

NMMI ACCOUNTING AND BUSINESS POLICIES AND PROCEDURES MANUAL





New Mexico Military Institute Business Policies and Procedures Manual

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SECTION 1: INTRODUCTION



POLICY	POLICY NUMBER
Introduction	1.01
Mission and Vision for Business and Finance	1.02
Goals and Objectives	1.03
Vice President of Finance (Personnel Director)	1.04

1.01 INTRODUCTION

1. General

This Policies and Procedures Manual collects in one place, the business office philosophies and policies and procedures of NMMI. This manual is designed to describe the existing accounting and business policies and procedures that have been established. These policies and procedures have been designed to help safeguard NMMI's assets and to promote accuracy, efficiency and consistency in the day-to-day administration of business and finance. Managers and supervisors are expected to become familiar with these philosophies, policies and procedures and to apply them consistently so that NMMI will adhere to the State of New Mexico related statutes, Generally Accepted Accounting Principles, and good business practices.

If there are questions about the content or requests for information on other subjects, which might be included in this manual, please inquire with the Vice President of Finance.

2. Changes in Policy

This manual supersedes all previous business office manuals.

While every effort is made to keep the contents of this document current, this manual is not all-inclusive and the information it contains is to be used as guidelines. NMMI reserves the right to change, amend or terminate any of its accounting and business policies and procedures at any time for any reason.

1.02 MISSION AND VISION FOR BUSINESS AND FINANCE

1. Strategic Plan

NMMI's Business and Finance department plays an integral part in supporting the Strategic Plan. The Business and Finance department has established its vision and mission to align its services and outcomes with the overarching mission of the Institute. Goals and objectives are developed to support the mission related outcomes and are included as a section in this manual to communicate the expectations and results to the stakeholders.

2. Vision Statement

NMMI's Business and Finance departments strive to play a leadership role in supporting the entire Institute by excelling in business and accounting expertise and providing solutions while maintaining good stewardship of our resources. The division is committed to provide exemplary service through teamwork, sound fiscal policies, efficient and effective processes, and technological advances.

3. Mission Statement

NMMI's Business and Finance department supports the academic, leadership and physical fitness missions of NMMI by providing fiscal leadership, safeguarding NMMI financial assets, ensuring regulatory compliance, administer good business practices and providing timely delivery of services to faculty, staff, cadets, parents and other entities.

1.03 GOALS AND OBJECTIVES

- 1. Strategic Plan #3: Optimize capital resource management**
Ensure management of and accountability for capital resources available to NMMI in support of academic, leadership and physical performance programs.

- 2. Goal 1: Demonstrate excellence in fiscal responsibility and accountability**
 - 2.1. Objective: External Audit Report with no findings
 - 2.1.1. Measurement: 0 Findings

 - 2.2. Objective: Obtain GFOA Certificate of Excellence for Financial Reporting
 - 2.2.1. Measurement: CAFR certification

- 3. Goal 2: Ensure budgetary process aligns with strategic mission**
 - 3.1. Objective: Identify enhanced budget steps
 - 3.1.1. Measurement: Budget policies and procedures
 - 3.1.2. Measurement: Meets accreditation team review

- 4. Goal 3: Ensure the effective use of financial resources to support the Institute's mission**
 - 4.1. Objective: Expenditure as a percentage of Instruction and General meet or exceeds benchmarks or standards.
 - 4.1.1. Measurement: Comparative allocation ratios with other NM schools

1.04 VICE PRESIDENT OF FINANCE (PERSONNEL DIRECTOR)

1. General

The Vice President of Finance is the chief financial officer of the Institute and is responsible for all financial activities of NMMI. The Vice President of Finance is responsible for managing the overall financial operations of NMMI. This includes the authority to sign, execute, and implement agreements, contracts, bonds, and documents incident to the management and control of the business affairs of the Institute; managing internal controls to mitigate risk; creating and presenting financial status and financial condition reports to internal and external parties, ensuring that the official accounting records of NMMI are up-to-date and accurate; safeguarding the assets of NMMI to minimize risk of financial loss; and developing and maintaining strong and high-quality financial tools that promote NMMI's future financial stability.

1.1 Specific Responsibilities

- 1.1.1 Planning and management of NMMI's financial affairs within the authority granted by the Board of Regents and President/Superintendent.
- 1.1.2 Legislative liaison--the principal point of contact between NMMI and the various New Mexico legislative and executive bodies and their members; represents NMMI at appropriate meetings of State legislative and/or executive groups, as well as other State entities such as the Higher Education Department (HED)
- 1.1.3 Preparation of annual NMMI operating budget to include coordination with administrative and academic departments.
- 1.1.4 Personnel Director (serving also as chairperson of the Military Promotion Board, and Employee Compensation Review Committee).
- 1.1.5 Provide support and innovative solutions to challenging problems through sound financial management practices and financial planning.
- 1.1.6 Represents the President/Superintendent when so instructed.

- 1.2 Administrative Responsibilities
 - 1.2.1 Human Resources
 - 1.2.2 Budget preparation/Fiscal Planning
 - 1.2.3 Financial reporting
 - 1.2.4 Capital Outlay Planning and Administration
 - 1.2.5 Payroll
 - 1.2.6 Purchasing/Procurement
 - 1.2.7 Cadet accounts
 - 1.2.8 Tax compliance
 - 1.2.9 Gift accounting to NMMI
 - 1.2.10 Property accountability
 - 1.2.11 Accounts payable
 - 1.2.12 Travel
 - 1.2.13 Contract administration
 - 1.2.14 NMMI Property Manager
 - 1.2.15 Oversight of NMMI Investments
- 1.3 Supervisory Responsibilities
 - 1.3.1 Assistant Vice President of Finance
 - 1.3.2 Accounting Supervisor
 - 1.3.3 Assistant HR Director
 - 1.3.4 Administrative Assistant

SECTION 2: GENERAL LEDGER ACCOUNTING



GENERAL LEDGER ACCOUNTING	POLICY NUMBER
Chart of Accounts	2.01
New Accounts	2.02
Maintenance and Distribution of General Ledger	2.03
Accounting Corrections	2.04
Questions and Information	2.05

2.01 CHART OF ACCOUNTS

1. General

The Chart of Accounts for the New Mexico Military Institute is a listing of accounts in the Great Plains system which uses numeric characters to designate the transactions that comprise the Statement of Net Assets (Assets, Liabilities, Net Assets) and the Statement of Revenues, Expenses and Changes in Net Assets (Revenues and Expenses).

2. Purpose

2.1 The Four Segments

The first digit identifies the department, the next five digits identify the fund, the following four digits identify the object and finally the last four digits identify the project.

2.2 Department code (1-digit value)

The Department code identifies the source of the funds:

- 1 – Unrestricted operating funds
- 2 – Restricted contracts and grant funds
- 3 – Endowment funds
- 4 – Federal funds
- 5 – Minor capital outlay funds

2.3 Fund code (5-digit value)

For the balance sheet, the Fund code identifies different balance sheet classifications. The Fund code also identifies the unit to which income and expenses are assigned for income statement reporting. It is usually a department, business unit or direct cost grouping for income and expense classification.

2.4 Object code (4-digit value)

The Object identifies the nature of the transaction such as:

- 0XXX – Assets
- 2XXX - Liabilities
- 3XXX – Fund balance
- 4XXX – Revenue
- 5XXX – Salaries and benefits
- 7XXX – Operating expenses
- 9XXX – Transfers

2.5 Project code (4-digit value)

Minor Capital Outlay accounts may also be assigned a 4-digit value to help further identify the project .

2.02 NEW ACCOUNTS

All new Institute accounts must be set up in accordance with the guidelines of NMMI and will only be created when deemed necessary. Only the Assistant Vice President of Finance, the Accounting Supervisor, and the Senior Accountant have the authority to create new general ledger accounts. Once created, notice of the account details must be given to the Vice President of Finance, Assistant Vice President of Finance, Accounting Supervisor, and the Senior Accountant in order to ensure that all reporting queries are properly updated to reflect the account addition. All requests for new accounts must be made to the Accounting Supervisor in writing. The Assistant Vice President of Finance has the final approval authority for all proposed new accounts.

All documentation relating to the addition of accounts will be maintained by the Accounting Supervisor for reference.

The Accounting Supervisor will periodically review the chart of accounts to determine the propriety of the account set up and to review the status of each account as either active or inactive.

2.03 MAINTENANCE AND DISTRIBUTION OF GENERAL LEDGER

The General Ledger and Budget Status reports are maintained by the Business Office.

On a monthly basis, a Budget Status report is distributed via email to the appropriate department head and/or other individual responsible for the account. This read only report is created in the FRx reporting system and summarizes the previous activity for the current fiscal year, adding the current month's activity to get an ending balance by account. This ending balance is then compared to the allocated budget and an over/under budget is calculated. This report is sent to the FRxDrillers address listing on the Global Address List within the NMMI email system. The owner of this list is the Accounting Supervisor who has the authority to add/delete names on this list.

Users of this report also have read-only drill down access to the general ledger activity for their respective departments which provides each account's activity in detail.

Members of the Business Office as well as the Internal Auditor have access to the actual general ledger data, which is housed within the Microsoft Dynamics Great Plains system. The actual general ledger system is also maintained by Business Office personnel.

2.04 ACCOUNTING CORRECTIONS

Occasionally, errors may be discovered while reviewing the monthly Budget Status reports distributed by the Business Office. If a correction is required, or a transfer between accounts is needed, a request in writing or by email should be sent to the Accounting Supervisor in the Business Office. The memo should include the reason for the adjustment, the original account that was charged, the account that should be charged, and the date of the charge, the dollar amounts and any reference code noted. Any pertinent attachments such as invoice copies should also be included. Every effort will be made to record corrections in the fiscal year in which the original entry occurred.

All correction requests will be reviewed by the Accounting Supervisor in order to determine that the correction is indeed proper and justified. The Assistant Vice President of Finance has the final say as to whether or not an adjustment will be recorded.

2.05 QUESTIONS AND INFORMATION

Except as listed below, questions and general information requests can be directed to the Accounting Supervisor (ext 8406), or Assistant Vice President of Finance, Charles Hendrickson (ext 8379).

Other questions may be directed to the appropriate Business Office staff member:

Data Entry/Financial Advisor, Lee Bittel (ext 8083)
Cashier, Dana Buckingham (ext 8081)
Accounts Payable/Financial Advisor, Angela Alberts (ext 8082)
Bookkeeper/Financial Advisor, Sarah Villarreal (ext 8084)
Payroll/Financial Advisor, Linda Stansell (ext 8077)
Senior Accountant, Lois Rork (ext 8086)

SECTION 3: REVENUES, CASH RECEIPTS, FEDERAL GRANTS, OTHER GRANTS, AND CONTRACTS



	POLICY NUMBER
<u>Sources of Revenue and Recognition</u>	3.01
<u>Cash Receipts</u>	3.02
<u>Securities and Other Gifts to the College</u>	3.03
<u>Billing and Collection of Tuition Accounts</u>	3.04
<u>Administration</u>	3.05
<u>Review and Approval of Grants</u>	3.06
<u>Fringe Benefit and Indirect Cost Rates</u>	3.07
<u>Cash Reimbursement</u>	3.08
<u>Procurement</u>	3.09
<u>Effort Reports</u>	3.10
<u>Stewardship Reports</u>	3.11

3.01 SOURCES OF REVENUE AND RECOGNITION

1. General

This policy provides general principles and guidelines to ensure proper accounting and effective control over revenues. This policy applies to all transactions conducted in the ordinary course of business of NMMI.

Effective revenue financial management and control is a critical component of NMMI's business processes because it serves to safeguards against risk of financial loss and properly recognizes revenue in conformity with GAAP. Specific topics encompassed in this policy include the recognition of revenue in accordance with generally accepted accounting principles and other regulatory standards and the maintenance of adequate control over revenue and the management of accounts receivable.

2. Policy

Revenues are inflows or increases in financial resources of the Institute from delivering or producing goods, rendering services, or other activities that constitute the Institute's operations. The majority of revenue transactions within the Institute is easily identifiable and poses no difficulty in determining the proper processing or recognition. However, certain miscellaneous revenue transactions are subject to complex laws, rules or regulations, and/or have a higher risk of inconsistent treatment under generally accepted accounting principles.

3. Sources of Revenue

All revenue is required to be recorded and categorized in NMMI's financial statements in one of the following two revenue classifications:

- 3.1 Operating Revenues - Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) most Federal, state and local grants and contracts and Federal appropriations, and (3) interest on institutional student loans.
- 3.2 Non Operating Revenues - Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by GASB No. 9 *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary fund Accounting*, and GASB No. 34, such as state appropriations and investment income.

3.3 Budgetary Reporting

The NM Higher Education Department requires the revenue classification as follows:

- 3.3.1 Tuition and Fees
- 3.3.2 Federal Government Appropriations
- 3.3.3 State Government Appropriations
- 3.3.4 Local Government Appropriations
- 3.3.5 Federal Government Grants and Contracts
- 3.3.6 State Government Grants and Contracts
- 3.3.7 Local Government Grants and Contracts
- 3.3.8 Private Gifts, Grants, and Contracts
- 3.3.9 Endowment, Land, and Permanent Fund Income
- 3.3.10 Sales and Services
- 3.3.11 Other Sources

4. Exclusions from Revenue

Certain payments received by NMMI are not revenue and should be recorded as a reduction of the related business expense. For example:

- 4.1 Reimbursement of insignificant and incidental usage of university resources by employees and associates when the resources involved typically are not used to provide services on a fee for service basis. Examples include reimbursement for photocopy machine and personal telephone calls.
- 4.2 Funds received on behalf of others (agency funds) when NMMI is acting on behalf of the other entity, such as Cadet Activities.
- 4.3 Funds received resulting from violations of campus traffic regulations in accordance to NMSA 29-5-1 are required to be remitted solely for the purposes of operations and administration of the Institute's security department.
- 4.4 Refunds or rebates received directly by NMMI from a vendor for goods and/or services purchased by NMMI from the vendor.

5. Revenue Recognition Principles

Revenue, as previously defined, must be recognized in NMMI's accounting system in the period in which it is earned, but no less frequently than monthly. The accrual basis of accounting shall be the method used in all material cases. Accrual basis accounting is an accounting method that recognizes revenue in the period in which it is earned, not when the cash is received.

Revenue and related accounts receivable should be recorded in NMMI's accounting system. In addition, accounts should be established for allowances for uncollectible accounts, provisions for contractual adjustments, and discounts where necessary.

