

**The Academic Senate for
California Community Colleges**

Accounting Policies

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1.0 General Accounting Policies

1.10 Accounting Method

It is the policy of the Academic Senate to use the accrual basis of accounting that recognizes revenues when they have been earned and expenses when they have been incurred.

Salaries and Fringe Benefits Accruals

It is the policy of the Academic Senate to accrue unpaid salaries, vested annual leave, and fringe benefits in the financial statements of the Academic Senate, according to function.

Accounts Payable Accruals

It is the policy of the Academic Senate to accrue all unpaid expenses on the financial records at the end of the year.

1.20 Fiscal Year

The Academic Senate has adopted a fiscal year ending June 30.

1.30 Chart of Accounts

It is the policy of the Academic Senate to maintain a chart of accounts. The chart of accounts must be reviewed and updated as necessary at least every six months and shall be issued to all employees involved with account coding responsibilities or budgetary responsibilities.

1.40 Clearing Accounts

It is the policy of the Academic Senate to use clearing accounts for certain expenses which require additional research for proper allocation. All items posted to a clearing account shall be re-allocated to the appropriate account before the close of the fiscal year.

1.50 Prepaid Expenses

It is the policy of the Academic Senate to treat payments of expenses that have a time-sensitive future benefit as prepaid expenses on the financial records and to expense them in the proper period. Prepayment of any expense in the amount of \$500 or less will not qualify as a prepaid expense. Records of prepaid expenses will be maintained and budgets will be established accordingly.

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1.60 Deferred Revenues

It is the policy of the Academic Senate that revenues that have not been earned will be included with deferred revenues on the financial statements and recorded as revenue when earned.

1.70 Capitalization and Depreciation

Capitalization Cut-off Point

It is the policy of the Academic Senate to capitalize and depreciate assets which cost in excess of \$5,000 individually. An asset will be expensed in the period purchased if the individual asset costs \$1,500 or less.

Depreciation

All capitalized items will be depreciated over the useful life of the asset using the straight-line method. The useful life of the asset will be determined as follows:

- Computer Software 3 years
- Computers and Equipment 5 years
- Office Furniture 7 years

Fully depreciated fixed assets will remain on the Academic Senate's statement of financial position until they are disposed of or otherwise deemed worthless.

Leases

It is the policy of the Academic Senate to record leases as either capital leases or operating leases in the financial records. Capital leases will be recorded on the Statement of Financial Position. Operating leases will be recorded as an expense in the period paid.

1.80 Financial Statement Presentation of Net Assets

In accordance with Accounting Standard Codification 958-205-06-6A (formerly Statement of Financial Accounting Standard (SFAS) 117), it is the policy of the Academic Senate to present the net assets on the statement of financial position in the following categories: unrestricted, temporarily restricted, or permanently restricted.

Board-Designated Funds

It is the policy of the Academic Senate to treat board-designated funds as unrestricted net assets on the statement of financial position.

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Temporarily Restricted Net Assets

It is the policy of the Academic Senate to add together all temporarily restricted net assets for statement of financial position presentation.

Permanently Restricted Net Assets

It is the policy of the Academic Senate to add together all permanently restricted net assets for statement of financial position presentation.

2.0 Expenditure and Accounts Payable Policies

2.10 Procurement Policies

Bid Requirements and Vendor Approval

It is not generally the policy of the Academic Senate to require bids for any expenditure. If the Academic Senate enters into a grant agreement with an agency which requires the use of bids, the Executive Director will draft and the Budget and Finance Committee will approve a bid policy.

The decision to approve a vendor will be made by the Executive Director.

Purchase Orders

It is generally the policy of the Academic Senate not to require a purchase order system.

2.20 Expenditure Authorization

It is the policy of the Academic Senate to require the completion and approval of an Expense Authorization Form for each expenditure.

2.30 Office Supply Purchases

It is the policy of the Academic Senate to maintain control of the ordering and storage of office supplies.

2.40 Vendor Review and Approval

It is the policy of the Academic Senate to perform a review of vendors to whom payments were made each quarter. An annual review shall be performed when approving the 1099's issued for each calendar year.

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2.50 Cash Disbursements Policies

It is the policy of the Academic Senate to keep unused check supplies safeguarded under lock and key. Manual checks will be issued as needed and a log shall be maintained. All accounts payable checks are issued through Bill.com as described in section 6.20.

