

LUNA COMMUNITY COLLEGE

FINANCE & ADMINISTRATION



POLICY MANUAL

Effective Date: 1/27/2026

Luna Community College Finance and Administration Policy Manual

I. Mission and Purpose

The Luna Community College (LCC) Finance and Administration Department is committed to safeguarding the fiscal integrity of the College and ensuring the prudent stewardship of public resources.

This Policy Manual serves as the authoritative guide for all financial, purchasing, accounting, and administrative functions at LCC; its adoption effectively rescinds all previous procedural or policy documents related to finance and administration. Its primary purpose is to:

1. **Ensure Compliance:** Establish clear guidelines that adhere to all federal regulations, state statutes—including the New Mexico Procurement Code (NMSA 1978, Chapter 13, Article 1)—and policies set forth by the LCC Board of Trustees.
2. **Promote Efficiency:** Standardize processes to facilitate accurate, efficient, and timely financial operations across all departments and locations.
3. **Enhance Accountability:** Define roles, responsibilities, and internal controls necessary to protect College assets and provide transparency in financial reporting.

II. Scope of Departmental Operations

The Finance and Administration Department oversees core institutional support functions essential to the College's mission. The procedures detailed in this manual cover, but are not limited to, the following key areas:

- **Financial Planning and Budgeting:** Development, oversight, and management of the annual College budget.
- **Accounting and Financial Reporting:** Maintenance of accurate financial records and preparation of required internal and external reports.
- **Procurement and Purchasing:** Administration of all purchasing activities, contract management, and adherence to competitive bidding thresholds.
- **Asset Management:** Inventory, tracking, and disposition of college property and fixed assets.
- **Accounts Payable and Receivable:** Management of vendor payments, reimbursements, and collection of institutional revenues.
- **Grant and Restricted Fund Management:** Ensuring fiscal compliance with all terms and conditions related to grant awards and restricted funding.

III. Legal Framework

All procedures outlined herein are implemented to ensure full compliance with the laws of the State of New Mexico. The New Mexico Procurement Code governs all acquisitions, and the thresholds and methods outlined in the College's official Procurement Policy are mandatory components of this manual. All staff are required to familiarize themselves with and adhere to the College's Procurement Thresholds as detailed in Section 2 of the official Procurement Policy.

Compliance with the procedures in this manual is mandatory for all employees of Luna Community College.

Luna Community College Financial Planning and Budgeting Policy

I. POLICY STATEMENT

Luna Community College (LCC) is committed to sound financial planning and resource allocation through a transparent, comprehensive, and participatory budgeting process. The budget serves as the College's official financial plan, aligning all fiscal resources with the strategic priorities, mission, and goals approved by the LCC Board of Trustees.

II. PRINCIPLES OF FINANCIAL PLANNING

The LCC budgeting process shall be guided by the following principles:

1. **Strategic Alignment:** Budget allocations must directly support the College's current Strategic Plan, mission, and institutional priorities, including accreditation requirements and educational goals.
2. **Compliance:** All budgeting and financial practices must strictly comply with the New Mexico Higher Education Department (HED) requirements, state and federal laws, and Generally Accepted Accounting Principles (GAAP).
3. **Transparency and Participation:** The budget process shall be transparent, with opportunities for input from the Board of Trustees, administration, faculty, staff, and relevant College committees.
4. **Fiscal Responsibility:** The College will maintain a structurally balanced budget, ensuring that operating expenses do not exceed recurring revenue, and maintain adequate reserves for unforeseen circumstances.
5. **Data-Driven Decisions:** Budget decisions will be informed by enrollment trends, prior year expenditure analysis, program effectiveness data, and projected revenue streams.

III. ROLES AND RESPONSIBILITIES

Role	Responsibility
Board of Trustees	Final approval of the annual budget; fiduciary oversight of the College's financial health.
College President	Approves the final budget proposal prior to submission to the Board; ensures institutional alignment.
Vice President of Finance & Administration	Serves as the Budget Officer; directs and manages the entire budget preparation process; ensures technical and legal compliance.
Budget Committee	Reviews preliminary budget requests, makes recommendations to the President, and monitors budget performance throughout the year.

Department/Unit Heads

Develop and submit detailed operating and capital budget requests based on documented needs and strategic goals.