6. References

[New Mexico Higher Education Financial Reporting Manual](#)

3.02
CASH RECEIPTS

There are no Finance Division policies or procedures in this category at this time. This manual is currently in development.

3.03
SECURITIES AND OTHER GIFTS TO THE COLLEGE

There are no Finance Division policies or procedures in this category at this time. This manual is currently in development.

3.04
BILLING AND COLLECTION OF TUITION ACCOUNTS

There are no Finance Division policies or procedures in this category at this time. This manual is currently in development.

3.05
ADMINISTRATION

There are no Finance Division policies or procedures in this category at this time. This manual is currently in development.

3.06
REVIEW AND APPROVAL OF GRANTS

There are no Finance Division policies or procedures in this category at this time. This manual is currently in development.

3.07
FRINGE BENEFIT AND INDIRECT COST RATES

There are no Finance Division policies or procedures in this category at this time. This manual is currently in development.

3.08
CASH REIMBURSEMENT

There are no Finance Division policies or procedures in this category at this time. This manual is currently in development.

3.09 PROCUREMENT

There are no Finance Division policies or procedures in this category at this time. This manual is currently in development.

3.10 EFFORT REPORTS

There are no Finance Division policies or procedures in this category at this time. This manual is currently in development.

3.11 STEWARDSHIP REPORTS

There are no Finance Division policies or procedures in this category at this time. This manual is currently in development.

SECTION 4: CASH MANAGEMENT



POLICY	POLICY NUMBER
Petty Cash and Other Reimbursement Accounts	4.01
Investment of Cash and Wire Transfers	4.02
Bank Reconciliations	4.03
Investment Policy	4.04
Debt Policy	4.05

4.01
PETTY CASH AND OTHER REIMBURSEMENT ACCOUNTS

There are no Finance Division policies or procedures in this category at this time. This manual is currently in development.

4.02
INVESTMENT OF CASH AND WIRE TRANSFERS

There are no Finance Division policies or procedures in this category at this time. This manual is currently in development.

4.03 BANK RECONCILIATIONS

1. General

The Business Office shall perform a monthly reconciliation of general ledger cash balances to bank account statements. The bank reconciliation process involves comparing information that exists in two systems or locations. The bank account reconciliation is done to ensure consistency between the bank's records and NMMI's general ledger records. A bank reconciliation is a schedule indicating and explaining any difference between the bank's and NMMI's records of cash.

The Accounting Supervisor and the Senior Accountant participate in the bank reconciliation process. The Senior Accountant prepares the bank reconciliation. In the interest of maintaining strong internal controls, the Senior Accountant does not have authority to sign checks or handle cash. The Accounting Supervisor reviews and approves the bank reconciliation.

The accounting systems and software used are Great Plains accounting software, Power Campus, and various Excel spreadsheet work papers.

2. Bank Reconciliation

The following steps are taken in the bank reconciliation process:

- 2.1 The bank and purchasing card statements are received by mail and delivered unopened to the Senior Accountant.
- 2.2 The balance per books is compared to the balance per bank.
- 2.3 Check disbursements for payroll and accounts payable are made through Great Plains accounting software. An import from the bank's website is performed for cleared checks. Cleared checks are posted to the Great Plains bank reconciliation module in order to determine the list of outstanding checks. Information derived from this step is input into the "G/L and Bank" worksheet that balances the deposits and disbursements for the month.
- 2.4 Cash receipts are processed through Power Campus. A "Deposits" worksheet is used to determine if each day's deposit balances. To gather the necessary information, an Access query for Fund 6 and Fund 1 cash is done, and the transactions detail for Fund 2 and Fund 5 is printed. In addition, information from the supporting Cash Receipts Journals and Purchasing card Summary Reports is used to complete this worksheet. Information derived from this step is input into the "G/L and Bank" worksheet that balances the deposits and disbursements for the month.

- 2.5 Selected information from the “G/L and Bank” worksheet transfers into the “Summary Bank Reconciliation” worksheet. This worksheet identifies the reconciling items.
- 2.6 The “Bank Reconciliation Adjustment” worksheet is prepared, which balances cash for each fund to the Great Plains bank reconciliation module.
- 2.7 When the bank reconciliation is complete, the Senior Accountant makes any necessary journal entries.
- 2.8 The Accounting Supervisor reviews and approves the bank reconciliation, the supporting worksheets, and the corresponding journal entries.

4.04 INVESTMENT POLICY

1. General

This policy applies to the investment of operating and endowment funds of the New Mexico Military Institute (NMMI).

2. Purpose

The purpose of this policy is to:

- 2.1 Provide guidelines and a framework for the investment of NMMI operating and endowment funds that will adhere to the fundamental principles of safety, liquidity and return.
- 2.2 Define and assign the responsibilities of all involved parties.
- 2.3 Establish a clear understanding of the investment goals and objectives for all NMMI operating and endowment funds.
- 2.4 Offer guidance and establish limitations regarding the investment of all NMMI operating and endowment funds.

3. Investment Objectives

3.1 Operating funds

The primary objective for the investment of operating funds is to maintain the safety and liquidity of the funds. The investments should also ensure that NMMI has sufficient liquidity to pay all obligations as they become due without the requirement for unplanned liquidation of securities or certificates of deposit.

3.2 Endowment funds

The primary objective for the investment of endowment funds is to achieve as high a level of funds growth as possible within the requirements imposed by the New Mexico statutes and without assuming excessive risk, while meeting the distribution requirements of each endowment fund.

4. Preservation of Capital

Each investment decision shall first consider that capital losses are to be avoided, unless it is economically viable to do so, whether from deterioration of financial fundamentals or erosion of market value due to rapidly changing interest rates or other market and non-market factors. The single most important objective of this investment policy is the preservation of the principal.

5. Role of the Board of Regents

The objective of the Board of Regents of the New Mexico Military Institute is to provide direction for the investment of the financial assets of the Institute. The Finance Committee is charged with the following responsibilities:

- 5.1 To establish and maintain policies and guidelines for the administration and investment of operating and endowment funds including any gift proceeds.
- 5.2 To review and approve the asset allocation among the assets of the Funds as recommended by the finance staff of NMMI.
- 5.3 To monitor the returns and performance of these assets no less than annually.
- 5.4 To report investment policy recommendations to the full Board of Regents of New Mexico Military Institute.

6. Investment Policies and Guidelines

- 6.1 Investments shall be made by the Executive Vice President, Accounting Supervisor and Assistant Vice President of Finance.
- 6.2 Operating funds will be invested in interest and non-interest bearing demand, interest bearing certificates of deposit or other financial instruments which are considered to be relatively safe and in accordance with New Mexico statutes.
- 6.3 Cash balances of the endowment funds are invested in interest bearing demand accounts or certificates of deposit.
- 6.4 Endowment funds that include the Trust Scholarship Fund, the Knowles Scholarship Fund, the Daniels Leadership Center Building Maintenance Fund and the Patterson Construction Endowment Fund are invested by the State Investment Council through a joint powers agreement entered into in 1997. The joint powers agreement allows the State Investment Council to act as NMMI's investment manager through its Pooled Investment Funds Program. The funds are invested pursuant to section 6-8-7, NMSA 1978.

- 6.5 The endowment funds should have an asset allocation strategy that will protect against inflation and promote growth. Growth of principal and protection of real (inflation adjusted) purchasing power is primary to the investment success of NMMI.
- 6.6 The finance staff of NMMI will notify the State Investment Office staff of allocation adjustments as approved by the Finance Committee.
- 6.7 NMMI staff will instruct the State Investment Council to rebalance each of the endowment funds in order to maintain the targeted asset allocation that is set by the Finance Committee. The rebalancing will be done no less than once per fiscal year.
- 6.8 The State Investment Council will provide written reports on portfolio holdings on a monthly basis. Investment performance and economic and market analyses will be provided quarterly. Any significant changes in fund management will be communicated promptly.

7. Eligible Investments

- 7.1 NMMI funds will be invested in accordance with New Mexico constitutional and statutory laws as defined in NMSA 1978, Sections 6-8 and 6-10. NMMI assets may be invested in the following cash and cash equivalents, subject to the provisions of this investment policy:

Money market funds

U.S. Treasuries

U.S. government agency securities

Certificates of deposit (fully insured by the FDIC or backed by the required collateral)

Repurchase agreements (collateralized at 102% as required by statute)

Interest bearing and non-interest bearing demand accounts

8. Risk

There are numerous ways to define risk. The personnel authorized to invest NMMI funds must be cognizant of these types of risk.

- 8.1 Cash Flow/Liquidity Risk: The probability of not being able to pay all obligations as they come due.
- 8.2 Compliance Risk: Non-compliance with applicable State of New Mexico statutes concerning the investment of public funds.

- 8.3 Interest Rate Risk: The probability that investments will be adversely affected by fluctuations in interest rates.
- 8.4 Custodial Credit Risk: The probability that in the event of the failure of a bank or other financial institution, NMMI will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

NMMI's policy to reduce the risks associated with investments is as follows:

Operating funds are only invested in financial instruments that are relatively safe based on the level of collateralization provided by the financial institutions and have the highest rating from the national rating agencies. Investments also must be made to ensure that NMMI can meet all obligations as they come due.

9. Standards of Performance

- 9.1 Risk will be minimized through diversification within the funds managed by the State Investment Council. The State Investment Office intends to obtain maximum returns for the amount of risk being assumed, and to achieve returns equal to or better than similarly invested funds. Performance results should be evaluated over a fair market cycle of five years or longer.
- 9.2 The NMMI specific performance objective is to attain, within acceptable risk levels, an average annual return that meets or exceeds the sum of NMMI's spending (distribution) rate plus inflation plus investment management and related fees. The focus will be on total investment return.

4.05 DEBT POLICY

*Subject to Change Without Notice
Authorized by NMMI Regents' Policy 7.10 "Borrowing and Bonding
Authority"*

1. Purpose

The purpose of this policy is to establish guidelines and associated issues related to issuance and management of long-term debt.

2. Policy

The Institute's Debt Policy has been developed to ensure optimization of resources. NMMI's strategic and capital planning is a long-term process requiring continuously re-evaluating the utilization and leveraging a mix of funding sources including issuance of debt. Debt financing allows NMMI to pay for capital projects over a period of time, matching the payment stream against the approximate useful economic life of the asset. The Debt Policy provides a framework by which decisions are made concerning the use and management of debt.

3. Objectives

3.1 Capital Planning

NMMI recognizes that its facilities need to keep pace with programmatic expansion. The long-term strategic planning process establishes institutional goals, priorities and initiatives that define capital investment requirements. NMMI will utilize a mix of financing sources including state appropriations, private donations, cadet fees earmarked for specific use, internal reserves, and debt to fund these capital investments. Using debt to fund mission critical projects will ensure that debt capacity is optimally utilized to fulfill NMMI's mission. Debt is to be used conservatively and strategically.

3.2 Project Funding

The Board will borrow money, through the issuance of debt, to finance only those projects that have been approved for financing by the Board. Funds will be borrowed only after the specific project and financing plan have been approved by the Board. Each project requiring debt financing must be supported by an achievable financial plan that includes servicing the debt, meeting any new or increased operating costs, and maintaining coverage of project debt service.

3.3 Economies of Scale

Debt financings will be coordinated to the extent practical so that multiple project needs can be accommodated by a single borrowing, thereby increasing the efficiency of the transaction.

3.4 Credit Ratings

NMMI seeks to maintain its creditworthiness and the most favorable relative cost of capital and borrowing terms. By maintaining a high credit rating, NMMI will be able to continue to issue debt and finance capital projects at favorable interest rates. NMMI will limit its overall debt to a level that, when viewed in the context of its current and future strategic objectives, is the most advantageous for its financial strength over the long-term.

3.5 Core Ratios

NMMI will establish meaningful measures, including ratios and coverages, to ensure it continues to operate within generally accepted financial parameters and to enable it to maintain and/or improve its credit rating as determined by the rating agencies.

4. Types of Debt Instruments

4.1 Revenue Bonds

Revenue bonds carry a promise to repay from an identified revenue source or sources. NMMI typically uses revenue bonds for the bulk of its long-term debt needs.

4.2 Capitalized Lease Obligations

In accordance with Statement of Financial Standards No. 13, a lease is a financing transaction called a capital lease if it meets any one of four specified criteria. If not, it is an operating lease. Capital leases are treated as the acquisition of assets and the incurrence of obligations by the lessee. However, in New Mexico, due to the 1989 ruling of *Montano v. Gabaldon*, long-term leases must follow the constraints of the Bateman Act and the Procurement code.

5. Debt Management

5.1 Reporting Requirements

The Audited Annual Financial Statements (“Statements”) prepared by NMMI and presented to the Board annually, will provide detailed information related to all outstanding bond, note, and capital lease indebtedness. The Statements will provide information regarding outstanding bonds, notes, and capital leases, such as identification of obligation, par amount outstanding, maturity dates, and changes in outstanding indebtedness.

5.2 Internal Controls

NMMI will adhere to the following internal controls relating to debt.

5.2.1 All debt transactions must be initiated by authorized individuals as approved by the Board of Regents.

5.2.2 All documents relating to notes, bonds, and other debt instruments are subject to effective custodial controls and physical safeguards.

5.2.3 Adequate detailed accounting records are maintained and appropriate reports issued.

5.2.4 All transactions are properly accumulated, classified, and summarized in the accounts.

5.3 Capitalized interest

Interest paid on bonded debt during the construction period may be capitalized as part of the overall asset cost recorded on NMMI’s books at the conclusion of the construction period. NMMI will follow applicable accounting standards, laws and regulations governing the capitalization of interest.

6. References

6.1 1989 Mantano v. Gabaldon ruling

6.2 May 8, 2002 Attorney General’s Office opinion, Master Lease for Computers and Related Equipment

SECTION 5: PURCHASING AND ACCOUNTS PAYABLE



POLICY	POLICY NUMBER
Purchase of Goods and Services	5.01
Accounts Payable	5.02
Sales and Use Taxes	5.03
Allowable and Unallowable Expenditures	5.04
Receiving and Paying For Off Campus Purchases	5.05
Employee Recruitment Expense Reimbursement	5.06

5.01 PURCHASE OF GOODS AND SERVICES

1. General

It is the intent of this policy to provide for the fair and equitable treatment of all persons involved in public procurement, to maximize the purchasing value of public funds and to provide safeguards for maintaining a procurement system of quality and integrity.

As required by State Statute 13-1-97, the New Mexico Military Institute Board of Regents has designated the Business Office as the Central Purchasing Office. The Purchasing Office will make the purchase of all supplies, materials, equipment, furniture and contractual services. The Purchasing Office has the sole authority to obligate NMMI in the procurement of requested items.

