparing and submitting a written justification and corrective action plan, approved by the department head and dean (or designee), along with the expense reimbursement to the CFO. Approved exceptions will be treated as qualified and non-taxable; otherwise, the payment will be treated as nonqualified. Multiple exception requests from an individual or unit will be subject to additional reviews and approvals.

Meals & Per Diem

Per Diem allowance

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1. Meal per diem allowances are determined by the traveler's destination (see the GSA.gov Meal Per Diem Guidelines).
2. Reimbursement will not be allowed for per diem or other subsistence expenses incurred on the premises of a traveler's own residence or other non-commercial establishment.
3. A traveler shall be allowed reimbursement for actual cost of meals in accordance with these rules but not to exceed the per diem allowance rates. When a traveler is entitled to a full day's allowance, the amount expended for any particular meal is left to the discretion of the individual, but the total for all meals in one day shall not exceed the maximum per diem allowance. The amount claimed for meals in any one day may be shown on the Travel Expense Report in a lump sum.
4. Per Diem Allowance: Meal per diem will be paid only for overnight travel. Per GSA guidelines, the first and last day per diem is at 75% of the daily rate.

Exceptions

5. Meals Provided: Whenever meals are provided at no additional cost to the traveler (including meals on planes, meals provided by lodging and meals included in conference registration fees), the traveler shall not be entitled to any meal allowance for those particular meals. If circumstances, such as unique dietary needs, make it necessary to forego the provided meal, then the traveler may claim up to the maximum meal allowance. In this case, an itemized receipt and a written explanation approved by the department is necessary. A traveler who is required to buy a meal, in excess of the particular meal allowance at a conference or meeting, may be reimbursed actual expenses provided a receipt (or brochure) and approved explanation are submitted.

Lodging

Allowable reimbursements

1. The individual must be on authorized travel status at least 100 miles from his/her designated duty post to be eligible for lodging reimbursement.
2. Lodging reimbursements are determined by the address on the lodging establishment's statement. The reimbursement amount is based upon the least expensive single room rate plus tax, in accordance with the rates listed in the GSA.gov rates.
3. If the department determines in writing that a situation exists which makes compliance with the allowed maximums impractical and the President or his designee approves, actual lodging costs may be reimbursed, even if the allowed maximums are exceeded. Such exceptions must be approved in advance and original itemized receipts are required.
4. Lodging costs incurred within 100 miles of the traveler's designated duty post or residence will not be reimbursed unless a situation exists which makes it necessary for the traveler to attain lodging. Lodging must be at a commercial establishment and the individual should always request the lowest available single room rate. Original itemized receipts are required. A letter of explanation approved by the department head must accompany the lodging expense claim. Reimbursement under this scenario is taxable income to the employee and will be reported on their W-2 form.

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Transportation

Policy

1. Reimbursement will be for the most direct and economical means of transportation to and from the traveler's destination. Explain any exceptions in an attached memo.
2. Per the "Fly America Act" federal air travelers are required to use United States air carrier service for all air travel and cargo transportation services funded by the United States Government.
3. Insurance - See Non-Reimbursable expenses.
4. University vehicles should be used for work-related travel. Privately Owned Vehicles (POV) mileage allowance shall be the per mile rate for business miles published in the Federal Travel Regulations at the beginning of the university fiscal year. The CFO through memorandum will provide notification of per mile rate changes. ONLY the University President may authorize an exception to the reimbursement rate.

FISCAL MISCONDUCT

It is against NTU policy to assign and pay an employee to perform duties not related to university business. Likewise, it is unlawful for an employee to accept payment for performing non-university work during working hours. For example, a supervisor may not ask a graphic designer to prepare a church brochure during work hours using university equipment and facilities, or report you as being at work when you are not here. If you believe that you have been asked to perform such work, contact the CFO (who is responsible for internal audits) or the Human Resources Director.

Misuse of University Equipment

No university equipment, to include facilities equipment and vehicles, may be removed from campus for personal use, unless included as part of the employee's employment contract.

Employee Responsibility

If any employee knows or suspects that other university employees are engaged in theft, fraud, embezzlement, fiscal misconduct, or violation of university financial policies, it is their responsibility to immediately notify the CFO (who is responsible for Internal Audits), the Director of Human Resources and the President.

PROPERTY MANAGEMENT

NON-EXPENDABLE PERSONAL PROPERTY

All non-expendable personal property having a useful life of more than one year and an acquisition cost of \$5,000.00 or more shall be referred to as "CAPITALIZED PROPERTY" and shall be capitalized. All other equipment shall be referred to as "SUPPLIES" and shall

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not be capitalized. Capitalized property will be tagged and recorded in the inventory control program and the Jenzabar accounting records.

