

**The Academic Senate for
California Community Colleges**

Accounting Policies and Procedures

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1.0 General Accounting Procedures

1.10 Accounting Method

It is the policy of the Academic Senate to use the accrual basis of accounting. Revenues are recognized when they have been earned and expenses when they have been incurred.

Salaries and Fringe Benefits Accruals

As part of the June 30 year end close, unpaid salaries, vested annual leave, and fringe benefits will be accrued in the financial statements of the Academic Senate, according to function. Salaries and fringe benefits accruals within the fiscal year are considered immaterial and will be expensed when paid the following month.

Accounts Payable Accruals

As part of the June 30 year end close, material unpaid expenses will be accrued on the financial records. Accounts payable accruals within the fiscal year are considered immaterial and will be expensed when paid the following month.

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. Financial Controller will maintain the chart of accounts. All employees involved with account coding responsibilities or budgetary responsibilities will be issued a chart of accounts. The chart of accounts must be reviewed and updated as necessary at least every six months.

1.40 Clearing Accounts

It is the policy of the Academic Senate to use clearing accounts for certain expenses.

In these instances, additional research may be required to properly identify the appropriate general ledger account to which an item should be coded. Such items should be immediately posted to the clearing account. Once the proper account or allocation is determined, Financial Controller will prepare a journal entry to move the item to the proper general ledger account(s). All items posted to a clearing account will 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 all payments of expenses that have a time-sensitive future benefit as prepaid expenses on the financial records.

Financial Controller will record the prepaid expenses on the financial records and then expense them in the proper period via a journal entry to debit expense and credit prepaid expense. 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.

1.60 Deferred Revenues

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

When cash is received for revenues that have not been earned, an invoice will be created to code the receipt of deferred revenue and the cash will be deposited.

1.70 Capitalization and Depreciation

Capitalization Cut-off Point

It is the policy of the Academic Senate to capitalize and depreciate assets which cost more than \$5,000 individually.

If an asset is purchased that costs less than \$5,000 individually, it will be expensed in the period in which the asset is purchased. Assets costing over \$5,000 individually will be capitalized (recorded as an asset rather than an expense) and depreciated in accordance with the Academic Senate's depreciation policies.

Improvements to real property and leasehold improvements will be capitalized if they individually cost over \$5,000. Repairs which cost over \$5,000 and increase the useful life of the asset will be capitalized. All other repairs will be recorded as an expense.

The Academic Senate maintains a fixed asset listing in Excel that contains the fixed asset number, description, purchase date, location, basis, current year depreciation and accumulated depreciation for each asset. This asset listing will be updated to include all assets that meet the capitalization requirements.

Depreciation

All capitalized items will be depreciated over the useful life of the asset using the straight-line method. For assets purchased in the middle of a fiscal year, first year depreciation will be derived from the month of purchase. The useful life of the asset will be determined based on the useful life set forth in the depreciation policy as follows:

designated funds will be included with footnotes to the financial statements as supplemental information, if applicable.

Net Assets with Donor Restrictions

The Academic Senate will add together all temporarily restricted net assets for statement of financial position presentation. A separate Statement of Activity for Temporarily Restricted Net Assets will be included with the financial statements, if applicable.

1.90 Accounting and Finance Staff Roles

Management and staff authorized to carry out accounting and financial transactions are Executive Director, Financial Controller, Associate Director of Administration, Accounting Clerk, Administrative Clerk. These roles to be known hereafter as ED, FC, AD, and Clerk.

2.0 Expenditure and Accounts Payable Procedures

2.10 Procurement Procedures

Bid Requirements and Vendor Approval

It is not generally the policy of the Academic Senate to require bids for expenditures.

Bids are not currently required. If the Academic Senate enters into a grant agreement with an agency which requires the use of bids, the ED will draft, and the Budget and Finance Committee will approve a bid policy.

All new major vendors must be approved by the ED.

Purchase Orders

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

2.20 Expenditure Authorization

It is the policy of the Academic Senate that expenditures require processing through Bill.com payment software and completion of the approval workflow.

