

## COMMUNITY COLLEGE SYSTEM OF NEW HAMPSHIRE

Section: BOT 400 – Finance	Date Approved: December 20, 2007 Effective Date: January 1, 2008  Amended Date: August 4, 2020
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### **410 Financial Planning**

State law (RSA 188-F:6) delegates to the Board of Trustees "... The management and control of all the property and affairs of the Community College System, all of its colleges, divisions and departments.." In addition, (RSA 188-F 6 IV – XII) delegates a number of general authorities in the financial affairs area including, but not limited to, the following:

- Acceptance of legacies and gifts
- Acceptance of funds from all sources, including financial aid
- Preparation of the biennial budget.
- Preparation of the biennial capital budget
- Receipt, expenditure, allocation and transfer of funds
- Investment of current and reserve funds
- Establishment and collection of tuition, room, board and other fees
- Authority to enter into contracts, leases and other arrangements
- Acquisition of supplies, materials and services
- Acquisition of property, land, buildings and equipment.

#### 411 Trustee Delegation of Authority

The Board of Trustees delegates to its Executive Committee authority for development and coordination of all strategic planning.

The Board of Trustees delegates to its Finance Committee the responsibility for overseeing of fiscal policies related to long range planning and budgeting.

The Board of Trustees delegates to the Chancellor responsibility for administration of these financial policies and for preparation and presentation of such studies, reports, information and recommendations as are deemed necessary for the proper and effective exercise of the Board's fiduciary responsibilities.

#### 412 General Policy Concerning Financial Planning

The CCSNH and its constituent institutions shall engage in long-range financial planning to continually assess whether projected revenues and expenses are in balance and sufficient to meet stated mission and goals. The Board of Trustees shall be periodically advised as to these estimates and make appropriate adjustments to policies, procedures, and/or practices in order to provide for fiscally responsible operations over the longer term. As a minimum, the CCSNH will develop a tactical plan for each biennial period that coincides with the state funding request cycle. These plans will reflect priorities and positions articulated in system wide and campus strategic planning documents.

#### **420 Operating Budgets**

State law (RSA 188-F:6, VI) provides authority for the Board of Trustees to “prepare and adopt a biennial operating budget for presentation to the Governor and the General Court.”

#### 421 Trustee Delegation of Authority

The Board of Trustees shall approve a biennial operating budget for presentation to the Governor and General Court. The Board of Trustees shall also approve an annual operating budget including associated tuition rates and student fees.

The Board of Trustees delegates to the Finance Committee the responsibility and authority for:

- Review and recommendation to the Board of the proposed biennial operating and capital budget requests.
- Approval of the annual operating budgets of the Colleges and the System Office.
- Approval of any line item transfer in excess of \$300,000 from the Colleges and System Office.
- Review of budget-to-actual analysis of annual operating budgets twice per year in July and January.
- Review and recommendation to the Board of funds to be expended from System or College lapse accounts.

- Review and recommendation to the Board of funds to be expended from the Trustee Reserve Expendable Fund held by the CCNH Foundation.

The Board delegates to the Chancellor responsibility and authority for oversight and management of funds and other resources and with preparing documents in an appropriate and timely manner that require Committee review and/or approval.

#### 422 Chancellor Delegation of Authority.

The Chancellor, in turn, delegates to the President of each College responsibility and authority for:

- Assuring that units function with proper internal control procedures such that all budgets remain balanced and within authorized limits;
- Assuring that any and all transactions requiring higher level review and/or approval are identified and forwarded in an appropriate and timely manner; and
- Assuring explanations and documentation of authorized adjustments, transfers, and/or revenue/expense patterns be provided in an appropriate and timely manner to officials for reporting purposes.

#### 423 Reporting

State law (RSA 188-F:6, VIII) requires "... CCSNH shall report the amount and purpose of all transfers from one PAU of the budget to a different PAU to the Fiscal Committee of the General Court by November 1 of each year. Copies of such reports shall be sent to the House Education Committee and the Senate Education Committee." This report will also be sent to the members of the Finance Committee and Audit Committee of the CCSNH Board.