The current State Procurement Code determines the dollar limitation in the purchasing policy of NMMI. NMMI does not pay gross receipts tax on purchases of tangible property (except restaurant charges and in some cases construction materials).

All staff, faculty, cadets and suppliers of NMMI are expected to maintain standards of conduct in carrying out their duties in a manner beyond reproach. Assets will be safeguarded and good accounting and business practices will be followed. Procurement will be ethical and favoritism will not be tolerated. Security and safety will be practiced. The goal will be to avoid even an appearance of impropriety in all activities.

2. Purchase Requisition/Purchase Order (PO)

The Purchase Order is generated by the department and submitted to the Business Office. A Purchase Order is the official authorization for a vendor to make a shipment or delivery and can be signed only by the President/ Superintendent, Vice President of Finance, Assistant Vice President of Finance, or Accounting Supervisor. A Purchase Order is a legal contract binding NMMI and the vendor. Departments are not authorized to sign contracts. NMMI has its own Purchase Order form and will not honor commitments made on any other basis. The form contains NMMI's standard "Terms and Conditions." Normally, all Purchase Orders will be closed at the end of each fiscal year or the end of the contract or funding period.

2.1 Regular Purchase Order

The Regular Purchase Order is issued for a one (1)-time purchase.
Multiple items may be ordered on the Regular Purchase Order.

A Regular Purchase Order can be used even if there are multiple shipments or back orders. The vendor supplies the items requested and can submit an invoice directly to the NMMI Accounts Payable Department. When the department receives those items requested, the department completes the Receiving Report and forwards it to Accounts Payable. Partial shipments require partial receiving reports. Accounts Payable pays the vendor upon receipt of the Receiving Report from the department and the vendor's invoice. The Purchase Order is closed when all items have been received and all invoices are paid.

2.2 Blanket and Open Purchase Orders

Blanket Purchase Orders are valid for a specified period of time; and allow for multiple shipments, invoices, and payments to vendors on a prearranged schedule. The Vice President of Finance or Assistant Vice President of Finance must approve Blanket Purchase Orders in advance. These orders call for specific items of tangible personal property on a recurring basis and include pricing. Once issued, no further action (release) is required by NMMI departments during the period of the order, except approval for payment. An example is an order set up to pay for the lease of equipment. Blanket Purchase Orders are encumbered by the NMMI accounting system.

Open Purchase Orders are valid over a specified period and allow for multiple invoices and payments. Such Purchase Orders are issued to a designated vendor and purchases up to a specified total dollar amount are authorized. The order requires a release by an NMMI employee before the vendor delivers any goods. An example is an order for equipment repair. Open Purchase Orders are encumbered by the NMMI accounting system.

2.3 Purchase Order Not Required

Purchase Orders are not required for the following purchases:

- 2.3.1 Travel reimbursement (Travel request must be submitted prior to trip)
- 2.3.2 Utilities
- 2.3.3 Purchase of books and periodicals from the publishers or copyright holders
- 2.3.4 Shipping charges

- 2.3.5 Magazine subscriptions, conference registration fees
- 2.3.6 Petty cash purchases
- 2.3.7 Membership dues
- 2.3.8 Payroll liabilities
- 2.3.9 Other non-purchases

3. Purchases

The following general guidelines are provided for purchases:

- 3.1 A requisition/purchase order must be filled out completely by the user and approved by the fund supervisor.
- 3.2 Before the purchase is made, the Business Office must approve the requisition/purchase order if the purchase exceeds \$500. Purchases made contrary to the NMMI Purchasing Policy may become a personal obligation to the individual responsible for the transaction.
- 3.3 Central Receiving should receive all materials purchased, if possible.
- 3.4 Procurement requirements shall not be artificially divided to circumvent purchasing regulations.
- 3.5 When required, bids will be approved by the Vice President of Finance.

4. Bids/Requests for Proposal

Competitive sealed bids are required for purchases of items of tangible personal property and construction that have a value of \$20,000 or more.

Competitive sealed proposals are required for professional services that have a value of \$30,000 or more, except for the services of architects. Architectural services exceeding \$20,000 require competitive sealed proposals.

Competitive sealed bids and proposals will be awarded in accordance with the provisions of Chapter 13, Article 1 of the current State Procurement Code.

5. Sole Source Procurement

A contract may be awarded without competitive sealed bids or competitive sealed proposals regardless of the estimated cost when the Purchasing Office

(Vice President of Finance) makes such a determination. If, after conducting a good-faith review of available sources, there is only one source for the required service, construction or item of tangible property, the best price shall be obtained based on, respectively, the negotiation of price, delivery and quantity. The justification for the sole source purchase must be on file in the Purchasing Office (Vice President of Finance).

6. Emergency Procurement

The Purchasing Office (Vice President of Finance) may authorize emergency procurements under conditions listed below provided that emergency procurements shall be made with competition as is practicable under the circumstances. An emergency condition is described as a situation that creates a threat to public health, welfare or safety, such as may arise because of floods, epidemics, riots, equipment failures or similar events. The existence of the emergency condition must create an immediate and serious need for services or construction that cannot be met through normal procurement methods; and the lack of which would seriously threaten:

- 6.1 Governance of the Institute.
- 6.2 Preservation or protection of property.
- 6.3 Health and safety of any person.

The justification for any emergency purchase must be on file in the Purchasing Office (Vice President of Finance).

7. Government Pricing (GSA Contracts)

Bids are not required for products procured under GSA contracts and state procurement contracts.

8. Petty Cash

Departments can use Petty Cash to purchase small value items (typically less than \$25) without having to go through the normal procedures involving the Purchase Order. Such purchases can be made with either personal funds or advances from the department's petty cash fund. Numerous expenditures are allowed on the Petty Cash form, but the expenditures should not exceed \$100 per day/per vendor. Incremental purchasing, splitting one large purchase into several small purchases is prohibited. Items not authorized for reimbursement through Petty Cash include salary payments, payments for outside services, travel costs, or any unallowable expenditure. Petty Cash must never be used for personal advances, loans, or IOU's.

8.1 Reimbursement

The Petty Cash Receipt form will be used to request reimbursement. Requests for reimbursement should be prepared no more than ten (10) days after the date of purchase. The original paid receipt must be attached to the Petty Cash Receipt form for each item purchased by the employee. The employee being reimbursed must initial the Petty Cash Receipt form, indicating receipt of the goods. The person in the department who has authority over the account and who is in a position of authority over the employee who is being reimbursed must approve and sign the Petty Cash Receipt form.

5.02
ACCOUNTS PAYABLE

There are no Finance Division policies or procedures in this category at this time. This manual is currently in development.

5.03
SALES AND USE TAXES

There are no Finance Division policies or procedures in this category at this time. This manual is currently in development.

5.04 ALLOWABLE AND UNALLOWABLE EXPENDITURES

1. General

These policies and procedures define allowable and unallowable NMMI expenditures. These criteria apply to both the procurement of supplies, materials, equipment, and contractual services and to the reimbursement of employees for business related expenses. Compliance with these purchasing policies and procedures is expected to be accomplished within the context of general fiscal accountability. This policy is intended to establish maximum reimbursement levels. In all cases, Supervisors are urged to use good judgment when incurring expenses. All managers of NMMI funds will ensure that any obligation for procurement of goods and services is supported by appropriate financial resources and approved by the person in the department who has authority over the account.

2. Scope of NMMI Funds

It is the general policy of NMMI that all financial resources received by NMMI, irrespective of their sources, shall be expended under common policy and procedures. All funds made available to NMMI shall be expended through NMMI accounting systems and in accordance with Business Office Policies and Procedures. All funds must be deposited in a NMMI account. No other bank accounts may be set up except those established by the NMMI Assistant Vice President of Finance with the approval of the Vice President of Finance.

3. Procurement Flexibility

These purchasing policies and procedures provide flexibility to managers to enable them to perform their duties and to achieve the maximum benefit from the resources for which each manager is responsible. These policies and procedures are in place to ensure compliance with all state procurement laws and federal laws when applicable, and to ensure adequate accountability. Departments are responsible for providing documentation (such as receipts, invoices, and receiving reports) for all expenditures.

4. Unallowable Expenditures

4.1 The following list contains the policies and procedures on allowable and unallowable expenditures:

4.1.1 *Travel*. Refer to “Travel Reimbursement Policies & Procedures” Section 9.01.

4.1.2 *Recruitment and hiring of new employees.* Refer to “Employee Recruitment Expense Reimbursement” Section 5.06.

4.1.3 *Payment of relocation expenses for new employees.* Refer to “Moving Expenses” Section 9.07.

Additional guidelines for unallowable expenditures are listed below.

- 4.2 Fines and other penalties incurred by an employee in violation of public policy, including parking and traffic fines or failure to enforce a public policy may not be paid with NMMI funds.
- 4.3 Expenditures of any type for personal benefit, other than salary and benefits, to which employees are entitled under NMMI’s personnel and faculty policies, are prohibited. If such expenditures should occur, the employee shall immediately reimburse NMMI in full for all such expenditures. Incidental personal use of NMMI property, such as fax machines, copy machines, etc. is allowed, however, the employee must reimburse NMMI in a timely manner.
- 4.4 Discounts, which are not offered equally to all NMMI employees, are prohibited. Allowable discounts greater than 20 percent are taxable income and subject to withholding.
- 4.5 NMMI funds may not be used to pay for the maintenance and upkeep of privately owned vehicles, such as insurance, fuel, tune-ups, lubricants, tires, licenses, and other repairs, even though these vehicles may be used for NMMI business. The employee may be eligible, however, for mileage allowance reimbursement under NMMI’s travel policy.
- 4.6 Payments for memberships in community and business organizations are allowed only when the NMMI employee serves as an official representative of NMMI. Memberships and dues to professional organizations are allowable expenditures only when approved by the Superintendent, and beneficial to NMMI.
- 4.7 The purchase of personal gifts, including but not limited to flowers and other gifts to express sympathy or congratulations to individuals or organizations, including NMMI employees, is prohibited, unless approved by other NMMI published policy (for example, employee service awards).
- 4.8 NMMI funds may not be used to purchase holiday decorations for NMMI offices and buildings.

- 4.9 Political and charitable contributions to individuals or organizations are prohibited.
- 4.10 The purchase of office refreshments is prohibited, except when the refreshments are to be consumed primarily by guests of NMMI or at business meetings.
- 4.11 No monetary advances or loans to employees may be made, unless approved by other NMMI published policy such as NMMI's travel policy or any deferred payment programs specifically approved by the Board of Regents.
- 4.12 NMMI funds may not be used to reimburse individuals for personal items stolen from NMMI buildings.
- 4.13 Contracts with firms, including sole proprietorships, in which current NMMI employees have a direct or indirect financial interest (other than as owner of less than one percent [1%] of the stock of a publicly traded corporation, are prohibited. The personnel policy pertaining to employment of relatives will also apply to contracts with independent contractors.
- 4.14 Contracts with firms, including sole proprietorships, in which individuals who were NMMI employees within the preceding twelve (12) months have a significant financial interest are prohibited unless:
 - 4.14.1 The contract did not result from an official act of the individual while an employee, as determined by the Vice President of Finance.
 - 4.14.2 The contract was granted under competitive bid and the bid did not take advantage of knowledge gained as an employee.
- 4.15 Entertainment of NMMI employees (for example, meal expenses), other than pursuant to NMMI's travel policy, is prohibited. Exemptions are allowed when the function is a hospitality event that includes both NMMI employees and invited guests of NMMI.
- 4.16 Except for Faculty stipend expenses, NMMI funds may not be used to pay for tuition for credit courses, books, school supplies, or other fees unless authorized by NMMI Personnel Policies (tuition remission program) or other NMMI published policy.

- 4.17 The purchase of alcoholic beverages is prohibited. When alcoholic beverages are served on campus, the President/Superintendent must approve the function, in advance, in writing. Payment or reimbursement for the purchase of alcoholic beverages shall not be made from NMMI funds. When alcoholic beverages are served on campus, compliance with NMMI restrictions on location and student participation is required.
- 4.18 Payment for goods or services not received is prohibited.
- 4.19 The purchase of work clothes or the cleaning, alteration, or repair of personal clothing is prohibited, unless the expenses are necessary for the performance of the job and are required by NMMI.
- 4.20 The purchase of insurance coverage, which replicates NMMI insurance (for example, risk management coverage of NMMI equipment), is prohibited.
- 4.21 Payment for any other good or service that does not represent a public purpose benefiting NMMI is prohibited.

5. Exceptions

The President/Superintendent must approve in advance and in writing any exceptions to this policy that are not otherwise provided for.

5.05 RECEIVING AND PAYING FOR OFF CAMPUS PURCHASES

1. General

Proper receiving procedures are critical to the purchasing cycle. NMMI will not pay for any purchase of goods or services unless the department certifies that the goods or services have been received and are satisfactory. Failure to follow procedures described herein can cause damaged shipments to be accepted with no recourse, vendor payments to be delayed, and NMMI's loss of certain legal rights under the "Uniform Commercial Code" which governs these transactions. The department receiving the purchase is responsible for following these procedures when receiving goods or services, processing related damage claims, returning goods, or requesting payment for goods or services.

2. Shipments

Shipments are generally delivered to Central Receiving and in some cases, to the department ordering the goods. Prior to signing the delivery receipt, the goods delivered should be checked against the delivery receipt and any discrepancies should be noted (such as number of packages received compared to quantity shown on the carrier's delivery receipt, any apparent damage to packaging or merchandise, etc.). The receiver should sign the delivery receipt, indicating the department name, date received, number of packages received, and any discrepancies. The driver should initial and date any notation made on the delivery receipt. If any of the shipment is unacceptable, prepare a partial Receiving Report as described below.

2.1 Damaged Goods

If the receiving department or other person receiving the goods discovers damage while checking the goods received, the packing and wrapping materials (including names, addresses, etc.) should be preserved for inspection by the carrier. Departments must arrange with the vendor for inspection of the damaged material, file a damage claim, and return the goods if necessary. The carrier will not process a claim unless merchandise and packaging are inspected together. If potentially hazardous substances are involved, contact NMMI's Safety Officer.

The department must notify the vendor of any damaged or duplicate shipments within fifteen (15) days from receipt and request an inspection. The department should make a notation of the request for inspection on the packing list, and include the date the department made the request and the name of the vendor's representative. The following information will be necessary when notifying the vendor:

- 2.1.1 Carrier's name
- 2.1.2 Carrier's delivery receipt number
- 2.1.3 Shipper's name
- 2.1.4 Items damaged/nature of damage
- 2.1.5 Invoice value of damaged items
- 2.1.6 Location where damaged items are being held for inspection.