The Clerk receives all vendor invoices or Expense Reimbursement forms by mail, email to the accountant@asccc.org account, fax, or in person. All submissions should state purpose of an invoice. The bill will then be uploaded to Bill.com and processed if it is for an existing vendor. If the vendor is new, the FC will review the invoice and set up the new vendor. After the bill is processed, it will be reviewed and approved by the FC. Program related expenditures, and expenditures over \$5000 to be reviewed and approved by ED.

2.30 Office Supply Purchases

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

Office supplies are to be maintained and ordered on a periodic basis as directed by management. Employees are to submit supply requests to the AD either formally, via e-mail or written correspondence, or informally via verbal request. The AD will then approve the requests, compile a listing of office supply purchases, and will submit the listing of office supply purchases. The AD will:

- Receive authorized supplies order requests
- Periodically prepare and submit a combined office supply order
- Receive and distribute orders
- Document receipt of orders on the packing slip
- Submit packing slip and receipt to the Clerk
- Track supplies according to funding source (grant)

The AD shall monitor the supply budget to ensure that there is funding for 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.

The FC enters new vendors into the accounting system (Bill.com) and ensures receipt of back-up for 1099s. The FC performs a quarterly review of payments by vendor and reviews the list of vendors. The FC's review is specifically designed to aid in the identification of payments to fictitious or unauthorized vendors. The FC also reviews and approves the 1099s issued for the calendar year. 1099s are issued annually by Academic Senate.

2.50 Accounts Payable Procedures

It is the policy of the Academic Senate to keep unused manual check supplies safeguarded under lock and key. All accounts payable checks are issued through Bill.com. It is the policy of the Academic Senate to require the approval of a Vendor invoice or Expense Reimbursement form for all Accounts Payable payments.

All check disbursements will require approved invoices, or a completed Expense Reimbursement Form attached, along with substantiating documents. Invoices received directly from vendors are stamped and processed in Bill.com by the Clerk. Invoices are accepted by mail, email, fax, or in person. Account codes and departments will be assigned by the Clerk. The invoice proceeds through the

Bill.com workflow where the FC will review coding and ensure all substantiating documents are complete before approval. Program or event expenses are reviewed and approved by the ED or AD as appropriate. Invoices over \$10,000 must be approved by ED. After final approvals, the bill is then ready for payment to be issued through Bill.com payment software.

Invoices paid with a manual check are processed through the same procedure in Bill.com, with the payment designated as Paid Outside of Bill.com. All manual check supplies are safeguarded under lock and key in the AD's desk. When a manual check is needed, FC will prepare the check pdf through Intacct and the AD will print the check for signature of ED.

Authorizations For those expenditures over \$50,000, the expenditure must be identified in the annual budget and not exceed approved budget. If the item exceeds approved amount, the Treasurer's signature on the Expense Reimbursement Form will constitute authorization for the FC to issue a warrant. Expenditures over \$50,000 that are not identified in the annual budget require prior approval of the President and the signature of the Treasurer on the invoice Expense Reimbursement Form.

2.60 Travel and Expense Reimbursement Procedures

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 ED.

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.

A person is expected to neither gain nor lose money while traveling on Academic Senate business and shall travel in the most economical 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 ED may authorize higher limits for expenses such as lodging 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.

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. Travel is limited to persons concerned with topics discussed or business to be transacted.
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 travel is scheduled to avoid backtracking and duplicate travel whenever possible.
4. 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 should 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 Approval of the Expense Reimbursement Form by the ED in the Bill.com approval workflow will constitute authorization for the FC to issue a warrant for said amount and will also serve as the second signature on the disbursement.

It is the responsibility of the ED 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 \$300 Without Prior Approval of the ED based on available funds in the approved budget. If the ED is unavailable for an extended period of time, the President or Treasurer 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 ED to be fully reimbursed for air travel costs that exceed the State of California Rate.

Lodging Lodging facilities must be approved by the ED. Employees and committee members will be reimbursed entirely for the basic room charge and applicable taxes. Detailed receipts are necessary.

Meals Employees and committee members will be reimbursed up to the California State per diem rate for the cost of meal. Itemized receipts are necessary for meals.

Taxi, Ride On-Demand Services Actual taxi, shuttle, or ride fares, including tips, will be reimbursed entirely when no other reasonable mode of transportation is available. Receipts are necessary. Tips must be noted on receipts.

Parking, Tolls and Public Transit Parking fees, toll expenses and public transit fees will be reimbursed. Receipts are necessary.