It is the policy of the Academic Senate to require the completion and approval of an Expenditure Authorization Form or Expense Reimbursement Form to which the approved invoices or expense vouchers are attached.

2.60 Travel Expenses

It is the policy of the Academic Senate to reimburse the relevant expenses incurred by individuals while serving in an official capacity on behalf of the Academic Senate as provided in the budget approved by the Executive Committee and confirmed by Executive Director. A person is expected to neither gain nor lose money while traveling on Academic Senate business and shall travel in the most economic means possible considering the circumstances of the travel. Travel expenses will be reimbursed up to the current approved limit based on relevant state and federal guidelines. The Executive Director may authorize higher limits in high cost areas if funds are available in the approved budget.

The policies listed below are intended to provide ease of use and administration while maintaining prudent accountability.

All expenses shall be paid in accordance with Senate policies. Any items remitted for reimbursement or charged directly to the Academic Senate which exceed those outlined in Senate policies will be capped at the limits outlined in Senate policies. The excess charges will not become the responsibility of the Senate and shall not be charged to the Senate Grant or any other grant administered by the Academic Senate.

Travel will be reimbursed as authorized in accordance with the following:

1. When personal contact is the most efficient and/or effective method of conducting Academic Senate business.
2. When the most economical method of transportation is selected. For airline travel, when individual effort to obtain state or lowest rate for airfare is used.
3. When attendance at a conference or meeting is limited to persons concerned with the topics discussed or the business to be transacted.
4. When travel is scheduled to avoid backtracking and duplicate travel whenever possible.

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5. When appropriate receipts and reports have been submitted.

Employees and committee members are expected to use economy lots whenever possible and be aware that, for overnight travel, parking costs may exceed the cost of door-to-door shuttle service. Therefore, individuals might give consideration to using available shuttle services.

When travel arrangements require an individual to leave home before 6:00 am or return later than 7:00 pm, reimbursement for additional meal expenses may be authorized.

Authorizations Signature of the Executive Director on the Academic Senate Expense Reimbursement Form will constitute authorization for the Tax Office to issue a warrant for said amount and will also serve as the second signature on the disbursement. For those expenditures over \$50,000, the Treasurer's signature on the Expense Reimbursement Form will constitute authorization for the Tax Office to issue a warrant.

It is the responsibility of the Office Manager, in consultation with the Executive Director, to ascertain the necessity and reasonableness of the expenses for which reimbursement is claimed. Claiming an expense does not guarantee reimbursement. **No Person May Encumber An Expense on Behalf of the Academic Senate In Excess of \$200 Without Prior Approval of the Executive Director based on available funds in the approved budget.**

If the Executive Director is unavailable for an extended period of time, the President will approve expenditures.

Travel Advances It is the policy of the Academic Senate not to supply travel advances.

Personal Mileage Employees and committee members will be reimbursed for use of their personal cars on Academic Senate business at the current federal rate. Commuting mileage will not be reimbursed.

Public Carrier Employees and committee members traveling by public carrier must use the Senate Office to book travel. However, costs will be reimbursed if a more cost-effective means of travel (such as ordering online) is available. Receipts are necessary. The Academic Senate will reimburse individuals for the State of California rate when traveling by air between California cities. Individuals must obtain prior approval from the Executive Director to be fully reimbursed for air travel costs that exceed the State of California Rate.

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Lodging Lodging facilities must be approved by the Executive Director. Employees and committee members will be reimbursed entirely for the basic room charge and applicable taxes. Receipts are necessary.

Meals Employees and committee members will be reimbursed at the California State per diem rate for the cost of meal. Receipts are necessary for meals. **Taxi** Actual taxi fares, including tips, will be reimbursed entirely when no other reasonable mode of transportation is available. Receipts are necessary if the fare exceeds \$10. Tips must be noted on taxi receipts.

Parking, Tolls and Public Transit Parking fees, toll expenses and public transit fees will be reimbursed. Receipts are not necessary for individual amounts less than \$10.

Car Rentals Car rentals will be reimbursed if approved in advance by the Executive Director. Receipts are required.

Supplies Executive Committee members may be reimbursed for supplies, postage, equipment, hosted functions, and other charges necessary for the completion of official business. Receipts are required.