IV. ANNUAL BUDGET PROCESS CYCLE

The budget development cycle shall follow a recurring timeline, typically spanning from late Fall through the following Summer:

A. Phase 1: Planning and Guidance (Fall)

1. **Issuance of Budget Guidelines:** The Vice President of Finance & Administration issues annual budget instructions, timelines, and revenue projections based on the latest HED estimates and internal enrollment forecasts.
2. **Strategic Review:** The administration communicates the key institutional priorities to be addressed in the budget requests for the upcoming fiscal year.

B. Phase 2: Budget Development and Submission (Winter)

1. **Departmental Requests:** Department and unit heads prepare detailed operational and capital requests, justifying each request based on performance metrics, resource needs, and alignment with strategic goals.
2. **Review and Consolidation:** Finance and Administration reviews all submitted requests for accuracy, compliance, and fiscal feasibility.

C. Phase 3: Review and Recommendation (Spring)

1. **Budget Committee Review:** The Budget Committee analyzes the consolidated budget proposal, focusing on balancing needs with available resources, and provides formal recommendations to the College President.
2. **Presidential Review and Approval:** The College President reviews the recommendations and approves the final budget proposal for presentation to the Board of Trustees.

D. Phase 4: Adoption and Implementation (Summer)

1. **Board Approval:** The Board of Trustees formally reviews and adopts the final institutional budget, typically before the start of the new fiscal year (July 1st).
2. **Submission to HED:** The approved budget is submitted to the New Mexico Higher Education Department for final review and statutory compliance.
3. **Budget Implementation:** The approved budget is loaded into the College's financial system and serves as the expenditure control document for the fiscal year.

V. BUDGET MONITORING AND CONTROL

1. **Expenditure Control:** Department Heads are responsible for monitoring expenditures to ensure they remain within the adopted budget allocations. All expenditures must follow the LCC Procurement Policy.

2. **Budget Transfers:** Transfers of funds between line items or budget codes require the written approval of the appropriate Department Head and the Vice President of Finance & Administration. Transfers between major fund categories (e.g., General Fund to Capital Fund) may require Board approval.
3. **Monthly Reporting:** Finance and Administration shall provide regular, timely budget-to-actual reports to Department Heads and key administrators to facilitate effective resource management.
4. **Year-End Closing:** Formal procedures for year-end closing and carry-forward funds (if applicable) will be implemented by Finance and Administration consistent with HED and GAAP requirements.

Luna Community College Accounting and Financial Reporting Policy

I. POLICY STATEMENT

Luna Community College (LCC) is committed to maintaining an accounting system and preparing financial reports that are accurate, reliable, timely, and fully compliant with all applicable laws and standards. This policy establishes the requirements for recording financial transactions, ensuring proper internal controls, and providing complete financial transparency to the Board of Trustees, regulatory agencies, and the public.

II. STANDARDS AND GOVERNANCE

2.1 Accounting Standards

LCC's financial accounting and reporting shall strictly adhere to:

1. **Generally Accepted Accounting Principles (GAAP)** as applied to governmental entities.
2. **Governmental Accounting Standards Board (GASB)** pronouncements.
3. **New Mexico State Statutes** and regulations, particularly those set forth by the New Mexico Higher Education Department (HED).

2.2 Fiscal Year and Basis of Accounting

1. **Fiscal Year:** The College's fiscal year shall begin on July 1st and end on June 30th of the following calendar year.
2. **Basis of Accounting:** LCC shall utilize the **accrual basis of accounting** for all proprietary fund types (Enterprise and Internal Service Funds) and the **modified accrual basis of accounting** for all governmental fund types (General, Special Revenue, Capital Projects, and Debt Service Funds).

III. INTERNAL CONTROLS AND ACCOUNTABILITY

3.1 System of Internal Controls

The Vice President of Finance and Administration is responsible for establishing and maintaining a comprehensive system of internal administrative and accounting controls. This system is designed to provide reasonable assurance that:

- Transactions are executed in accordance with management's general or specific authorization.
- Transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain accountability for assets.
- Access to assets is permitted only in accordance with management's authorization.
- The recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken regarding any differences.

3.2 Segregation of Duties

A fundamental principle of internal control shall be the adequate segregation of duties. No single individual shall have control over all phases of a financial transaction, including authorization, recording, and custodianship of the related assets.