Car Rentals Car rentals will be reimbursed if approved in advance by the ED. 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 ED or President 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. Affidavit to include purpose, attendees, location, and date.

Senate Credit Card The Senate credit card should only be used for expenses that would be within the approved reimbursement policies. The actual detailed receipt(s) should accompany the credit card reconciliation for each individual, for all items purchased using the Senate credit cards.

Expense reimbursement forms are received by the Clerk who date stamps and verifies that a signature is included, confirms the expenses are based on Senate policies, and confirms that sufficient documentation is attached to the request. Processing of expense forms includes account coding designation, department (grant) designation, and review for accuracy and completeness of substantiating documentation.

The bills and back-up documents are then scanned into Bill.com and posted by Clerk. FC reviews and approves expenses. Program or event related expenses are then reviewed and approved by ED or AD. Payment is issued through the Bill.com payment software. Note: The President and the ED cannot approve his/her own expenses. These expenses are sent to the appropriate Executive Committee member for approval. ED travel expenses under \$300 may be approved by FC and AD.

If the ED is unavailable for an extended period, the President or Treasurer will approve expenditures.

2.70 Accrual of Accounts Payables

It is the policy of the Academic Senate to accrue unpaid expenses on its financial records at year end if such expenses are more than \$500 individually.

Accordingly, expense reimbursement requests are to be submitted by July 10 for any expenses incurred on or before June 30.

The FC evaluates the invoices and expense reimbursement requests to determine if the expense should be accrued at year end. The FC reviews the accruals for proper inclusion in the financial records.

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.

Photocopy expenses such as the maintenance agreement, toner, and expenses for copies will be allocated to the appropriate grant each month based on the actual use of the machine, or a percentage per grant agreement. Out-of-house

photocopying expenses will be charged to the function responsible for incurring the expense.

The Academic Senate currently has an agreement with the Chancellor's Office to supply copying and postage up to \$20,000. The charges associated with this agreement will be allocated by function. Any excess will be reimbursed to the Chancellor's Office.

2.90 Postage and Overnight Expenses

It is the policy of the Academic Senate to maintain a postage log, and the report is utilized to charge each respective function for actual postage used.

This applies to both in-house and out-of-house postage that is mailed from the Chancellor's Office.

The Academic Senate does not make a practice of shipping for overnight delivery unless it is the most cost-effective manner to disseminate information. When overnight delivery is necessary, the Senate does require the use of approved vendors to maintain the lowest cost.

2.100 Telephone Expenses

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

2.110 Check Preparation and Distribution Procedures

It is the policy of the Academic Senate to issue accounts payable payments through Bill.com payment system.

Once the FC or ED approves processed expenses, payment is scheduled through Bill.com based on due date. Checks or electronic payments are then generated from Bill.com. Checks are issued by Bill.com, utilizing Bill.com check stock and signatures.

Treasurer or President approves Expense Reimbursements over \$300 submitted by the ED. This authorizes the FC to generate a check through Bill.com to the ED. Amounts under \$300 may be approved by the FC and AD.

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

- President
- Treasurer
- ED

No check signer shall sign a manual check issued in his/her name. In addition, the employee who prepared or requested the manual check is not authorized to sign it. Additionally, individuals involved with the preparation of checks and bank reconciliations are prohibited from having signing authority for manual checks.

3.0 Voided / Lost Checks

It is the policy of the Academic Senate to account for voided checks within the bill payment software and accounting software. Returned Manual checks that are voided will be defaced and kept in numerical order.

If a check issued through Bill.com is lost, the check will be voided in Bill.com, and the reason the check is voided will be documented. This will generate a stop-payment fee to Academic Senate. In the event a manual check is lost, the FC shall alert the bank to stop payment, which will incur a stop payment fee. The recipient must reimburse the Academic Senate for the cost to issue a stop-payment on lost checks. A replacement check will be issued for the amount less the stop payment cost and applicable fees.

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 more than three months will be declared stale-dated and Bill.com will automatically expire the check. Attempts to contact the payee will ensue. If the attempts are unsuccessful, outstanding checks will be handled in accordance with applicable state escheat or unclaimed property law, after all incurred fees are applied.

5.0 Revenue Recognition

It is the policy of the Academic Senate to generally recognize revenue at the date of the invoice.