After an inspection has been requested, the carrier has five (5) working days to make the inspection; otherwise, the carrier waives the right to inspect. If the inspection is waived, a standard claim form must be requested from the carrier. If the carrier elects to inspect the damage, an inspection report is completed and the department will receive the original. For concealed damage, when no evidence of damage of any kind was apparent at the time of delivery, departments should follow the procedures in Sections 2.1 herein. A request for inspection of damaged merchandise must be made as soon as the concealed damage is discovered.

2.2 Missing Items

Shipments that do not include all items indicated as "shipped" on the packing slip must be brought to the vendor's attention immediately. Departments should request that missing items be shipped using the original Purchase Order number. The department and the NMMI Accounts Payable Department must make certain that the vendor does not invoice twice for the same items.

2.3 Unordered Items

To return unordered items, the department should contact the vendor and request a "Return Goods Authorization" (RGA) number and instructions for returning the unwanted items. After items have been returned, the vendor should issue a credit memo, which cancels any previous charges for the returned items.

The Business Office should be contacted if a department continues to experience delays or other problems involving a damaged, duplicate, or short shipment.

3. **Payments**

The department is responsible for following the procedures in this policy to ensure timely payment to the vendor. Payment shall be rendered in accordance with Section 13-1-158 of the New Mexico Statutes Annotated, 1978, to ensure that the goods or services have been received and accepted. The vendor should send the original invoices for all types of purchases directly to the Accounts Payable Department. If the invoice is sent to the department, the department should send it immediately to the Accounts Payable Department. Invoices for partial shipments must be processed promptly to ensure timely payment to the vendor and to prevent vendor delays in shipping the balance of the department order. Failure to promptly authorize and process partial payments for partial shipments will result in credit problems with vendors.

NMMI does not pay gross receipts tax on purchases of tangible property (except restaurant charges and in some case construction materials). The Business Office can advise the employee or department which vendors have been provided with a Non-Taxable Transaction Certificate that documents NMMI's tax exemption. However, NMMI does pay governmental gross receipts tax, if charged, on the purchase of tangible property sold by governmental entities.

4. **Receiving Reports**

Receiving Reports notify the Accounts Payable Department that goods or services have been received by the ordering department. The Accounts Payable Department must have an approved Receiving Report on file before payment is made. The departments should keep the packing slips in their files. The departments should keep a copy of the Receiving Report form and notify the Accounts Payable Department within five (5) days if any errors are discovered. The department should note on the Receiving Report if a shipment shows obvious damage and tell the Accounts Payable Department to stop payment if the goods received are not satisfactory. The Receiving Report is a carbon copy of a Purchase Order or a copy of a Small Purchase Form.

4.1 **Regular Purchase Order Receiving Report**

The Receiving Report copy of the Regular Purchase Order is used to authorize both partial and full payments. Signature and title are required if the shipment is complete and satisfactory, noting the date goods or services were received and the department name. A signed Receiving Report authorizes full payment. To authorize a partial payment, the accounts payable clerk will note "partial" above the Receiving Report block, identify items received, and note the date the items were received. She/he will make a photocopy of the Receiving Report and request signature of the photocopy. Departments should complete this process after each shipment.

When the last shipment is received, accounts payable will note “final” near the signature block.

4.2 Blanket and Open Purchase Order Receiving Reports

Blanket and Open Purchase Orders allow for multiple invoices and payments. The Accounts Payable Department stamps the invoice and sends the invoice to the department receiving the purchase. The stamped area must be signed by the department to authorize payment for the invoice. The department name and the account number to be charged must be noted. If more than one (1) account is to be charged, the amount to be charged to each account number must also be noted.

5. Payment for Services

The Accounts Payable Department processes payments for services from “Independent Contractors”. The department must send written notification to the Accounts Payable department that services have been received according to specifications. NMMI must report payments for specific services to the Internal Revenue Service (IRS) on form 1099. Actual expenses incurred by an independent contractor are not 1099 reportable when original receipts are submitted for reimbursement. The individual must attach a signed statement itemizing expenses.

6. Prepayments

NMMI does not allow payment prior to the actual delivery of goods or services without written approval from the Vice President of Finance. Prepayment is permitted only under Section 13-1-98 of the New Mexico Statutes Annotated, 1978, by exclusion of the purchase from the “Procurement Code.” Once a prepayment is made, the burden for ensuring delivery of goods and services rests solely with the ordering department.

Occasionally a vendor will require payment with an order. The department should attempt to locate another suitable vendor for the goods or services. If no other appropriate vendor can be found, the department should prepare the appropriate forms for the transaction.

7. Stop Payments

The department must immediately contact the Accounts Payable Department if a payment must be canceled.

5.06

EMPLOYEE RECRUITMENT EXPENSES REIMBURSEMENT

1. General

NMMI is committed to recruiting the best candidates for faculty, administrative, professional and support staff positions. The Vice President/Director will follow NMMI's Equal Employment Opportunity policies and procedures. The policies defined herein pertain only to allowable recruitment expenses for the department and reimbursable personal expenses for the recruitment of new faculty and staff. This policy is intended to establish maximum reimbursement levels. In all cases, Vice Presidents and Directors are urged to use good judgment when incurring recruitment expenses. It will be the responsibility of the Accounting Supervisor to identify the sources of budgeted funds to cover all costs of the recruitment and hiring process.

2. Allowable Candidate Expenses for Reimbursement

The Accounting Supervisor is responsible for informing the applicant of the type of expenses that may be reimbursed and the required documentation (such as receipts and invoices). Reimbursements are processed on a Check Request.

2.1 Travel Reimbursements

NMMI may provide for travel to the campus for prospective candidates for a faculty or staff position provided the candidates reside seventy-five (75) miles or more from the campus. Travel reimbursement for candidates including travel, lodging, and meal expenses will be as authorized in NMMI's "Travel Reimbursement Policy and Procedures" in Section 9. NMMI normally does not cover the costs of travel, lodging and meal expenses for the prospective candidate's spouse.

Vice Presidents/Directors should have the appropriate travel reimbursement claim voucher prepared as promptly after the candidate's visit as is possible and attach all original receipts for reimbursable expenses as provided by the candidate in accordance with NMMI travel policies. Vice Presidents/Directors may elect to obtain transportation and/or local room accommodations and have such directly billed to the appropriate NMMI account.

3. Allowable Department Recruitment Expenses

In addition to the candidate's travel expense reimbursement allowances, the following types of departmental recruiting expenses may be paid from NMMI funds; based on the budget available to the Vice President/Director:

- 3.1 Advertising in local, regional, and/or national publications.
- 3.2 Site visits by the Vice President/Director and/or one or more members of appointed search committee to interview prospective candidates and references.
- 3.3 Communication expenses incurred in obtaining information about candidates and other miscellaneous expenses approved by the Vice President/Director that are incurred by the search committee.
- 3.4 Reimbursement of actual meal expenses for members of the department and/or search committee members incurred in hosting the candidates during campus visits.
- 3.5 Costs of departmental receptions or other search events, which the candidate is requested to attend as part of the on-campus interview process.

4. Advertising Expenses

4.1 Recruitment of Staff Candidates

When the recruitment of certain staff candidates for full-time employment at NMMI is to be limited to the local area, the Vice President of Finance is responsible for the placement of all advertising, including content and timing of the advertisement. Expenses for such recruitment advertising shall be the responsibility of the Vice President of Finance.

5. Exceptions

The President/Superintendent must approve exceptions to this policy.

SECTION 6: FIXED ASSETS



POLICY	POLICY NUMBER
Definition	6.01
Authorization for Purchase	6.02
Capitalization Policy	6.03
Insurance Records and Reporting of Thefts and Damage	6.04
Disposal or Trade-In of Fixed Assets	6.05
Fixed Asset Inventory	6.06
Art Collection	6.07

6.01 DEFINITION

The term fixed assets refers to the Institute's tangible properties that have useful lives that benefit the Institute over a period of years. These properties include land and land improvements, all types of equipment, furniture, vehicles, and library books, as well as art and other historical treasures. Fixed assets are distinguished from other tangible items such as office supplies and consumable supplies (e.g. paper, light bulbs and classroom supplies) that are consumed within a relatively short period of time. Fixed assets are not intentionally acquired for resale, nor are they readily converted to cash. Additionally, they can be stationary or mobile.

6.02 AUTHORIZATION FOR PURCHASE

1. General

This policy applies to the purchase of items to be included in the Institute's fixed asset inventory.

2. Purpose

The purpose of this policy is to:

- 2.1 Provide guidance as to the proper procedures that are to be followed when fixed asset inventory items are purchased.

3. Procedures

- 3.1 Purchase of fixed assets should be made in accordance with the purchasing procedures described in Section 5. The Vice President of Finance must approve all purchases of fixed assets that are to be purchased out of Minor Capital Outlay funds. Purchases of fixed assets that may affect the physical plant of the Institute should be reviewed and approved by the Vice President of Facilities. Any fixed asset purchases involving technology should be reviewed and approved by the Vice President of Technology/CIO.

6.03 CAPITALIZATION POLICY

1. General

This policy applies to the process of capitalizing purchases of fixed assets. Capitalization is the process of recording an expenditure that will benefit a future period as an asset rather than treating the expenditure as an expense of the period in which it occurs.

2. Purpose

The purpose of this policy is to provide guidance for the capitalization of fixed asset purchases.

3. Procedures

3.1 It is the policy of the Institute to capitalize (i.e. record as an asset in our plant fund) fixed assets with a cost of \$1,000 or more and with a useful life benefiting the Institute of greater than one year.

3.2 Any asset that meets the capitalization criteria above should be capitalized as well as tagged with a proper fixed asset inventory label for inclusion on the fixed asset inventory listing as follows:

3.2.1 The preparer should properly mark Purchase Orders for the purchase of items that meet the capitalization criteria at the time of the Purchase Order preparation. The account coding of the purchase should reflect the fixed asset status.

3.2.2 Business Office personnel will issue a fixed asset inventory label for the item after the invoice for the fixed asset has been paid. The appropriate information will then be entered into the Great Plains inventory system by Business Office personnel. The Business Office will issue labels for all fixed asset purchases made with the exception of Information Systems, Communications, & Technologies department (ISCT) purchases (see below).

3.2.3 The Business Office will issue the ISCT department their own set of fixed asset inventory labels. ISCT will issue and affix these labels for fixed asset purchases made by their department. Label information and related data will then be provided to the Business Office for inclusion within the Great Plains inventory system in a timely manner.

6.04 INSURANCE RECORDS AND REPORTING OF THEFTS AND DAMAGE

1. General

Assets purchased by the Institute are generally covered by the Risk Management Division of the State of New Mexico for insurance purposes.

2. Purpose

The purpose of this policy is to provide information concerning the insurance coverage of fixed assets that are owned by the Institute.

3. Procedures

3.1 The majority of fixed asset purchases made through the regular purchasing procedures need not be reported to the State of New Mexico Risk Management Division. Acquisitions of valuable works of art or the addition of land or buildings would need to be reported to the Risk Management Division to ensure the proper coverage.

3.2 All thefts, damage or destruction of Institute assets should be immediately reported to the Vice President of Facilities in order for the incident to be reported to the State of New Mexico Risk Management. Campus police should also be alerted in the instances involving theft or criminal damage to Institute property. Property loss and casualty claim forms are available from the State of New Mexico Risk Management Division at <http://www.generalservices.state.nm.us/rmd/property.html>.

6.05 DISPOSAL OR TRADE-IN OF FIXED ASSETS

1. General

State statutes (13-6-1 NMSA 1978) require that no fixed assets be sold, traded in or otherwise disposed of without certain procedures being followed by the Institute.

2. Purpose

The purpose of this policy is to identify the proper procedures that must be followed when deleting assets off the Institute's fixed asset inventory list.

3. Procedures

Prior to the deletion of any fixed assets from the fixed asset inventory listing the following procedures must be followed:

- 3.1 The Board of Regents has designated a committee of three NMMI officials to approve and oversee dispositions of tangible property. The Fixed Asset Disposal Committee (NMMI O&P 700.3.7) is comprised of the Vice President of Finance, Vice President of Facilities and the Legal Advisor. The Fixed Asset Disposal Committee will approve and oversee any dispositions.
- 3.2 A copy of the official finding and proposed disposition of the property sought to be disposed of shall be made a permanent part of the official minutes of the Board of Regents and be maintained as a public record subject to the Inspection of Public Records Act (14-2-4 NMSA 1978).
- 3.3 NMMI will give notification at least thirty days prior to its action of making the deletion by sending a copy of its official finding and the proposed disposition of the property, to the state auditor and the appropriate approval authority which is the Higher Education Department (if required).
- 3.4 After the proper approvals and notifications have been made the property to be disposed of may be disposed of by any of the following methods:
 - 3.4.1 Negotiated sale to any governmental unit of an Indian nation, tribe or pueblo in New Mexico.
 - 3.4.2 Negotiated sale or donation to other state agencies, local public bodies, school districts, state educational institutions or municipalities.
 - 3.4.3 By means of competitive sealed bid.

- 3.4.4 Public auction.
- 3.5 If the Institute is unable to dispose of tangible personal property pursuant to 3.4 above, the Institute may sell or, if the property has no value, donate the property to any organization described in Section 501 (C)(3) of the Internal Revenue Code of 1986.
- 3.6 Finally, if the Institute is unable to dispose of the property pursuant to 3.4 or 3.5, then the assets may be destroyed or otherwise permanently disposed of in accordance with applicable laws.

6.06 FIXED ASSET INVENTORY

1. General

Acquisitions of assets valued at more than \$1,000 must be recorded in the fixed asset inventory listing. Fixed assets are a valuable resource and should be monitored and safeguarded by employees.

2. Purpose

This purpose of this policy is to outline procedures that are to be taken in regards to the monitoring and safekeeping of fixed assets.

3. Procedures

3.1 Generally Accepted Accounting Principles and state statute require that NMMI conduct an annual physical inventory of movable chattels and equipment. Fund supervisors will be provided with inventory listings at least once yearly. Each fund supervisor is required to verify the listing and notify the Business Office of any discrepancies. The listings will then be certified by the fund supervisor and returned to the Business Office. The Board of Regents must provide a certification as to the correctness of the inventory annually.

