Policy Number 04.01.003

Allegany College of Maryland

AUDIT POLICY

Approved by BOT: 10/17/2022
Implementation: Various
Type of Policy: Finance – State Mandated

BACKGROUND AND PURPOSE

The purpose of an external financial audit is to provide assurance that the financial statements of the entity are presented accurately and in conformity with generally accepted accounting principles. Maryland law sets a requirement for the community colleges to have an external financial audit each year to ensure an objective appraisal of college financial position and to ensure that the college is being a good steward of the resources that are provided by the State and County, as well as by students through tuition and fees.

POLICY

I. SCOPE OF THE POLICY

This policy sets the requirement for an annual financial audit, and it sets the timing of the annual external audit of the college's financial data and reporting system, including the annual financial statements and State financial reports, as well as the internal controls established to mitigate risk of material misstatement.

II. POLICY STATEMENT

Per Maryland Annotated Code § 16-315, each community college in the State shall have an annual audit of its books of accounts, accounting procedures and principles, and other fiscal and operational methods and procedures in accordance with guidelines as prescribed by the Commission. A copy of the audit report, together with the related management letter, shall be submitted to the State Commission for review and assessment and to the Legislative Auditor within 90 days of the close of each fiscal year. The Commission shall ascertain that the Community colleges are audited in accordance with this section. The cost of the annual audit required by this section is the responsibility of the community college.

An engagement letter is issued to the college by the auditors each year and at the completion of the audit, the auditors present to the Board of Trustee Finance Committee and issue a management letter which could offer suggestions for college fiscal management or controls improvement. The financial statements are prepared by the auditors based on the financial information in the system and the financial statement notes are prepared by management.

III. ADDITIONAL NOTES

As there are several related entities that roll up into the College audited financial statements (College Foundation, Housing, Bedford Regional Educational Foundation, etc.) and the College in turn rolls up into the County's financial statements, the timing completion of the audit is not completely under the control of the college, and therefore an extension often must be requested from the State and County.

IV. ADMINISTRATION OF POLICY

The Board of Trustees Finance Committee in Conjunction with the President and Vice President of Finance and Administration are responsible for administration of this policy.

V. CHANGES

Policy Number 04.01.003

Substantive changes to this policy require approval by the Board of Trustees; editorial changes, title/position changes, and/or changes to its implementation procedures may be made as required by federal or state mandate and/or institutional need with timely notice to students and employees.