Invoices are created in Bill.com and revenue is recognized at the date of the invoice. However, each year there is an institute for which the Academic Senate receives registration fees in advance before the fiscal year-end, but the institute is not held until after the fiscal year end. The invoices created for all fees received in advance of the institute are 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 to properly track payments by source.

All invoices will be charged to accounts receivable and the appropriate revenue account will be credited. Subsequent cash receipts will be applied to the appropriate invoice.

5.20 In-Kind Donations Revenue

It is the policy of the Academic Senate to accrue expenditures more than \$500. Although the Academic Senate fully expects to receive a bill for the expenditures, there are certain instances when an 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, the Academic Senate will recognize an in-kind contribution. For example, an expenditure which accrued June 30, xxx1 will be recognized as in-kind revenue June 30, xxx2 if no invoice is received.

The Academic Senate will not recognize in-kind contributions on any portion of a transaction that was charged to and reported as an expenditure of a grant. Accordingly, each potential in-kind contribution will be reviewed to determine if any portion of the transaction was charged to and reported as the expenditure of a grant. 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 for any and all grant expenditures. The remaining balance of the transaction will be recognized as in-kind contribution.

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

The Chancellor's Office provides the Academic Senate with postage and copy 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.

The AD receives a quote from the State printer's office for each transaction. The AD then forwards the quote to accountant@asccc.org to track the expenses. FC extracts the information from the email and recognizes the postage and copy expenditures and the related revenue to the accounting system via journal entry.

6.0 Accounts Receivable Receipts Procedures

6.10 Cash and Check Receipts Procedures

It is the policy of the Academic Senate to immediately log all receipts to the organization 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 restrictively endorsed with a stamp which denotes:

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

The Clerk, or other designated staff member as assigned by the AD, opens the mail, logs the checks in an Access Database, and restrictively endorses the checks. Depending on the timing and size of the deposit, the checks are either given to the FC or AD for immediate deposit or locked in the AD's desk until the deposit is prepared. Check deposits will occur weekly.

A Check Detail cover page is generated for each check deposit. The deposit receipt from the bank, a verifying calculator tape, and copies of all checks are attached to the cover page. The AD reviews the documents and initials his/her approval for the coding on the hard-copy. The Clerk then applies each receipt to an outstanding accounts receivable invoice or creates an invoice for the check received and applies it. The FC reviews and approves the coding and processed cash deposit before uploading the deposit to Intacct accounting system and filing back-up documents in Bill.com. Cash and check deposits are reconciled to bank balances as part of bank reconciliation. Any discrepancies with the bank balance are investigated. In monitoring the long-term outstanding accounts receivables, quarterly the FC prints out an accounts receivable report for review by the ED and AD. Given the limited funding sources of the Senate, all accounts receivables are aggressively pursued. See Section 7.0 for Accounts Receivable Procedures.

6.20 Off-Site Collection Procedures

It is the policy of the Academic Senate that the AD and Clerk account for the financial activities related to Events.

On-site collections are documented in an Accounting Roster, which lists all registrants and their respective payment status, a pre-printed receipt for each registered attendee, and a prenumbered receipt book will be used to track and account for all funds associated with the event.

When an attendee checks into event registration, the AD or Clerk will verify their name on the Accounting Roster and find their pre-printed receipt. If the attendee prepaid, the receipt will be issued to the attendee and their attendance will be logged on the Accounting Roster. If the attendee did not prepay, the payment will be collected and notate the check number or cash received on the pre-printed receipt and the Accounting Roster. Checks received shall be restrictively endorsed upon receipt. Cash received will be safeguarded in a locked box in dual custody of both the AD and the Clerk. If an attendee has not pre-registered, a pre-numbered receipt indicating the date, the payer, the amount, and the composition of the amount will be issued immediately with each collection and given to the attendee. The attendee will be added to the Accounting Roster and the receipt number and amount and form of payment will be noted on the Accounting Roster. The receipt number and amount received will also be indicated on the event registration document. Another Senate staff member will verify the receipt of funds, that a receipt was given, and that the registrant and receipt number was properly recorded on the Accounting Roster.