IV. FINANCIAL REPORTING REQUIREMENTS

4.1 Annual Financial Reporting

1. **Comprehensive Annual Financial Report (CAFR):** The Finance and Administration Department shall prepare a complete CAFR annually, providing an overview of the College's financial position and results of operations in accordance with GASB standards.
2. **Independent Audit:** LCC shall contract with an independent certified public accounting firm to conduct an annual audit of its financial statements. The audit shall be conducted in accordance with GAAP, Government Auditing Standards (the Yellow Book), and the requirements of the New Mexico Office of the State Auditor (OSA). The resulting audit report shall be submitted to the Board of Trustees, HED, and OSA.

4.2 Interim Reporting

1. **Board Reports:** The Vice President of Finance and Administration shall provide monthly or quarterly financial statements and activity reports to the LCC Board of Trustees, including reports on budget-to-actual expenditures, cash flow, and investment performance.
2. **Management Reports:** Timely budget reports, expenditure summaries, and revenue analysis reports will be provided to the College President and Department Heads to support effective resource monitoring and decision-making.

V. MANAGEMENT OF FIXED ASSETS AND INVENTORY

1. **Fixed Asset Capitalization:** All tangible assets that meet the College's capitalization threshold (as defined by state statute and internal procedures) and have an estimated useful life of more than one year shall be recorded and tracked.
2. **Inventory Records:** Procedures shall be maintained for the accurate accounting and control of consumable inventory and supply stocks.
3. **Verification:** Periodic physical inventories and asset verification counts must be performed to reconcile physical assets with recorded records. Detailed procedures for fixed asset management will be contained in the College's Asset Management section of this manual.

Luna Community College Procurement Policy

SECTION 1: GENERAL PROVISIONS

1.1 Policy Purpose

This Procurement Policy governs the expenditure of all Luna Community College (LCC) funds for the procurement of items of tangible personal property, professional services, services, and construction. The purpose is to ensure that all LCC procurement activities are conducted in a manner that maximizes competition, provides accountability, and strictly adheres to the requirements, standards, and dollar amounts established by the New Mexico Procurement Code.

1.2 Applicability

This policy applies to all LCC employees, departments, and agents involved in the acquisition of goods, services, or construction, regardless of the source of funds (State, Local, or Federal). All procurement procedures must be managed by or through the LCC Purchasing Department (Central Purchasing Office).

1.3 Prohibition on Splitting

LCC procurement requirements shall **not** be artificially divided or fragmented in any way to avoid the formal public competitive solicitation requirements established by the Code or by this policy.

SECTION 2: PROCUREMENT THRESHOLDS AND METHODS

The following dollar thresholds, **exclusive of applicable State and Local Gross Receipts Taxes (GRT)**, shall determine the required method of procurement for all items of tangible personal property, services (including professional services), and construction.

Procurement Value (Excluding GRT)	Procurement Method	Requirement
Determined By NMDFA	Small Purchase / Direct Buy	Best Obtainable Price
Determined By NMDFA	Informal Purchase / Competitive Quotes	Minimum of Three (3) Written Quotes
Determined By NMDFA	Formal Competition	Competitive Sealed Bid (ITB) or Proposal (RFP)

2.1 Small Purchases (Direct Buy)

1. **Requirement:** Procurements in this tier shall be made at the **best obtainable price**.
2. **Documentation:** Documentation demonstrating the best obtainable price (e.g., price comparisons, vendor catalog printouts, website price checks, or a single written quote/estimate) must be maintained in the procurement file.
3. **Use of P-Card:** Purchases using the LCC Purchasing Card (P-Card) must adhere to the P-Card policy and this threshold. The maximum single transaction limit on the P-Card will not exceed the Direct Buy threshold.

2.2 Informal Purchases (Competitive Quotes)

1. **Requirement:** LCC must solicit and obtain a **minimum of three (3) written, valid quotes** from responsible suppliers.
2. **Waiver of Three Quotes:** The requirement for three written quotes may be waived if documentation confirms:
 - The item is available only from a single source (which must be documented as a Sole Source).
 - An urgency exists (which must be documented and approved).
 - It is available on an existing LCC or State Price Agreement.
 - Competition is determined to be inadequate after solicitation.
3. **Award:** The contract shall be awarded to the responsive and responsible offeror providing the lowest price, except in cases where a higher price is justified by compelling documentation in the best interest of LCC.