3.2 Deletions of fixed assets from the fixed asset inventory listing shall abide by Policy 6.05.

3.3 Proper forms must be submitted to the Business Office promptly for:

3.3.1 Assets that are stolen or missing

3.3.2 Assets that are transferred

3.3.3 Assets taken off campus

3.3.4 Assets damaged or obsolete

Business Office fixed asset forms may be located on the NMMI intranet at <http://www.nmmi.edu/business/intranet/index.htm>. If assets are missing or stolen, employees should report the information to the Campus Police immediately.

6.07 ART COLLECTION

1. General

NMMI receives with grateful favor donations of objects and works of art to be utilized in the best interest of the Institute and to further its responsibilities for teaching, research, and public service. The following policy is intended to ensure the careful acquisition, inventory, and professional care and maintenance of art objects belonging to NMMI. This policy recognizes that the acquisition and disposition of art is distinct from that of other types of personal property owned by NMMI.

For the purpose of this document, the work “acquired” shall be interpreted to include receiving all acquisitions whether through purchase (using both appropriated or donated funding), commission, gift, trade, transfer, exchange or bequest.

2. Purpose

The purpose of this policy is to outline procedures that should be applied to the Institute’s art collection.

3. Procedures

The following are procedures as they relate to the Institute’s art collection.

4. Art for the Campus

The Vice President for Enrollment & Development may accept gifts on behalf of the Institute. The final acceptance of the objects will not be made until the President/Superintendent has reviewed the recommendations of the NMMI Art Acquisitions Committee. No department should obligate the Institute to the acquisition of an object of art without proposing the work to the Art Acquisitions Committee and coordinating the acquisition with the Vice President for Enrollment & Development and approval of the President/ Superintendent.

4.1 Criteria for Acceptance

The NMMI ART Acquisitions Committee for the following criteria will evaluate all art acquisitions:

- 4.1.1 The quality and condition of the object include in an independent appraisal, aesthetic value and appropriateness to the academic environment to which it is donated. The value of the object for scholarly use within an established collection on campus should be considered.

- 4.1.2 NMMI's ability to properly care for and maintain the object to acceptable professional standards.
- 4.1.3 The security and appropriateness of the location for installation of the object. Considerations for protection of the object through security systems and insurance restrictions should also be considered.

4.2 General Guidelines for Acquisition

The acquisition of a work of art should be made without conditions or restrictions. There can be no commitment to permanent display, nor can the Institute be committed to retain ownership in perpetuity.

4.3 Deed/Gift Agreement

The gift of objects or works of art needs to be formalized in a deed or gift agreement, which includes statement of transfer of legal title and where applicable, copyright, and literary rights and signature of the donor. The deed of gift or a copy of the deed of gift should be kept on file with the Vice President of Finance and included on the NMMI property inventory. Documentation should include:

- 4.3.1 Name and address of donor and intermediary, if any.
- 4.3.2 Description of the object in sufficient detail to enable easy identification and a photograph.
- 4.3.3 Date of contribution and acknowledgment.
- 4.3.4 Date of acquisition by the donor and method of acquisition.
- 4.3.5 Any records, receipts or other documents that provide proof of ownership or authenticity or enhance its educational value.
- 4.3.6 A history of the object and any information that may have bearing in its authenticity or enhance its educational value.
- 4.3.7 The original cost or appraisal of the object at the time of original acquisition.
- 4.3.8 A current appraisal by an independent qualified appraiser.
- 4.3.9 Factors used to arrive at the current value.
- 4.3.10 Disposition of the property if not retained by the Institute.

4.3.11 Any restrictions or conditions placed on the gift by the donor and the expiration date of the conditions.

4.4 Purchases

The purchase of objects for the Institute should be formalized by a written contract for commission or bill of sale. The NMMI ART Acquisitions Committee, the Vice President, will review proposals and contracts for Business Affairs (Vice President of Finance) NMMI legal counsel.

4.5 Register of Art Work

NMMI shall record and catalog art work and maintain a current location register. The Curator of the Museum shall maintain a current copy of this register.

All art objects acquired by the Institute are to be recorded and properly identified in this register.

4.6 Inventories of Art Work

All objects are to be inventoried with regularity and stored or displayed within the acceptable professional standards required by the insurance carrier (Risk Management Division) and common museum practice.

4.7 Tax Deductions and Appraisals

Donations to the Institute are tax deductible as charitable contributions in accordance with current Internal Revenue Service regulations. The Institute staff cannot give appraisals for establishing the tax-deductible value of any gifts offered to NMMI, as this can constitute a conflict of interest. The staff shall not appraise, identify, or otherwise authenticate for persons or agencies that could encourage or benefit from illegal or irresponsible traffic in such items.

Identification and authentication can be made for professional and educational purposes and in complying with legitimate requests of professional government bodies or their agents.

Donors must have an independent appraisal made for their own tax deduction purposes.

5. Restoration and Repair

All proposals for restoration and repair of artwork should be presented to the NMMI Art Acquisitions Committee for consideration and professional conservators should be consulted when needed. Should conservation be unfeasible and the poor condition of the art work impugn the integrity of the piece, the work should be removed from view, or in the case of murals, be appropriately covered upon consultation with the NMMI Art Acquisitions Committee.

6. Disposition of Art Works

Should NMMI wish to dispose of an object previously acquired, the following procedures should apply:

- 6.1 The object should be presented to the NMMI Art Acquisitions Committee with a request to dispose of the object. This written request should include a justification for the disposal of the artwork and a proposed destination for the work of art.
- 6.2 If the object is not desired for an established collection, the object should be disposed of using appropriate means. Consideration is to be given to placing the object through gift, exchange, or sale in another tax-exempt public institution. If the object is offered for sale, preference should be given to sale at public auction or in the public marketplace. Staff and officials of the Institute will be considered ineligible to purchase or otherwise acquire de-accessioned objects belonging to NMMI or any of the Institute's established collections.
- 6.3 If any profit is accrued through the sale of an object, it should be applied to the general operating budget of NMMI. The NMMI Art Acquisition Committee should discourage the sale of objects without clear justification and deter the sale of object for revenue.
- 6.4 De-accession of museum items will follow the Museum de-accession policy.

7. Public Mural/Indoor Murals

Proposals for murals depicting the educational, service or research mission of NMMI should be evaluated by the NMMI Art Acquisitions Committee as any other commission of artwork.

8. Public Art for New Construction (one percent for art)

- 8.1. The Institute will follow the guidelines approved by the legislature for one percent for art projects. The NMMI Art Acquisitions Committee may be consulted by the administration for recommendations for committee members to serve on “one percent for art committees”. The state policy, taken from a State Cultural Affairs pamphlet, is summarized as follows:

In 1986, the legislature of the State of New Mexico passed legislation entitled the “Art in Public Places Act”. The governor signed it into law. The legislature thus created as a “policy of the state that a portion of appropriations for capital expenditures be set aside for the acquisition or commissioning of works of art to be used in, upon or around public buildings.” The resulting program is most often referred to as the One Percent for Art Program because of specific wording in the law; “all agencies shall allocate as a non-deductible item an amount of money equal to one percent or \$200,000, whichever is less, of the amount of money appropriated for new construction or any major renovation exceeding \$100,000, to be expended for the acquisition and installation of works of art for the new building to be constructed or the building in which the major renovation is to occur.”

The following procedures were developed to govern the selection of works of art for the State of New Mexico. These guidelines provide a general framework for selecting artists and works of art.

8.2 The Public Art Selection Committee

In consultation with members of the New Mexico Arts Commission who are appointed by the governor, “user” agency directors and community leaders will appoint seven individuals to this committee. Normally, this will include a representative of the “owner” NMMI, a representative of the “user,” an architect, preferably the project architect, two community representatives, a local professional artist who has agreed to abstain from consideration for the project and a community arts representative.

The “users” for the building in which a public artwork will be located include the employees who will work in the building; this group of people will be more directly affected by the artwork than any other population. The representative(s) of the user will have only one vote on the selection committee; however, 50 percent or more of the user representatives must approve the final selection of the Public Art Selection Committee.

The selection committee will meet at the building site or other appropriate location to consider where the artwork should be placed and what type of work would be appropriate in relation to the funds available for the purpose (e.g., a two-dimensional work, a sculpture, a mural, etc.). In addition, the selection committee will survey the Artists/Slide Registry for identifying potential artworks and artists.

The selection committee will also decide on the method of artwork selection, that is, a direct selection, an invitational competition, an open competition, or a combination of these options.

8.3 The Final Decision

The Public Art Selection Committee makes the final selection and the user representative(s) are asked to sign a statement approving the final selected work. The approval of the Superintendent is necessary for all public art for new construction/landscaping.

8.4 Administration

From this point, administration of the project is the responsibility of the New Mexico Arts Division and the Public Art Coordinator; however, the Arts Division in Santa Fe or the Public Art Coordinator in Albuquerque will answer questions regarding the administration of the project.

9. Permanent Collection, NMMI

9.1 Acquisition and Accession Procedures

An accession is defined as an object or objects acquired through gift, exchange, purchase or commission with the intention of placing it permanently in the collection. Objects which are to be acquired and accessioned by should meet the following criteria:

9.1.1 The object under consideration should be relevant to the existing collection or will form the nucleus for a new collection.

9.1.2 NMMI can provide adequate storage, protection, and preservation under conditions that ensure availability for the future and that are in keeping with professionally accepted standards.

9.1.3 NMMI will not knowingly accept any object that has been illegally obtained or imported into the United States, or that encourages or supports damage to cultural or historical sites. However, NMMI does reserve the option to accept objects that have been confiscated by the U.S. Government.

9.2 Gifts and Bequests

It is strongly desired that all gifts and bequests of objects to NMMI be of an unrestricted nature. No work should be accepted with an attribution or requirement of exhibition in perpetuity. Only under the most exceptional conditions will the museum accept gifts or bequests on which the donor has placed restrictions concerning its use and disposition.

Every effort should be made to limit restrictions to a reasonable period after which they will expire. All records of any such restrictions will be entered into all records concerning the gift. NMMI will follow the general guidelines for deed of gift and documentation outlined above.

9.2.1 Preservation and Security

Every effort will be made to preserve and secure the objects and works of art to be utilized in the best interest of NMMI, and to further its responsibilities for teaching, and public service. Costs associated with preservation and security should be considered when accepting these gifts. Donated funds, including corpus of endowments, will be used to preserve and ensure the safety of the objects and works of art received.

9.3 De-accession (Removal Of An Object Or Objects From The Collection)

The removal and subsequent disposal of any work from NMMI's collection requires serious deliberation in as much as this action is generally irrevocable. While retention of all material can be justified, disposal on the grounds of taste, current or otherwise, is dubious and should be related to established policy rather than the expediencies of the moment. Should such action regarding objects in the collection be undertaken, full justification should be provided to the Board of Regents or specially constituted Committee of De-accession.

Objects shall be defined as de-accessions when they are removed from the collection with legal transfer of title or other appropriate action.

9.4 Disposition of Objects

The manner of disposition chosen will be in the best interest of NMMI. Any profit from the disposition will be applied to the NMMI general operating account.

- 9.4.1 Consideration is given to placing the object through gift, exchange, or sale in another tax-exempt public institution.
- 9.4.2 If the object is offered for sale, preference should be given to sale at public auction or in the public marketplace. NMMI staff, its support organizations, or any officials of the Institute, will be considered ineligible to purchase or otherwise acquire de-accessioned objects from NMMI's collection.
- 9.4.3 Objects with mandatory restrictions may not be de-accessioned prior to expiration of the time limit if any exists, or a court of competent jurisdiction has determined it, that deviation from such restrictions may be allowed.
- 9.4.4 Objects with precatory restrictions should not be disposed of until reasonable efforts have been made to comply with the restricting conditions. If it is practical and reasonable to do so considering the value, NMMI should notify the donor if it intends to dispose of such objects within ten years or the donor's lifetime, whichever is shorter.
- 9.4.5 If there is any question as to the intent or force of the restrictions, NMMI will seek advice from the Institute's legal counsel.
- 9.4.6 The disposition of works by living artists will be accomplished in such a manner that it will not impugn the reputation of the artists or their body of work. The feelings of the artist should be respected and whenever possible the artist should be consulted regarding the disposition of their work.
- 9.5 Documentation of De-accessioned Objects
 - 9.5.1 Written outside appraisals will be sought for any object of significant value that is being considered for de-accession.
 - 9.5.2 Records of the museum shall document the removal of the objects from NMMI and the nature of their disposal.

10. Loan Procedures

- 10.1 Loans from NMMI to Other Institutions
 - 10.1.1 The object to be loaned must be able to survive, intact, the rigors that will be imposed by transportation and handling.
 - 10.1.2 The borrowing institution shall have proper environmental controls, qualified handlers and security for the protection of the object.

Facilities reports will be required.

10.1.3 NMMI has no immediate need for the work.

10.1.4 Loans will be made for a period of one year or less.

10.1.5 The borrowing institution will provide wall-to-wall insurance; a certificate of insurance will be required.

10.2 Long-term Loans

10.2.1 Loans to institutions for extended tours, exceeding one year, may be made with the provision that all institutions involved in the tour meet all the above qualifications for loan.

10.2.2 Long-term loans from NMMI may be made from time to time. Security of the location and values of the object are the important criteria for loans of this nature.

10.3 Loan to NMMI

The following records will be maintained by the Museum on all incoming loans:

10.3.1 Copies of all loan forms.

10.3.2 Condition reports, both incoming and outgoing, to include any special requirements for the object.

10.3.3 All records of transport will be retained for a reasonable period.

10.3.4 Any records pertaining to the work with respect to value and insurance must be addressed.

SECTION 7: BUDGETING



POLICY	POLICY NUMBER
Budget Policy	7.01
Integrated Budget Cycle	7.02
Budget Request Forms	7.03
Budget Control	7.04

7.01 BUDGET POLICY

Subject to Change Without Notice

Authorized by NMMI Regents' Policy 7.20 "Budgets and Fund Balances"

1. Purpose

The purpose of this policy is to establish guidelines for developing NMMI's budgets.

2. Policy

NMMI's budgets are developed as a logical extension of the Institution's planning process to support the mission of NMMI. The Institute follows the requirements established by the New Mexico Higher Education Department (HED) in formulating its budgets and in exercising budgetary control. It is through the HED's policy that the Board of Regents can, in general, adopt an operating budget within the limits of available revenue, including capital outlay and retirement of indebtedness.