Conference Fees Travel expenses and registration fees incurred while attending an authorized conference, convention, or business meeting within California will be reimbursed. Receipts are required. (See Executive Committee policy on non-Senate conference attendance.)

Out of State Travel All out-of-state travel must be approved by the Executive Committee in advance.

Reports With the exception of official Academic Senate meetings (standing and ad hoc committees), where minutes are kept, a **written report** of the meeting must be submitted with the expense form before reimbursement for travel expenses can be made.

Lost Receipts If the employee or committee member is unable to locate a required receipt for valid expenditures, the Academic Senate requires the completion of an affidavit (lost receipt) form for each separate invalidated expenditure. However, receipts are not necessary for amounts less than \$10.

Senate Credit Card The Senate credit card should only be used for expenses that would be within the approved reimbursement policies. The actual receipt(s)

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should accompany the credit card reconciliation for each individual for all items purchased using the Senate credit cards.

2.70 Accrual of Accounts Payables

It is the policy of the Academic Senate to accrue unpaid expenses on its financial records if such expenses are in excess of \$250 individually. Accordingly, expense reimbursement requests are to be prepared and submitted by July 15 for any expenses incurred on or before June 30.

2.80 Photocopy Expenses

It is the policy of the Academic Senate to allocate photocopy expenses to the function responsible for incurring the expense. This policy applies to both in-house and out-of-house photocopying expenses.

2.90 Postage and Overnight Expenses

It is the policy of the Academic Senate to maintain a postage log and to charge each respective function for actual postage used. This policy applies to both in-house and out-of-house postage expenses. Employees are prohibited from using the Academic Senate's postage meter for personal mail.

The Academic Senate strives to use the most cost-effective manner in which to disseminate information. Accordingly, the Senate does not make a practice of sending things for overnight delivery. However, the Senate does require the use of approved vendors to maintain the lowest cost for overnight delivery when necessary.

2.100 Telephone Expenses

It is the policy of the Academic Senate to maintain records of phone line usage. Telephone, modem, and fax expenses will be allocated in accordance with the percentage of overhead calculation based on employees assigned to a particular function.

The Senate employees shall not make personal long distance phone calls at the Senate's expense.

2.110 Check Signing Authority

It is the policy of the Academic Senate to give check-signing authority to the following positions:

- President
- Treasurer

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- Executive Director

No check signer shall sign a check issued in his/her name. In addition, the following shall apply:

- Treasurer or President approves Expense Reimbursement Forms submitted by the Executive Director that authorizes the Tax Office to generate a check to the Executive Director.

The employee who prepared or requested the check is not authorized to sign it. Additionally, individuals involved with the preparation of checks and bank reconciliations are prohibited from having check-signing authority.

3.0 Voided / Lost Checks

It is the policy of the Academic Senate to account for voided checks within the accounting software. All voided checks will be defaced and kept in numerical order.

In the event of a lost check, it is the policy of the Academic Senate to issue a stop-payment order with the bank before issuing a new check. The Academic Senate requires that the recipient reimburse the Academic Senate for the cost to issue a stop-payment on the lost check unless the Executive Director specifically waives this fee.

4.0 Stale-Dated Checks

It is the policy of the Academic Senate to make every attempt possible to contact the payees of outstanding checks that have failed to clear the bank.

Checks that have been outstanding in excess of **three** months will be declared stale-dated and attempts to contact the payee will ensue. Checks outstanding in excess of one year will be handled in accordance with applicable state escheat or unclaimed property law. A log of checks that have been turned over to the state will be completed and made available for the annual audit.

5.0 Revenue Recognition

It is the policy of the Academic Senate to generally recognize revenue at the date of the invoice. All fees received in advance of an institute to be held after fiscal year end are to be recorded as deferred revenue.

5.10 Invoicing of Revenues

It is the policy of the Academic Senate to create an invoice for all grant revenue, dues, services, and products in order to properly track payments by source. All

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invoices will be tracked through accounts receivable in the financial statements.

5.20 In-Kind Donations Revenue

As discussed above, it is the policy of the Academic Senate to accrue expenditures in excess of \$250. Although the Academic Senate fully expects to receive an invoice for the accrued expenditures, there are certain instances when the agency providing the service for which the expenditure was accrued never generates a bill to the Academic Senate. Examples of transactions for which the Academic Senate may not receive an invoice are as follows:

- Expenditures for postage and printing services provided by the Chancellor's office that exceed the annual allowance provided the Academic Senate by the Senate grant.
- Reassigned time payable to a member District/College for the time spent by a District/College employee on Academic Senate business.