After each event, the AD prepares the deposit. Both parties count the cash and initial the deposit slip, which is attached to the deposit slip. Collection receipts will be reconciled with the Accounting Roster. The Accounting Roster will be reconciled with the off-site registration forms and the receipts in the receipt book. Any differences must be investigated and resolved. Any overages or shortages are to be documented on the Accounting Roster. The deposits must be properly safeguarded and taken to the bank immediately upon return to the Senate Office.

6.30 Credit Card Receipts

It is the policy of the Academic Senate to accept payment by credit cards. The Academic Senate may levy a fee upon the payer to cover processing and administrative costs associated with the transaction. All payments accepted by credit cards are automatically deposited into Academic Senate's bank account.

The Clerk prints the receipt from Authorize.net and generates a Credit Card Detail report with date, documenting each payment. The detail report is used to code each receipt with customer name and purpose of payment. AD reviews

event coding and initials her/his approval on the document. FC uploads the approved excel document into Cash Receipts Journal of Intacct account software. These deposits are reconciled to bank balances at month-end as part of bank reconciliation. Any discrepancies with bank balance are investigated.

6.40 Bank Reconciliation Procedures

It is the policy of the Academic Senate to address mailed bank statements to the ED who shall perform an initial review of the transactions or do so online. A copy of the monthly bank statement will be emailed to the Treasurer upon receipt.

FC will review bank activity online on a regular basis. FC will review all checks and deposits that cleared or voided during the month and research any questions. The bank account will be reconciled by Clerk or FC monthly. The Treasurer shall review and approve the bank reconciliation along with the original supporting documentation quarterly.

Neither the ED nor the Treasurer have editing access within the Intacct Accounting software. Check disbursements are issued through Bill.com payables software and Bill.com interfaces transactions within Intacct. The FC issues warrants from the two source documents, Vendor Invoices or Expense Reimbursements. Program expenses must be approved through the Bill.com approval workflow by the FC and either the ED or AD. The Treasurer must approve expenses over designated minimums, or checks over \$300 to the ED. Warrants in excess of \$10,000 must have final approval and payment authorization by ED. No payment can be issued for bills without two approvals. 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 FC generates the check information for the AD, who has blank check stock locked in her/his desk drawer. The AD prints the information on the check stock and submits to the ED for signature.

FC oversees and approves preparation of the monthly bank reconciliation and uploads the bank reconciliation and all supporting documentation to Bill.com upon completion of Bank Reconciliation Package. The ED review bank reconciliations within Intacct for accuracy and completeness.

The Treasurer will receive a copy of the bank statements monthly via email. On a quarterly basis, the Treasurer will receive the Bank Reconciliation Package consisting of bank statement, Intacct Reconciliation Report, and Bill Payment report from Bill.com. The Treasurer will verify that the account is properly

reconciled and will review the bank statements for payroll deductions, deposits, transfers, voided checks, manual checks, and reasonableness of transactions. When the Treasurer is satisfied that the Bank Reconciliation Report is complete and accurate, the Treasurer will sign and date the approval form for each month and return it to the Senate Office where it will be scanned into Bill.com. The Treasurer at no time will have access to Bill.com, or the checks. The Treasurer does not have a key to the Senate Office.

7.0 Accounts Receivable Invoicing Procedures

7.10 Invoicing Procedures

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

Invoices are issued in numerical order through Bill.com receivables software. All invoices will be charged to accounts receivable and the appropriate revenue account will be credited. Subsequent cash receipts will be applied to the appropriate invoice.

Substantiating documentation will be scanned to the Bill.com receivables software and be digitally attached to the invoice. Hard copies of documentation supporting the invoice will be stapled to the invoice copy and mailed or emailed to grantor as required.

7.20 Accounts Receivable Write-Off Procedures 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.

The Academic Senate makes every effort to collect past due accounts receivables. Accordingly, every quarter invoices are emailed to individuals with past-due balances.

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.

In monitoring the accounts receivable for long-outstanding items, every six months the FC generates an accounts receivable report for the ED and AD. The report is reviewed, and FC is authorized to write off receivables deemed uncollectable. If an invoice is written-off, the accounting treatment outlined in accounts receivable Write-Off Policy above applies. The invoice is added to the invoice write off tracking sheet and collection efforts are continued by the AD until it is determined that the item is not collectible. The District/College/member will not be allowed to register for any future events unless they pay in advance.