3. Available Resources

All funds, whether they are Institutional or External (e.g., Foundation), will be considered in the budgeting and decision-making process so that NMMI can access all resources available to achieve its mission and goals. External funds received for the benefit of NMMI and used for NMMI purposes in accordance with legal stipulations of the funding source, will to the extent possible, offset and/or replace NMMI funds dedicated to the same purpose/function.

4. Budget Accountability

The Institute's departments are responsible for the management of their budgets. Overspending the departmental budget is not allowed. If overspending does occur, the Vice President or Dean is responsible for covering the excess expenditure from other departments within their purview.

The Vice President of Finance is charged with the oversight and development of the budget.

5. Budget Adjustments

NMMI is required by HED to adjust the beginning fund balances of the Original Budget submitted May 1 in order to appropriately reflect the audited ending balances of the prior year. This Budget Adjustment Request (BAR) is required to be approved and submitted to HED. Additionally, any increases or decreases to expected revenue or expenses in the fiscal year may also be submitted.

7.02 INTEGRATED BUDGET CYCLE

Subject to Change Without Notice

Authorized by NMMI Regents' Policy 7.20 "Budgets and Fund Balances"

1. Purpose

The purpose of this policy is to establish the timeline developing NMMI's budgets.

2. Policy

NMMI's budgets are developed as a logical extension of the institution's planning process to support the mission of NMMI. The budget cycle is an integral part of the overall strategic planning process. To ensure that the Strategic Plan remains current, it will be reviewed and updated yearly as part of the annual NMMI planning/programming/budgeting/assessment system. That system entails planning/programming in the fall, budgeting in the spring, and assessment during the summer. At NMMI, this system occurs annually, but within it, one must differentiate between a planning year, a programming year, and the budget execution year. Each year has a particular budget associated with it. The budget execution year is the year in which a budget is being executive or the current calendar year; the programming year budget is for next fiscal year; and the planning year budget for the year following it.

3. Budget Cycle Timetable

The Vice President of Finance (VPF) establishes a budget cycle for compliance with this Policy and with the budget timelines as required by the New Mexico Higher Education Department (HED). The timeline may be changed or updated as needed at the discretion of the VPF.

3.1 August-Submit Capital Requests to HED as required.

3.2 September –

3.2.1 Submit new funding requests from State appropriations to HED as required.

3.2.2 Call for Budgets documents distributed to Senior Leadership.

3.2.3 Vice presidents will initiate budget calls within their functional unit.

- 3.3 October-Functional units develop budget proposals and prioritization.
- 3.4 November- Vice Presidents, Dean and Commandant forward prioritized budget proposals to VPF.
- 3.5 December-VPF Summarize budget proposals and negotiate priorities.
- 3.6 January-Tuition and Fees changes determined. Revenue projections and estimated fund balances.
- 3.7 February-VPF refines budgets and meets with Senior Leadership. President ranks priorities.
- 3.8 March-Final budget summaries presentations.
- 3.9 April-Final budget and strategic priorities approved by Board of Regents
- 3.10 May 1-Final budget submitted to HED.

7.03 BUDGET REQUEST FORMS

Subject to Change Without Notice

Authorized by NMMI Regents' Policy 7.20 "Budgets and Fund Balances"

1. Purpose

The purpose of this policy is to establish the procedures for developing NMMI's budgets.

2. Policy

The Vice President of Finance (VPF) establishes guidance as to the specific procedures needed to develop NMMI's budgets. The internal budget process generally begins in the first quarter of the fiscal year. At the beginning of this annual process, a combination of documents is distributed to the Senior Leadership. The information is referred to as the "Call for Budgets". The elements of the documents are to be determined by the VPF to ensure the integration of the Strategic Plan and the budget document.

7.04 BUDGET CONTROL

Subject to Change Without Notice

Authorized by NMMI Regents' Policy 7.20 "Budgets and Fund Balances"

1. Purpose

The purpose of this policy is to establish the procedures for governing and monitoring NMMI's budgets in order to (1) provide reasonable assurance of the integrity of the budget; (2) manage available resources to a consistent standard of accountability; and (3) support progress towards strategic goals.

2. Policy

Adherence to budgetary limits is required. Responsibility for control of expenditures with budgetary limits ultimately rests with the administrative head of each functional unit, i.e., Academic Dean, Commandant, Athletic Director and Vice Presidents. However, the details of carrying out his responsibility are delegated to department heads, directors or other supervisory personnel who serve as budget managers.

3. Budget Reports

All functional units' budgets and associated expenditures are available electronically through the NMMI intranet or may be requested from the Business Office. At the request of the budget manager, the Business Office provides each budget manager or designee at the close of each month with detailed departmental budget and expenditure reports. These reports should be promptly checked against departmental records and the Business Office notified of any discrepancies.

SECTION 8: YEAR END CLOSE AND AUDIT



POLICY	POLICY NUMBER
Fiscal Year Closing Procedures	8.01
The External Audit	8.02
Internal Audit Function	8.03

8.01 FISCAL YEAR CLOSING PROCEDURES

1. General

The Institute's fiscal year ends on June 30 each year. At the end of each fiscal year, certain procedures must take place to ensure the accuracy of financial information reporting.

2. Purpose

The purpose of this policy is to outline in general the procedures that need to occur in conjunction with the end of each fiscal year.

3. Procedures

June 30 of each year is the end of the Institute's fiscal year. This means that all revenues earned and expenditures incurred after June 30 are recorded in the next fiscal year. Specific cutoff and year-end procedures are as follows:

- 3.1 Invoices and check requests. All invoice and check requests pertaining to the current fiscal year should be submitted to the Business Office by the date specified annually by the Accounting Supervisor. Generally, invoices received after the third week in July will be charged to the next fiscal year unless special arrangements have been made with the Business Office. All departments should review their open purchase orders and other expenditures at June 30 and inform the Business Office if an accrual is necessary to reflect the expenditure in the proper fiscal year. An accrual means that the item has been charged to the department in the current fiscal year and recorded as a liability at June 30 since the item was received and actual payment of the invoice will not be possible until after June 30.
- 3.2 Service Department/Internal Charges. All service department and other internal charges for the month of June should be submitted to the Business Office no later than July 15, so that these charges can be properly expensed in the June general ledger.
- 3.3 Physical Inventories. All departments that maintain a physical inventory must take an annual physical inventory at or near June 30. The Business Office and the Internal Auditor will review the physical inventory counts as deemed necessary. Purchasing and receiving should be suspended for at least one week before the inventory to facilitate the actual count. The final priced out physical inventories should be submitted to the Business Office no later than July 15.

3.4 Within the Great Plains accounting system there are certain modules that need to be addressed at the close of each fiscal year and then properly closed:

3.4.1 Fixed Assets

3.4.2 General Ledger

8.02 THE EXTERNAL AUDIT

Section 12-6-3 NMSA 1978 (Annual and Special Audits) mandates that the financial affairs of every agency be thoroughly examined and audited each year by the State Auditor, personnel of his office designated by him, or by independent auditors approved by him, and that the audits be conducted in accordance with generally accepted auditing standards and rules issued by the State Auditor. Additional information concerning this law and other State Audit Rules may be found at http://www.saonm.org/pdf/2010_Audit_Rule_New.pdf.

The annual external audit of the Institute's books and records generally takes place from September until early October. While the majority of the auditors' time is spent in the Business Office, the scope of the audit may require the auditors to visit with other departments as well. Departments should provide the auditors with any information that they might request.

8.03 INTERNAL AUDIT FUNCTION

1. General

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

2. Purpose

The definition and purpose of the NMMI Internal Audit function is:

The Institute of Internal Auditors describes internal auditing as an independent appraisal function established within an organization to examine and evaluate its activities as a service to the organization. It is a managerial control that functions by measuring and evaluating the effectiveness of other controls. Its purpose is to assist all personnel in most effectively, efficiently and economically fulfilling their assigned responsibilities by providing objective analysis of the activities reviewed plus recommendations for improvement.

Additional information regarding the NMMI Internal Auditor's Office can be found on the NMMI intranet at <http://www.nmmi.edu/auditor/index.htm>.

SECTION 9: TRAVEL AND OTHER ITEMS



POLICY	POLICY NUMBER
Business Travel Policies, Advances and Reimbursements	9.01
Entertainment Expenses	9.02
Telephone Service	9.03
Purchasing cards	9.04
Charging By Employees	9.05
Service Department Buildings	9.06
Mortgage Policy	9.07
Moving Expenses	9.08
Conflict of Interest Policy for Employees	9.09

9.01 BUSINESS TRAVEL POLICIES, ADVANCES AND REIMBURSEMENTS

1. General

These policies and procedures provide guidelines for the reimbursement of reasonable and allowable costs incurred by members of the NMMI Board of Regents, faculty, and staff traveling on official NMMI business.

- 1.1 The policies are intended to establish maximum reimbursement levels. In all cases, travelers are urged to use good judgment when incurring travel expenses.
- 1.2 To expedite processing of requests for travel reimbursement, travelers should thoroughly explain their travel claims and attaches original supporting receipts and documentation. This is important for processing and satisfying internal and external reviews and audits.
- 1.3 When travel is totally reimbursed from external sources that have specific travel reimbursement policies more restrictive than those defined herein, the external agency policies shall be applicable. When reimbursement is requested in these situations, an explanation should be included with the reimbursement claim.

2. Eligibility and Reimbursement

- 2.1 The NMMI Board of Regent members, faculty, or staff who are on official NMMI business and who must travel at least twenty (20) miles, may be eligible for travel expense reimbursement other than mileage. All travelers seeking reimbursement of travel costs incurred by using personal funds should submit a completed Travel Request form to the NMMI Vice President of Finance's Office within three (3) working days prior to expected travel. The Travel Request form must contain a detailed description of the purpose for travel and be signed by the person in the department who has authority over the account and who is in a position of authority over the individual who is being reimbursed.
- 2.2 These travel reimbursement policies and procedures are also applicable to travel by cadets who are on official NMMI business, who are being reimbursed from NMMI funds, and who have received authorization to travel by the applicable department.

3. **Travel Time Defined**

For purposes of computing the appropriate per diem allowances, travel time includes the time required to travel to and from the destination, excluding the normal time required to travel from the traveler’s principal residence to and from the place of employment. Travel time may not include normal commuting time. Travel time does not include time spent for personal business or time required traveling by car, which exceeds travel time by commercial airline, unless travel by car is necessitated by the nature of the trip.

4. **Transportation**

“Commuting” is defined as traveling from the residence to the place of employment. Transportation expenses are the ordinary and necessary expenses of getting from the traveler’s place of employment to another work site while on NMMI business. “Commuting” is not considered as NMMI business regardless of whether work is performed during the trip.

4.1 Commercial Airlines

NMMI will pay the reasonable cost of commercial “coach” airline travel, or “business,” in the case of international travel. Travelers are encouraged to plan their travel far enough in advance to be able to receive the lowest available airfares coincident to their travel schedules.

4.2 Frequent Flyer Mileage Incentives

All frequent flyer mileage or other incentives earned by the individual while on NMMI business should be retained by that individual for NMMI official business use only. Although an individual may request travel by a specific carrier, the selection may not supersede any contractual agreements between NMMI and a specific airline.

The use of frequent flyer and other incentives for NMMI business are not reimbursable by NMMI.

4.3 Chartered Transportation

Chartered transportation will be reimbursed in full when there is a financial saving for this type of travel, or where unique time favor chartered transportation. Otherwise, chartered transportation will be reimbursed at the lower of the cost of commercial “coach” airline fare or the actual charter expense.

4.4 Automobile Rental

Travelers are encouraged to use cost effective public transportation when available, but are authorized to rent automobiles when necessary. Travelers should use the services of those vendors with which NMMI has contracted for favorable terms. Travelers may rent automobiles from other vendors, as long as their reimbursement request includes the cost of collision and liability insurance, and does not exceed that available from the contracted vendors. The Vice President of Finance will periodically publish these contracted rates and terms.

Collision and comprehensive insurance is no longer provided on rental vehicles through the State of New Mexico Risk Management Division. Travelers must obtain this insurance when contracting for rental vehicles. Individuals are responsible for ensuring the rental vehicle has the required insurance coverage.

4.5 Personal Automobile

Use of a personal automobile for official NMMI business will be reimbursed \$.30 per mile. The rate is intended to cover all costs associated with owning the automobile, including gasoline, maintenance and repairs, insurance, etc.

4.5.1 Mileage reimbursement for in-state travel between cities will be based on actual business miles traveled.

4.5.2 Mileage reimbursement may be allowed for the use of a personal automobile while on NMMI business within the local area, excluding mileage normally associated with commuting from the residence to the place of employment. Mileage will be recorded to the nearest tenth of a mile.

4.5.3 Reimbursement for mileage of personal automobiles used in lieu of air travel for out-of-state travel may not exceed the cost of coach airfare.

4.6 Privately Owned Airplane

Use of personal aircraft will be reimbursed at the rate of forty (40) cents per mile or commercial coach airfare, whichever is less.

4.7 Qualified drivers may request use of an NMMI vehicle for school travel. See Section 9.01.

5. Procurement Procedures

Travelers may choose to pay for their own commercial transportation in advance of a trip from personal funds or a personal purchasing card and request reimbursement from NMMI after the travel has been completed. Receipts must accompany the claim.

NMMI will not permit travel agents to solicit business by offering to accumulate travel credits for use by individuals or departments, offering free tickets or any other inducements offered directly to NMMI individuals or to NMMI departments.

Chartered transportation for either individual or group/team travel must be acquired by issuance of a Purchase Order.

Automobile rentals will be reimbursed subject to the above policies if acquired by personal funds or personal purchasing cards.

6. Lodging and Meals

Travelers may be reimbursed for out-of-pocket expenses for lodging and meals, subject to the limitations of this Section. Per Diem meal reimbursement includes the cost of food, beverages, and gratuities. Such requests must be reported on a Travel Request form. Any one of the methods listed below may reimburse travelers.

When meals are included in conference fees or provided by an outside source, meal reimbursement must be reduced by the greater of the below scheduled amount or the actual cost paid. Continental breakfast provided by a conference does not require a reduction in per diem.

Meals	In-State	Out-of-State
Breakfast	\$6.00	\$9.00
Lunch	\$9.00	\$13.00
Dinner	\$15.00	\$18.00
Total	\$30.00	\$40.00

Please note that any actual lodging expenses which are in excess of \$215.00 per night require approval by the President/Superintendent **prior** to the actual date(s) of travel.