The Senate will make every attempt possible to contact the provider of the service that has failed to invoice the Academic Senate for services provided. If an invoice for services rendered is not received one year after the invoice was accrued, it is the policy of the Academic Senate to recognize those services as in-kind contributions.

It is not the policy of the Academic Senate to recognize in-kind contributions on any portion of a transaction that was charged to and reported as the expenditure of a grant. Rather, the Academic Senate will generate the appropriate expense form and supporting documentation for any unpaid grant expenditures; a check will be generated and mailed to the provider of the service.

5.30 Recognition of Chancellor's Office Allowance for Postage and Copies

The Chancellor's Office provides the Academic Senate with printing and postage services. An annual allowance is established and services provided in excess of the allowance are to be repaid to the Chancellor's Office upon receipt of an invoice. The original intent of the allowance was to provide the Academic Senate with services free of charge. Once the Academic Senate began to service grants, the services rendered began to exceed the annual allowance. Accordingly, the Academic Senate policy is to pass through the printing and postage expenditures applicable to the individual grant.

The Academic Senate policy is to track the services rendered by the Chancellor's Office and recognize the associated expense and revenue.

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6.0 Cash Receipts and Cash Handling Policies

6.10 Check Endorsement/Stamp

It is the policy of the Academic Senate to immediately log all receipts to the organization in order to maintain controls. The Academic Senate requests that all amounts owed to the Academic Senate be paid by check or credit card. When received, checks are endorsed with a stamp which denotes:

Pay to Order of the Bank Name
For Deposit Only
Account number

6.20 Bank Reconciliations

It is the policy of the Academic Senate to address bank statements to the Executive Director who shall perform an initial review of the transactions. A copy of each bank statement shall be emailed to the Treasurer upon receipt. Once the bank account has been reconciled by the Tax Office, the Treasurer shall review and approve the bank reconciliation along with the original supporting documentation.

Neither the Executive Director nor the Treasurer have editing access within the Intacct Accounting software. Check disbursements are issued through Bill.com payables management software and the Bill.com interfaces transactions within Intacct. The Tax Office issues warrants from the two source documents, Expense Authorizations or Expense Reimbursements. Source document must contain signed approval by Executive Director, and Treasurer, if required by designated minimums or for checks to the Executive Director. Warrants are approved by Tax Office Accountants and submitted for final approval and payment authorization by Executive Director. Check stock is provided by Bill.com Inc., maintained at their location, and issued by their bill payment service. All supporting documents and check copies are maintained digitally in Bill.com.

On rare occasion, the Senate Office will issue a check. The Tax Office generates the check information for the Office Manager, who has **blank** check stock locked in her desk drawer. The Office Manager prints the information on the check stock and submits to the Executive Director for approval and signature.

6.30 Credit Card Receipts

It is the policy of the Academic Senate to accept payment by credit cards. The Academic Senate will levy a fee upon the payer to cover processing and

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administrative costs associated with the transaction.

7.0 Accounts Receivable and Invoicing Policies

7.10 Invoicing Policy

It is the policy of the Academic Senate to create an invoice for all grant revenue, dues, services, and products in order to properly track payments by source. The invoices are created through Bill.com receivables management software with documentation supporting the invoice digitally stored, which are issued in numerical order.

7.20 Accounts Receivable Write-Off Policies and Authority (Bad Debts)

It is the policy of the Academic Senate to ensure that individuals are afforded every opportunity to process and pay invoices recorded as accounts receivable by the Academic Senate before write-off procedures are initiated.

If an invoice is written-off, the following accounting treatment applies:

- Invoices written off that are dated during the current year will be treated as a reduction of the appropriate revenue account.
- Invoices written off that are dated prior to the current year will be treated as bad debt expense.
- An allowance for bad debt will not be recorded.
- The invoice tracking sheet is updated to record the date written off.
- The invoice is added to the invoice write off tracking sheet.

7.30 Tracking Procedure Policy for Accounts Receivable Write-Offs

It is the policy of the Academic Senate to continue collection efforts on all unpaid invoices. An Uncollected Invoices Tracking Sheet shall be maintained by the Office Manager to continue tracking invoices that are selected for write off. The entity (District/College) or Individuals deemed responsible for payment and listed on the Uncollected Invoices Tracking Sheet will not be allowed to register for any future events until payment is received.