2.3 Formal Competition (ITB or RFP)

1. **Requirement:** Procurements exceeding the state's threshold amount must be conducted via a formal, publicly advertised competitive solicitation process, either through an Invitation to Bid (ITB) or a Request for Proposals (RFP).
2. **Public Notice:** The solicitation must be publicly advertised in a manner designed to reach the maximum number of potential bidders, including posting on the LCC website and, if applicable, the New Mexico State Sunshine Portal.
3. **ITB (Goods/Construction):** Used when selection is based primarily on price and responsiveness to specifications. Award is made to the lowest responsive, responsible bidder.
4. **RFP (Services/Professional Services):** Used when factors other than price (e.g., proposer qualifications, methodology, experience) are the primary basis for award. Proposals are evaluated by a committee using pre-determined, weighted criteria.

SECTION 3: SPECIAL PROCUREMENT PROCEDURES

3.1 Emergency Procurements

An Emergency Procurement is authorized only when there is a sudden, unexpected, and unforeseen event that creates a clear and imminent threat to public health, welfare, or safety, or when an immediate need for supplies, services, or construction exists that cannot be met through standard procurement methods.

1. **Process:** An emergency procurement may be made without competitive sealed bids or proposals.
2. **Documentation:** LCC must document the nature of the emergency, the justification for the selection of the supplier, and the cost incurred, and provide this documentation to the Chief Procurement Officer for immediate reporting.
3. **Limitation:** This method is only for the goods or services required to meet the immediate emergency need.

3.2 Sole Source Procurements

A contract may be awarded without competitive sealed bids or proposals when the Chief Procurement Officer determines that there is only one source for the required supply, service, or construction item.

1. **Justification:** The justification must clearly demonstrate that the unique nature of the product or service, or the market conditions, preclude competition.
2. **Public Notice:** Notice of the proposed Sole Source procurement, including the justification, must be posted publicly for a minimum of thirty (30) days prior to award to allow potential competitors to protest or submit alternative information.

3.3 Cooperative Agreements and Price Agreements

LCC may procure goods and services under existing contracts that have been formally competed and awarded by the New Mexico State Purchasing Division (SPD), General Services Administration (GSA), or other recognized cooperative procurement organizations, provided the agreement allows for participation by New Mexico Community Colleges.

1. **Documentation:** Documentation of the underlying competitive contract and the vendor's willingness to extend the price and terms to LCC must be maintained.
2. **Exemption:** Purchases made under valid cooperative agreements are exempt from the competitive bid requirements of Sections 2.2 and 2.3.

SECTION 4: PROFESSIONAL SERVICES

Professional Services (e.g., legal, auditing, architectural, engineering) are subject to the same dollar thresholds as defined in Section 2, but their selection process is often governed by qualifications-based selection (QBS) for formal procurements under specific NMSA 1978 statutes.

SECTION 5: VIOLATIONS

Any violation of this policy or the New Mexico Procurement Code may subject the involved individual to civil and misdemeanor criminal penalties as defined in the Code (NMSA 1978, § 13-1-199). In addition, any LCC employee involved in a procurement where they, or an immediate family member, have a financial interest is subject to disciplinary action and potential felony penalties under New Mexico criminal statutes.

Luna Community College Asset Management Policy

I. POLICY STATEMENT

Luna Community College (LCC) is committed to the effective, efficient, and responsible management of all its physical assets. This policy establishes the requirements for the acquisition, recording, tagging, utilization, maintenance, security, and disposal of institutional assets to ensure accurate financial reporting, regulatory compliance, and maximum utility of resources.

II. SCOPE AND APPLICABILITY

This policy applies to all LCC tangible assets, including land, buildings, equipment, library collections, and vehicles, regardless of the funding source (State, Local, Federal, or Grant).

2.1 Capitalization Threshold

The College shall establish a capitalization threshold, reviewed and approved annually by the Vice President of Finance and Administration, consistent with guidelines from the New Mexico Higher Education Department (HED) and the Office of the State Auditor (OSA).