7. Per Diem

Per Diem shall be computed as follows:

7.1 For each 24-hour period where overnight lodging is required, reimbursement will be as follows:

- 7.1.1 In-state, \$58.00
 - 7.1.2 In-state special areas, \$75.00
 - 7.1.3 Out-of-state, \$75.00
 - 7.1.4 Out-of-state special areas, \$95.00.
- 7.2 For travel for a partial day, following a 24 hour period where overnight lodging is required, per diem shall be pro-rated as follows for all areas:
- 7.2.1 For an additional period up to 6 hours, \$6.00
 - 7.2.2 For an additional period between 6 and 12 hours, \$15.00
 - 7.2.3 For an additional period between 12 and 24 hours, \$30.00.
- 7.3 For travel for less than 24 hours when overnight lodging is not required, reimbursement shall be pro-rated as follows:
- 7.3.1 Less than 6 hours, none
 - 7.3.2 Between 6 and 12 hours, \$6.00
 - 7.3.3 Between 12 and 18 hours, \$15.00
 - 7.3.4 Between 18 and 24 hours, \$30.00.
- 7.4 In-state special areas shall be Albuquerque, Santa Fe and Las Cruces. Out-of-state special areas shall be the metropolitan areas of New York City, Washington, D.C., Chicago, Los Angeles, San Francisco, San Diego, Atlanta, Boston, Las Vegas, Atlantic City, Philadelphia, Dallas/Ft. Worth, St. Louis, Kansas City, Seattle, Portland, New Orleans, San Antonio, and Houston and outside the continental United States.
- 7.5 In addition to per diem, employees may be reimbursed for the following actual expenses if estimates are approved in advance and receipts accompany claims:
- 7.5.1 Taxi or other transportation fees
 - 7.5.2 Parking fees
 - 7.5.3 Registration fees (Claim may not include lodging or meals.)
 - 7.5.4 Rental cars when suitable, if less expensive public transportation is not available.
- 7.6 With prior written approval of the governing board or its designee, per diem may include:
- 7.6.1 Reimbursement for actual expenses for lodging
 - 7.6.2 The standard meal reimbursement per Diem not to exceed \$30.00 per day or reimbursement for actual expenses for meals not to exceed **\$30.00** per day. Receipts are required for reimbursement of actual expenses.

- 7.7 Prudent judgment will be exercised on the part of the traveler to keep traveling expenses to the minimum in consonance with the successful accomplishment of the assigned mission.
- 7.8 Upon completion of travel, the individual concerned will submit a completed "Travel Reimbursement Request" along with itinerary and vouchers supporting any additional authorized expenses. Reimbursement will be made based on the information provided, and by check.
- 7.9 Per Diem rates for the Board of Regents are as follows:
 - 7.9.1 For official Board of Regents meetings held in Roswell or other cities not considered eligible for in-state special rates (see above), Regents will be reimbursed \$58.00 for each meeting.
 - 7.9.2 For official Board of Regents meetings held at cities listed as eligible for in-state special rates, the Regents will be reimbursed \$75.00 for each meeting day.
 - 7.9.3 Regents traveling on NMMI business in personal automobiles will be reimbursed at the prevailing IRS mileage rate. Employee reimbursements will remain at \$.30 per mile for their own vehicles, since employees are provided the option of NMMI rented vehicles.
 - 7.9.4 For other official NMMI travel, Regents will be reimbursed at the rate of employee reimbursement (see above).

9.02 ENTERTAINMENT EXPENSES

Entertainment of NMMI employees (for example, meal expenses), other than pursuant to NMMI's travel policy is strictly prohibited. Exemptions are allowed when the function is a hospitality event that includes both NMMI employees and invited guests of NMMI (NMMI O&P 1030).

Expenditures for entertainment by the President/Superintendent or his staff (Vice Presidents, and others if appropriate) where such expenditures may include items not authorized for state expenditures such as the serving of alcoholic beverages may request that the NMMI Foundation Inc. pay for these unallowable expenditures (NMMI O&P 4010).

9.03 TELEPHONE SERVICE

1. General

Only long distance calls for official NMMI business should be charged to NMMI. Charging long distance telephone calls for personal or other non-NMMI business is prohibited and constitutes misuse of NMMI funds. Personal calls made from NMMI telephones should be charged to the caller, to the called party, or to another non-NMMI source. If an emergency situation requires an employee to charge a personal long distance call to NMMI, the employee must reimburse NMMI.

Official NMMI long distance calls made from a NMMI telephone should be placed in accordance with the instructions included in the NMMI Campus Directory.

2. Long Distance Telephone Calls Made For Official NMMI Business From Off Campus

Long distance calls made from an off campus telephone for official NMMI business are handled in either of the following ways:

- 2.1 Charged to an NMMI issued telephone purchasing card
- 2.2 Charged to the employee's personal telephone number

If the latter procedure is used, the employee may be reimbursed for the business call(s) by submitting a copy of the telephone bill. All official NMMI business calls should be highlighted and a brief explanation of the calls should be attached. The bill and explanation must be attached to a properly approved Check Request or a Petty Cash Receipt form and submitted to the appropriate accounting office. Reimbursement will be made to the employee for all NMMI business calls.

3. Long Distance Telephone Charges

Department Heads are responsible for monitoring department telephone charges and reviewing monthly report of charges for accuracy.

Charges billed to an account in error should be reported to the Information Services Department.

9.04 PURCHASING CARDS

1. General

The NMMI purchasing card program is designed to provide a more efficient means of making travel and routine purchases by reducing paperwork, allowing for more control and responsibility at the department level, and streamlining the purchasing cycle.

2. Purpose

The purpose of this policy is to outline the proper usage of the purchasing cards and ensure the safeguarding of NMMI assets.

3. Procedures

- 3.1 Issuance of purchasing cards – Purchasing cards are issued to those individuals on campus that are deemed to have a need for one by the Vice President of Finance. Others may also submit a written request for a purchasing card to the Vice President of Finance if they feel that their position also requires the issuance of a purchasing card. In order for an individual to obtain a purchasing card, a Cardholder Agreement must be signed. The Cardholder Agreement outlines the rights and responsibilities of the cardholder.
- 3.2 Purchasing card limits – Limits are established on a case-by-case basis and may vary depending upon the expected volume of transactions that the cardholder will engage in. Limits are approved by the Vice President of Finance.
- 3.3 Purchasing card security – The NMMI purchasing card should always be protected and the card should always be kept in a secure location. **The only person authorized to use the purchasing card is the cardholder whose name appears on the face of the card.** Under no circumstances may a cardholder allow another individual to use his or her purchasing card.
- 3.4 Lost, stolen, misplaced cards or fraudulent charges – In order to protect the Institute's interest, lost or stolen purchasing cards must be reported to Bank of America and internally to the Assistant Human Resources Director. The cardholder can be liable for all charges incurred until the card is reported lost, stolen or misplaced.

In the case of fraudulent charges, Bank of America often catches suspicious charges before the cardholder notices the activity on his or her card. Bank of America will contact the cardholder directly at which time the cardholder will need to verify the charges in question.

- 3.5 Cardholder termination – Cards must be canceled immediately for members who terminate their employment, transfer to another department or assume different duties that do not require the use of the purchasing card.
- 3.6 Allowable purchases – The NMMI purchasing card may be used for non-capital equipment, supplies, and travel purchases.
- 3.7 All purchases must be made in accordance with established Institute policy and all purchases made with the purchasing card must be for expenses associated with official Institute business. Use of the purchasing card for unauthorized, inappropriate, or personal items may result in the loss of the purchasing card or disciplinary action or both. Some examples of **unallowable** purchases are:
 - 3.7.1 Donations
 - 3.7.2 Holiday decorations
 - 3.7.3 Alcoholic beverages
 - 3.7.4 Entertainment
 - 3.7.5 Personal care products
 - 3.7.6 Occasion cards, flowers and gifts
 - 3.7.7 Services
 - 3.7.8 Fines or penalties
 - 3.7.9 Personal expenses
 - 3.7.10 Sales Tax on the purchase of goods
- 3.8 Sales tax – NMMI is exempt from sales taxes on the purchase of goods. In order to avoid paying sales taxes the cardholder may be required to provide the tax exempt number of the Institute to the vendor. This number may be obtained by contacting the Business Office.
- 3.9 Usage of the purchasing card for purchases less than \$500 – For this type of purchase the employee will first purchase the item and receive a proper receipt of purchase. A purchase order should then be completed and authorized with the notation of “Paid by purchasing card” on the face of the document. The receipt is then attached to the purchase order and forwarded on to the Business Office for processing.

- 3.10 Usage of the purchasing card for purchases over \$500 – A purchase order must first be prepared and authorized for the purchase. After the purchase order is complete and approved, the purchase may then be made. A copy of the purchase order with the receipt attached to it should then be sent to the Business Office for processing with a notation that the purchase was made with a purchasing card.
- 3.11 Open purchase orders – Open purchase orders may be obtained for use with the purchasing card. The open purchase order must be completed and authorized. After the purchase order is completed and approved the purchase may then be made. A copy of the purchase order with the receipt should then be sent to the Business Office with a notation that the purchase was made with a purchasing card and also that this is a “partial” order.
- 3.12 Travel purchases – Travel and related purchases may be made with the purchasing card. At the end of each month when the purchasing card statement is received, a Cardholder Transaction Log should be completed by the cardholder to report the purchasing card transactions related to travel; a purchase order is not required for travel and related purchases. **This form should be used to report travel and related transactions only.** This log and the related travel receipts are then turned in to the Business Office when completed at the end of the month.
- 3.13 Reconciling of monthly statement – For each transaction listed on the purchasing card statement the cardholder should note the number of the related purchase order previously submitted to the Business Office. For any travel related transactions, not previously reported on a purchase order, the cardholder should complete a Cardholder Transaction Log and then send the log to the Business Office along with the related purchase receipts. The monthly statement with purchase order notations should also be sent to the Business Office when completed.

9.05 CHARGING BY EMPLOYEES

Personal charges made by employees for items such as bookstore purchases, meals in the dining hall or infirmary charges are **not** allowed. Any amounts due will be paid by the employee at the time of the purchase or when services are rendered.

9.06 SERVICE DEPARTMENT BILLINGS

Costs for such items as postage, copying machines and telephone use are charged monthly to departments. It is imperative that departments that provide such services send this information to the Business Office no later than ten days after the last working day of the month. Service departments should cutoff their monthly activity early enough to accommodate this schedule. Any questions or problems with these procedures should be directed to the Accounting Supervisor. Service departments are responsible for the maintenance of data supporting their charges.

9.07 MOVING EXPENSES

1. General

NMMI recognizes that payment or reimbursement of some of the costs of new employees relocating to NMMI may be an important consideration in the recruitment process. Thus, Vice Presidents/Directors may negotiate to reimburse some portion or pay for all of the moving expenses for certain new employees. Moving expenses may be paid or reimbursed when the payment is in NMMI's interest and benefits the recruitment effort, when funds are available, and when approved in writing by the Vice President of Finance. This policy is intended to establish maximum reimbursement levels. In all cases, the Vice President of Finance is urged to use good judgment when incurring moving expenses.

2. Definition

"Moving expenses," as used in this policy, means the actual expenses of transporting immediate household effects, furnishings, and personal effects of the employee and members of his or her household, as well as expenses of packing, crating, and insurance for such goods and effects. "Household goods" is construed to include the employee's professional library and, in some cases, professional collections. Moving expenses may also include the travel expenses of the employee and his or her dependents one way to the employment location, based on current NMMI travel allowances. NMMI does not pay or reimburse expenses for moving animals, camper trailers, boats, and other non-household items. In addition, NMMI does not pay or reimburse expenses incurred in any real estate transactions associated with the move nor generally for storage of household goods.

3. Eligible Employees

This policy pertains to new full-time faculty; administrative and professional staff employees.

If an employee's moving expenses are paid for or reimbursed, and he or she fails to fulfill his or her contract or appointment obligation, the employee is required to repay a prorated portion of the reimbursement. For purposes of this policy, a new employee failing to complete one year of service at NMMI shall be assumed to have not fully met the appointment obligation. No moving expenses will be paid for or reimbursed to new employees already living less than seventy-five (75) miles from the employment location.

4. Payment and Reimbursement Allowances

The Executive Vice President is responsible for informing the applicant of the type of expenses that may be reimbursed and the required documentation (such as receipts and invoices).

Payment or reimbursement of moving expenses may be made for any portion of the actual costs as defined above. For persons coming from outside the United States, expenses from the nearest port of entry will be allowed. Exact amount of or limitations to payment or reimbursement should be established as part of the "appointment letter," in accordance with this policy. The Vice President of Finance is responsible for identifying the source(s) of funds available to cover the negotiated payment or reimbursement for the new employee's moving expenses.

The Vice President of Finance shall complete a New Employee Moving Expense form and assist the new employee in selecting an interstate carrier from a list of carriers who have New Mexico agents and have agreed to provide discounts. An estimate from the agent(s) shall be forwarded to the requester for preparation of a requisition and Purchase Order. The invoices will be paid by NMMI for the amount agreed to in the appointment of the new employee. In the case of partial reimbursement agreements, new employees will be expected to pay the carrier for his/her portion at the time NMMI makes payment to the carrier.

5. Exceptions

In cases where the moving expenses are being paid by a grant or contract and the provisions of the grant or contract place greater restrictions on the allowances for moving expenses than NMMI policy as defined herein, such restrictions shall prevail.

The President/Superintendent must approve other exceptions to this policy. These exceptions include, but are not limited to, pre-move house-hunting expenses, temporary living expenses, and storage of household goods up to thirty- (30) days.

6. Reporting

NMMI will assist the employee in making a full accounting to the Internal Revenue Service of all moving expenses paid by NMMI. IRS form 4782 will be completed by the NMMI Assistant Vice President of Finance's Office and distributed to the employee by January 31 of the following year or within thirty (30) days of the date of termination of employment, whichever occurs first. IRS form 4782 provides a detail of expenses paid directly by NMMI and reimbursed expenses.

9.08**CONFLICT OF INTEREST POLICY FOR EMPLOYEES****1. General**

Faculty members, administrators, and staff, as employees of NMMI, have as their principal responsibility their work for the Institute. Because of the expertise that exists among Institute employees, various demands may be made upon their time to assist the federal government, state governments, city and county governments, industrial and business concerns, and research organizations. Institute employees will need to be aware of the various aspects of their activities and how they interrelate, in order to avoid conflict of interest between their various activities. The purpose of this policy, which has been developed in response to specific federal agency requirements, is to establish guidelines for recognizing, disclosing, and managing conflicts of interest.

2. Conflict of interest

A “conflict of interest” encompasses any situation in which an employee of the Institute uses, or is in a position to use, his or her influence and authority within the Institute to advance his or her own personal or financial interest, or financial interests of his or her immediate family.

