



INTERNAL CONTROL POLICIES AND PROCEDURES

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REVISION POLICY: The President approves all revisions to this California Avocado Commission (CAC) procedure in line with 11.0 COMPLIANCE AND CHANGES TO POLICIES AND PROCEDURES. The Finance and Accounting Manager maintains the master copy of CAC Internal Control Policies and Procedures.



TABLE OF CONTENTS

1.00 CASH AND INVESTMENT 1

 1.01 INVESTMENT1

 1.02 BANK RECONCILIATION..... 2

2.00 ASSESSMENT COLLECTION AND CASH RECEIPT 3

 2.01 ASSESSMENT COLLECTION AND MISCELLANEOUS CASH RECEIPT 3

 2.02 LATE ASSESSMENT PAYMENT 6

3.0 PURCHASING 7

 3.01 CONTRACT 9

 3.02 PURCHASE ORDER..... 10

 3.03 BIDDING PROCESS..... 12

 3.04 AMENDMENTS TO EXISTING CONTRACT 13

 3.05 CHANGES TO EXISTING PURCHASE ORDER..... 14

 3.06 CORPORATE CREDIT CARD AND P-CARD PURCHASES 15

4.00 AP INVOICE PROCESSING 17

 4.01 RECEIVING 17

 4.02 PROCESSING INVOICE WITH CONTRACT..... 18

 4.03 PROCESSING INVOICE WITH PURCHASE ORDER..... 19

 4.04 PROCESSING CHECK REQUEST 20

 4.05 PROCESSING EXPENSE REPORT..... 21

 4.06 PROCESSING INVOICE WITHOUT CONTRACT OR PURCHASE ORDER 22

 4.07 PETTY CASH 23

5.00 CASH DISBURSEMENTS 24

 5.01 CHECK RUN 24

 5.02 AUTOMATED CLEARING HOUSE (ACH) 26

 5.03 WIRE TRANSFERS 28

6.0 TRAVEL, ENTERTAINMENT AND RELATED EXPENSES 29

 6.01 TRAVEL AND ENTERTAINMENT EXPENSES PROCESSING 35

 6.02 MEETING AND OTHER RELATED EXPENSES 36

7.0 FIXED ASSETS 37

 7.01 CAPITALIZATION AND AMORTIZATION..... 37

 7.02 DISPOSAL OF FIXED ASSETS 39

8.00 PAYROLL 41



8.01	TIME ENTRY AND AUTHORIZATION	41
8.02	PAYROLL SUBMISSION AND APPROVAL.....	42
8.03	VACATION AND SICK TIME ACCOUNTING.....	44
9.0	BUDGET	45
9.01	BUDGET PREPARATION.....	45
9.02	BUDGET UPDATE AND CHANGE DURING THE YEAR.....	47
9.03	BUDGET SUBMISSION TO THE BOARD AND REGULATORY AGENCIES	48
9.04	BUDGET MONITORING	49
10.0	FINANCIAL REPORTING AND PERIOD-END CLOSE	50
10.01	MONTH-END CLOSE	50
10.02	YEAR-END CLOSE.....	54
10.03	FINANCIAL REPORTING	55
11.0	COMPLIANCE AND CHANGES TO POLICIES & PROCEDURES	56
11.01	COMPLIANCE	56
11.02	CHANGES TO POLICIES AND PROCEDURES	57
12.0	CODE OF CONDUCT AND ETHICS.....	59
12.01	INTRODUCTION AND GENERAL POLICY	59
12.02	RESPONSIBILITIES OF BOARD MEMBERS	59
12.03	DISCLOSURE AND FINANCIAL INTEGRITY.....	62
12.04	USE OF CAC ASSETS.....	63
12.05	MANAGING CAC’S INFORMATION AND RECORDS	63
12.06	PAYMENT PRACTICES.....	64
12.07	RESPONSIBILITIES TO CONSTITUENTS AND SUPPLIERS	64
12.08	GOVERNMENT RELATIONS	65
12.09	REPORTING VIOLATIONS.....	65
12.10	DISCIPLINARY ACTIONS/TERMINATION/REMOVAL	66
13.0	FRAUD POLICY.....	68
13.01	INTRODUCTION.....	68
13.02	POLICY.....	68
13.03	ACTIONS CONSTITUTING FRAUD	68
13.04	OTHER IRREGULARITIES	69
13.05	INVESTIGATION RESPONSIBILITIES	69
13.06	CONFIDENTIALITY	69
13.07	AUTHORIZATION FOR INVESTIGATING SUSPECTED FRAUD	69
13.08	REPORTING PROCEDURES.....	70
13.09	TERMINATION.....	70
14.0	WHISTLEBLOWER PROTECTION POLICY	71



POLICIES AND PROCEDURES

14.01 POLICY 71

14.02 SCOPE OF POLICY AND DEFINITIONS 71

14.03 DISCLOSING ILLEGAL ACTIVITY..... 72

14.04 PROTECTION FROM RETALIATION 74

ACKNOWLEDGMENT OF RECEIPT 75

INVESTMENT POLICY REVIEW FORM 76

AUTHORIZATION LIMIT MATRIX..... 77

RISK CONTROL MATRIX 79

REVISION HISTORY 86



1.00 CASH AND INVESTMENT

OBJECTIVE: To safeguard CAC's cash and investment

1.01 INVESTMENT

RESPONSIBILITIES:

- Finance and Accounting Manager: Performs investment policy compliance reviews.

DEFINITIONS: None

REPORTS/DOCUMENTS: Investment Review Form

RELEVANT SYSTEMS: None

REFERENCE MATERIALS: Investment Policies of United States Department of Agriculture (USDA) and California Department of Food and Agriculture (CDFA)

PROCEDURE:

1. CAC strictly adheres to Investment policies of United States Department of Agriculture (USDA) and California Department of Food & Agriculture (CDFA).
2. **The Finance and Accounting Manager reviews Investment policies of USDA and CDFA at least once a year usually before fiscal year-end to ensure CAC is in compliance with Investment policies of USDA and CDFA as evidenced by signature/date on Investment Review Form. (1.01.C1)**



1.02 BANK RECONCILIATION

RESPONSIBILITIES:

- Finance and Accounting Manager: Performs bank reconciliations for all cash accounts
- President: Reviews bank reconciliations

DEFINITIONS: None

REPORTS/DOCUMENTS: Bank Reconciliation Worksheet

RELEVANT SYSTEMS:

- MAS 90
- MS Excel
- Bank Website: To print Bank Statements

REFERENCE MATERIALS: Bank Statements

PROCEDURE:

1. After month-end, Finance and Accounting Manager prints out Bank Statements from the bank websites and the Balance Sheet from MAS 90.
2. **Finance and Accounting Manager prepares bank reconciliation prior to financial month-end close, usually by the 5th work day of the following month. President reviews and approves all bank reconciliation as evidenced by signature/date on Bank Reconciliation. (1.02.C1)**
3. Finance and Accounting Manager identifies outstanding checks that are 5-6 months old and instructs the Accounting Clerk to investigate them. If a check is determined to be lost in the mail, a stop payment would be placed on the check and the check would be voided per Check Voiding Policy.
4. Finance and Accounting Manager keeps the approved bank reconciliations in the file.



2.00 ASSESSMENT COLLECTION AND CASH RECEIPT

OBJECTIVE: To ensure timely, accurate and complete collection and recording of assessment collection and cash receipt

2.01 ASSESSMENT COLLECTION AND MISCELLANEOUS CASH RECEIPT

RESPONSIBILITIES:

- Office Administrator: Opens and logs cash receipts.
- Accounting Clerk: Records cash receipts on MAS 90.
- Finance and Accounting Manager: Reviews daily cash receipt transactions.

DEFINITIONS: None

REPORTS/DOCUMENTS:

- Daily Cash Receipt Logs (DCRL)
- Daily Transaction Register (DTR)
- Daily Cash Flows (DCF)

RELEVANT SYSTEMS:

- MS Excel
- MAS 90
- Handler Assessment System (HAS)
- Bank Website: To print reports

REFERENCE MATERIALS:

- Previous Day Report (PDR)
- Lockbox Report
- Avocado Marketing Research and Information Center (AMRIC) reports
- Avocado Inspection Program (AIP) reports

PROCEDURE:

Assessment Collection:

1. Accounting Clerk and Office Administrator send blank assessment reports to the Handlers on record by the 25th of each month.
2. The assessment forms direct handlers to send reports and payments to CAC's lockbox.
CAC established a lockbox to minimize the number of checks mailed to CAC's office and



mitigate the risk of deposits being lost or misappropriated by having them go straight to CAC's bank account. (2.01.C1)

3. For assessments received through lockbox, wire transfer or over-the-counter deposits, Accounting Clerk checks the Lockbox Reports and PDR on the bank website and prints them for supporting documents.
4. For assessments received at CAC's office:
 - 4.1. Office Administrator opens all mails addressed to Accounting including assessment checks. Office Administrator logs the assessments received on DCRL. **Finance and Accounting Manager compares the DCRL with the deposits listed on the PDR and/or DCF to make sure all cash received are deposited within 5 business days. (2.01.C2)**
 - 4.2. Office Administrator submits the assessment deposits received at CAC's office to Accounting Clerk who mails them to the lockbox.
5. Accounting Clerk checks the assessment calculation on the reports and enters them to HAS.
6. Accounting Clerk enters them to MAS 90 A/R module.
7. **Accounting Clerk prints the DTR, which Finance and Accounting Manager reviews and compares against DCF for accuracy and completeness. (2.01.C3)**
8. Monthly, Accounting Clerk reviews the HAS reports to identify late payments (per **2.02 Late Assessment Payment** procedure).
9. Finance and Accounting Manager reviews the total cash receipts during bank reconciliation. **Finance and Accounting Manager prepares bank reconciliation prior to financial month-end close, usually by the 5th work day of the following month. President reviews and approves all bank reconciliation as evidenced by signature/date on Bank Reconciliation. (1.02.C1)**
10. After month-end close, Accounting Clerk gives the Office Administrator all the DTRs for the month and their supporting documents for scanning.
11. **Monthly, Accounting Clerk compares CAC assessment summary to various sources including AMRIC and AIP, investigates any major discrepancies, and identifies late assessment payments. (2.01.C4)**
12. CAC will conduct annual handler/assessment audit to ensure accurate reporting and payment of assessments by handlers

Miscellaneous (Non-Assessment) Cash Receipt:

1. For deposits received at CAC's office:
 - 1.1. Office Administrator opens all mails to Accounting including non-assessment cash receipts. Office Administrator logs the assessments received on DCRL. **Finance and Accounting Manager compares the DCRL with the deposits listed on the PDR and/or DCF to make sure all cash received is deposited within 5 business days. (2.01.C2)**



ASSESSMENT COLLECTION AND CASH RECEIPT

- 1.2. Office Administrator submits the non-assessment cash receipts to Accounting Clerk who codes them based on the supporting documents or instructions from the managers and mails them to the lockbox.
2. For deposits received through lockbox, wire transfer or over-the-counter deposits:
 - 2.1. Accounting Clerk checks the Lockbox Reports and PDR on the bank website and prints them for supporting documents.
3. **Accounting Clerk prints the DTR, which Finance and Accounting Manager reviews and compares against DCF for accuracy and completeness. (2.01.C3)**
4. Finance and Accounting Manager reviews the total cash receipts during bank reconciliation. **Finance and Accounting Manager prepares bank reconciliation prior to financial month-end close, usually by the 5th work day of the following month. President reviews and approves all bank reconciliation as evidenced by signature/date on Bank Reconciliation. (1.02.C1)**
5. After month-end close, Accounting Clerk gives the Office Administrator all the DTRs for the month and their supporting documents for scanning.



2.02 LATE ASSESSMENT PAYMENT

RESPONSIBILITIES:

- Accounting Clerk: Identifies and sends notices to late handlers

DEFINITIONS: None

REPORTS/DOCUMENTS: 1st and 2nd Notices to Handlers

RELEVANT SYSTEMS:

- MS Word
- Hass Assessment System (HAS)

REFERENCE MATERIALS:

- Avocado Marketing Research and Information Center (AMRIC) reports
- Avocado Inspection Program (AIP) reports

PROCEDURE:

1. **Monthly, Accounting Clerk compares CAC assessment summary to various sources including AMRIC and AIP, investigates any major discrepancies, and identifies late assessment payments. (2.01.C4)**
2. If no payment is received by the 15th of the month following the month assessment is due, Accounting Clerk sends a written 1st notice to the handler.
3. If no payment is received by the 10th of the month following month Accounting Clerk sends the 1st notice, Accounting Clerk sends the 2nd notice.
4. If no payment is received by the end of the month CAC sends the 2nd notice, CAC will forward the matter to CAC's legal counsel.
5. Due to the self-reporting nature of CAC assessment, there is a possibility that CAC does not immediately find out about a late assessment payment. In this case, the late penalty and monthly interest are still incurred per the policy set by CAC Board. As soon as the delinquency becomes evident, Accounting Clerk will send a written notice to the handler, followed by steps 3 and 4 above.
6. Written 2nd notices will be delivered by means that can be confirmed.
7. Whenever CAC's legal counsel is involved, he or she will be directed to take steps in timely manner.