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7.40 Non-sufficient Funds Checks Policy

It is the policy of the Academic Senate to record checks returned by the bank because of non-sufficient funds in the accounting records as an accounts receivable due from the individual who wrote the check. The Academic Senate will also hold the individual liable for any bank charges associated with the non-sufficient funds checks.

7.50 Refund Policy

It is the policy of the Academic Senate to publish the Academic Senate's Refund Policy on session enrollment forms. No refunds will be given beyond the cut off date unless approved by the Executive Director.

8.0 Payroll and Pay Period Record Keeping Policies

The Executive Director has the authority to hire and fire, set salary schedule and vacation as appropriate to run the office according to the Executive Director duties set forth by the Budget and Finance Committee and included in the overall approved budget.

The Executive Director has the authority to determine if an employee is exempt or non-exempt and to determine the rate at which each individual employee will be paid as long as the rate falls within the maximum pay scale as documented. These rates will be reviewed annually by the Budget and Finance Committee who will revise them as necessary. Executive Director payroll decisions are limited by the overall approved budgets. The President must approve any exceptions to the above maximums. In no case will the exception be allowed if this will cause the budget to be exceeded.

8.10 Time Sheets

It is the policy of the Academic Senate to require the completion of timesheets for purposes of meeting requirements for allocating compensation.

8.20 Pay Periods

The Senate will issue paychecks every other Friday. In the event those days fall on the weekend or a holiday, the pay day will be the last business day preceding the off day.

8.30 Vacation/Leave Policy

Mandatory Vacations

It is the policy of the Academic Senate to require employees, other than the Executive Director, to take annual leave due them.

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Annual Leave Payments

It is the policy of the Academic Senate to cap vacation hours at a total of 160 hours except for the Executive Director. At that point, the employee will cease to accrue additional vacation. Academic Senate requires employees to schedule vacation with advance approval in order to minimize the amount of unused vacation. All eligible employees are required to take compensated vacation time each year.

Compensatory Time Off

It is the policy of the Academic Senate to comply with state overtime laws and regulations. Hourly employees earning overtime will bank one and a half hours for each hour of overtime worked. This time is tracked and will be recorded as a liability in the financial statements. See the Personnel Policy for established limits and further detail.

8.40 Salary and Benefit Allocations

Fringe Benefits

It is the policy of the Academic Senate to distribute fringe benefits to the functions of the Academic Senate based on actual salaries charged to the functions. Fringe benefits include Medicare taxes, unemployment taxes, employee insurance premiums, state disability insurance, flexible benefits and pension payments.

Salary Allocations

It is not the policy of the Academic Senate that all employees complete and sign time sheets for every pay period. However, the Academic Senate requires that all employees complete an allocation worksheet to document time spent on various activities (or functions) in increments of not less than one-quarter hour. From this information, the Office Manager will prepare an official documentation of time spent per activity. Compensation will be charged to the various activities based on the pro-rata share of actual hours worked.

8.50 Flexible Benefits Account

It is the intention of the Academic Senate to provide all permanent employees with full health and welfare benefits. To this end, the Academic Senate budgets the full cost of health and welfare benefits for the employee. Notwithstanding this goal, the Academic Senate recognizes that certain employees may not use the full benefit for health and welfare insurance expenses. In recognition of this fact, the Academic Senate will allow each employee to request the balance of the budget be placed in a Flexible Benefits Account from which they may request reimbursement for eligible benefit expenses. All reimbursements from the Flexible Benefits Account will be taxable to the employee.

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Benefits eligible for reimbursement under the Flexible Benefits Account include, but are not limited to, medical, dental, and other healthcare expenses; childcare; and education costs for the employee or the employee's children. The Flexible Benefits Account shall not be paid to the employee as cash-in-lieu of benefits; it may only be used for approved flexible benefits. All requests for reimbursement of eligible benefit expenses shall be made in writing, supported by receipts, and shall be approved by the Executive Director. The Flexible Benefits Account shall be closed out at the end of each fiscal year and amounts not used by the employee shall revert to fund balance.

9.0 Miscellaneous Accounting and Management Policies

9.10 Financial Statement Preparation and Distribution

It is the policy of the Academic Senate to prepare and distribute monthly financial statements that will include the Statement of Functional Operations and the Academic Senate – Senate Grant Statement of Operations.