1. **Fixed Assets (Capital Assets):** Any tangible asset with a unit cost **equal to or exceeding the established capitalization threshold** and having an estimated useful life of **one year or more** shall be classified as a fixed asset and subject to formal tracking procedures, depreciation, and reporting.
2. **Sensitive Assets:** Items that fall below the capitalization threshold but are highly susceptible to theft or loss (e.g., computers, tablets, specialized scientific equipment) shall be classified as sensitive assets and require inventory tagging and tracking, even if not formally capitalized.

III. ASSET ACQUISITION AND RECORDING

3.1 Acquisition

All asset purchases, regardless of dollar amount, must comply with the LCC Procurement Policy and the established expenditure approval processes (Budget Monitoring and Control, Section V of the Financial Planning Policy).

3.2 Recording and Tagging

1. **Asset Tagging:** Upon receipt, the Finance and Administration Department (or designated personnel) shall promptly affix a unique, consecutively numbered identification tag (Asset Tag) to every fixed asset and sensitive asset.
2. **Asset Register:** All assets requiring tracking shall be recorded in the official Fixed Asset Register (FAR). The record must include, at a minimum:
 - Unique Asset Tag Number
 - Acquisition Date
 - Original Cost (or Fair Market Value if donated)
 - Funding Source
 - Asset Description and Serial Number

- Location (Building/Room Number)
- Custodian Department/Responsible Person

IV. CUSTODY, MAINTENANCE, AND SECURITY

4.1 Departmental Responsibility

The Department Head or Unit Supervisor to whom an asset is assigned (the Custodian Department) is responsible for the physical security, proper use, and necessary maintenance of that asset.

4.2 Asset Location Changes

Any movement of a fixed or sensitive asset from its recorded location to another location (internal or external) must be reported to the Finance and Administration Department within five (5) business days to ensure the FAR remains accurate.

4.3 Maintenance and Repair

Custodians must ensure that assets are adequately maintained to extend their useful life. Major repairs or improvements that extend the original useful life of a capitalized asset must be reported to Finance and Administration for potential re-capitalization.

V. INVENTORY VERIFICATION AND AUDIT

5.1 Annual Physical Inventory

The Finance and Administration Department shall conduct a complete physical inventory of all fixed and sensitive assets at least once per fiscal year (or biennially, as permitted by state statute).

1. **Verification:** The physical count must verify the existence, condition, and location of each asset against the official FAR.
2. **Reconciliation:** Any discrepancies (missing, surplus, or damaged assets) must be reconciled promptly. Unresolved discrepancies must be formally documented, reported to the College President, and, if theft or fraud is suspected, reported to local law enforcement.

VI. ASSET DISPOSAL (SURPLUS)

6.1 Requirements

Assets that are obsolete, irreparable, or no longer needed by the College must be formally declared surplus. No employee may dispose of a College asset without formal authorization.

6.2 Disposal Methods

The disposal process must comply with the New Mexico State Auditor's requirements for the disposal of public property. Authorized methods of disposal, prioritized by state regulation, may include:

1. **Transfer:** Transfer to another governmental entity or school district.
2. **Sale (Public):** Sale to the public via auction, sealed bid, or other transparent method to ensure the best value.

3. **Trade-in:** Used as a trade-in value toward the purchase of replacement assets, provided it is explicitly documented in the procurement file.
4. **Scrapping/Destruction:** Only after all other methods are determined unfeasible and formal approval has been granted.

6.3 Final Documentation

Upon disposal, Finance and Administration must update the FAR to remove the asset and retain all related surplus documentation (e.g., sale receipts, transfer forms, destruction certificates) for audit purposes.

Luna Community College Accounts Payable and Receivable Policy

I. POLICY STATEMENT

Luna Community College (LCC) is committed to accurate, efficient, and timely management of all institutional expenditures and revenues. This policy establishes the procedures and internal controls necessary to govern all Accounts Payable (AP) and Accounts Receivable (AR) activities, ensuring compliance with federal, state, and institutional financial regulations, and promoting responsible fiscal stewardship.

II. ACCOUNTS PAYABLE (AP)

2.1 Timely Processing and Payment

LCC strives to pay all vendors within the specified payment terms (typically 30 days from the date of a valid invoice or receipt of goods/services) to maintain good vendor relations and potentially capture early payment discounts.