3.0 PURCHASING

OBJECTIVE: To ensure that purchases are for legitimate CAC business

POLICY:

1. CONTRACT POLICY

- 1.1. A formal contract is required for purchase commitments with the following vendors:
 - 1.1.1. Advertising, online marketing, foodservice, and merchandising agencies (or agents),
 - 1.1.2. Independent external auditors,
 - 1.1.3. Legal advisors,
 - 1.1.4. Information technology support provider, and
 - 1.1.5. Other vendors as deemed necessary by management.
- 1.2. Contracts can be in the form of Independent Contractor Agreements, Letters of Engagement, Memoranda of Understanding, or other writings that constitute binding commitments.
- 1.3. All contracts in the amount of \$1,000 and above shall be approved by the President.
- 1.4. Contracts with vendors that are anticipated to provide services over a multi-year period shall be reviewed annually. These contracts may include a provision for automatic extension year to year unless notice is given at least 30 days prior to the end of the contract period.. These contracts shall include a cancellation provision in the event that CAC terminates operations in accordance with procedures specified in statute or judicial order.
- 1.5. Material changes to the terms of an approved contract require amendment to the contract.

EXCEPTION: Due to the unique nature of certain expenses such as utility, delivery services, and bank fees, etc., a contract is not required; however, the invoices/ statements/ bills for these expenses will still be thoroughly reviewed and approved as explained in **4.0 AP Invoicing Processing**.

2. PURCHASE ORDER POLICY

- 2.1. A purchase order must be created and approved for all appropriate purchases in the amount of \$500 and over, prior to the purchase. Appropriate purchases are defined as those standalone purchases of tangible assets such as promotional materials, computer equipment and office supplies.
- 2.2. Purchase Order must be approved in accordance with the Authorization Limit Matrix.
- 2.3. Revising a purchase order after the purchase order has been issued and/or approved requires a Change Order.

3. BID POLICY



All purchases, purchase commitments, and contracts in the amount of \$25,000 and over (spent over a fiscal year) shall be bid competitively using a formal, open Request for Proposal process unless a formal sole source procurement request is approved. President may at his own discretion require that certain purchase commitments under \$25,000 be bid competitively.

Contracts with certain vendors such as advertising and public relations agencies, information technology service providers, research institutions, and technical specialists may be exempt from the above requirements because of the strategic and long-term nature of the relationship. To ensure public accountability, transparency and ethics and to eliminate favoritism, fraud and corruption in awarding of contracts, CAC implements the following policies:

- 3.1. Contracts in the amount of \$25,000 and above shall be presented to CAC Board or its designee (i.e. Finance Committee) on an annual basis for informational purposes. Upon review, the CAC Board or its designee may investigate the justification for and terms of any contract
 - 3.2. CAC staff conducts periodic and formal reviews of its strategic vendors and determines if a change is warranted. The formal reviews assess a comprehensive list of vendors' attributes including capability/competency, efficiency, production quality, financial conformance, and rate competitiveness.
 - 3.3. CAC has a Code of Conduct and Ethic Policy, specifically section 12.07, which addresses staff's relationship with suppliers including rules regarding accepting gifts.
4. CORPORATE CREDIT CARD AND PURCHASE CARD POLICY
- Corporate credit card is an allowed method of payment. However, prior approval from the Finance and Accounting Manager or President (if Finance and Accounting Manager is the requestor) must be obtained prior to using CAC's credit card. CAC's credit card should be the least preferred method after considering other types of payments.

Corporate purchase card (P-card) is an allowed method of payment. To ensure adequate control on the usage of CAC's P-card, Finance and Accounting Manager and President determine the transaction types and vendors allowed as well as maximum balance on each P-card. Only a few employees (cardholders) selected by the President may obtain CAC's corporate P-card. Cardholders are required to substantiate the P-card charges they incur with receipts and other supporting documents as soon as they return from the trip. Any charges not adequately substantiated by the time they are due to be paid are considered personal charges and will be deducted from cardholders' payroll.

No personal use of CAC's corporate credit card and P-card is allowed under any circumstances. No exception to this policy may be justified and any violations—intentional or not—are subject to disciplinary action including up to termination.



3.01 CONTRACT

RESPONSIBILITIES:

- President / Finance and Accounting Manager: Has authority to approve contracts.
- Department Heads: Performs negotiation and bidding process (when necessary).
- Accounting Staff: Facilitate through the contract process and files fully executed contracts.

DEFINITIONS: None

REPORTS/DOCUMENTS:

- Scope of Work
- Internal Control Policies and Procedure
- Contract

RELEVANT SYSTEMS: MS Word

REFERENCE MATERIALS: Approved Budget

PROCEDURE:

1. Accounting Staff sends out the Scope of Work template along with the list of approved budget line items to the vendors.
2. Accounting Staff facilitates the completion of a contract for each vendor and ensure adequate review by the Department Heads and President. A contract shall include the following details when applicable:
 - 2.1. Total not-to-exceed amounts that match the approved budget,
 - 2.2. Completed Scope of Work from the agencies/vendors that stipulates required performance such as deliverables expected, milestones requirements, etc.,
 - 2.3. Method of assessing or reviewing performance,
 - 2.4. Approved budget line item,
 - 2.5. Rate schedule (for vendors that are not on retainer) or billing schedules (for vendors that are on retainer),
 - 2.6. CAC Travel, Meeting and Other Related Expenses policy,
 - 2.7. Code of Conduct Policy,
 - 2.8. Fraud Policy, and
 - 2.9. Other details deemed necessary by management.
3. **A contract must be fully executed before the work can begin and vendors can start billing CAC. Any deviations to this control must be explained and approved in writing by President. Contract must be properly approved per Authorization Limit Matrix. (3.01.C1)**
4. Once the contract has been fully executed, Accounting Staff scans the contract to a shared network drive and file the original.



3.02 PURCHASE ORDER

RESPONSIBILITIES:

- Department Heads: Create purchase orders (Requester).
- Accounting Clerk: Reviews GL Account on PO, assigns PO numbers and obtains appropriate approvals.
- President/Finance and Accounting Manager: Have authority to approve purchases.

DEFINITIONS:

Purchase Order (PO): An Excel document showing requester and approver's signatures and dates is submitted to vendor to initiate purchase

REPORTS/DOCUMENTS: Purchase Order

RELEVANT SYSTEMS: MS Excel

REFERENCE MATERIALS:

- Chart of Accounts
- Authorization Limit Matrix

PROCEDURE:

Purchase Orders are to be completed by requester, entered and assigned a unique PO# in Excel by Accounting Clerk and approved (per Authorization Limit Matrix) prior to placing order for which PO is required (3.02.C1).

1. To initiate a purchase order, a requester fills out a CAC Purchase Order Excel Form on CAC server under "Forms & Publication" sub folder within "Corp_Permanent" folder.
2. Completed form is sent to the Accounting Clerk for review and assignment of PO # with supporting documentation.
3. If the purchase is for a new vendor, **prior to Vendor setup and payment, Accounting Clerk or requester must obtain W-9 Request for Taxpayer Identification verifying Vendor identity (3.02.C2). Check requests/invoices may not be entered into A/P MAS 90 until Vendor has been set up and Vendor # has been assigned (3.02.C3). Access to Vendor Setup screen within A/P MAS 90 is restricted to authorized accounting personnel (3.02.C4).**
4. The requester obtains a PO number from Accounting Clerk and prints the PO and signs it. Accounting Clerk and Finance and Accounting Manager review the PO for accuracy and completeness.
5. Excel printout is used as the original purchase order and must be approved by the Finance and Accounting Manager with a signature/date on the purchase order for purchases under \$1,000.



6. Purchase Order amounts of \$1,000 and greater require approval by the President of CAC. This also applies to all purchase orders requested by Finance and Accounting Manager. Purchase Order amounts of \$25,000 and greater require at least 3 bids as explained in **3.03 Bidding Process**.
7. All approved purchase orders are sent back to the Accounting Clerk who forwards them to the Office Administrator, who scans them into an electronic folder accessible by department heads for reference and future review/matching against invoices.
8. The Office Administrator notifies the Requester that the PO is approved.
9. Once approved, the PO is then copied and sent to the vendor by the Requester.
10. If there is a response back from the vendor not agreeing with the PO then changes are made as explained in **3.05 Changes to Existing PO**.
11. The original PO is returned back to the Accounting Clerk, who files PO and any other supporting documents in the PO binder.



3.03 BIDDING PROCESS

RESPONSIBILITIES:

- Department Heads: Obtain minimum of 3 bids and create purchase orders (Requester).
- Accounting Clerk: Reviews GL Account on PO & assigns PO #.
- President: Has authority to approve purchases.

DEFINITIONS: None

Bid Summary – A document that summarizes the bidding results with the following attachment:

- Minimum of 3 bids
- Explanation for selecting the winning bid if it is not the lowest

REPORTS/DOCUMENTS:

- Authorization Limit Matrix
- Bid Summary

RELEVANT SYSTEMS: None

REFERENCE MATERIALS: Chart of Accounts

PROCEDURE:

Purchase amounts \$1,000 and greater require approval by President. Purchase amounts of \$25,000 and over require at least 3 bids and an explanation for the chosen bid (3.03.C1). An explanation of why bidding is not done must be clearly documented.

1. Prior to placing order for purchases in the amount of \$25,000 and over, Department Heads or their designee shall obtain a minimum of 3 bids from different vendors.
2. Department Heads make a selection from submitted bids based on appropriate criteria including but not limited to the followings:
 - Quality
 - Cost
 - Delivery time
3. For the requesting bids, Department Heads ensure that there may not be any qualifications in the specifications for any contract that will work to the advantage of any particular bidder or any class of bidders.
4. If the lowest bid is not chosen, documentation shall be provided explaining reasons for the acceptance of the chosen bid.



3.04 AMENDMENTS TO EXISTING CONTRACT

RESPONSIBILITIES:

- Department Heads: Inform Finance and Accounting Manager for any changes that may require contract amendment. (Requester)
- Accounting Staff: Facilitates the amendment to the existing contracts.
- President: Has authority to approve amendment to contracts.

DEFINITIONS: None

REPORTS/DOCUMENTS: Contract

RELEVANT SYSTEMS: MS Word

REFERENCE MATERIALS: None

PROCEDURE:

1. **Material changes to the terms of existing contracts require amendment. Changes are considered material if they increase the total amount of the contract. Other changes such as reallocation of line item budgets, changes in required performance, modification of rate schedule, etc. may be considered material by management. (3.04.C1)**
2. Department Heads notify Finance and Accounting Manager of the amendment needed.
3. Finance and Accounting Manager makes changes to the contract and circulates the amended contract to the vendors, Department Heads and President for their review.
4. Once the amended contract has been fully executed, Finance and Accounting Manager scans the contract to the shared drive and files the original.



3.05 CHANGES TO EXISTING PURCHASE ORDER

RESPONSIBILITIES:

- Department Heads: Will create the change order for any purchase orders that need to be revised. (Requester)
- Accounting Clerk: Review GL Account on PO and assigns PO number.
- President: Has authority to approve changes.

DEFINITIONS: None

REPORTS/DOCUMENTS: Purchase Order (PO)

RELEVANT SYSTEMS: MS Excel

REFERENCE MATERIALS: California Avocado Commission Chart of Accounts

PROCEDURE:

1. **PO Change may only be made with the proper approval (per Expense Authority Limits Matrix) as evidenced by approver signature and date on hardcopy Purchase Order (3.05.C1)**
2. If changes to PO are considered material then the Department Head will make changes to the existing PO on a separate PO Form and submit it to the Accounting Clerk.
3. The Accounting Clerk validates changes to PO and assigns a new PO number.
4. Excel print-out is used as the original purchase order and must be approved by the Finance and Accounting Manager or President with a signature on the purchase order for purchases under \$1,000.
5. Purchase amounts of \$1,000 and greater and those purchase orders requested by the Finance and Accounting Manager require approval by the President . Purchase orders in the amount of \$25,000 or more require at least 3 bids as explained in **3.03 Bidding Process**.
6. All approved purchase orders are sent back to the Accounting Clerk who forwards them to the Office Administrator.
7. The Office Administrator scans all approved PO into an electronic folder accessible by Department Heads for reference and future review.
8. The Office Administrator notifies the Requester that the PO is approved.
9. The PO is then copied and sent to the vendor by the Initiator.
10. The changed PO is returned back to the Accounting Clerk, who files PO and any other supporting documents in the PO binder.



3.06 CORPORATE CREDIT CARD AND P-CARD PURCHASES

RESPONSIBILITIES:

- Approver: Finance and Accounting Manager for expenses under \$1,000 and President for expenses greater than \$1,000 on credit card request form
- Accounting Clerk: reconciles month-end credit card charges to monthly statement from credit card vendor
- Finance and Accounting Manager: maintains a control sheet of CAC Credit Cards, showing cardholders, balance limits, and other control information

DEFINITIONS:

P-card is a type of credit card that allows more transactional controls such as allowed vendors and transaction types. The words Credit Card and P-card are used interchangeably in this section. Distinctions between the two will be noted when applicable.

REPORTS/DOCUMENTS:

- Invoices, packing slips, and Credit Card sales receipts.
- Credit Card Request Form
- Request to use CAC Credit Card for Hotel Expenses
- Monthly Credit Card Statement
- CAC Credit Cards Control Sheet
- Credit Card Expense Report

RELEVANT SYSTEMS: MAS 90

REFERENCE MATERIALS: None

PROCEDURE:

For the purpose of this procedure section, CAC credit card usage is categorized into the followings:

- CAC's credit card usage by employees when travelling on CAC business. In this category, CAC employee carries CAC's credit card when travelling and uses it to pay for various travel expenses
- Credit card usage to pay vendors for online transactions, event registration, lodging reservation, meeting room rental, meals, and other pre-approved expenses. In this category, CAC's credit card is not physically moved out of the office

CAC's credit card usage by employees when travelling on CAC business:

1. Certain CAC employees are authorized to carry CAC's credit cards when travelling on CAC business and use them to pay for various travel expenses. Those employees (cardholders)



are required to submit receipts and other supporting documents to Accounting Clerk immediately after returning from the trip. Cardholders are advised to keep copies of the supporting documents in case there is a dispute about whether the documents have been submitted.