The Budget and Finance Committee shall receive a quarterly report that includes a Summarized Budget to Actual Income Statement (Statement of Financial Position) and a Balance Sheet (Statement of Changes in Net Assets). The Executive Director shall have available for their review the detailed Budget to Actual Income Statement for each grant, a detailed Budget to Actual Income Statement for just Senate operations and the associated Income Statements from the Intacct accounting system.

The Budget Performance Report (budget to actual) shall be reviewed monthly by the Executive Director, regularly by the Treasurer, periodically by the Executive Committee and each spring by the Budget and Finance Committee and the organization's delegates

9.20 Overhead Allocation

It is the policy of the Academic Senate to allocate overhead expenses to the various grants of the Academic Senate based on the allocation of time per the work assignments and/or employee timesheets.

9.25 Senate Revenues

It is the policy of the Academic Senate to maintain a reserve equivalent to 6 months operational costs to be determined prior to the annual budgeting process. The Executive Director makes a recommendation for how much to maintain in the reserves to the Budget and Finance and Committee each May.

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9.30 Rent

It is the policy of the Academic Senate to distribute rent expense to the various grants of the Academic Senate based on the percentage of employees assigned to that function in relation to the total number of employees of the Academic Senate.

9.40 Computer File Back-Up Policy

It is the policy of the Academic Senate to maintain a computer file back-up system for accounting records. All accounting, accounts payable, accounts receivable, and payroll data files and back-up documentation are stored on secure cloud based platforms. This includes Intacct Accounting software, Bill.com payables and receivables management software, and ADP payroll processing software.

9.50 Computer Passwords

It is the policy of the Academic Senate that each individual who has access to Bill.Com have a unique identification login.

9.60 Budget and Finance Committee

It is the policy of the Academic Senate to maintain a Budget and Finance Committee consisting of the Treasurer, President, Vice President, Secretary, Executive Director. The Treasurer will chair the committee, prepare the agenda, ensure corrective action is taken when necessary, and report on budget committee action to the Executive Committee.

The Budget and Finance Committee has the authority to adjust the budget line item within category total and/or up to 10% between categories based on budget performance and need.

The Budget and Finance Committee, excluding the Executive Director, will also function as the Audit Committee, as required by the Non-Profit Integrity Act of 2004.

9.70 Bartering Prohibited

It is the policy of the Academic Senate to prohibit entering into bartering agreements with members whereby dues are foregone in exchange for goods or services provided by the member.

Any other type of bartering agreement, in any form, is also prohibited.

9.80 Credit Cards

It is the policy of the Academic Senate to issue credit cards to the following

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individuals:

- President
- Vice President
- Treasurer
- Executive Director

9.90 Loans Prohibited

It is the policy of the Academic Senate to prohibit loans to employees, members or individuals under all circumstances.

9.100 Bonding of Employees

It is the policy of the Academic Senate to bond all employees involved in the financial functions of the Academic Senate.

9.110 Contract Signing Authority

It is the policy of the Academic Senate to grant authority to sign contracts to the President, Treasurer and Executive Director, as long as the financial implications of the contract are included in the Academic Senate's budget.

If the financial implication of signing a contract is not included in the Academic Senate's budget, the Budget and Finance Committee must approve the contract and bring the necessary budget revisions to the Executive Committee for approval and ratification before authority to sign the contract is granted.

9.120 Journal Entries

It is the policy of the Academic Senate to control the journal entry posting process to ensure access is restricted, usage is for specific purposes, and to obtain the review and approval of the Executive Director. Journal Entries may only be posted by authorized accounting personnel of The Tax Office, Inc. All journal entries require back up document signed by Executive Director, which is then digitally saved in Bill.com file storage.

Usage: Journal entries are used for very specific purposes:

- To correct the coding of cash disbursements and cash receipts that are originally coded to the wrong account.
- To allocate operating costs to a specific grant based on the respective percent of staff time worked on the grant during that period.
- To manually correct balance sheet items other than cash at year end. (Examples are cash on hand, receivables, prepaid expenses, accounts payable, accrued expenses, fixed assets and so forth.)

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- To reverse manual accruals posted in the prior year that have an affect on current year.
- To post prior year audit adjustments in the current year.
- Journal entries are not posted to cash. If an item adjusts cash, it must be posted as a bank transaction.

