



## NORTH CAROLINA COMMUNITY COLLEGE SYSTEM

*Peter Hans*  
*President*

8 June 2018

### IMPORTANT INFORMATION

#### MEMORANDUM

**TO:** Members of the State Board of Community Colleges  
Community College Presidents  
Boards of Trustees Chairs  
Community College Chief Academic Officers, Chief Admissions Officers, Basic Skills Directors, Business Officers, Continuing Education Officers, Customized Training Directors, Distance Learning, Chief Financial Officers, Financial Aid Officers, Planners, Public Information Officers, Registrars, Student Development Administrators, & Other Interested Parties

**FROM:** Q. Shanté Martin, *NCCCS General Counsel*

**RE:** **Substantive Changes (3rd Comment Period) - Proposed Adoption of 1A SBCCC 200.4 – “Sound Fiscal and Management Practices”**

On 18 May 2018, the State Board of Community Colleges (“SBCC”) provided public notice of substantive changes as a result of recommendations from the initial comment period ending 19 April 2018 to adopt the following rule:

#### **1A SBCCC 200.4 – “Sound Fiscal and Management Practices”**

The SBCC received public comments on the substantive changes to the above rule through 29 May 2018. After consideration of the second round of public comments, the SBCC is proposing changes to the proposed rule to adopt 1A SBCCC 200.4 – “Sound Fiscal and Management Practices.” The changes to the proposed adoption would constitute a substantive change under 3B SBCCC 100.2(*l*) and 300.1. The SBCC is addressing resolute language and providing more flexible language of, “any discrepancies and a plan for resolution are identified within 30 business days” verses stating, “any discrepancies resolved within 30 business days.”

**The proposed adoption including the additional substantive changes are published on the NC Community College System's website, [www.nccommunitycolleges.edu](http://www.nccommunitycolleges.edu), under "State Board Code."** For your convenience, a copy of the proposed rule, with the substantive changes indicated, is attached to this memorandum. The items highlighted are the changes that the SBCC approved. “Strikeouts” indicate deletion of prior suggested language and “underlines” indicate the proposed addition of language. Please post a copy of the proposed rule with the substantive changes in prominent places so that all individuals affected by the proposed changes will be informed.

Any member of the public has the right to submit written comments on the proposed substantive changes. Please note that any person who submits a public comment on behalf of their community college should comply with their college's local process for submitting comments on a proposed rule. **Written comments on the substantive changes must be received by no later than 5:00 p.m. on Friday, 15 June 2018.** Written comments shall be directed to the following email address: [publiccomments@nccommunitycolleges.edu](mailto:publiccomments@nccommunitycolleges.edu) or via postal mail at Q. Shanté Martin, 200 W. Jones Street, 5001 Mail Service Center, Raleigh, NC 27699-5001. Thank you for your attention to this matter.

**CC18-025**  
**E-mail Copy**

Attachments



1                                   **STATE BOARD OF COMMUNITY COLLEGES**  
2                                   **TITLE 1 – COMMUNITY COLLEGES**

3  
4                                   **CHAPTER A. STATE BOARD GOVERNANCE**

5  
6                                   **SUBCHAPTER 200. STATE BOARD AUTHORITY**

7  
8                                   **1A SBCCC 200.4 Sound Fiscal and Management Practices**

9                                   (a) Local boards of trustees shall adopt policies that assure a community college has  
10                                   sound fiscal and management practices. Policies to assure sound fiscal and  
11                                   management practices shall include at least the following:

12                                   (1) Expending funds prudently and consistently with the approved budget.

13                                   (2) Demonstrating stewardship of the institution's State financial resources by  
14                                   effectively executing the institution's budget to ensure that the percentage of State  
15                                   current operating funds remaining unexpended does not exceed five percent or  
16                                   five times the systemwide percentage, whichever is higher.

17                                   (3) Ensuring that institutional fund accounts do not have a negative balance at the end  
18                                   of the fiscal year unless such an instance exists for a planned reason, such as an  
19                                   anticipated reimbursement. If any institutional fund account has a negative  
20                                   balance at year-end, the negative cash balance fund balance after the posting of  
21                                   all accrual entries shall be reviewed. In the event the negative balance is not due  
22                                   to a planned reason, the college shall develop a plan to rectify the negative  
23                                   balance, and the information shall be reported to the Board of Trustees at its first  
24                                   scheduled meeting following year-end.

25                                   (4) Tracking expenditures consistent with the North Carolina Community College  
26                                   System's Chart of Accounts, as outlined in the NC Community College System  
27                                   Accounting Procedures Manual.

28                                   (5) Providing financial reports to the local boards of trustees at intervals determined  
29                                   by the local board of trustees.

30                                   (6) Maintaining a system of internal controls as prescribed by G.S. 143D-7.

1 (7) Ensuring the college does not overdraw accounts by ensuring bank accounts are  
2 reconciled and any discrepancies resolved and a plan for resolution are identified  
3 within 30 business days from the end of the prior month. In the event a college fails  
4 to comply with this requirement more than once during a fiscal year, such  
5 information shall be reported to the Board of Trustees at its first scheduled meeting  
6 following the month of non-compliance.

7 (8) Submitting complete and accurate financial statements to the North Carolina Office  
8 of the State Controller by the prescribed deadline.

9 (9) Ensuring that audits are conducted consistent with G.S. 115D-20(9) and G.S.  
10 115D-58.16.

11 (10) Addressing any findings identified in audits, compliance reviews, SACSCOC  
12 reviews, or other monitoring reviews.

13 (11) Ensuring that the college is actively seeking to fill leadership and other  
14 supervisory positions in a timely manner with individuals of high competence.

15 (12) Monitoring staff turnover by providing an employee vacancy report for information  
16 to the local board of trustees at least biannually.

17  
18 *History Note: Authority G.S. 115D-5;*

19 *Eff. 1 July 2018.*