2. **Upon receiving credit card statement, Accounting Clerk prepares a credit card expense report to capture all the charges on the statement, categorize the charges and indicate the account numbers. Accounting Clerk matches the charges to the supporting documentations supplied by the cardholders and attaches them to the statement. Accounting Clerk works with the cardholders to complete the credit card expense report with account numbers and categorize the charges. Cardholders sign the complete spreadsheet (3.06.C1).**
3. Accounting Clerk submits the statement along with the supporting documents to Finance and Accounting Manager for review.
4. Approved credit card statement is returned to the Accounting Clerk for payment processing.

Credit card usage to pay vendors for online transactions, event registration, lodging reservation, meeting room rental, meals, and other pre-approved expenses.

1. **Credit Card vendor statement is reconciled to all receipts, packing list and invoices and must be accompanied by credit request form approved by Finance and Accounting Manager as evidenced by signature/date on credit card request form. The President must approve all expenses greater than \$1,000 as evidenced by signature/date on Credit Card Request form prior to payment processing (3.06.C2).**
2. All employees and Board Members must fill out Credit Card Request Form and/or CAC Credit Card for Hotel Expenses Forms and provide appropriate account numbers.
3. Finance and Accounting Manager reviews the Credit Card Request form and approves it with a signature and date if it is in compliance with CAC policy and procedures. President must approve expenses greater than \$1,000 with signature and date on the form.
4. All approved Credit Card Request forms are submitted to the Accounting Clerk.
5. Receipts, Packing Lists and Invoices related to P-Card charges are handed over to the Accounting Clerk who attaches them to the approved Credit Card Request forms.
6. Accounting Clerk receives monthly statements from Credit Card vendor and reconciles them to the approved credit card request forms.
7. Accounting Clerk submits the statement along with approved credit card request forms to Finance and Accounting Manager.
8. Finance and Accounting Manager reviews the report and ensures that each expense is accompanied by an approved credit card request.
9. Approved Credit Card statement is returned to the Accounting Clerk for payment processing.



4.00 AP INVOICE PROCESSING

OBJECTIVE: To ensure that expenditures are recorded to the proper categories and right period

4.01 RECEIVING

RESPONSIBILITIES:

- Office Administrator: Matches goods to packing list

DEFINITIONS: None

REPORTS/DOCUMENTS: Vendors' Packing Lists

RELEVANT SYSTEMS: None

REFERENCE MATERIALS: None

PROCEDURE:

1. **The person that receives the goods must be independent of the person ordering them, except for office supplies ordered and received by Office Administrator (4.01.C1).**
2. When goods are purchased and a delivery is made, the Office Administrator verifies the goods received against the packing slip. **The Office Administrator contacts the vendor if packing slip does not match the goods received and resolves the issue with the vendor by either acquiring a revised packing list when packing list is understated or having the vendor send in additional items when the packing list is overstated (4.01.C2).**
3. The packing slip is forwarded to the Accounting Clerk who files the slip. If a purchase is made and the goods are delivered directly to a location other than CAC's office, the packing slip must be forwarded to Accounting Clerk.

Note: CAC has a very small percentage of purchases that are for tangible goods; most purchases are for services.



4.02 PROCESSING INVOICE WITH CONTRACT

RESPONSIBILITIES:

- Accounting Clerk – Matches invoice to Purchase Order (PO) and packing list.
- Department Heads – Review and approve invoices before payment.

DEFINITIONS: None.

REPORTS/DOCUMENTS: Vendor Invoices

RELEVANT SYSTEMS: MAS 90

REFERENCE MATERIALS: Contract

PROCEDURE:

1. The Office Administrator opens the mail, date-stamps the invoices and directs them to the Accounting Department.
2. Accounting Clerk stamps the original invoice with the “approved by” stamp and check the following (when applicable):
 - 2.1. Check the billing rates against the rates schedule on the contract,
 - 2.2. Check the billing amount against the retainer billing schedule,
 - 2.3. Check the supporting documents
 - 2.4. Check other terms
3. **Invoice is then forwarded to the Department Heads for approval. At this point a signature is required with date approved, account to be charged, and amount to be paid. Finance and Accounting Manager and/or President are responsible for approving other departments if the Department Heads are unavailable (4.02.C1).**
4. Department Heads are responsible for reviewing the invoice and ensuring accuracy and reasonableness of the charges. Department Heads should analyze the invoice against its supporting documents, budgets, and contracts. Finance and Accounting Manager and/or President are responsible for approving other departments if the Department Heads are unavailable.
5. The approved invoice is returned to the Accounting Clerk who files the invoice in the A/P file until checks are processed. Then the invoices are entered into the MAS 90 accounts payable module.
6. Once the invoice is entered, it is stamped “entered” and filed in the drawer for payment.



4.03 PROCESSING INVOICE WITH PURCHASE ORDER

RESPONSIBILITIES:

- Accounting Clerk – Matches invoice to Purchase Order (PO) and packing list.
- Department Heads – Review and approve invoices before payment.

DEFINITIONS: None.

REPORTS/DOCUMENTS: Vendor Invoices

RELEVANT SYSTEMS: MAS 90

REFERENCE MATERIALS: Purchase Order, Packing List

PROCEDURE:

1. The Office Administrator opens the mail, date-stamps the invoices and directs them to the Accounting Department.
2. **Accounting Clerk matches the invoices to PO and packing list if applicable (4.03.C1).**
 - 2.1 Accounting Clerk emails PO requester if invoice and PO do not match and contacts vendor if packing list and invoice do not match.
 - 2.2 If an error was made on PO, the PO requester will request a PO revision according to the **3.03 Change to Existing PO**; if requester wishes to dispute, Accounting Clerk will email vendor and advise staff accordingly. If an error was made on vendor's invoice, a corrected invoice is requested from the vendor.
 - 2.3 Depending on dispute outcome, invoice will either be short paid or Accounting Clerk, requester and vendor will sort out the discrepancies until they are resolved.
 - 2.4 Correspondence is systematically attached to the invoice.
3. Department Heads are responsible for reviewing the invoice and ensuring accuracy and reasonableness of the charges. Department Heads should analyze the invoice against its supporting documents, budgets, and/or contracts.
4. Accounting Clerk stamps the original invoice with the "approved by" stamp and attaches packing list if applicable.
5. **Invoice is then forwarded to the Department Heads for approval. At this point a signature is required with date approved, account to be charged, and amount to be paid. Finance and Accounting Manager and/or President is responsible for approving other departments if the Department Heads are unavailable (4.02.C1).**
6. The approved invoice is returned to the Accounting Clerk who files the invoice in the A/P file until checks are processed. Then the invoices are entered into the MAS 90 accounts payable module.
7. Once the invoice is entered, it is stamped "entered" and filed in the drawer for payment.



4.04 PROCESSING CHECK REQUEST

RESPONSIBILITIES:

- Accounting Clerk: Approves Check Request in line with Authorization Limit Matrix and in compliance with CAC policies and procedures.
- Department Heads : Review and approve check requests before payments.

DEFINITIONS:

Check Request: Internally-generated document that serves as a request for cash disbursements. A Check Request is typically generated when the external source document for cash disbursement (e.g. vendor invoice or expense report) cannot be obtained.

REPORTS/DOCUMENTS: Check Request Form

RELEVANT SYSTEMS: MAS 90

REFERENCE MATERIALS: None

PROCEDURE:

1. On occasion, check request is needed when there is no invoice from outside vendors, for example restaurant bill, advance on future services or delivery of goods, petty cash replenishment and travel advances to CAC board members and employees.
2. Check request form is filled out by the requester. Check request form is available on CAC server under folder "Forms & Publications" within "Corp_Permanent" folder or in Accounting Clerk's office.
3. **Check request must be signed by the requester and approved by Department Heads (4.04.C1).**
4. Once approved, check request is submitted to the Accounting Clerk for payment processing.
5. Relevant and applicable procedures explained in **4.01 Receiving, 4.02 Invoice from Vendors with Contract** and **4.03 Invoice, Packing List and Purchase Order Matching** shall be followed when processing check requests.



4.05 PROCESSING EXPENSE REPORT

RESPONSIBILITIES:

- Accounting Clerk: Reconciles expense reports to the attached receipts and ensure expenses are within the CAC Travel, Entertainment and Related Expenses policy. Checks for accuracy, approval signature within authority, validates receipts
- Supervisor: Reviews and approves expense reports.

DEFINITIONS:

Expense Report: A source document prepared by CAC's vendor, board members or staff typically to request for reimbursement for CAC expenses incurred by the requester.

REPORTS/DOCUMENTS: Expense Report

RELEVANT SYSTEMS: MAS 90

REFERENCE MATERIALS: None

PROCEDURE:

1. Requester fills out an expense report on a weekly basis or per trip.
2. For staff's expense report, the requester's supervisor reviews and approves the expense report before it is submitted to accounting. Please refer to the Authorization Limit Matrix for proper approval.
3. Accounting Clerk reconciles expense report to the attached receipts and ensures expenses are within the **6.0 CAC Travel, Entertainment and Related Expenses** policy, related contract or purchase order.
4. The Accounting Clerk ensures the appropriate level of authority has signed the expense reports. Please refer to the Authorization Limit Matrix for proper approval.
5. Accounting Clerk processes the expense reports for payment.



4.06 PROCESSING INVOICE WITHOUT CONTRACT OR PURCHASE ORDER

RESPONSIBILITIES:

- Accounting Clerk: Process for payment
- Department Heads: Review and approve invoices before payments.

DEFINITIONS: None

REPORTS/DOCUMENTS: None

RELEVANT SYSTEMS: MAS 90

REFERENCE MATERIALS: None

PROCEDURE:

1. Office Administrator opens the mail, date-stamps the invoice and directs the incoming invoices to the Accounting Department.
2. Accounting Clerk matches the invoice to packing list if applicable. Vendor is contacted if invoice does not match the packing list and a corrected invoice is requested from the vendor. Correspondence is systematically attached to the invoice.
3. Accounting Clerk stamps the original invoice with the “approved by” stamp and attaches all related documents to the invoice.
4. **Invoice is then forwarded to the Department Heads for approval (4.02.C1).** At this point a signature is required with date approved, account to be charged, and amount to be paid. Department Heads are responsible for reviewing the invoice and ensuring accuracy and reasonableness of the charges. Department Heads should analyze the invoice against its supporting documents and budgets. Finance and Accounting Manager and/or President are responsible for approving other departments if the Department Heads are unavailable.
5. The approved invoice is returned to the Accounting Clerk who enters it into MAS 90 A/P module. Accounting Clerk then files the invoice in the A/P file until checks are processed.



4.07 PETTY CASH

RESPONSIBILITIES:

- Finance and Accounting Manager: Verifies that all expenses are in compliance with CAC policies and procedures. Ensures that receipts and cash total to \$200 in Petty Cash box at all times. Request replenishment of Petty Cash at month end or when cash balance is below \$50.
- President: Performs annual surprise audit
- Accounting Clerk: Processes Petty Cash check request for payment

DEFINITIONS:

Petty Cash: Small balance of cash that CAC maintains to pay for small operating expenditures. CAC maintains its Petty Cash under an imprest fund system, where expenses are recorded in CAC's books only when Petty Cash is replenished. Currently, CAC maintains a balance of \$200 in its Petty Cash.

REPORTS/DOCUMENTS: Petty Cash Log

RELEVANT SYSTEMS: MAS 90

REFERENCE MATERIALS: None

PROCEDURE:

1. **Petty Cash box is in possession of Finance and Accounting Manager who keeps it in a locked File Cabinet (4.07.C1).**
2. A receipt is turned in by the requester to Finance and Accounting Manager for the reimbursement of expenses in cash.
3. Finance and Accounting Manager reviews the expense and ensures that it is in compliance with CAC policies and procedures and delivers the cash to the requester.
4. Finance and Accounting Manager then logs the expense in Petty Cash Log and assigns the appropriate GL account.
5. At month end or when the cash balance is below \$50, Finance and Accounting Manager fills out a check request for replenishment of Petty Cash. There are some months when Petty Cash is not used at all in which case replenishment is not necessary.
6. Check request for Petty Cash replenishment must be approved by the President of CAC.
7. Approved check request is submitted to the Accounting Clerk for payment processing.
8. Finance and Accounting Manager cashes the check at the Bank and uses the cash to replenish Petty Cash back to \$200.
9. **President or his/her designee performs a surprise count on the Petty Cash at least once annually (4.07.C2).**



5.00 CASH DISBURSEMENTS

OBJECTIVE: To ensure that cash is disbursed within proper authorization and for legitimate expenses

5.01 CHECK RUN

RESPONSIBILITIES:

- Accounting Clerk: Runs Invoice Payment Selection report, runs checks
- Finance and Accounting Manager: Reviews and approves Invoice Payment Selection report. Prepares Positive Pay Export Report in MAS 90. Signs checks and uploads Positive Pay file to Bank's website
- President: Signs checks
- Office Administrator: Primary custodian of blank A/P checks stock. Mails checks; scans the check stubs, invoices and all supporting documents
- Human Resources: Secondary (backup) custodian of blank A/P checks stock

DEFINITIONS:

- Check Run: A series of procedures to generate payments for certain invoices selected based on their due dates
- Blank Check Stock: A stock of CAC blank checks. These blank checks are pre-numbered to enable tracking
- Positive Pay: Account reconciliation method where CAC uploads check information (check numbers, check dates, amounts and payee) in a flat text file to the Bank. Any checks drawn on CAC's checking account shall be matched to the uploaded Positive Pay file before they can be cleared
- Invoice Payment Selection: MAS 90 report that shows invoices selected for payment

REPORTS/DOCUMENTS:

- Invoice Payment Selection
- Positive Pay File

RELEVANT SYSTEMS:

- MAS 90
- Bank website

REFERENCE MATERIALS: None

PROCEDURE:

1. Checks are generally processed every Wednesday



2. The Accounting Clerk generates an “Invoice Payment Selection Listing” within MAS 90 based on certain criteria (e.g. invoice due date) for invoices that are to be paid via an A/P Check.
3. The Accounting Clerk then turns in the report along with all vendor invoices as backup for review and approval to Finance and Accounting Manager.
4. **Finance and Accounting Manager verifies that there are no unusual items, samples and checks the coding and approvals on the invoices. If everything looks good, Finance and Accounting Manager signs and dates the report (5.01.C1).**
5. Accounting Clerk notifies the Office Administrator of the number of checks needed to complete the check run. The Office Administrator has a spreadsheet to keep track of the checks requested each week by date and check number, blank checks are pre-numbered. The Human Resources will retrieve the # of checks needed from locked file cabinet and hand them to Accounting Clerk. **Custody of blank checks stock is held by Office Administrator who is independent of cash disbursement processing (5.01.C2).**
6. **The Accounting Clerk prints the checks and writes on the corresponding invoices the check numbers and check dates. Printed checks and invoices are handed back to the Finance and Accounting Manager for review and signature. Checks \$1,000 and over require two authorized signatures (5.01.C3).**
7. **Once all checks have been signed, Finance and Accounting Manager exports Positive Pay Report, prints the report and compares it to Invoice Payment Selection Listing. Once everything is verified, Finance and Accounting Manager uploads the Positive Pay Report file to the Bank’s website (5.01.C4).**
8. Finance and Accounting Manager hands the checks and the invoices to the Office Administrator for mailing and scanning.
9. Office Administrator scans all check stubs and all supporting documentation attached to them (including invoices). Original checks are mailed out and each check/invoice package is stamped “Scanned” prior to returning it back to the Accounting Clerk.
10. Accounting Clerk files scanned package by vendor.