2.1 Examples of types of conflict of interest situation may include, but are not limited to, the following:

2.1.1 Personal gain from unauthorized use of privileged information acquired in connection with the employee’s sponsored activities.

2.1.2 Influence upon the negotiation of an employee’s sponsored project agreement between the Institute and organizations with which the employee has consulting or other significant relationship.

2.1.3 Acceptance of gratuities or special favors from agencies or organizations with which the Institute does or may conduct business.

2.1.4 Extension of gratuities or special favors to employees of agencies or organizations under circumstances, which might reasonably be interpreted as an attempt to influence these employees in conducting their duties.

2.1.5 Having significant financial interest in an organization which provides goods and/or services to NMMI.

- 2.2 Examples of activities which are clearly permissible include:
 - 2.2.1 Acceptance of royalties for published works and patents, or of honoraria for papers.
 - 2.2.2 Payments as a consultant to an outside entity, provided that the time commitment does not exceed Institute policy and that the arrangement does not alter the employee's commitments to the Institute.
 - 2.2.3 Service on boards and committees of outside entities that does not distract from the employee's obligation to the Institute

3. Procedures

Each NMMI employee covered by this policy will annually disclose to the Vice President of Finance all "significant financial interests" held by themselves, their spouse and/or dependent children that are relevant to NMMI. Each NMMI employee covered by this policy will also annually disclose any areas of involvement that may be considered as a "conflict of interest" as defined above.

4. Review of Disclosure Statement

- 4.1 The Vice President of Finance shall review all disclosure statements and decide that: (a) there is no potential conflict of interest, or (b) there was a conflict of interest which has been resolved according to one or more of the possible remedies described below (see Section 5), or (c) there is a conflict of interest which has not been resolved. The Vice President of Finance may seek the advice of additional individuals under conditions of confidentiality to reach a final decision. The Vice President of Finance must find either (a) or (b) above prior to acceptance of any government-sponsored award or aid. Care will be exercised at all times to ensure confidentiality and to protect the safety and privacy of persons involved in the review.
- 4.2 If the Vice President of Finance determines that there is a conflict of interest, the appropriate Vice President or Director will be notified, and acceptance of any awards or aid may be delayed. The Vice President of Finance will work with appropriate personnel to find a remedy for the potential conflict of interest. If the conflict of interest cannot be resolved as described below, the Vice President of Finance will notify the appropriate Vice President or Director.

5. Remedies for Conflict of Interest

If a conflict of interest is established, the Vice President of Finance shall help resolve the conflict. The Vice President of Finance may designate other NMMI officials to assist in this process. Remedies may include, but are not limited to:

- 5.1 The key person having the conflict of interest may remove conflicts by relinquishing either (a.) responsibility in the project, or (b.) the matter causing the conflict (e.g., holding position or title, financial interest, conflicting support, honoraria, consultation, etc.)
- 5.2 The Vice President of Finance may determine that even though there is a conflict of interest, an exception should be allowed and a waiver may be issued by the Vice President of Finance. This may occur when the conflict is such that the individual involved cannot materially influence the direction of the project or the interest the key person holds is inconsequential enough as to not pose a risk to NMMI.
- 5.3 The Vice President of Finance may elect to: (a) accept the sponsored project; (b) not accept the sponsored project; or (c) accept the sponsored project subject to certain conditions (e.g., monitoring of research by independent reviewers, public disclosure of significant financial interest, modification of research plan, disqualification from participation in all or part of the sponsored projects, divestiture of significant financial interest, severance of relationships that create actual or potential conflicts).
- 5.4 Appeal of this decision may be made to the President/Superintendent who will consult with the Vice President of Finance and other applicable personnel before making a final determination (within thirty days of the appeal) as to the action to be taken. In all cases, resolution of the actual or apparent conflict of interest will be achieved before the Institute accepts government-sponsored awards or aid.

6. Records

Disclosure forms and records of all further actions related to such disclosures will be maintained by the Vice President of Finance for three years following termination of the relevant award, aid, or any subsequent action relating to that award or aid. All disclosures and related documentation are considered confidential, and only those persons involved in the implementation of this policy will have access to such records.

SECTION 10: EXHIBITS I-VI



EXHIBIT	EXHIBIT NUMBER
Detailed General Ledger Expense Elements	10.01
Check Request Form	10.02
Faculty Grant Proposal Review	10.03
Travel Expenses Form	10.04
Form I-9	10.05
Form W-4	10.06

10.01
DETAILED GENERAL LEDGER EXPENSE ELEMENTS

There are no Finance Division policies or procedures in this category at this time. This manual is currently in development.

10.02
CHECK REQUEST FORM

There are no Finance Division policies or procedures in this category at this time. This manual is currently in development.

10.03
FACULTY GRANT PROPOSAL REVIEW

There are no Finance Division policies or procedures in this category at this time. This manual is currently in development.

10.04
TRAVEL EXPENSES FORM

There are no Finance Division policies or procedures in this category at this time. This manual is currently in development.

10.05 FORM I-9

OMB No. 1615-0047; Expires 08/31/12

Department of Homeland Security
U.S. Citizenship and Immigration Services

Form I-9, Employment Eligibility Verification

Read instructions carefully before completing this form. The instructions must be available during completion of this form.

ANTI-DISCRIMINATION NOTICE: It is illegal to discriminate against work-authorized individuals. Employers CANNOT specify which document(s) they will accept from an employee. The refusal to hire an individual because the documents have a future expiration date may also constitute illegal discrimination.

Section 1. Employee Information and Verification *(To be completed and signed by employee at the time employment begins.)*

Print Name: Last	First	Middle Initial	Maiden Name
Address <i>(Street Name and Number)</i>		Apt. #	Date of Birth <i>(month/day/year)</i>
City	State	Zip Code	Social Security #

I am aware that federal law provides for imprisonment and/or fines for false statements or use of false documents in connection with the completion of this form.

I attest, under penalty of perjury, that I am (check one of the following):

- A citizen of the United States
- A noncitizen national of the United States (see instructions)
- A lawful permanent resident (Alien #) _____
- An alien authorized to work (Alien # or Admission #) _____ until (expiration date, if applicable - month/day/year)

Employee's Signature	Date <i>(month/day/year)</i>
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Preparer and/or Translator Certification *(To be completed and signed if Section 1 is prepared by a person other than the employee.) I attest, under penalty of perjury, that I have assisted in the completion of this form and that to the best of my knowledge the information is true and correct.*

Preparer's/Translator's Signature	Print Name
Address <i>(Street Name and Number, City, State, Zip Code)</i>	
Date <i>(month/day/year)</i>	

Section 2. Employer Review and Verification *(To be completed and signed by employer. Examine one document from List A OR examine one document from List B and one from List C, as listed on the reverse of this form, and record the title, number, and expiration date, if any, of the document(s).)*

List A	OR	List B	AND	List C
Document title: _____		_____		_____
Issuing authority: _____		_____		_____
Document #: _____		_____		_____
Expiration Date <i>(if any)</i> : _____		_____		_____
Document #: _____		_____		_____
Expiration Date <i>(if any)</i> : _____		_____		_____

CERTIFICATION: I attest, under penalty of perjury, that I have examined the document(s) presented by the above-named employee, that the above-listed document(s) appear to be genuine and to relate to the employee named, that the employee began employment on *(month/day/year)* _____ and that to the best of my knowledge the employee is authorized to work in the United States. (State employment agencies may omit the date the employee began employment.)

Signature of Employer or Authorized Representative	Print Name Carmen M Bell	Title Assn't HR Director
Business or Organization Name and Address <i>(Street Name and Number, City, State, Zip Code)</i> NMMI, 101 West College Blvd, Roswell NM 88201		Date <i>(month/day/year)</i>

Section 3. Updating and Reverification *(To be completed and signed by employer.)*

A. New Name <i>(if applicable)</i>	B. Date of Rehire <i>(month/day/year)</i> <i>(if applicable)</i>
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C. If employee's previous grant of work authorization has expired, provide the information below for the document that establishes current employment authorization.

Document Title: _____	Document #: _____	Expiration Date <i>(if any)</i> : _____
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I attest, under penalty of perjury, that to the best of my knowledge, this employee is authorized to work in the United States, and if the employee presented document(s), the document(s) I have examined appear to be genuine and to relate to the individual.

Signature of Employer or Authorized Representative	Date <i>(month/day/year)</i>
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10.06 FORM W-4

Form W-4 (2010)

Purpose. Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay. Consider completing a new Form W-4 each year and when your personal or financial situation changes.

Exemption from withholding. If you are exempt, complete **only** lines 1, 2, 3, 4, and 7 and sign the form to validate it. Your exemption for 2010 expires February 16, 2011. See Pub. 505, Tax Withholding and Estimated Tax.

Note. You cannot claim exemption from withholding if (a) your income exceeds \$950 and includes more than \$300 of unearned income (for example, interest and dividends) and (b) another person can claim you as a dependent on his or her tax return.

Basic instructions. If you are not exempt, complete the **Personal Allowances Worksheet** below. The worksheets on page 2 further adjust your withholding allowances based on itemized deductions, certain credits, adjustments to income, or two-earners/multiple jobs situations.

Complete all worksheets that apply. However, you may claim fewer (or zero) allowances. For regular wages, withholding must be based on allowances you claimed and may not be a flat amount or percentage of wages.

Head of household. Generally, you may claim head of household filing status on your tax return only if you are unmarried and pay more than 50% of the costs of keeping up a home for yourself and your dependent(s) or other qualifying individuals. See Pub. 501, Exemptions, Standard Deduction, and Filing Information, for information.

Tax credits. You can take projected tax credits into account in figuring your allowable number of withholding allowances. Credits for child or dependent care expenses and the child tax credit may be claimed using the **Personal Allowances Worksheet** below. See Pub. 919, How Do I Adjust My Tax Withholding, for information on converting your other credits into withholding allowances.

Nonwage income. If you have a large amount of nonwage income, such as interest or dividends, consider making estimated tax

payments using Form 1040-ES, Estimated Tax for Individuals. Otherwise, you may owe additional tax. If you have pension or annuity income, see Pub. 919 to find out if you should adjust your withholding on Form W-4 or W-4P.

Two earners or multiple jobs. If you have a working spouse or more than one job, figure the total number of allowances you are entitled to claim on all jobs using worksheets from only one Form W-4. Your withholding usually will be most accurate when all allowances are claimed on the Form W-4 for the highest paying job and zero allowances are claimed on the others. See Pub. 919 for details.

Nonresident alien. If you are a nonresident alien, see Notice 1392, Supplemental Form W-4 Instructions for Nonresident Aliens, before completing this form.

Check your withholding. After your Form W-4 takes effect, use Pub. 919 to see how the amount you are having withheld compares to your projected total tax for 2010. See Pub. 919, especially if your earnings exceed \$130,000 (Single) or \$180,000 (Married).

Personal Allowances Worksheet (Keep for your records.)

A	Enter "1" for yourself if no one else can claim you as a dependent	A	
B	Enter "1" if: <ul style="list-style-type: none"> • You are single and have only one job; or • You are married, have only one job, and your spouse does not work; or • Your wages from a second job or your spouse's wages (or the total of both) are \$1,500 or less. 	B	
C	Enter "1" for your spouse . But, you may choose to enter "-0-" if you are married and have either a working spouse or more than one job. (Entering "-0-" may help you avoid having too little tax withheld.)	C	
D	Enter number of dependents (other than your spouse or yourself) you will claim on your tax return	D	
E	Enter "1" if you will file as head of household on your tax return (see conditions under Head of household above)	E	
F	Enter "1" if you have at least \$1,800 of child or dependent care expenses for which you plan to claim a credit	F	
G	Child Tax Credit (including additional child tax credit). See Pub. 972, Child Tax Credit, for more information. <ul style="list-style-type: none"> • If your total income will be less than \$61,000 (\$90,000 if married), enter "2" for each eligible child; then less "1" if you have three or more eligible children. • If your total income will be between \$61,000 and \$84,000 (\$90,000 and \$119,000 if married), enter "1" for each eligible child plus "1" additional if you have six or more eligible children. 	G	
H	Add lines A through G and enter total here. (Note. This may be different from the number of exemptions you claim on your tax return.) ▶	H	

For accuracy, complete all worksheets that apply.
 • If you plan to **itemize or claim adjustments to income** and want to reduce your withholding, see the **Deductions and Adjustments Worksheet** on page 2.
 • If you have **more than one job** or are **married and you and your spouse both work** and the combined earnings from all jobs exceed \$18,000 (\$32,000 if married), see the **Two-Earners/Multiple Jobs Worksheet** on page 2 to avoid having too little tax withheld.
 • If **neither** of the above situations applies, **stop here** and enter the number from line H on line 5 of Form W-4 below.

----- Cut here and give Form W-4 to your employer. Keep the top part for your records. -----

Form W-4 Department of the Treasury Internal Revenue Service	<h2 style="margin: 0;">Employee's Withholding Allowance Certificate</h2> <p style="font-size: small; margin: 0;">▶ Whether you are entitled to claim a certain number of allowances or exemption from withholding is subject to review by the IRS. Your employer may be required to send a copy of this form to the IRS.</p>	OMB No. 1545-0074 <div style="font-size: 2em; font-weight: bold; text-align: center;">2010</div>
1 Type or print your first name and middle initial. Last name		2 Your social security number
Home address (number and street or rural route)		3 <input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Married, but withhold at higher Single rate. <small>Note. If married, but legally separated, or spouse is a nonresident alien, check the "Single" box.</small>
City or town, state, and ZIP code		4 If your last name differs from that shown on your social security card, check here. You must call 1-800-772-1213 for a replacement card. ▶ <input type="checkbox"/>
5 Total number of allowances you are claiming (from line H above or from the applicable worksheet on page 2)		5
6 Additional amount, if any, you want withheld from each paycheck		6 \$
7 I claim exemption from withholding for 2010, and I certify that I meet both of the following conditions for exemption. • Last year I had a right to a refund of all federal income tax withheld because I had no tax liability and • This year I expect a refund of all federal income tax withheld because I expect to have no tax liability . If you meet both conditions, write "Exempt" here ▶ 7		
Under penalties of perjury, I declare that I have examined this certificate and to the best of my knowledge and belief, it is true, correct, and complete.		
Employee's signature (Form is not valid unless you sign it.) ▶		Date ▶
8 Employer's name and address (Employer: Complete lines 8 and 10 only if sending to the IRS.)		9 Office code (optional) 10 Employer identification number (EIN)