2.2 Required Documentation

All requests for payment must be supported by complete and accurate documentation before processing. The standard payment packet must include:

1. **Authorized Purchase Order (PO):** Except for authorized exceptions (e.g., utility payments, approved sole-source), a valid and approved PO must be in place prior to the commitment of funds.
2. **Original Vendor Invoice:** A detailed invoice from the vendor clearly indicating the goods or services provided, the amount due, and the payment terms.
3. **Receiving Documentation:** Proof that the goods were received or services were satisfactorily rendered (e.g., a signed receiving report, packing slip, or departmental certification of completion).

2.3 Approval and Authorization

1. **Departmental Approval:** The Department Head or Unit Supervisor must formally approve the invoice, certifying that the goods/services were received as ordered, are acceptable, and that the expenditure is within the department's allocated budget (referencing the **Financial Planning and Budgeting Policy**).
2. **Finance Approval:** The Accounts Payable section of Finance and Administration shall verify the mathematical accuracy, compliance with the **Procurement Policy**, proper coding of the expenditure, and the availability of funds before processing payment.

2.4 Methods of Payment

The primary methods of payment shall be checks or electronic funds transfers (EFT). Use of Purchasing Cards (P-Cards) is strictly limited by the separate P-Card policy and is generally restricted to the **Small Purchase / Direct Buy** thresholds, as detailed in the **Procurement Policy**.

III. ACCOUNTS RECEIVABLE (AR) AND REVENUE

3.1 Centralized Revenue Collection

All institutional revenues, including tuition, fees, grants, donations, and miscellaneous sales, must be collected and processed through designated, centralized points of collection (e.g., Business Office, Cashier's Office).

3.2 Cash Handling and Deposit

1. **Receipting:** All collected funds must be receipted immediately and accurately.
2. **Timely Deposit:** All funds must be physically deposited with the College's bank daily, or whenever accumulated funds exceed **\$500.00**, whichever comes first. This ensures compliance with New Mexico State treasury rules and safeguards against loss.
3. **Reconciliation:** Daily collections must be reconciled by the collection point against the receipts issued and the bank deposit slips.

3.3 Invoicing for Non-Tuition AR

1. **Official Invoicing:** For revenues due from external parties (e.g., federal grants, rental income, external training contracts), official, numbered invoices must be issued by the Finance and Administration Department.
2. **Term Tracking:** Payment terms shall be clearly stated on all invoices, and the AR staff will actively track all outstanding balances.

3.4 Collections and Bad Debt

1. **Delinquency:** The Finance and Administration Department shall establish clear procedures for contacting debtors when accounts become delinquent (e.g., 30, 60, and 90 days past due).
2. **Write-Offs:** Accounts deemed uncollectible (Bad Debt) must undergo a formal review process. Any final write-off of institutional debt requires the approval of the Vice President of Finance and Administration and must comply with New Mexico State regulations regarding the disposition of state accounts.

IV. INTERNAL CONTROL AND REPORTING

4.1 Segregation of Duties

A strict segregation of duties must be maintained in both AP and AR functions. Specifically, no individual who authorizes an expenditure (AP) or receives/deposits funds (AR) should also be responsible for recording the transaction in the General Ledger.

4.2 Record Retention

All documentation supporting AP and AR transactions must be retained for the minimum period required by state and federal laws and the New Mexico State Records Center and Archives. These records must be readily accessible for internal and external audits.

Luna Community College Grant and Restricted Fund Management Policy

I. POLICY STATEMENT

Luna Community College (LCC) is committed to effective management and strict stewardship of all grant and restricted funds. This policy ensures that all funds received from external sources (federal, state, local, or private) are administered in full compliance with the terms and conditions of the award, all applicable laws and regulations, and LCC's internal fiscal procedures. All expenditures from restricted funds must be **necessary, reasonable, and directly allocable** to the specific project or program scope.

II. REGULATORY FRAMEWORK AND STANDARDS

All grant and restricted fund activities must adhere to the highest standard of financial accountability, including:

1. **Federal Grants:** Governed by the **Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR Part 200)**, commonly known as Uniform Guidance.
2. **State Grants:** Governed by the New Mexico State Statutes and any specific rules set forth by the granting agency (e.g., New Mexico Higher Education Department).
3. **Internal Controls:** All activities must align with the **LCC Accounting and Financial Reporting Policy**, particularly concerning internal controls and segregation of duties.