State law (RSA 188-F:11, I, II) requires additional reports:

"1. The chancellor and the chairperson of the Board of Trustees of the CCSNH shall issue a joint report annually which shall include detail on the proposed use and distribution of federal vocational and financial aid funds, ongoing upgrades to the information technology systems used by the CCSNH, and the overall operation of the CCSNH including financial status, enrollment data, and program administration. Such

report shall be completed by October 15 of each year. A copy of this report shall be delivered to the Chairman of the House Education Committee and Senate Education Committee, the Speaker of the House of Representatives, President of the Senate, the Governor, the Senate Clerk, the House Clerk, and the State Library. This report will also be sent to the members of the CCSNH Board of Trustees.

II. Each year the Chancellor of the CCSNH, as well as one representative from the Board of Trustees and the Presidents of each institution shall appear before the House Finance Committee and the Senate Finance Committee to review the System's programs, cost analysis, revenue projections, and any other information detailed in the written report."

#### 424 Tuition and Fees

State law (RSA 188-F:6, VIII) provides the Board of Trustees to "Establish and collect tuition, room and board, and fees, and to set policies related to these and other charges, including fees for the reasonable use of Community College System of New Hampshire facilities."

The Board of Trustees will establish tuition, including In-State, Out-of-State and NERSP, Running Start tuition, Academic Instruction Fees, Room, Board, Comprehensive Student Services Fees, and Specific Program Surcharge fees.

##### 424.1 Trustee Delegation of Authority

The Board of Trustees delegated the authority to the Chancellor, in conjunction with Presidents, to establish System fees which are common to all colleges.

##### 424.2 Chancellor Delegation of Authority

The Chancellor delegates authority to Presidents to set other College fees specific to their college (i.e. facilities, fines, parking, child care, testing, course fees). College fee changes will be reported to the Chancellor's office on July 1 of each year.

### **430 Contracts and Grants**

State law (RSA 188-F:6, XI) provides authority for the Board of Trustees to "enter into any contract, lease, and any other instruments or arrangements that are

necessary, incidental or convenient to the performance of its duties and responsibilities.”

#### 431 Trustee Delegation of Authority

The Board of Trustees delegates to the Finance Committee the responsibility and authority for:

- The review and approval of proposed contracts, leases or arrangements in the amount of \$500,000 or more, or those arrangements unusual by complexity or intent, or cost in excess of \$100,000 and was not originally in the budget as approved by the Board of Trustees.

The Board of Trustees delegates to the Chancellor the responsibility and authority for approval, oversight and management of all other contracts, leases or arrangements.

- The Chancellor, in turn, delegates to the President of each College the responsibility and authority for approval, oversight and management of contracts, leases or arrangements within parameters and processes established by the Chancellor.

#### 432 Grants

State Law (RSA 188-F:6 V) provides authority for the Board of Trustees to “accept any moneys accruing to the community college system and its colleges, or moneys appropriated by or received from the United States government or the State of New Hampshire, including federal financial aid, and any grant moneys from state or federal governmental agencies, public or private corporations, foundations or organization for the benefit and support of the community college system.”

##### 432.1 Trustee Delegation of Authority

The Board of Trustees delegates to the Chancellor the responsibility and authority for acceptance, approval, oversight and management of all moneys/grants as identified in RSA 188-F:6 V above and to report to the Board.

- The Chancellor, in turn, delegates to the President of each College the responsibility and authority for approval, oversight and management of grants in the amount of \$50,000 and under within parameters and processes established by the Chancellor.

## **440 Purchasing**

State Law (RSA 188-F:6, XII) provides authority for the Board of Trustees to “acquire consumable supplies, materials, and services through cash purchases, sole source purchase orders, bids or contracts as necessary to fulfill the purposes of this chapter.”

### 441 Trustee Delegation of Authority

The Board of Trustees delegates to the Finance Committee responsibility for approving, overseeing and making recommendations to the Board on equipment, supplies and materials.

The Board of Trustees delegates to the Chancellor the responsibility and authority for approval, oversight and management of the CCSNH policies and procedures for purchasing of goods and services.

- Assuring that such policies and procedures have proper internal controls according to audit principles.
- Assuring that any and all transactions requiring higher level review and/or approval are identified, forwarded and acted upon in a timely manner.

