



Policy Type: Executive Limitations
Policy Title: Financial Condition
Policy Number: 3.5
Office Responsible: CEO
Related Policies: 1.3 and 3.4
Related Procedures: N/A
Related Laws: Michigan Community College Act
HLC Criterion: 2A, 2B, 2C

Policy Statement

The Board has a fiduciary responsibility to ensure that public funds are used in a transparent, ethical and fiscally responsible manner. The Board adopts a budget for College operations, which will be administered by the CEO who shall administer this Board-approved budget within parameters approved by the Board and shall protect the College from financial risk.

Accordingly, the CEO shall not:

1. Fail to comply with laws, administrative codes, rules, or agency regulations that apply to college activities.
2. Fail to comply with the College’s administrative policies, administrative rules, guidelines and procedures.
3. Materially deviate from the approved budget by:
 - a. Expending more funds, without prior Board approval, than have been budgeted in the fiscal year without prior Board approval, except in emergencies.
 - b. Failing to notify the Board of an emergency purchase within a reasonable timeframe and to seek budget amendment, as may be appropriate.
 - c. Obligating the organization in an amount greater than can be repaid by unencumbered revenues within the current fiscal year or can be repaid from accounts previously established by the Board for that purpose.
4. Make any purchase without prudent protection against conflict of interest.
5. Fail to implement a system that subjects all contracts for goods and services to a periodic cycle of review for quality and cost, including an assessment of the market.
6. Accept gifts or grants that require the College to commit resources (both human and financial) unless the gift or grant advances the achievement of the Boards Ends, aligns with the College’s strategic priorities, and has been endorsed by an impact analysis on future resources.
7. Fail to assist the Board with conducting an annual independent audit of the College that is consistent with Michigan law.
8. Operate without maintaining and improving, as may be necessary, the internal control structure and procedures for financial reporting.
9. Fail to implement a system to ensure that tax payments or other government-ordered payments are submitted in a timely manner.

Change Log

Date of Change	Description of Change	Responsible Party
4/17/2018	Initial policy approved by Board to become effective 7/1/2018	Board of Trustees
7/1/2018	Effective date of initial policy	Board of Trustees