

PROCEDURES MEMORANDUM

TO: MCC Staff

FROM: Office of the President

SUBJECT: Coding of Expenses and Purchasing Signature Guidelines

DATE: November 17, 2016

PURPOSE: To establish procedures for processing and coding expenditure items within a cost center.

SCOPE: This procedure applies to cost center managers and other college staff responsible for budget administration and procurement.

GENERAL PRINCIPLES:

All items of expense charged to a cost center are the responsibility of the cost center manager. The budget is set up by object code within a cost center, so the cost center manager should assign charges to the appropriate object code. The cost center manager is responsible for checking the budget for available funds for the item. If funds are not available, arrangements must be made to make the necessary budget transfers before processing the transaction. All purchases shall be for legitimate business purposes as defined in Board Policy and other Procedure Memorandums; e.g. VI-36.

Account coding instructions

With the structure described herein, each cost center manager will be able to construct the account coding needed for expenditures within his/her cost center. Accounting Services will check for accuracy of the coding and for the availability of funds. Any changes made by Accounting Services will be communicated to the cost center manager.

The account number consists of 12 digits, broken down as follows:

<u>Fund</u>	<u>Location</u>	<u>Cost Center</u>	<u>Object Code</u>
XX	X	XXXXXX	XXXX

For example, the account number 01-4-12100-5320 can be broken down as follows:

01	General Fund	(Fund)
4	South Omaha	(Location)
12100	Automotive Technology	(Cost Center)
5320	Classroom Supplies	(Object Code)

Procurement

The role of the Purchasing Department is to review, approve and create Purchase Orders following guidelines established by State Statute, Board Policy and Procedure Memorandums.

All purchase requisitions must contain the complete 12-digit account number along with the appropriate signatures.

The following guidelines must be observed by all employees, including those purchasing with grant or other special use funds, prior to sending purchase requisitions to Purchasing.

Purchase Requisition approvals needed for all goods and services in the following order:

- a. Cost center manager approval is required on all requisitions not exceeding \$5,000;
- b. Approval by the Vice President of Academic Affairs, Vice President of Campuses and Student Affairs, Vice President of Technology and Administrative Services; and College Business Officer or Sr Aide to President is required on requisitions from \$5,000 through \$25,000;
- c. Approval by the College Business Officer is required on requisitions from \$25,000 through \$100,000;
- d. Presidential and Board of Governors approval is required on requisitions above \$100,000.

When capital expenditure purchases are contemplated, it is the cost center manager's responsibility to confirm that the item is included in the approved budget. Approved budgeted equipment is listed by ID number under the respective cost center in the annual "Proposed Budget and Plan to Administer the Budget." If not included in the approved budget, the cost center manager must justify the purchase to the appropriate Vice President or College Business Officer using the "Equipment Funding Request Form", that can be found in the Forms Bank.

With respect to technology equipment purchases, a Personal Computer Matching Group (PCMG) Committee reviews all proposed technology equipment purchases. This process was developed in a continuing effort to be cost effective, support institutional effectiveness, and provide proposed technology equipment users with a solid support system

- a. Staff member, after receiving approval from cost center manager, requests technology equipment purchase by completing and submitting the online “Microcomputer Equipment Request (PCMG Request) form, which can be found in the Forms Bank;
- b. The request will be sent to the PCMG Committee for analysis;
- c. If the technology equipment is non-supported/non-approved, the requestor and cost center manager will be notified;
- d. If the technology equipment request is approved by the PCMG Committee, the requestor and cost center manager will be notified by email. The email will specify the next steps necessary to purchase the technology equipment.
- e. A copy of the approval email should be attached to the purchase requisition that is sent to the Purchasing Department.

With respect to software purchases, a Software Review Committee reviews all proposed software purchases. This process was developed in a continuing effort to be cost effective, support institutional effectiveness, and provide software users with a solid support system.

- a. Staff member, after receiving approval from cost center manager, requests software purchase by completing and submitting the online “Request to Purchase Software Form,” which can be found in the Forms Bank.
- b. The request will be sent to the Software Review Committee for analysis.
- c. If the software request is non-supported/non-approved, the requestor and cost center manager will be notified.
- d. If the software request is approved by the Software Review Committee, the requestor and cost center manager will be notified by email. The email will specify the next steps necessary to purchase the software.
- e. A copy of the approval email should be attached to the purchase requisition that is sent to the Purchasing Department.

It is the responsibility of each department to route requisitions in the correct sequence. Any requisitions sent to Purchasing without proper signature(s) will be returned to the cost center manager before processing.

Accounting Services

The role of Accounting Services in the approval process is:

- a. To assist the cost center manager and Purchasing in verification of budget availability for the purchase. If budget is not available in the cost center (excluding equipment and personnel), the cost center manager must process a budget transfer request to cover the additional expense. Upon receipt of the approved budget transfer, the requisition will be processed.
- b. To verify the accuracy of the account coding to assure compliance with accounting principles and College policies and procedures. Typical examples include equipment items, that must be capitalized, or payments for services being charged to supplies, or vice versa. Whenever a change is made to account coding, the appropriate cost center manager will be notified.

- c. To verify that capital equipment purchases are either in the Approved Budget or have been properly approved.

At the end of each fiscal year, Accounting Services reviews outstanding purchase orders and calculates an amount to amend the subsequent year's budget to the relevant cost center for items that have been ordered but not yet received. The expense is then charged against the cost center in the new year as invoices for those purchase orders are processed, but because of the budget amendment it does not negatively impact the approved original budget.

Payroll

All Personnel Action forms, contracts and time cards forwarded to Payroll for processing must include a complete 12-digit account number and proper approvals before they can be paid. Note: the Kronos system incorporates the GL Number as defined in positions, but may require Cost Center Manager input for temporary changes to work assignments.

Adopted 3/21/90; Revised 5/28/01; 2/22/08; 12/13/10; 6/25/14; 11/17/16