### 442 General Policy on Acquisition of Equipment, Supplies and Materials

- In general, equipment, supplies, and materials shall be acquired under a competitive bidding process. The Chancellor shall develop and carry out prudent procedures establishing the form and application of the competitive bidding process which shall clearly describe accountability.
- The Chancellor's office must review and approve all acquisitions of equipment, supplies and materials where CCSNH either did not use a competitive bidding process or awarded the contract to other than the low bidder.
- The System shall maintain appropriate inventories of equipment, supplies, and materials of significant value pursuant to procedures developed by the Chancellor.

#### 443 General Policy on Gifts of Equipment, Supplies and Materials

- State law authorizes the Board of Trustees to accept gifts of equipment, supplies, and materials given to, or for the benefit of, the System and its component institutions
- The Chancellor shall develop and implement prudent procedures for the evaluation, receipt, and acceptance of gifts of equipment, supplies, and materials. A proposed gift may be accepted only if its value to the System (whether financial, educational, or otherwise) is greater than its attendant cost, including exposure to financial, legal, or other risks.

Acceptance of all gifts of equipment, supplies, or materials with a fair market value less than \$50,000 shall be delegated by the Chancellor to the President of each CCSNH institution. Acceptance of all gifts of equipment, supplies or materials with a fair market value in excess of \$50,000 shall be approved by the Chancellor.

#### **450 Investment Management**

State Law (RSA 188-F:6, IX) provides authority to the Board of Trustees to “invest any funds not needed for immediate use, including any funds held in reserve, in property and securities in which fiduciaries in the state may legally invest fund.”

#### 451 Trustee Delegation of Authority

The Board of Trustees delegates to its Finance Committee the responsibility and authority for the investment of funds. The Finance Committee delegates to the CCSNH Chief Financial Officer the responsibility and authority for (a) developing and maintaining appropriate staffing, systems, procedures and controls to carry out investment management policies within the investment guidelines approved by the Finance Committee; (b) daily management of cash and investment transactions and relations with external advisors, managers, funds, banks, and other financial services firms; (c) monitoring general economic and financial conditions, determining the short-term and long-term cash needs of CCSNH and its colleges, and effecting timely tactical decisions to meet the best interest of CCSNH in the judgment of the Chief Financial Officer; and (d) from time to time recommending modifications to policies, guidelines, processes and advisors as appropriate.

## 452 Policy on General Investment Principles

In general, the conceptual framework for investment policies, guidelines and procedures set forth in the Uniform Prudent Management of Funds Act (UPMIFA), RSA chapter 292-B shall govern investment of institutional funds including pooled cash and endowment funds. More specifically, each person responsible for managing and investing CCSNH funds shall do so with loyalty to CCSNH, in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances. RSA 292-B:3 Factors to be considered in managing and investing CCSNH funds, if relevant, include general economic conditions, the possible effect of inflation or deflation, the role that each investment or course of action plays within the overall investment portfolio, the expected total return from income and the appreciation of investments, other resources of CCSNH, the needs of CCSNH and its needs for the specific fund to make distributions and to preserve capital, and the specific fund's special relationship or special value, if any, to the charitable purpose of CCSNH.

Management and investment decisions about an individual asset must be made not in isolation but rather in the context of the institution funds portfolio or investments as a whole and as a part of an overall investment strategy having risk and return objectives reasonable suited to the fund and CCSNH.

CCSNH investment of endowment and non-endowment funds shall generally be diversified unless because of special circumstances, the purposes of the fund are better served without diversification.

Where CCSNH relies on a person that has special skills or expertise, or is selected in reasonable reliance upon the person's representation that the person has special skills or expertise, that person has a duty to use those skills or that expertise in managing and investing CCSNH funds.

If CCSNH chooses to delegate to an external agent the management and investment of funds, CCSNH shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, in selecting an agent, establishing the scope and the terms of the delegation consistent with the purposes of the funds, and periodically reviewing the agent's actions in order to monitor the agent's performance and compliance with the scope and terms of the delegation. RSA 292-B:5.

## 453 Finance Committee Responsibility to Adopt Investment Guidelines

More specific investment guidelines shall be adopted by the Finance Committee to address the general principles set forth above and additional factors such as identification of risks, determination of tolerance of risk, asset



allocation targets, diversification of investment strategy, diversification of investment managers, permitted investment securities, collateralization requirements, safekeeping of assets, ethics and conflicts of interest, measurement of investment performance, and periodic monitoring and reporting.