III. ROLES AND RESPONSIBILITIES

Role	Responsibility
Vice President of Finance & Administration	Serves as the official fiscal contact; responsible for all financial reporting, cash management, ensuring compliance with cost principles, and approving official grant budget releases.
Grant Project Director (PI)	Responsible for programmatic success, operational compliance, managing day-to-day expenditures, adhering to the approved grant budget, and submitting timely programmatic reports.
Finance Department (Grants Accountant)	Establishes separate general ledger accounts for each award; manages payroll allocations, monitors expenditure against budget lines, requests drawdowns of funds, and prepares required financial reports.
Academic/Executive Administration	Oversees the overall performance and alignment of the grant with institutional mission and ensures proper utilization of personnel funded by the grant.

IV. FINANCIAL MANAGEMENT AND CONTROLS

4.1 Separate Fund Accounting

1. **Fund Segregation:** Each grant award shall be assigned a unique project code or separate fund within the College's financial system. Funds from one grant **shall not** be commingled or spent on activities related to another grant.
2. **Budget Adherence:** Expenditures must strictly conform to the final, approved grant budget. Any changes or revisions to the functional or line-item budgets must be approved by the Grant Project Director, the Vice President of Finance & Administration, and the external grantor, if required by the award terms.

4.2 Allowability and Documentation

1. **Cost Principles:** All expenditures must meet the three core tests of the Uniform Guidance: they must be **Allowable** (permitted by the grant and LCC policy), **Allocable** (clearly benefitting the grant purpose), and **Reasonable** (necessary and consistent with market rates).
2. **Procurement:** All purchases of goods and services using grant funds must comply with the LCC **Procurement Policy** and adhere to the associated competitive thresholds.
3. **Payroll Certification:** Personnel charges to federal awards must be supported by time and effort documentation that accurately reflects the employee's work on the grant.

4.3 Cost-Sharing and Matching

If an award requires cost-sharing or matching funds, LCC will:

1. **Documentation:** Track and document all eligible committed costs (in-kind or cash) contributed by the College in the financial system.
2. **Compliance:** Ensure that the value of the matching contribution meets the minimum requirement and is non-federal in origin, unless otherwise specified.

V. REPORTING, AUDIT, AND CLOSEOUT

5.1 Financial Reporting

The Finance Department is responsible for submitting all required financial reports (e.g., Federal Financial Reports, expenditure reports) to the grantor agency on time. These reports must be certified by the Vice President of Finance and Administration.

5.2 Audit Requirements

LCC will comply with the **Single Audit Act** (as required by 2 CFR 200) if the College expends the minimum threshold of federal funds (currently \$750,000) in a fiscal year. Grant Project Directors must cooperate fully with internal and external auditors.

5.3 Closeout

Upon the end date of the grant period:

1. **Final Expenditures:** All expenditures must be incurred and liquidated within the grant period or subsequent liquidation period allowed by the grantor.
2. **Final Reports:** The Grant Project Director must submit all final programmatic reports, and the Finance Department must submit the final financial report and request final drawdown of funds.

3. **Record Retention:** All grant-related documentation (fiscal and programmatic) must be retained for the period required by the grantor, typically three (3) years from the date of final financial report submission, and must comply with the LCC **Record Retention Policy**.

LUNA COMMUNITY COLLEGE

Policy Approval & Implementation

Effective Date: January 27, 2026

The policies contained herein have been reviewed and approved by the Administration and the Board of Trustees of Luna Community College. By the signatures below, these policies are hereby established as the official governing documents of the institution, effective as of **January 27, 2026**.

All prior versions of these specific policies are superseded by this approval.

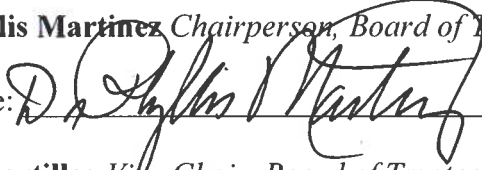
Administration Approval

Dr. Carol Linder *President, Luna Community College*


Signature:  Date: 1/27/2026

Board of Trustees Approval


Dr. Phyllis Martinez *Chairperson, Board of Trustees*

Signature:  Date: 1/27/26

Louise Portillos *Vice-Chair, Board of Trustees*

Signature:  Date: 1/27/26

Mark Dominguez *Secretary, Board of Trustees*

Signature:  Date: 1/27/26