5.02 AUTOMATED CLEARING HOUSE (ACH)

RESPONSIBILITIES:

- Accounting Clerk: Runs Invoice Payment Selection report, processes ACH, prepares and uploads ACH payment information to the bank, and sends payment advices to ACH beneficiaries
- Finance and Accounting Manager: Reviews and approves Invoice Payment Selection report. Reviews and approves ACH payments on Bank's website
- President: Approves ACH

DEFINITIONS: None

REPORTS/DOCUMENTS: Invoice Payment Selection

RELEVANT SYSTEMS:

- MAS 90
- Bank website

REFERENCE MATERIALS: None

PROCEDURE:

1. ACHs are generally processed every Wednesday
2. The Accounting Clerk generates an Invoice Payment Selection Listing within MAS 90 based on certain criteria (e.g. invoice due date) and are paid via ACH (Direct Deposit).
3. The Accounting Clerk then turns in the report along with all vendor invoices as backup for review and approval to Finance and Accounting Manager.
4. **Finance and Accounting Manager verifies that there are no unusual items, sample-checks the coding and approvals on the invoices. If everything looks good, Finance and Accounting Manager signs and dates the report (5.01.C1).**
5. Accounting Clerk prints out ACH cover page, writes on the corresponding invoice the ACH number and ACH date, and inputs payment information on bank's website. **Accounting Clerk enters new ACH vendor on bank's website; Finance and Accounting Manager has to approve any changes to ACH vendors on the bank ACH database. ACH transactions require dual control (5.02.C1).**
6. **ACHs are handed back to the Finance and Accounting Manager for review and signature. Finance and Accounting Manager then obtains 2nd signature (President's) for all ACHs \$1,000 and over (5.02.C2).**
7. **Once all ACHs have been signed, Finance and Accounting Manager compares the ACH batch payment uploaded by Accounting Clerk to the approved Invoice Payment**



Selection Listing. If everything looks good, Finance and Accounting Manager releases the ACH payment information online on Bank's website (5.02.C3).

8. When processing ACH on Bank website, **both Accounting Clerk and Accounting Manager use a security tool (e.g. token ID that changes pass codes every minute) (5.02.C4).**
9. Signed ACHs are given back to Accounting Clerk, who then notifies the vendors that payments are sent. Signed ACHs are given to the Office Administrator for scanning.
10. Office Administrator then scans all ACHs and invoices by each vendor. Each ACH/invoice package is stamped "Scanned" prior to returning it back to the Accounting Clerk.
11. Accounting Clerk files ACH package by vendor.



5.03 WIRE TRANSFERS

RESPONSIBILITIES: None

DEFINITIONS: None

REPORTS/DOCUMENTS: Wire Transfer Request (WTR) form

RELEVANT SYSTEMS: Bank Website

REFERENCE MATERIALS: Daily Cash Flows

PROCEDURE:

Vendor Payment:

1. When an invoice or check request requires a wire transfer, Accounting Clerk prepares a WTR form.
2. Finance and Accounting Manager reviews and approves the wire transfer request, signified by a signature on the WTR form. Wire transfers in the amount of \$1,000 and above require two signatures as explained in the Expense Limits Authority Matrix.
3. Accounting Clerk initiates the wire transfer on the bank website. The Finance and Accounting Manager releases wire on the bank website. When processing wire transfer, **both Accounting Clerk and Accounting Manager use a security tool (e.g. token ID that changes pass codes every minute) (5.02.C4).**
4. Accounting Clerk posts the wire transfer into MAS 90.
5. Office Administrator scans these documents for retention purposes.

Transfer between CAC accounts:

1. Finance and Accounting Manager monitors the balance of CAC checking account using the Daily Cash Flows and determines if a transfer between accounts is needed. If it is, Finance and Accounting Manager will prepare a Transfer between Accounts form and perform the transfer.
2. Finance and Accounting Manager records the transfer in MAS 90 and attaches the Transfer between Accounts form as supporting document.



6.0 TRAVEL, ENTERTAINMENT AND RELATED EXPENSES

OBJECTIVE: To ensure that travel, entertainment and related expenses are in conformity with CDFA guidelines, for legitimate CAC's business purposes, and properly authorized

POLICY:

1. TRAVEL:

1.1. Eligibility

- 1.1.1. Persons shall be responsible for expenses not explicitly covered. Eligible expenses for the previous 12 months may be reimbursed. However, once the fiscal year has been closed, expenses can only be posted to the current fiscal year. All claims for reimbursement require a CAC Expense Report to be filled out for approval and payment processing.
- 1.1.2. The Commission requires its representatives to travel and submit expenses for reimbursement on the "honor system." Any person requesting reimbursement for travel expenses from the Commission where the person was not exclusively representing the Commission should prorate their expenses appropriately.

1.2. Expense Report

- 1.2.1. All expense claims are required to be properly itemized on CAC Expense Report form and accompanied by the necessary documentation that is the original receipts, travel itinerary, meeting agenda, etc. Receipts are required for all expenses above \$15.00 and recommended but not mandatory for expenses \$15.00 and below. Expense reports must be signed by the person submitting the expenses and approved by his/her supervisor. Expense report for each week is filled out separately showing expenses incurred for each day of the week since CAC expense reports are based on weekly basis with Sunday being the first day of the week. Approval for expense reports is always a level above with the exception of the Members of the Board, whose expense reports are approved by President and a member of the Executive Committee independent of the person submitting the expenses. Please refer to Authorization Limit Matrix for more information on proper approval.
- 1.2.2. Hour of departure and hour of return should be included for each trip when expenses other than mileage are claimed.
- 1.2.3. For foreign travel, the currency exchange rate should be noted for all foreign travel on expense reports and converted to U.S. dollars. An authoritative website print out for exchange rate of the day or a copy of the credit card statement showing the exchange rate charge must be attached to the expense report.



TRAVEL, ENTERTAINMENT AND RELATED EXPENSES

- 1.2.4. Reimbursement for expenses above \$15.00 other than mileage (except as explained in **Travel Policy 1.3.1**) shall be accompanied by original receipts. Expenses without receipts may be reimbursed if they are occasional, unintentional, adequately explained, and approved by the President (Chairman if the expenses are submitted by the President, member of the Board if the expenses are submitted by the Chairman).
- 1.2.5. Claimants should only be reimbursed for expenses that they have actually paid or agreed to pay. Any exception has to be properly explained and approved. For example, when claimants submit meals for reimbursements during travel to attend events that provide meals, an explanation must be provided.

1.3. Personal Expense

- 1.3.1. Personal expenses shall not be allowed. However, the following shall be considered as allowable business expenses:
- Charges by common carriers or terminal stations for the handling or transporting of necessary personal or official baggage. For charges in excess of \$25.00, a receipt is required.
 - Laundry and valet reimbursement if business stays are longer than 3 consecutive days.
- 1.3.2. Travel for family members is not reimbursable and shall be paid directly by the person. Expenses associated with spouses attending business functions are strongly discouraged but may be allowed if it serves a business purpose and if the person receives prior written approval from the Department Head AND the President.

1.4. Lodging

- 1.4.1. Lodging expenses shall be reasonable and should be at rates comparable to a standard, single-occupancy room at a national business-class hotel chain such as, but not limited to, Hyatt, Sheraton, Hilton Hotels in the same vicinity. When attending an event held at a hotel, a stay at the same or different hotel where arrangements have been made by the event organizer to maximize participation and efficiency is allowed. Many hotels offer a government rate that is significantly lower than regular rates. Whenever possible, these rates should be used.
- 1.4.2. Lodging expenses associated with attending board of director or committee meetings should not exceed \$235.00 per night (excluding tax).
- 1.4.3. An additional night's lodging will be reimbursed only in instances where a Saturday night stay-over results in a lower airfare. One night before and after the meeting are eligible for reimbursement if the person cannot reasonably arrive or return on the day of the meeting.
- 1.4.4. Trips requiring expenses exceeding the above limits shall have written documentation noting the reason why higher expenses were necessary and be approved in advance, when feasible, by the President or, in the case of the



TRAVEL, ENTERTAINMENT AND RELATED EXPENSES

President, the Chairman or, in the case of the Chairman, a member of the Executive Committee besides the Chairman.

- 1.4.5. Original hotel receipt attached to Expense Report for reimbursement of Lodging Expenses shall indicate all of the following:
- Occupant's name
 - Date receipt is issued
 - Arrival and departure date
 - Rate per day including any fee for parking

1.5. Meals and Incidentals

- 1.5.1 Meals and incidentals shall be reimbursed at typical mid-level business rates for the geographical area where business is being conducted not to exceed maximum allowable as listed below unless they are justified with full documentation regarding why the person was not able to stay within the allowable amounts for meals and incidentals. The President shall approve extraordinary expenses of staff. Chairman shall approve extraordinary expenses by the President and Board Members. Member of the Executive Committee shall approve extraordinary expenses incurred by the Chairman. Reimbursable allowance for meals is as follows:

Breakfast – excluding tax & tip	\$30.00
Lunch – excluding tax & tip	\$45.00
Dinner – excluding tax & tip	\$80.00
Incidentals	\$15.00

- 1.5.2. Breakfast should not be claimed unless business required leaving personal residence prior to 7:00 a.m. Reimbursement for dinner should be allowed only if return to personal residence is after 7:00 p.m.
- 1.5.3. Meals expenses above \$15.00 submitted for reimbursement shall be supported by itemized receipts. Any exception to the above procedure must be approved by President (for staff expenses) or member of the executive committee independent of the expense (for President and Board members' expenses).

1.6. Transportation

- 1.6.1. Airfares to and from the meeting are reimbursed at coach fares for domestic travel, Canada and Mexico unless there are no reasonable alternatives. International travel may be reimbursed at business class, if approved by the Chairman. All reasonable efforts must be made to obtain the lowest cost fare. All extraordinary expenses must be justified with full documentation regarding why the person was not able to obtain the lowest possible coach fare. The President shall approve extraordinary expenses of staff. Chairman shall approve extraordinary expenses by the President and Board Members. Member of the Board shall approve extraordinary expenses incurred by the Chairman.



TRAVEL, ENTERTAINMENT AND RELATED EXPENSES

- 1.6.2. Necessary parking, taxi and other incidental expenses shall be reimbursed.
- 1.6.3. Mileage traveled using personal vehicle for CAC business shall be reimbursed at the Internal Revenue Service rates per mile effective at the time of travel. Mileage reimbursement for employees is to cover only those actual miles traveled above and beyond the employee's normal commute to his/her place of business. For the purpose of verifying the appropriateness of mileage claimed, each person that submits Expense Report shall have his/her residence address on file with CAC.

1.7. Travel Advance

- 1.7.1. Travel advance request must be accompanied by a detailed breakdown of anticipated expenses and approved by the requester's supervisor. Travel advance requests of \$500.00 or more require President's approval.
- 1.7.2. Travel advance request must be submitted to accounting department at least 2 weeks before the advance payment is needed to allow enough time to process the request. Travel advance payment made payable to the requester is made no sooner than one week prior to the date of travel.
- 1.7.3. All travel advances must be substantiated by an expense report (including required receipts and other supporting documents) within 30 days of the return date. Any amount advanced in excess of actual expenses is to be paid back to CAC within 30 days of completing the trip. Any money outstanding longer than 30 days is considered income to the requester and will be reported to the Internal Revenue Service as so. If the requester is an employee, any money outstanding longer than 30 days is also considered as an advance payment of the requester's salary and will therefore be deducted from the requester's payroll.