7.30 Tracking Procedures for Accounts Receivable Write-Offs

It is the policy of the Academic Senate to continue collection efforts on all unpaid invoices.

When directed to write-off an invoice for non-payment, the FC will place the invoice information on the A/R Collections Tracking Sheet. The Uncollected Invoices Tracking Sheet is a spreadsheet maintained by the AD to continue tracking invoices that are selected for write off. When checks are received for these written off payments, the AD will update the A/R Collections Spreadsheet. Every six months, reminders will be emailed to individuals of unpaid invoices. Annually, the ED will review the report to determine which invoices, if any, should be removed from the Uncollected Invoices Tracking Sheet. Once an invoice is removed from the Uncollected Invoices Tracking Sheet, reminders will no longer be emailed, and collection efforts will be terminated. The District/College/member will not be allowed to register for any future events unless they pay in advance.

7.40 Non-sufficient Funds Checks Procedures

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 individual is also liable for any bank charges associated with the non-sufficient funds checks. If the check in question is eligible for redeposit, the subsequent deposit will reduce the receivable account accordingly and an invoice will be generated for the bank charges only. If the check in question is prohibited from redeposit, an invoice will be generated to the individual for bank charges plus the initial amount of the invoice.

7.50 Refund Procedures

It is the policy of the Academic Senate to publish the Academic Senate's Refund Policy on session enrollment forms.

Refunds issued will reduce the corresponding event revenue account accordingly. No refunds will be given if notification is received beyond the cut-off date for session enrollment unless approved by the AD or ED. Cancellations

made prior to the deadline and paid by personal check or credit card will be refunded as requested. Payments made by schools will be refunded after the event, to allow the campus the opportunity to find a replacement participant. Provided the campus has no outstanding membership dues owed, any cancelled event registrations will be refunded within two weeks of the date of the event.

8.0 Payroll and Pay Period Record Keeping Procedures

8.10 Payroll Controls & Procedures

The ED has the authority to hire and fire, set salary schedule, and benefits, as appropriate to run the office in accordance with the ED duties set forth by the Budget and Finance Committee and included in the overall approved budget. The ED has the authority to determine if an employee is exempt or non-exempt, following the guidelines of CA and federal laws, 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. ED 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.

When interviewed, employees provide a resume and references. References are verified for potential hires. Once hired, the AD prepares a hire letter, creates the personnel file, and provides the hire packet. The ED signs the letter and reviews the file. The file contains a salary history that is updated when raises are received. The Budget and Finance Committee sets the staff salary budget. All pay rates, other than the ED salary and benefits, are approved by the ED and documented in the personnel file. The ED salary and benefits are determined by the Executive Committee. FC is notified of changes to salaries or benefits for staff, and notifies the payroll service company, Secure Payroll, LLC. FC monitors payroll reports for accuracy of all changes.

Personnel files are maintained in the ED's office. Only the ED has access to the files. All in-force employment contracts kept with Mark Alcorn, Esq.

8.20 Timesheets

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

Timesheets are submitted every other Friday to the AD who verifies and approves the time worked. An Accrued Benefits report is provided by the FC. The AD reviews and approves all over-time, holiday, sick pay, or accrued paid time off used (if any). The AD or FC works with the employees as needed regarding

any timesheet corrections and then submits timesheets to the FC for final approval and processing.

8.30 Pay Periods and Payroll

All payroll is processed bi-weekly through the payroll system every other Friday.

The FC enters the time into the timesheet system. Payroll processing services are provided by Secure Payroll, LLC. Secure Payroll processes the payroll and generates reports. Payroll data is input into the CalPERS retirement system by Secure Payroll. Payroll report, PTO accrual reports, and CalPERS reports are reviewed by the FC. General ledger entries for payroll related transactions are entered into accounting system monthly. All changes or updates to employees or other payroll activity is monitored per pay period by FC.

8.40 Paid Time Off/Sick Pay

It is the policy of the Academic Senate to require all employees to take annual leave due them.