10.0 Tax, Audit, and Records Management Policies

10.10 Access to Records by Individuals, Members and the Public

It is the policy of the Academic Senate to allow individuals, members and the public to inspect the following records of the Academic Senate:

- Form 990
- Original applications for tax-exempt status
- Academic Senate By-Laws
- Executive Committee Policies
- Executive Committee Minutes
- Audited financial statements

10.20 Federal Identification Number

The Senate may print the Academic Senate's Federal Identification Number on any of the Academic Senates documents which may trigger a customer's request for this information.

10.30 Independent Contractors

It is the policy of the Academic Senate to evaluate criteria established by the IRS when assigning an individual employee or independent contractor status. All persons qualifying as independent contractors will sign an Independent Contractor Agreement. In addition, it is policy of the Academic Senate to report stipends paid to committee members as IRS Form 1099 miscellaneous income. In compliance with federal guidelines, a 1099 will be issued to each qualifying person whose annual compensation exceeds the federal exemption limit.

10.40 IRS Form 1099

It is the policy of the Academic Senate to complete IRS Form 1099 for all individuals and vendors receiving \$600 or more from the Academic Senate. A Log of Vendor Federal Identification Numbers will be maintained.

10.50 Record Retention and Destruction

It is the policy of the Academic Senate to retain records as required by law and to destroy them when appropriate. The Senate will retain records as required by law

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and destroy them when appropriate.

The appropriateness of the destruction of records will be determined by the following timetable:

| <u>Records</u> | <u>Length of Time</u> |
|---|-----------------------|
| Worker's Comp Accident Reports | 7 years |
| Accounting Ledger Records | 7 years |
| Accounts Payable Support | 7 years |
| Bank Reconciliations | 4 years |
| Canceled Checks | 4 years |
| Chart of Accounts | Permanent |
| Contracts | Permanent |
| CPA Audited Financial Statements | Permanent |
| Depreciation Records | 7 years |
| Employee Personnel Records | Permanent |
| Grant Records | Permanent |
| Insurance Policies | 4 years |
| Invoice Records | 4 years |
| Minutes | Permanent |
| Payroll Records (keep annual reports permanently) | 7 years |
| Legal Correspondence | Permanent |
| Tax Records | 7 years |
| Trust Records | Permanent |

10.60 Selection of CPA Firm

It is the policy of the Academic Senate to contract with the CPA firm selected to audit the Academic Senate for a period not to exceed five years. At the end of this period proposals from a minimum of five CPA firms specializing in auditing not-for-profit organizations shall be solicited and a recommendation to the Budget and Finance Committee shall be made for final selection. Re-awarding the contract for auditing services to the existing auditing firm is acceptable as long as the interview and selection criteria clearly indicate the firm is the most qualified and cost effective.

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10.70 Annual Information Returns

In compliance with Federal and State requirements, it is the policy of the Academic Senate to file the federal Form 990, Return of Organization Exempt From Income Tax, and the state Form 199, California Exempt Organization Annual Information Return on an annual basis. Additionally, the organization will file California Statements of Information (SI-100) bi-annually, and the State Attorney General Annual Registration Renewal Fee Report (RFF-1) annually.

10.80 Unrelated Business Income Tax (UBIT)

It is the policy of the Academic Senate to avoid activities which will generate UBIT. Any exception to this policy must be approved in advance by the Executive Committee.

10.90 Accounting and Support Services Provided to the Foundation

It is the policy of the Academic Senate to provide accounting and support services to The Foundation of the Academic Senate for California Community Colleges. In view of the Foundation needs that may be readily met by the Academic Senate through the use of its trained personnel and available facilities, the Academic Senate intends to enter into an annual agreement with the Foundation to do the following:

- a. Provide at nominal rates technology support service as well as online access to such Academic Senate files as are relevant to the business and purpose of the Foundation.
- b. Provide at nominal rates access to the Academic Senate's auxiliary services including copy services, internet and website, graphics, mail service, event scheduling, and related activities.
- c. Provide at nominal rates access to and services provided by the Academic Senate's employees, accounting staff, support staff, and independent contractors as deemed necessary.
- d. Provide at nominal rates office space, general supplies and other goods or services as deemed necessary to fill the Foundation's operational needs.