1.8. Other

- 1.8.1. Conference registration fees will not be reimbursed unless attendance at the conference is required as part of Commission business. A copy of registration form and an original receipt substantiating payment must be attached to the CAC Expense Report.
- 1.8.2. If the person chooses to arrive early or stay beyond the time necessary for attendance at a function where the person is a participant, meals and lodging for the additional time will not be reimbursed, with the exception noted in **Travel Policy 1.5**.
- 1.8.3. Travel and meal reimbursement should be submitted individually whenever practical. Staff or board members should refrain from paying for and submitting expenses of other staff members or Board members.
- 1.8.4. Individual telephone calls above \$15.00 shall be accompanied by a copy of the invoice. A bill listing the phone call and the number called is sufficient. For telephone calls above \$30.00, the name of the person called and justification for the call shall also be indicated.

2. ENTERTAINMENT:



TRAVEL, ENTERTAINMENT AND RELATED EXPENSES

- 2.1. A person shall be reimbursed only for entertainment expenses directly related to Commission business.
- 2.2. Entertainment shall be limited to instances in which invited business clients (e.g.: retailers) are being entertained, is necessary for the business transaction and is properly documented. A clear benefit to the business must be demonstrated in a summary report of the meeting.
- 2.3. Expenses submitted for reimbursement shall be supported by itemized receipts and list of attendees. Any exception to the above procedure must be approved by President for staff expenses or member of the Executive Committee independent of the expense for Board member expenses.

3. MEETING & OTHER RELATED EXPENSES

3.1. Meeting Expenses

Meetings such as Board Meetings, Meetings with the Growers and Member of the Industry etc. are billed directly to CAC. Prior to meeting set up, meeting organizer must submit the meeting agenda, attendees name and affiliation and location to Finance and Accounting Manager so that a billing arrangement can be made where the meeting is being held. Meals expenses must follow the Group Meals expense guideline outlined in **6.3.2 Entertainment**. On rare occasions, some meetings might require additional expenses for meals; in this case, a written explanation for these extraordinary expenses must be submitted by the meeting organizers prior to meeting date. In either case, all meetings must abide by the **6.3.4 Alcohol Purchases** policy as outlined below.

3.2. Master Billing (Group) Meals

CAC may have arrangement to have group meals and lodging for CAC business functions billed directly to CAC (instead of paid by individuals attending the functions).

3.2.1. For such arrangement, group meals shall be reimbursed at typical mid-level business rates for the geographical area where business is being conducted not to exceed maximum allowable as listed below unless they are justified with full documentation explaining why the maximum allowance was exceeded. The President shall approve extraordinary expenses. Chairman shall approve extraordinary expenses by the President and Board Members. Member of the Board shall approve extraordinary expenses incurred by the Chairman. Reimbursable allowance for group meals is as follows:

Breakfast – excluding tax & tip	\$30.00 / person
Lunch – excluding tax & tip	\$45.00 / person
Dinner – excluding tax & tip	\$80.00 / person



TRAVEL, ENTERTAINMENT AND RELATED EXPENSES

Maximum group meal allowance is inclusive of Alcohol purchases. Alcohol reimbursement for CAC meetings and other function is outlined under **6.3.4 Alcohol Purchases**.

- 3.2.2. All lodging and meal expenses to be paid under such arrangement shall be accompanied by supporting documentation indicating the nature of the meeting, a list of persons lodged and their positions, and/or served meals.
- 3.2.3. Incidental expenses connected with the meeting shall be segregated on the function invoice and should not be included in determining the above group meal allowances. Examples of incidental expenses include: audio/visual equipment charges, meeting room rental, and morning/afternoon coffee break service.

3.3. Personalized Mementos

Purchases of personalized mementos such as flowers or plaques in an amount not to exceed \$250.00 in value per occasion are allowed for extraordinary events where normal expectations in CAC business culture are that such an action should be taken. These include, but are not limited to career milestones, recognition of a significant professional accomplishment by a Board member or an employee of CAC or death of a board member or employee of CAC. Such mementos should not be allowed for annual events such as birthdays or anniversaries.

3.4. Alcohol Purchases for Entertainment

Alcohol shall be reimbursed when charges are incurred to entertain business clients who open markets, talent or key guests, or other outside industry or business representatives involved in enhancing or maintaining CAC's business. CAC policy is in compliance with alcohol consumption policy of CAC insurance carriers. The limit for each event must not exceed \$30.00 per person for CAC sponsored meals and events. Alcohol reimbursement shall be limited by the custom and course of dealing for the guest. This shall be determined by the person responsible for the entertainment and shall require approval from a Department Head and President before reimbursement occurs. Whenever practical, alcohol purchases should show preference to California origin. The CAC chairman shall approve President's charges. Please refer to Authorization Limit Matrix for proper approval. Notwithstanding the above per-person limit, expenditures for alcohol to be consumed with a meal shall be included as part of the allowable meal limits.

3.5. Alcohol Purchases by CAC Commissioners while on CAC Business

Alcohol purchases by CAC Commissioners while in travel status are permitted, with the following conditions: No more than 2 alcoholic beverages may be purchased in conjunction with allowable meals. Alcohol purchases shall be included as part of applicable meal limits defined in subpart 1.5.1 of this section 6.0.



6.01 TRAVEL AND ENTERTAINMENT EXPENSES PROCESSING

RESPONSIBILITIES:

- Finance and Accounting Manager/Accounting Clerk: Ensure that staff expense report is in compliance with CAC Travel & Entertainment Policy

DEFINITIONS: None

REPORTS/DOCUMENTS: Expense Report Form

RELEVANT SYSTEMS: N/A: Manual Process

REFERENCE MATERIALS: None

PROCEDURE:

1. Travel and Entertainment expenses are generally submitted using Expense Report form, which is available within “Corp Permanent” folder under sub-folder “Forms & Publication” for staff and available on CAC website for the Board members.
2. **Accounting Clerk reviews the expenses submitted by CAC staff and Board members and ensures that all expenses are allowed under the 6.0 Travel, Entertainment & Related Expenses policy and obtains approvals as explained in the Policy. Finance and Accounting Manager reviews expenses submitted by Accounting Clerk (6.01.C1).**
3. **At least annually, Finance and Accounting Manager consults with a Tax CPA firm to make sure that all taxable fringe benefits are reported on employees’ W2s. Finance and Accounting Manager also consults with State and Federal regulatory agencies to ensure CAC’s compliance with their rules and regulations (6.01.C2).**



6.02 MEETING AND OTHER RELATED EXPENSES

RESPONSIBILITIES:

- Finance and Accounting Manager/Accounting Clerk: Ensure that expenses submitted are in compliance with CAC Meeting and Other Related Expenses Policy

DEFINITIONS: None

REPORTS/DOCUMENTS: None

RELEVANT SYSTEMS: N/A: Manual Process

REFERENCE MATERIALS: None

PROCEDURE:

Meeting & Other Related Expenses are generally invoiced to CAC and processed following compliance with procedures explained in **3.0 Purchasing** and **4.0 AP Invoice Processing**. **Finance and Accounting Manager and Accounting Clerk review the invoices to make sure that expenses submitted are allowed under 6.0 Travel, Entertainment & Related Expenses (6.02.C1).**



7.0 FIXED ASSETS

OBJECTIVE: To ensure that fixed assets are properly recorded

POLICY:

1. Fixed asset expenditures for the acquisition of furniture, office equipment, software, or leasehold improvements with an original cost of \$10,000 or more and of a relatively permanent nature—defined as having a useful life of one year or longer—shall be capitalized. Generally, if major repair expenditure materially extends the life of an existing asset, it will also be capitalized as fixed asset.
2. The cost of most purchases will be inclusive of the price charged by the vendor plus sales tax, freight and installation plus any other costs of acquiring the asset such as commissions, architect fees or engineering costs.
3. Donated or contributed assets shall be valued at estimated fair market value at the date of acquisition.
4. If an asset is purchased through a lease-purchase or a sales contract arrangement, it will be recorded at the cost, non-inclusive of interest or service charges on the lease.
5. The amount will be capitalized at the inception of the lease.
6. Purchase orders shall be required for all purchases of fixed assets. Refer to the **3.0 Purchasing** policy.

7.01 CAPITALIZATION AND AMORTIZATION

RESPONSIBILITIES:

- Finance and Accounting Manager: properly capitalizes fixed assets and records monthly depreciation expense.
- President: Reviews and approves fixed asset journal entries and maintained

DEFINITIONS: None

REPORTS/DOCUMENTS: Fixed Asset List

RELEVANT SYSTEMS: MS Excel

REFERENCE MATERIALS: None

PROCEDURE:



CAPITAL ASSETS

1. When reviewing Purchase Order, invoice or check request for fixed assets expenditures, Finance and Accounting Manager shall ensure that the capital asset accounts are debited properly.
2. Accounting Department shall maintain a listing of all fixed assets. Detailed records of these assets shall be kept for the historical record and for ease of information retrieval.
3. Depreciation is calculated using the straight line method, no salvage value. Depreciation starts in the month the asset is acquired and placed in service.

Useful Life:

Furniture	5 years
Office Equipment	3 years
Software	3 years
Leasehold Improvements	Lesser of 5 years or Term of Lease

4. **Journal entries to record fixed asset transactions are prepared by Finance and Accounting Manager and reviewed and approved by President (7.01.C1).**



7.02 DISPOSAL OF FIXED ASSETS

RESPONSIBILITIES:

- Finance and Accounting Manager: Determines when an item is to be designated as surplus property. Controls and disposes of surplus and obsolete property
- President: Approves all fixed asset disposal forms

DEFINITIONS:

Surplus Property: Property becomes surplus through one of the following means:

- Significant design or product change;
- Significant reduction in usage;
- Poor condition;
- Obsolescence.

REPORTS/DOCUMENTS: Disposal of Fixed Assets Form

RELEVANT SYSTEMS: MS Excel

REFERENCE MATERIALS: None

PROCEDURE:

1. Surplus, obsolete, lost or stolen fixed assets property is sold directly to the public, staff, or another program; or written off the general ledger if un-repairable, obsolete, lost or stolen.
2. **A Disposal of Fixed Asset form is to be filled out with the description of the item and the CAC Fixed Asset number (if applicable), estimated value and a brief explanation for the proposed disposition of the asset. The form must then be submitted for President's approval before the item can be disposed (7.02.C1).**
3. President is ultimately responsible to select the method of disposition that brings the greatest value to CAC, considering all factors such as time and effort involved with the method. The followings are examples of disposition method that can be selected:
 - Return for cash or credit - An item may be returned to the original vendor for cash or credit. However, there is usually a restocking charge and, therefore, full value payment is seldom attainable. This method may be used when appropriate and practicable.
 - Trade-in on serviceable assets - Certain types of items have trade-in values such as cars, trucks, copy machines, etc. Such items may be included as a trade-in when bidding for new or replacement assets. If a greater return can be realized by offering the item for sale then the means may be recommended to the President.



- Sale to public/employees - This provides a quick and convenient means of disposing of surplus assets and can generate revenue and savings for the Commission. Surplus items shall be offered for sale on a competitive basis. Offers will be actively solicited. A copy of the ad or notice must be attached to the Disposal of Fixed Asset Form. Employees are eligible to provide offers. If after reasonable effort, no offers are received, the President is authorized to dispose of said property for its highest scrap value, cause its destruction or seek other disposition.
- Sale as scrap or salvage - If surplus goods cannot be used or competitive bids were not received when the item was offered for sale, then the item may be disposed of for the highest scrap or salvage value that can be obtained.
- Obsolete or un-repairable items - If an item is obsolete or repairs cannot be made in a practicable manner then the item shall be disposed of in the most equitable interest of the CAC.
- Lost or stolen items - If an item is lost or stolen, every reasonable effort to locate the property shall be made. If the item cannot be located then all facts and circumstances relating to the loss shall be reported to the President. The police and insurance companies shall be notified when appropriate. All circumstances shall be documented on the Disposal of Fixed Asset Form.



8.00 PAYROLL

OBJECTIVE: To ensure that payroll is properly authorized

8.01 TIME ENTRY AND AUTHORIZATION

RESPONSIBILITIES:

- Supervisors: Approve time entries on Replicon Web Timesheet
- Human Resources: Reviews and checks all time entries after they have been approved by supervisors

DEFINITIONS: None

REPORTS/DOCUMENTS: Online time card report

RELEVANT SYSTEMS: Replicon Web Timesheet (RWT)

REFERENCE MATERIALS: None

PROCEDURE:

1. CAC utilizes timesheet software called Replicon Web Timesheet (RWT) to manage employees' time entries as well as time-off bookings and accruals. Compared to manual time tracking, this software provides more effective enforcement of the approval policy, more accurate vacation and sick time accrual and deduction calculations, and better reporting.
2. Employees enter their working hours and book their time-off hours on RWT.
3. **Supervisors review and approve their direct reports' hours and time-off bookings on RWT. President's time-off bookings shall be approved by Chairman of the Board (8.01.C1).**



8.02 PAYROLL SUBMISSION AND APPROVAL

RESPONSIBILITIES:

- Human Resources: Reviews and checks all time entries and enters them to 3rd-party payroll processing software - Mosaic

DEFINITIONS: None

REPORTS/DOCUMENTS: Payroll Register from Mosaic

RELEVANT SYSTEMS: Mosaic

REFERENCE MATERIALS: None

PROCEDURE:

1. Employees are paid semi-monthly on the 15th and last day of each month.
2. If the above days fall on a holiday or weekend, payment is made on the last working day before the holiday or weekend.
3. CAC processes its payroll through an outside payroll service provider (Mosaic), which calculates all the payroll tax deductions, files all necessary payroll reports and submits all taxes.
4. Human Resources enters the hours into Mosaic payroll worksheet and prints out a preview payroll register for Finance and Accounting Manager's review. Human Resources also attaches the timesheets, change authorization forms and other backups to support the payroll. **New employee addition requires President's written approval (e.g. offer letter, etc.) which should also be attached as payroll backup (8.02.C1).**
5. **Finance and Accounting Manager reviews the preview payroll registers and makes sure the pay rates, hours entered and deductions are correct. Finance and Accounting Manager refers to the rates authorized by the President or Board of Directors (for President's rate) (8.02.C2).**
6. Upon Finance and Accounting Manager's approval, Human Resources submits the payroll to Mosaic for processing.
7. The final payroll registers are mailed or e-mailed to CAC and goes straight to Finance and Accounting Manager who receives, opens, and compares them to the approved preview register.
8. CAC paystubs are paperless and employees have access to their paystubs online. If there are any paychecks and/or paycheck stubs printed, Finance and Accounting Manager distributes them to the employees. For employees enrolled in direct deposit, funds are wired to their bank accounts on record.
9. **By the 5th of the following month, Human Resources prepares payroll journal entries. Finance and Accounting Manager reviews them for correct coding and period. If journal**



entries are accurate, Finance and Accounting Manager enters them into MAS 90 (8.02.C3).