#### **460 Internal/External Audit and Compliance**

State Law (RSA 188-F:6, XVIII) provides authority to the Board of Trustees to “adopt principles of effective self-governance to assess Board processes, policies and operations in light of such principles.”

##### 461 Trustee Delegation of Authority

The Board of Trustees delegates to its Audit Committee the responsibility and authority for the establishment and oversight of the internal and external audit and compliance functions of the CCSNH.

##### 462 Internal Audit/Compliance

The purpose of the CCSNH Audit and Compliance function is to assist the Board of Trustees and management in establishing and maintaining policy and procedures that adequately protect the assets of CCSNH, and to provide the Board of Trustees and management an objective appraisal of compliance with, and adequacy of, existing internal controls.

The internal auditing function is an objective appraisal activity within CCSNH overall organizational structure. The Internal Audit Department is specifically authorized and directed to:

- Have full, free and unrestricted access, consistent with all applicable laws, to all CCSNH functions, files, records, property, and personnel.
- Determine whether management’s policies, procedures and instructions are followed in a manner consistent with CCSNH objectives.
- Evaluate any matter that comes to its attention that, in the judgment of the Internal Audit Director, would require a change in policy, procedure, or instruction in order to safeguard CCSNH assets.

- Issue reports to members of management who should be informed or who should take appropriate action, showing the results of the internal audit review and offering recommendations for required improvements. The Internal Audit Director will ensure that all formal audit reports are delivered to each member of the Audit Committee of the Board of Trustees.
- Obtain and evaluate plans or actions taken to implement audit recommendations from internal or external auditors and recommend further plans or actions if appropriate.

#### **470 Reserves/Minimum Unrestricted Cash Position**

Reserves address the volatility of CCSNH revenue sources due to heavy reliance on tuition and fees, which varies with state demographics and economic conditions that impact student enrollment. Although as many funds as possible should go to student and academic resources, reserves protect against liquidity challenges, extreme events and other vulnerabilities that could otherwise necessitate sudden service cutbacks. The Board of Trustees recognizes that reserves, as unrestricted cash positions, play a critical role in the overall financial health of CCSNH. Moreover, the Board of Trustees understands the accumulation of excessive unrestricted cash by the colleges may hinder our ability to deliver a quality education to those we serve. It is with these considerations that the Board of Trustees establishes this policy.

It will be the responsibility of the System Office to calculate all college unrestricted cash positions once the fiscal year independent financial audit has been completed. Unrestricted cash positions will also be reported during the fiscal year in conjunction with each College's financial forecast. Unrestricted funds are those considered to be available for use at the discretion of a College or the System Office, without any restrictions from outside parties. For the purpose of this policy, only College and System Office operating and auxiliary funds will be considered unrestricted. Student government, grants and capital funds are not considered unrestricted for the purpose of this policy.

Unrestricted cash positions accumulate within funds via income net of any other changes to cash that may occur during a fiscal year. Examples of other changes to cash include, but are not limited to, changes in accounts receivable and payable, proceeds from issuance of capital debt or payments of principal on capital debt.

The Board of Trustees hereby establishes that each College, exclusive of the System Office, shall maintain a minimum unrestricted net cash position of five percent and target an unrestricted cash position of ten percent of total operating expenses and any current year principal due on debt. The Board of Trustees also recognizes the importance of maintaining a strategic reserve of unrestricted cash,

and it is therefore established that the System Office will maintain a minimum cumulative unrestricted cash position of \$2 million. Funds maintained by the System Office in excess of this will be discussed with the Board of Trustees Finance Committee to determine distribution or maintenance of the excess funds. A College may expend funds not specifically authorized by the Board of Trustees in their annual budgets if this expenditure does not result in its unrestricted cash position falling under the minimum threshold. This will be made clear to the Finance Committee when approving fiscal year budgets.

If a College falls outside of the minimum it will, in conjunction with the System Office, develop a plan to bring their unrestricted cash position within the boundaries of the policy. The timeframe for achievement will be determined in conjunction with the System Office. The plan will require the approval of the Finance Committee.

All uses of a college reserves fund must be approved by the President and all uses of the System Office reserves fund must be approved by the Chancellor. The Finance Committee shall be given notice when reserve funds are used, and CCSNH will provide an annual status update on reserves as part of the budgeting process.