1. The warehouse personnel shall tag all property with a tag showing the identification number assigned to each property item.
2. Property records shall be maintained accurately and shall include:
 - a. A description of the property
 - b. Manufacturer's serial number, model number, Federal stock number, or other identification number.
 - c. Source of the property, including grant or other agreement number.
 - d. Whether title vests in the University or the Federal Government
 - e. Acquisition date.
 - f. Percentage (at the end of the budget year) of Federal participation in the cost of the project or program for which the property was acquired.
 - g. Location, use, and condition of the property and the date the information was reported.
 - h. Unit acquisition cost.
 - i. Date of disposal and sales price or the method used to determine current fair market value where the university compensates the Federal agency for its share.
3. A physical inventory of all capitalized property shall be performed annually, preferably at the end of the fiscal year. The results shall be reconciled with the accounting and property and supply records. Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the cause of the difference. The university shall verify the existence, current utilization, and continued need for the property.

The university's asset management software will be used to record all data relating to capital assets.

This policy is in compliance with EDGAR, 34 CFR parts 74.34 and 80.32.

LAND, BUILDINGS, BUILDING IMPROVEMENTS

All real property, including land, land improvements, structures and appurtenances thereto, excluding moveable machinery and equipment, shall be capitalized. Such expenditures shall be recorded in the accounting records. Subsidiary records shall be maintained to show the detailed accumulation of real property acquisitions.

SUPPLIES AND MATERIALS

All items not considered equipment shall be classified as supplies or materials. Supplies, materials, etc. may be purchased according to program contracts and budgets, or as

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considered necessary for the operation and administration of the University programs. The purchase requisition process must be followed.

SALE OF PROPERTY AND EQUIPMENT

A list of excess property shall be compiled for the President's review. The list should include the tag number, property description, including serial numbers, date of acquisition, book value and estimated useful life.

Upon approval by the President, the CFO will arrange for the most economical disposition of the property. This may include auctions. Sealed bids or land-fill disposal.

Any funds generated by the disposal of the property will be deposited in the university's General Fund.

FINANCIAL REPORTS AND STATEMENTS

The financial statements shall be presented by the CFO each month to the President and Cabinet for review.

FEDERAL AGENCY

Monthly, quarterly, and year-end reports will be completed by FSO personnel, signed by the CFO and be promptly submitted to the federal funding agencies as required by the contract or agreement. All financial revenue and expenditure reports shall be reconciled with NTU's general ledger prior to submission and reconciliation documentation will be attached to each report monthly, quarterly, or annual.

Time and Effort Reporting

Time and effort reporting is required under the Federal Office of Management and Budget's Uniform Guidance. Accordingly, all NTU employees are required to submit Time and Effort reports through their supervisor to the Payroll Office where a file will be maintained. The reports will be submitted in accordance with NTU's procedures.

Failure to submit Time and Effort Reports may result in disciplinary action.

FEDERAL OMB UNIFORM GUIDANCE

The Office of Management and Budget "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Final Rule" was released in the Federal Register on December 26, 2013 (2 CFR Chapter I, Chapter II, Part 200, et al.). Per the OMB webpage this guidance "will supersede requirements from OMB Circulars A-21, A-87, A-110, and A-122 (which have been placed in 2 C.F.R. Parts 220, 225, 215, and 230); Circulars A-89, A-102, and A-133; and the guidance in Circular A-50 on Single Audit Act follow-up."

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GLOSSARY OF TERMS

Generally accepted accounting principles (GAAP) are the standard framework of guidelines for financial accounting used in any given jurisdiction; generally known as accounting standards or standard accounting practice. These include the standards, conventions, and rules that accountants follow in recording and summarizing and in the preparation of financial statements.

Fund accounting is an accounting system emphasizing accountability rather than profitability, used by non-profit organizations and governments. In this system, a fund is a self-balancing set of accounts, segregated for specific purposes in accordance with laws and regulations or special restrictions and limitations.

Plant funds, in general, are funds used for construction, renovation, and acquisition of Capital Assets. Capital Assets are tangible items with a useful life of at least one year and meet the university's capitalization criteria. Capitalizable expenditures include structural changes to a building that increase its usefulness (i.e. usable space), efficiency (i.e. elevator, roofing, HVAC), or asset life. In addition, work to improve infrastructure would be capitalized including parking lots, street and parking lighting, roads, sidewalks, and storm sewers.

Petty cash is a small amount of discretionary funds in the form of cash used for expenditures where it is not sensible to make any disbursement by check, because of the inconvenience and costs of writing, signing, and then cashing the check.

Request for Proposal (RFP) is a solicitation, often made through a bidding process, by an agency or company interested in procurement of a commodity, service or valuable asset, to potential suppliers to submit business proposals. It is submitted early in the procurement cycle, either at the preliminary study, or procurement stage. The RFP presents preliminary requirements for the commodity or service, and may dictate to varying degrees the exact structure and format of the supplier's response. Effective RFPs typically reflect the strategy and short/long-term business objectives, providing detailed insight upon which suppliers will be able to offer a matching perspective. Similar requests include a **Request for Quotation (RFQ)** and a **Request for Information (RFI)**.

Separation of duties (also known as "Segregation of duties") is the concept of having more than one person required to complete a task. In business the separation by sharing of more than one individual in one single task is an internal control intended to prevent fraud and error.