Note: CAC encourages all of its employees to take advantage of direct deposit for payroll for better security and efficiency.



8.03 VACATION AND SICK TIME ACCOUNTING

RESPONSIBILITIES:

- Human Resources: Reconciles vacation and sick time for each employee.

DEFINITIONS: None

REPORTS/DOCUMENTS: Payroll Register from RWT

RELEVANT SYSTEMS:

- Replicon Web Timesheet (RWT)
- MAS 90

REFERENCE MATERIALS: None

PROCEDURE:

1. Refer to Employee Handbook for policies on vacation and sick time.
2. **Employees enter time-off bookings to RWT. Supervisors approve them before they become final (8.03.C1).**
3. RWT calculates vacation and sick time accruals monthly. RWT also automatically reconciles vacation and sick time for each employee based on the final and approved time-off bookings.
4. **At the end of year, Human Resources prints out unused but accrued vacation and sick time reports for each employee. Each employee is required to review and sign the report if he/she agrees with it (8.03.C2).**
5. Human Resources prepares a summary of accrued vacation payable and prints it out for Finance and Accounting Manager's review. If accurate, Finance and Accounting Manager will enter the accrual journal entry into MAS 90.



9.0 BUDGET

OBJECTIVE: To ensure adequate and proper planning and monitoring of budget and activities

9.01 BUDGET PREPARATION

RESPONSIBILITIES:

- Finance and Accounting Manager: Coordinates company-wide expenditure budgeting and works with President to project revenue.
- Department Heads: Prepare departmental budgets.
- President: Works with Finance and Accounting Manager to project revenue.

DEFINITIONS:

- The term budget applies to expenditures whereas projection applies to revenue and other income.
- Reserves are estimated by determining revenue projection and expenditure budget. CAC may decide to determine the target ending reserves at year-end, which will affect the planning and budgeting processes.

REPORTS/DOCUMENTS: Budget Template

RELEVANT SYSTEMS: MS Excel

REFERENCE MATERIALS: None

PROCEDURE:

1. Finance and Accounting Manager prepares annual administrative and capital budgets.
2. Department Heads are responsible for preparing and presenting their departmental budgets. Formats for these budgets and the Budget Template are provided by the Finance and Accounting Manager.
3. There are four major departments: Marketing, Industry Affairs, Production Research, and Administration.
4. President and Finance and Accounting Manager estimate assessment revenues based on inputs from Crop Estimating Committee and other sources.
5. Each Department Head is required to meet with the President and Finance and Accounting Manager to review each line item.
6. President and Finance and Accounting Manager prepare the revenue projection, which will be submitted to the Board. A combination of revenue projection, budget and target



ending reserves (and cash position projection) will be considered by the Board to determine the annual assessment rate.

7. Board's approval of a CAC action that requires a budget increase represents Board's approval of budget amendment necessary to carry out the action.
8. An expanded chart of accounts describing each account number (expense category) with a description of allowable charges is developed in conjunction with the annual budget.



9.02 BUDGET UPDATE AND CHANGE DURING THE YEAR

RESPONSIBILITIES:

- Finance and Accounting Manager: Prepares revised budgets and budget amendments

DEFINITIONS: None

REPORTS/DOCUMENTS: Budget Amendment

RELEVANT SYSTEMS: MS Excel

REFERENCE MATERIALS: None

PROCEDURE:

1. Any budget changes/transfers between accounts within departmental budgets (intra-budget changes/transfers) must be submitted to the Finance and Accounting Manager.
2. New money requests and any other inter-departmental changes must be submitted to Finance and Accounting Manager. Finance and Accounting Manager prepares a budget amendment for Board approval.
3. President determines if non-major changes and intra-departmental changes/transfers as explained in #1 above need to be included as part of a budget amendment.



9.03 BUDGET SUBMISSION TO THE BOARD AND REGULATORY AGENCIES

RESPONSIBILITIES:

- Finance and Accounting Manager: Prepare and submit budgets and budget amendments to the Board of Directors and regulatory agencies.

DEFINITIONS: None

REPORTS/DOCUMENTS: None

RELEVANT SYSTEMS: MS Excel

REFERENCE MATERIALS: None

PROCEDURE:

1. Preliminary outlines of the budget and business plan are presented to the Board two to three months prior to the start of CAC's new fiscal year.
2. Proposed, detailed budget and business plan are presented to the Board one to two months prior to the start of CAC's new fiscal year.
3. Finance Committee and Marketing Advisory Committee review the draft budget and business plan and provide comments, recommendation and input to staff.
4. Draft budget and business plan are presented to the Board and the Board approves the final budget prior to the start of CAC's new fiscal year.
5. Finance and Accounting Manager submits the Board-approved business plan, budget and budget amendments to United States Department of Agriculture (USDA) for review and approval.
6. Finance and Accounting Manager submits the Board-approved business plan, budget and budget amendments to California Department of Food & Agricultural (CDFA) for informational purpose only.



9.04 BUDGET MONITORING

RESPONSIBILITIES:

- Department Heads: Make sure that all expenditures are within the budget.

DEFINITIONS: None

REPORTS/DOCUMENTS: Income Statements

RELEVANT SYSTEMS: MAS 90

REFERENCE MATERIALS: Budget Tracker

PROCEDURE:

1. Department Heads are responsible for ensuring that actual expenses are spent within the board-approved budget.
2. The board-approved budget must govern how all expenses are committed or spent (with or without contracts and purchase orders). Before incurring an expense, Department Heads must be consulted and their consent as well as approval must be obtained.
3. **On a monthly basis, Finance and Accounting Manager distributes the income statements with budget comparison to all Department Heads. Department Heads must review the income statements and investigate any discrepancies with budget trackers or other documents. Department Heads must also perform variance analysis and investigate any major variances. Variances exceeding the greater of 10% of total budget or \$10,000 must be satisfactorily explained and the explanation must be submitted in writing to President by the end of the month (9.04.C1)**
4. Management is required to report its financial statements to the Finance Committee and Board of Directors at every board meeting. The financial statements need to show variance analysis between actual and budgeted expenditures. Finance Committee also receives the financial reports in months where no Board meetings are scheduled.



10.0 FINANCIAL REPORTING AND PERIOD-END CLOSE

OBJECTIVE: To ensure that financial reporting is relevant, timely, and free of material errors

POLICY:

1. CAC uses full accrual accounting
2. To ensure timely annual financial statements reporting, all vendors, board members and employees are required to submit invoices and expense reports for all expenses incurred in the fiscal year, at the latest, one month after the fiscal-year-end.

10.01 MONTH-END CLOSE

RESPONSIBILITIES:

- Finance and Accounting Manager: Develop and maintain Month-end Close Checklist
- Accounting Clerk: Maintain Month-end Close Checklist

DEFINITIONS: None

REPORTS/DOCUMENTS:

- Month-end Close Checklist
- AP Posting Recap Report

RELEVANT SYSTEMS:

- MS Excel
- MAS 90

REFERENCE MATERIALS: None

PROCEDURE:

1. Finance and Accounting Manager and Accounting Clerk develop and maintain a Month-end Close Checklist, which is saved on the shared drive. The checklist will be used to ensure all steps in closing the month are completed.
2. Accounting Clerk goes through the checklist and performs all the necessary steps before he/she closes A/R and A/P on MAS 90. Once Accounting Clerk closes the A/R and A/P modules and prints all the month-end reports, only Finance and Accounting Manager can reopen the periods. This control ensures the integrity of all the balances and reports.
3. Finance and Accounting goes through the checklist and performs all the necessary steps before he/she closes the GL.



POLICIES AND PROCEDURES

FINANCIAL REPORTING AND PERIOD-END CLOSE

4. The Month-end Close Checklist is attached here. All the steps must be documented and all reports must be initialed and dated by Accounting Clerk and/or Finance and Accounting Manager.
5. **Accounting Clerk prints out the A/P GL Posting Recap report and Check Register. Finance and Accounting Manager reviews the reports and investigates any unusual entries (10.01.C1).**



California Avocado Commission

Month-end Checklist

Month: _____

No	Tasks	AM	AC	HR	PR	Comments
1	Print AP Aging Schedule					
2	Review AP Aging Schedule					
3	Print check registers					
4	Review check registers					
5	Post CAC check registers online					
6	Print AP GL Posting Recap Report (Distribution Report)					
7	Review AP GL Posting Recap Report (Distribution Report)					
8	Close AP					
9	Compare and reconcile Assessment Revenues & Penalties between GL and HAS					
10	Review assessment revenue reconciliation (#9)					
11	Generate & e-file AR GL Posting Recap Report (Distribution Report)					
12	Close AR					
13	Perform bank reconciliation					
14	Review bank reconciliation					
15	Update Prepaid Deposits & Prepaid Expenses schedules					
16	Accrue major expenses except Production Research & Pension					
17	Accrue Production Research & Pension expenses					
18	Accrue assessment revenues, HAB program fees					
19	Record depreciation expenses					



FINANCIAL REPORTING AND PERIOD-END CLOSE

20	Post AIP checking account balance changes on CAC's GL					
21	Develop Payroll JEs					
22	Post Payroll JEs					
23	Check balance sheets accounts and investigate any outstanding accruals, receivables, etc.					
24	Check various suspense accounts to make sure they're zeroes					
25	Record interest income from LAIF - quarterly					
26	Close GL					
27	Print & review Balance Sheets, Income Statements and Trial Balance reports					
28	Send income statements by department to the department managers					

AM = Finance and Accounting Manager
 AC = Accounting Clerk
 HR = Human Resources
 PR = President



10.02 YEAR-END CLOSE

RESPONSIBILITIES:

- Finance and Accounting Manager: Perform year-end procedures
- Accounting Clerk: Perform year-end procedures

DEFINITIONS:

Prepared-by-Client schedules: Schedules prepared by management to support the balances on the financial reports. Usually the auditors require that these schedules be prepared before the audit field work as part of the requirements set in the engagement letter.

REPORTS/DOCUMENTS: None

RELEVANT SYSTEMS: None

REFERENCE MATERIALS: None

PROCEDURE:

1. The Accounting Clerk categories all invoices (including expense reports) that need to be accrued and forwards them to Department Heads for approval. Once the approval signature is obtained, these invoices are then entered in MAS 90 in the year expenses were incurred.
2. For the accrual without invoices, the Accounting Clerk searches for open Purchase Orders after the year end and contacts Department Heads for verification. Accounting Clerk and Finance and Accounting Manager also prepare estimates for expenses incurred but not yet invoiced and have no Purchase Orders based on prior year's data and inputs from Department Heads. Finance and Accounting Manager accrues all of these estimates using journal entries.
3. Finance and Accounting Manager and Accounting Clerk perform these steps:
 - Replenish Petty Cash and submit expenses through AP
 - Refill postage and record accrued postage expenses
 - Reverse prepayments
 - Investigate old outstanding receivables and accruals
 - Perform LAIF value adjustment to market value at year-end
 - Book vacation payables
 - Calculate short-term and long-term portions of the vacation payables
 - Reconcile assessment revenues between HAS and MAS 90
 - Prepare Prepared-by-Client schedules as requested by auditors



10.03 FINANCIAL REPORTING

RESPONSIBILITIES:

- Accounting Clerk: Prints out AP GL Posting Recap report
- Finance and Accounting Manager: Prepares and distributes financial reports
- Department Heads: Reviews and assign account codes on the invoices
- President: Reviews variance analysis

DEFINITIONS: None

REPORTS/DOCUMENTS: None

RELEVANT SYSTEMS: MS Excel

REFERENCE MATERIALS: None

PROCEDURE:

1. Invoices are forwarded to the Department Heads for approval. At this point a signature is required with date approved, account to be charged, and amount to be paid. Finance and Accounting Manager and/or President are responsible for approving other departments if the Department Heads are unavailable (4.02.C2).
2. On a monthly basis, Finance and Accounting Manager distributes the income statements with budget comparison to all Department Heads. Department Heads must review the income statements and investigate any discrepancies with budget trackers or other documents. Department Heads must also perform variance analysis and investigate any major variances. Variances exceeding the greater of 10% of total budget or \$10,000 must be satisfactorily explained and the explanation must be submitted in writing to President by the end of the month (9.04.C1)
3. Accounting Clerk prints out the A/P GL Posting Recap report and check register. Finance and Accounting Manager reviews the reports and investigate any unusual entries (10.01.C1).
4. All journal entries are prepared and posted by Finance and Accounting Manager only. President reviews and approves all journal entries.
5. At every Finance Committee meeting, Finance and Accounting Manager presents the Balance Sheet and Income Statement to the committee. The committee reviews and discusses the reports with management.
6. Board members shall have access to CAC's non confidential records at any time to conduct a review or audit. Confidential records include:
 - Assessment data and grower database unless they are aggregated and do not show or potentially show the individual information.
 - Certain employee personal file such as social security, medical record, etc. Payroll and performance review documents are not deemed as confidential in this context.