All staff is required to take accrued Paid Time Off annually. The AD and FC will monitor staff accruals to ensure that Paid Time Off for full-time employees and Sick Pay for part-time employees is taken appropriately. Sick Pay is accrued and paid based on CA Sick Pay Laws. PTO accruals caps at 120 hours for employees in the first two years of employment and 240 for employees with two plus years of employment. At that point, the employee will cease to accrue additional PTO. Academic Senate requires employees to schedule PTO with advance approval. Advance notice is not mandated for illness or other unforeseen emergencies. All employees are required to take compensated PTO each year. Accrued PTO will roll-over to next year.

If requirements of the employee's workload prevent the employee from taking all annual PTO, an employee with an accrued balance of 120 hr or more may request a one-time payout of PTO hours annually, up to 80 hours.

Compensatory Time Off

It is the policy of the Academic Senate to comply with state overtime laws and regulations.

Non-exempt employees earning overtime may bank one and a half hours for each hour of overtime worked at their written request. This compensatory time is tracked by AD, and time off should be used within the next two pay periods. Upon employee request, Academic will pay accrued overtime compensation through payroll. See the Employee Handbook for established limits and further detail.

8.50 Salary and Benefit Allocations

It is the policy of the Academic Senate to distribute fringe benefits to the functions of the Academic Senate based on actual salaries charged or negotiated overhead percentage per grant.

Fringe benefits include Medicare taxes, unemployment taxes, employee insurance premiums, and pension payments.

It is the policy of the Academic Senate that all employees complete and sign timesheets for every pay period.

The Academic Senate requires that all employees complete a timesheet to document time spent on various functions in increments of not less than one-half hour.

From this information, the FC will prepare a document of time spent per activity. Compensation will be allocated to the various functions based on the pro-rata share of actual hours worked or negotiated overhead percentage per grant. Allocations of salaries and benefit amounts to the appropriate grants are calculated monthly. The employee's timesheet and payroll reports are the main source documents for payroll expenses.

8.60 Flexible Benefits Account - n/a

9.0 Miscellaneous Accounting and Management Procedures

9.10 Financial Statement Preparation and Distribution

It is the policy of the Academic Senate to prepare year-to-date financial statements to include the Statement of Financial Position and the Statement of Activities quarterly.

The Budget and Finance Committee shall receive budget performance reports quarterly. The ED shall have available the Budget to Actual Statement of Activities (Income Statement) and Statement of Financial Position (Balance Sheet) for their review. These reports reflect revenue and expenses for grants, events, and Senate operations from the Intacct accounting system through the most recently closed month.

Financial statements to be reviewed monthly by ED, 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.

FC allocates overhead expenses to the various functions of the Academic Senate based on the allocation of time per the work assignments and/or employee timesheets on a monthly basis. Alternatively, a percentage of overhead is allocated depending on grant guidelines.

9.25 Senate Reserves

It is the policy of the Academic Senate to maintain a reserve equivalent to a minimum of three months' operational costs, up to six months.

Operational costs to be determined prior to annual budget process. The ED makes a recommendation for how much to maintain in the reserves to the Budget and Finance Committee each May. Each quarter, the ED will monitor the reserves available.

9.30 Rent

It is the policy of the Academic Senate to allocate rent expense to the various functions 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 on a monthly basis. Alternatively, overhead may be allocated based on percentage based on grant agreement.

9.40 Computer File Back-Up Procedure

It is the policy of the Academic Senate to maintain a computer file back-up for accounting records. All accounting, accounts payable, accounts receivable, and payroll data files and back-up documentation are stored on secure cloud-based platforms.

Intacct accounting system is a SaaS product with completed SSAE 16 SOC1 Type II audits. PCI DSS Level 1 certified. Minimum 128-bit encryption for all data transmission. Intacct provides full daily backups to multiple locations, continuous backups of transaction data, and secure streaming of transaction data to remote disaster recovery center.

Bill.com bill payment and receivable tracking system is a SaaS product with completed SOC1, Type II audits. Verisign Secured website and application. All funds are FDIC insured. Data is secured and protected with the same encryption that banks use. Data and documents are stored on redundant servers which immediately make two copies. Data is backed up to separate media and a copy is regularly moved to a second secure facility.

9.50 Computer Passwords

It is the policy of the Academic Senate that each individual who has access to corporate server, data files, or accounting records have a unique identification login.

The AD maintains a master record of employee Windows and network passwords including email, travel software, etc., with a copy given to the ED. A master record of accounting system access by employee will be maintained by the FC. Passwords and accounting software access of terminated employees will be canceled immediately. All passwords will be changed quarterly.