11.0 COMPLIANCE AND CHANGES TO POLICIES & PROCEDURES

OBJECTIVE: To ensure compliance to policies and procedures

11.01 COMPLIANCE

RESPONSIBILITIES:

- President/Finance and Accounting Manager: Actively monitor and enforce compliance

DEFINITIONS: None

REPORTS/DOCUMENTS: None

RELEVANT SYSTEMS: None

REFERENCE MATERIALS: None

PROCEDURE:

1. Approved finance and accounting policies and procedures as well as any revisions are posted on the company's shared drive accessible to all employees. Any new policies and procedures as well as revisions will be announced via email by Finance and Accounting Manager to all employees.
2. Any violation of the finance and accounting policies and procedures may be grounds for a disciplinary action including termination.



11.02 CHANGES TO POLICIES AND PROCEDURES

RESPONSIBILITIES:

- Department Heads: Communicate policies and procedural changes including control overrides if any to Finance and Accounting Manager.
- Finance and Accounting Manager: Coordinates the review of the documents by the Department Heads, collects and accumulates changes made to documents. Monitors changes for possible negative impact to control environment or control overrides. Prepares documents for President and, if necessary, Board review. Ensures that final approved documents are posted to the shared drive.
- President: Supervises the update process and communicates updates and changes to the Board of Directors. Reviews and approves revisions to CAC's procedures.
- Board of Directors: Approves revisions to CAC's policies.

DEFINITIONS:

Mitigating controls: Controls that should discover and prevent mistakes that may lead to uncorrected and/or unrecorded misstatements of CAC's financials.

REPORTS/DOCUMENTS: None

RELEVANT SYSTEMS: None

REFERENCE MATERIALS: None

PROCEDURE:

1. There are 2 ways a Department Head can request changes to current policies and procedures as follows:
 - a. Submit in writing to Finance and Accounting Manager changes to current policy and/or procedures. Make sure that policy number, name and revision number are included in your request. A detailed description as to why this change is necessary including but not limited to why the currently documented procedure is no longer followed.
 - b. Request a working copy on MS Word from Finance and Accounting Manager and make changes to the working copy. Make sure that "Tracking" tool is turned on as you make your changes. Save and submit this file to Finance and Accounting Manager via e-mail with an explanation as to why this change is necessary including but not limited to why the currently documented procedure is no longer followed.
2. The Finance and Accounting Manager reviews changes for possible impact on controls. If the impact is too severe and no mitigating controls exist, then the changes are returned back to the Department Heads for further discussion.



COMPLIANCE AND CHANGES TO POLICIES AND PROCEDURES

3. The Finance and Accounting Manager makes changes to existing documents and assigns it the next revision number when the changes are accepted.
4. The Finance and Accounting Manager presents revised policy and procedure along with list of changes to previous version to the President.
5. The President reviews the changes, reasons for changes and possible impact on existing controls. If the changes are accepted by the President, they are incorporated to the active procedures. The Board or its designee (Finance Committee) will be informed of the changes.
6. Finance and Accounting Manager will post revised policies on the shared drive once they have been finalized.



12.0 CODE OF CONDUCT AND ETHICS

12.01 INTRODUCTION AND GENERAL POLICY

This Code of Conduct and Ethics (Code) applies to all Board members, committee members, and alternates (collectively “Board members”) of the California Avocado Commission (CAC). The purpose of this Code is to promote as well as to provide guidance with regard to ethical conduct, integrity, standards, and practices expected of CAC Board members. Ethical conduct and loyalty are inherent obligations and Board members are expected to act in the best interests of CAC and to comply with CAC policies and procedures. Consequently, this policy is created to sustain a strong ethical culture on which CAC is built and is to be used as a foundation for conducting its activities.

This Code does not cover every issue that may arise, but is intended to provide a basic summary of the legal, ethical and regulatory principles that should guide the conduct of all Board members. We expect every Board member to conduct themselves in strict compliance with all legal and ethical obligations, and to avoid even the appearance of impropriety. Our philosophy can be implemented only if our Board members recognize their responsibilities and take care in following this policy.

We expect each Board member to read and become familiar with CAC’s policies and the ethical standards described in this Code. Compliance with this Code and the high standards of ethical conduct is mandatory for every Board member.

This Code requires at a minimum:

1. Honest, prudent and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between professional and personal relationships;
2. Compliance with CAC’s policies and with applicable governmental laws, rules and regulations;
3. The prompt reporting of violations of this Code, including any illegal activity, to the appropriate person or persons identified in this Code;
4. Full, fair, accurate, timely and understandable disclosures in reports and documents; and
5. Accountability and enforceability for adherence to this Code.

Board members must also recognize that the Board acts only as a collective entity. Success depends on the contributions of all Board members and their ability to work well together. With the goal of embedding these core principles into the culture of the Board, this policy establishes standards of conduct expected of each Board member.

12.02 RESPONSIBILITIES OF BOARD MEMBERS



Code of Ethics and Conduct

Board members shall at all times abide by the following code of ethics and conduct in their capacity as Board members:

1. **Duty of Care.** Board members will abide in all respects by this code of conduct and all other CAC policies and procedures and will ensure that they remain in good standing at all times. Furthermore, each Board member will comply with applicable federal, state, and local laws and regulations and will provide their full cooperation when requested to do so.

When performing their duties on the board or any committee, Board members must act in good faith, in a manner reasonably believed to be in CAC's best interest, and with such care, including reasonable inquiry, as an ordinarily prudent person in like position would use under similar circumstances.

Board members should:

- a. **Be informed:** Become and remain informed about the activities and goals of the organization – not the minutia, but at least as to its major activities, financial condition, and the procedures under which it operates.
 - b. **Participate:** attend meetings; volunteer for committee assignments; participate in discussions, etc. Even if a Board member isn't there, he or she can still be held responsible for actions taken – so better to show up and participate.
 - c. **Act in good faith:** decisions made with the best interests of CAC in mind, in a deliberate fashion, without undue haste or pressure from other sources; ask for independent evaluations on complex issues (legal counsel, accountants) – reasonable inquiry; appropriate paper trail (ensure good minutes are maintained, etc.).
2. **Duty of Loyalty.**
 - a. **Avoid Conflicts of interest** (a decision before the Board in which a Board member or his or her family may benefit financially).
 - 1) **Disclose** – If you think you have a conflict of interest on a particular agenda item before the board, disclose your concern to the Chairman (preferably before the meeting) to determine whether a conflict actually exists (seek advice of legal counsel if necessary).
 - 2) **Abstain** – If you do have a conflict, abstain from both discussion and voting on the matter.



3) Real, perceived, creating problems – Even if it's determined that an actual, legal conflict of interest does not exist, consider abstaining from the discussion and vote anyway if the perception of a conflict will cause problems for the organization.

b. Avoid Corporate opportunity/self-dealing: Board members must not look for ways, or take advantage of opportunities, to make money from CAC (i.e. leasing it office space or equipment, decisions affecting other organizations on which you serve, using corporate resources for personal gain, selling product for use by CAC, etc.). Additionally, board members must not attempt to persuade any employee of CAC to leave the employ of CAC or to become employed by the board member or a related entity. Furthermore, board members must refrain from attempting to persuade exhibitors, advertisers, sponsors, suppliers, contractors, or any other person or entity with an actual or potential relationship to CAC to terminate, curtail, or not enter into its relationship with CAC or to in any way reduce the monetary or other benefits to CAC of such a relationship.

c. Confidentiality. Every Board member has a duty to maintain in confidence the proprietary and confidential information of CAC (unless otherwise required by law), and not to utilize confidential and proprietary information of CAC for his or her own personal gain or to the detriment of CAC.

d. Duty to support the board publicly. When representing CAC in public, Board members should support the positions taken by the Board and should avoid stating personal opinions adverse to CAC. Board members can, of course, voice personal opinions when speaking on their own behalf and not on behalf of CAC.

e. After Leaving Service. Upon termination of service for any reason, Board members must promptly return to CAC all documents, electronic and hard files, reference materials, and other property entrusted to the board member in his or her capacity as a Board member. Such return of materials does not abrogate the board member's duty of confidentiality with respect to the information contained in those materials and the Board member's duty of confidentiality continues after leaving the Board.

3. Relations with Staff. The Board has a duty to select a President who will lead and guide CAC in its day to day activities with integrity and with the best interests of CAC and the avocado industry as his/her goal. The Board must use its best efforts to ensure that the President is in compliance with all federal, state, and local employment-related laws and regulations and that employees are hired, promoted, and disciplined by the President in a fair and unbiased manner in accordance with CAC's Employee Handbook. The Board supervises the President and takes seriously any complaint from employees or third parties about the President's conduct, and will not tolerate retaliation against any employee who makes a good faith complaint against the President.



Board members should refrain from intruding on administrative issues that are the responsibility of the President or other managers, and must abide by CAC's Communications Policy (set forth later in this document). While it is the President who generally interacts with other staff, Board members who have permitted interaction with staff should treat employees courteously and professionally, recognizing that CAC has an obligation to provide its employees a workplace free from discrimination and harassment.

4. Relations Among Board Members. Each Board member must foster an environment of respect, cooperation and collegiality. A Board member must not unduly disrupt the board from operating in an efficient and effective manner. Board members should treat each other with courtesy and allow other members of the board to express their views. A Board member should respect the differing opinions of others. Board members may disagree on issues, but disagreements should be directed at the issue -- personal attacks are not acceptable. A Board member should never undermine, sabotage or falsely impugn another board member. This is not intended to preclude a Board member from filing or voicing a complaint against another Board member, but is to ensure that complaints are made only after thoughtful consideration and with the utmost good faith.

12.03 DISCLOSURE AND FINANCIAL INTEGRITY

CAC requires honest and accurate recording and reporting of information. CAC's policy is to provide full, fair, accurate, timely and understandable disclosure in reports and documents. All of CAC's books, records, accounts and financial statements must be maintained in reasonable detail, accurately and fairly reflect transactions, not contain false or misleading entries, comply with generally accepted accounting principles, be audited in accordance with generally accepted government auditing standards, and conform to applicable legal requirements and to CAC's internal control policies and procedures. CAC's internal control policies and procedures have been developed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for internal and external purposes. These internal control policies and procedures require CAC to:

1. Maintain records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets;
2. Properly record transactions to permit the preparation of financial statements in accordance with generally accepted accounting principles, and make receipts and expenditures only in accordance with authorizations of management and the Members of the Board ; and,
3. Prevent or detect in a timely manner the unauthorized acquisition, use or disposition of assets.

CAC expects all Board members and staff to comply with the disclosure controls and procedures and report any (1) material information or unreported transactions that affect the disclosures made in the financial statements; (2) information concerning significant deficiencies and material weaknesses in the design or operation of CAC's internal control over financial reporting which are reasonably likely to adversely affect the ability to record, process, summarize and report financial information; and (3) fraud,



whether or not material, that involves Board members and staff members who have a significant role in internal control or financial reporting.

12.04 USE OF CAC ASSETS

General

Protecting CAC's assets is a key fiduciary responsibility of every Board member and staff member. Care should be taken to ensure that assets are not misappropriated. All Board members and staff members are responsible for the proper use of CAC's assets, and must safeguard such assets against loss, damage, misuse or theft. Board members and staff members must not use CAC identification, stationery, supplies, or equipment for personal or political matters. Board members and staff members who violate any aspect of this policy or who demonstrate poor judgment in the manner in which they use any asset may be subject to disciplinary action, up to and including termination. CAC equipment and assets are to be used for CAC's purposes only and may not be used for personal use.

CAC Funds

Board members and staff members are personally responsible for all CAC funds over which they exercise control. CAC funds must be used only for CAC purposes and not for personal benefit. Board members and staff members who have access to CAC funds in any form must follow the prescribed procedures for recording, handling, and protecting money as detailed in CAC's policies. When a Board or staff member's position requires spending CAC funds or incurring any reimbursable personal expenses, that individual must use good judgment on CAC's behalf to ensure that good value is received for every expenditure and that expense reports and invoices are accurate and submitted in a timely manner.

CAC imposes strict standards to prevent fraud and dishonesty. If anyone becomes aware of any evidence of fraud or dishonesty, that person should immediately advise the appropriate person so that CAC can promptly investigate further.

12.05 MANAGING CAC'S INFORMATION AND RECORDS

Maintaining and Managing Records

CAC has a legal requirement to manage its records and information, including all recorded information regardless of medium or characteristics. Records include but are not limited to paper documents, CDs, computer hard disks, email, floppy disks, microfiche, microfilm and all other media. CAC is required by laws, regulations, policies and guidelines to retain certain records and to follow specific guidelines in managing its records. Penalties may be incurred for failure to comply with such rules and disciplinary action may be taken by CAC to correct the situation. Board members and staff members are required to manage and maintain records consistent with this Code and CAC's records management/retention policies.



Privacy and Confidentiality

It is imperative that the financial, business, or personal information belonging to CAC be kept confidential and not disclosed unless required by applicable laws or regulations. Confidential information is to be retained only for as long as necessary or as required by law. Anyone handling proprietary data must protect the physical security of the information, and limit internal access to it to those with a legitimate reason for seeking that information. Only use the information for the purposes for which it was originally obtained. Confidential information includes all non-public information that might be of use to competitors, others, or be harmful to CAC, its personnel, or its related parties if disclosed.

12.06 PAYMENT PRACTICES

Accounting Practices

CAC's responsibility to its constituents and to the public requires that all transactions be fully and accurately recorded in the CAC's books and records in compliance with all applicable laws. False or misleading entries, unrecorded funds or assets, or payments without appropriate supporting documentation and approval are strictly prohibited and violate CAC's policies and the law. Additionally, all documentation supporting a transaction should fully and accurately describe the nature of the transaction and be processed in a timely manner.