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 every six months. 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.

Transactions will be reviewed to ensure they are not bartering arrangements.

9.80 Credit Cards

It is the policy of the Academic Senate to issue bank credit cards to the President, Vice President, Treasurer and Executive Director. All individuals who are issued Senate credit card are to sign and submit the ASCCC Credit Card Use Policy and Agreement.

Academic Senate has an American Express card designated for the use of travel expenditures. The credit card bills are reconciled monthly to the supporting documentation. Each month, the FC will print the credit card statements and give to the Clerk to code each item and match up receipts to the appropriate

expenditures. Credit card holders or authorized users are to provide detailed receipts for each charge. Once credit card bills are coded and the Expense Authorization generated, the FC and ED will review the supporting documentation to verify that transactions did not result in the issuance of any cash to the credit card user and that each and every transaction charged to the account was for a valid and reimbursable expense. If a prohibited charge is found, the ED will notify the officer involved and take appropriate action. If the FC finds the ED is involved, then the Treasurer will be notified. Once the transactions are reviewed and approved the ED will initial approval on the hard-copy document. The Clerk will then scan the statement and back-up documents to Bill.com for processing. Approval workflow is completed in Bill.com to verify all documents are coded and complete. Credit card bills are paid online prior to due date and designated as Paid Outside of Bill.com in the Bill.com software to record the online payment.

9.90 Loans Prohibited

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

9.100 Bonding of Employees and Board of Directors

It is the policy of the Academic Senate to bond all employees and current board of directors involved in the financial functions of the Academic Senate through a crime insurance policy.

The AD reviews the insurance policies annually to ensure all employees and current board of directors involved in the financial functions of the Academic Senate are bonded.

9.110 Contract Signing Authority

It is the policy of the Academic Senate to grant authority to sign contracts to the President, Treasurer or ED, 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 entries are reviewed by the ED as a matter of course during financial statement review.

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.)
- To reverse manual accruals posted in the prior year that have an effect on current year.
- To post prior year audit adjustments in the current year.
- If an item adjusts cash, it must be documented and posted from the bank transaction JE form.

All Journal entries are maintained in Intacct accounting system and may only be posted by FC. Back-up documents, if applicable, are filed in the accounting system for retention and reference. All journal entries will have a documented explanation of purpose.

10.0 Tax, Audit, and Records Management Procedures

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 Senate's documents which may trigger a customer's request for this information.

The Senate will identify these documents and evaluate the need to place this information on of the document to circumvent future questions.

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 and provide a signed W-9. 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, in compliance with federal guidelines, to complete and issue IRS Form 1099 to individuals, businesses that are not corporations, independent contractors, committee members receiving stipends, and any other eligible vendor receiving \$600 or more compensation from the Academic Senate.

A log of Vendor Federal Identification Numbers will be maintained in Bill.com.

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. Records will be maintained in the Senate Office or in a suitable storage area until they are eligible for disposal. They may be stored in either paper or digital form.

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
Trust Records

7 years
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, The Academic Senate's Treasurer, with the assistance of the ED and FC, will solicit proposals from a minimum of five CPA firms specializing in auditing not-for-profit organizations. 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.

Additionally, the contract awarding the audit to the CPA firm for the extended period will have a clause allowing the Academic Senate to contract with another firm before the end of the contract period if the current firm provides unsatisfactory service or if the financial condition of the Academic Senate prohibits the expense of a full audit.

10.70 Annual Information Return

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.

The Academic Senate will engage a certified tax preparer to complete the federal Form 990 and the state Form 199 each year. Both annual information returns are due November 15th. An extension will be filed if timing for completion of annual audit impedes meeting this deadline. The ED and the FC will review the Form 990 and the Form 199 with the Treasurer and the President. Following this review, the Form 990 and Form 199 will be brought to the Board of Directors for review and approval prior to filing.

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.

If an exception to this policy is approved in advance by the Executive Committee,

it is understood that the excess of revenues over expenses on such taxable activity would require clear classification and designation in the financial records to provide adequate documentation in the event of an IRS audit and to provide support for the preparation of IRS Form 990-T.

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 using 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

The ASCCC Policies and Procedures are used by the Foundation.