No Political Contributions

CAC funds or assets shall not under any circumstances to be used for or contributed to political campaigns, candidates, or political parties.

Prohibition of Inducements

Under no circumstances may Board members or staff members offer to pay, make payment, promise to pay, or issue authorization to pay any money, gift, or anything of value to employees, vendors, consultants, etc. that is perceived as intended, directly or indirectly, to improperly influence any CAC decision, any act or failure to act, or the commitment or commission of fraud. Inexpensive gifts and infrequent business meals, provided that they are not excessive or create an appearance of impropriety, do not violate this policy.

12.07 RESPONSIBILITIES TO CONSTITUENTS AND SUPPLIERS

Relationship with Constituents and Suppliers

Board members and staff members must avoid investing in or acquiring a financial interest in any business that has a contractual relationship with CAC, and/or that provides goods or services where such investment or interest could influence or create the impression of influencing their decisions in the performance of their duties on behalf of CAC.

Gift, Entertainment, and Favors



Board members and staff members must never accept entertainment, gifts or personal favors that would appear to undermine or influence their good business judgment or decisions. Similarly, employees must not accept any other preferential treatment under these circumstances because their position with CAC might be inclined to, or be perceived to, place them under obligation. On occasion, Board members and staff members may accept novelties, promotional items of a nominal value, or modest gifts if:

1. The gift complies with the giver's company's rules.
2. This happens only occasionally.
3. The gift was not solicited.
4. Open disclosure of the gift would not embarrass CAC or the people involved.
5. The value of the gift is \$50 (U.S.) or less.

Gifts to CAC instead of to specific Board members or staff members are allowed as long as they do not undermine or influence good business judgment or decisions. These gifts should meet the following criteria:

1. The gift complies with the giver's company's rules.
2. This happens only occasionally.
3. The gift was not solicited.
4. Open disclosure of the gift would not embarrass CAC or the people involved.

Kickbacks and Secret Commissions

Regarding CAC's activities, Board members and staff members may not receive payment or compensation of any kind, except as authorized under CAC's policies. In particular, CAC strictly prohibits the acceptance of kickbacks and secret commissions from suppliers or others. Any breach of this rule will result in immediate termination for employees or, in the case of Board members, removal from the Board. Board members and staff members who violate this practice will be prosecuted to the fullest extent of the law.

12.08 GOVERNMENT RELATIONS

It is CAC's policy to fully comply with all applicable laws and regulations governing contact and dealings with government employees and public officials, and to adhere to high ethical, moral and legal standards of conduct. This policy includes strict compliance with all local, state, federal, and other applicable laws, rules and regulations.

12.09 REPORTING VIOLATIONS

All Board members and staff members are individually responsible for carrying out and monitoring compliance with this Code. Board members and staff members shall report all evidence of a violation of the Code to the appropriate person as follows:

- Board Members – refer the issue to the Board,



- President – refer the issue to the CAC Chairperson,
- Employees, Agents and Contractors – refer the issue to the President.

Reports of suspected violations will be taken seriously and investigated promptly and thoroughly. All reports will be treated confidentially to every extent possible, except where disclosure is required to investigate a report or by applicable law or legal process. Board members and staff members will be protected from retaliation of any kind.

12.10 DISCIPLINARY ACTIONS/TERMINATION/REMOVAL

The matters covered in this Code are of the utmost importance to CAC and are essential to the ability to conduct its activities in accordance with its stated values. Board members and staff members are expected to adhere to these rules in carrying out their duties for CAC. Accordingly, a failure to fulfill one's responsibility under this Code may result in disciplinary action, up to and including immediate termination for employees and removal for Board members.

Appropriate action will be taken against anyone whose actions are found to violate these policies or any other policies of CAC. Where CAC has suffered a loss, it may pursue its remedies against the individuals or entities responsible. Where laws have been violated, CAC will fully cooperate with the appropriate prosecuting authorities. Reprisal, threats, retribution or retaliation against any person who has in good faith reported a violation or a suspected violation of law, this Code or other CAC policies, or against any person who is assisting in any investigation or process with respect to such a violation, are prohibited.

With respect to employees, the discipline and termination policies contained in CAC's Employee Handbook will control.

In the case of Board members, CAC may discipline or remove a Board member from the Board or any committee for cause, as determined by a two-thirds vote at any properly called and noticed Board meeting where a quorum is present. In the event of a removal from the Board, there is a vacancy which shall be filled in the manner provided in Food and Agricultural Code section 67053. In the event of a removal from a committee, the vacancy shall be filled in accordance with the CAC bylaws.

The procedure for disciplining a Board member or removing a Board member from the Board or any committee shall be as follows:

1. Complaints about a Board member must be in writing. If CAC receives a written complaint about a Board member from any source (whether from another Board member, staff member, industry member, or member of the public), the complaint shall be forwarded to the Executive Committee and to the President who shall determine whether the complaint merits formal process. (If the Board member who is the subject of the complaint is on the Executive Committee, he or she shall voluntarily absent himself/herself from any discussions and/or decision regarding what to do about the complaint.) If the complaint is one that can be resolved by the President, he or she will do so and will



advise the Board of the complaint and the outcome. If the complaint is not one that can be informally resolved, the following process will be followed.

2. The Board member shall be sent written notice of the proposed discipline or removal and the reasons therefore. Any written notice sent pursuant to this section shall be by USPS certified mail or by express mail service with tracking (USPS priority mail, Federal Express, UPS overnight, or the like). Notice shall be deemed received on the date of delivery as confirmed by the carrier.

2. The written notice to the Board member shall provide at least 21 calendar days for the Board member to respond. The Board member's response must be in writing and may be either or both of the following: a) a written statement and documentation detailing the Board member's arguments against removal, or b) a request for an in-person hearing before the Board.

3. If the Board member provides a response within the required time period, the Chairperson of the Commission shall call a special Board meeting (or utilize an already scheduled regular meeting) to hear the matter. If the Board member provided only a written statement, the Board shall consider the statement and render its decision based on the written statement and any documents provided. If the Board member requested an in-person hearing, the Board shall provide the Board member with a reasonable amount of time at the Board meeting to make his or her arguments against removal or discipline as applicable.

4. Whether to hold any in-person hearing or consideration of written documents in open or closed session shall be governed by the law based on the facts of the particular matter. If the law allows for a closed session, then whether to hold the hearing or consideration in open or closed session will be in the Chairperson's discretion, who shall also take into consideration the wishes of the Board member at issue.

5. After considering a written statement or conducting a hearing, the Board shall vote and make its decision, which may include written reprimand, temporary suspension from the Board or a committee, or removal from the Board or from a committee. The decision of the Board regarding discipline or removal shall be final.



13.0 FRAUD POLICY

13.01 INTRODUCTION

CAC Fraud Policy is established to facilitate the development of controls that will aid in the detection and prevention of fraud against the CAC. It is the intent of CAC to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and conduct of investigations.

This policy applies to any irregularity, or suspected irregularity, involving employees as well as Board members, officers, consultants, vendors, and contractors (Associates), along with outside agencies doing business with Associates and/or any other parties that have a business relationship with CAC.

Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship to CAC.

13.02 POLICY

CAC management is responsible for the detection and prevention of fraud, misappropriations, and other irregularities. Fraud is defined as the intentional, false representation, or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury. Each member of the CAC management team will be familiar with the types of improprieties that might occur within his or her area of responsibility, and will be alert for any indication of irregularity.

Any irregularity that is detected or suspected must be reported immediately to the President, who coordinates all investigations with California State Office of Attorney General and/or USDA's Office of General Counsel (OGC). Where fraud involves the President, the Chairperson of the Board shall be consulted with guidance from California State Office of Attorney General and/or USDA's Office of General Counsel (OGC) prior to action being taken.

13.03 ACTIONS CONSTITUTING FRAUD

Actions constituting fraud refer to, but are not limited to:

1. Any dishonest or fraudulent act.
2. Misappropriation of funds, securities, supplies, or other assets.
3. Impropriety in the handling or reporting of money or financial transactions.
4. Profiteering as a result of insider knowledge of CAC activities.



5. Disclosing confidential and proprietary information to outside parties.
6. Accepting or seeking anything of material value from contractors, vendors, or persons providing services/materials to CAC. Exception: Gifts less than \$50 in value.
7. Destruction, removal, or inappropriate use of records, furniture, fixtures, and equipment; and/or
8. Any similar or related irregularity.

13.04 OTHER IRREGULARITIES

Irregularities concerning an employee's moral, ethical, or behavioral conduct should be resolved by the President. If there is any question as to whether an action constitutes fraud, California State Office of Attorney General and/or USDA's Office of General Counsel (OGC) shall be contacted for guidance.

13.05 INVESTIGATION RESPONSIBILITIES

The President has the primary responsibility for the investigation of all suspected fraudulent acts as defined in the policy. If the suspected fraudulent act involves the President, the Chairperson of the Board shall have the responsibility of the investigation. If the investigation substantiates that fraudulent activities have occurred, a report will be issued to the Chairperson of the Board. The Chairperson will bring it to the attention of the Finance Committee and if appropriate and based on any confidentiality issues final notification should be given to the members of the Board.

13.06 CONFIDENTIALITY

All information received shall be held in strict confidence except where disclosure is expressly permitted by provisions of this policy or required by law. Any Associate who suspects dishonest or fraudulent activity will notify the President immediately, and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act (see **Reporting Procedure** section below).

Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect CAC from potential civil liability.

13.07 AUTHORIZATION FOR INVESTIGATING SUSPECTED FRAUD

The President may appoint an Investigation Team that will have:



- Free and unrestricted access to all CAC records and premises, whether owned or rented; and
- The authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual who might use or have custody of any such items or facilities when it is within the scope of their investigation.

13.08 REPORTING PROCEDURES

Great care must be taken in the investigation of suspected improprieties or irregularities so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way. An Associate who discovers or suspects fraudulent activity will contact the President immediately. The complainant may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual, his or her attorney or representative, or any other inquirer should be directed to the President or legal counsel.

No information concerning the status of an investigation will be given out. The proper response to any inquiry is, "I am not at liberty to discuss this matter." Under no circumstances should any reference be made to "the allegation," "the crime," "the fraud," "the forgery," "the misappropriation," or any other specific reference.

The reporting individual should be given the following direction:

Do not contact the suspected individual in an effort to determine facts or demand restitution.

Do not discuss the case, facts, suspicions, or allegations with *anyone* unless specifically asked to do so by the President or legal counsel.

13.09 TERMINATION

If an investigation results in a recommendation to terminate an individual, the recommendation will be reviewed by legal counsel before any such action is taken. The President does not have the authority to terminate an employee in such a situation without first seeking legal advice and counsel.



14.0 WHISTLEBLOWER PROTECTION POLICY

14.01 POLICY

The California Avocado Commission is committed to protecting employees and applicants for employment from interference with making a protected disclosure or retaliation for having made a protected disclosure or for having refused an illegal order as defined in this policy.

This policy is derived from the California Whistleblower Protection Act (Government Code Sections 8547 et seq.). Pursuant to this code section, a Commission employee may not: (1) retaliate against an employee or applicant for employment who has made a protected disclosure or who has refused to obey an illegal order, nor (2) directly or indirectly use or attempt to use the official authority or influence of his or her position or office for the purpose of interfering with the right of an applicant or an employee to make a protected disclosure to the State Auditor, the employee's immediate supervisor or other appropriate administrator about matters within the scope of this policy.

It is the intention of the Commission to take whatever action may be needed to prevent and correct activities that violate this policy.

14.02 SCOPE OF POLICY AND DEFINITIONS

This policy applies to protected disclosures and to complaints of retaliation or interference filed by employees or applicants for employment who have made or attempted to make a protected disclosure ("whistleblowers") or refused to obey an illegal order, as defined below.

A. Improper Activity

Any activity undertaken by the Commission or by an employee that is undertaken in the performance of the employee's official duties, whether or not that action is within the scope of his or her employment, and that (1) is in violation of any state or federal law or regulation, including, but not limited to, corruption, malfeasance, bribery, theft of Commission property, fraudulent claims, fraud, coercion, conversion, malicious prosecution, misuse of Commission property and facilities, or willful omission to perform duty, or (2) is economically wasteful, or involves gross misconduct, gross incompetence, or gross inefficiency.

B. Protected Disclosure



Any good faith communication that discloses or demonstrates an intention to disclose information that may evidence either (1) an improper governmental activity or (2) any condition that may significantly threaten the health or safety of employees or the public if the disclosure or intention to disclose was made for the purpose of remedying that condition.

C. Illegal Order

Any directive to violate or assist in violating an applicable federal, state, or local law, rule, or regulation or any order to work or cause others to work in conditions outside of their line of duty that would unreasonably threaten the health or safety of employees or the public.

D. Interference

Direct or indirect use of authority to obstruct an individual's right to make a protected disclosure.

E. Official Authority or Influence

Promising to confer, or conferring, any benefit; effecting, or threatening to effect, any reprisal; taking, or directing others to take, or recommending, processing, or approving, any personnel action, including, but not limited to, appointment, promotion, transfer, assignment, performance evaluation, suspension, or other disciplinary action.

14.03 DISCLOSING ILLEGAL ACTIVITY

A complaint regarding improper activity by the Commission or any Commission employee may be made by any Commission employee to his or her supervisor, to the Commission President, or to the Chairperson of the Commission. However, employees are not required to first report improper activity to a supervisor or Commission management and may proceed directly to the State Auditor's complaint process described below.

The California Whistleblower Protection Act authorizes the California State Auditor to receive complaints from state employees and members of the public who wish to report an improper governmental activity. The complaints received by the State Auditor shall remain confidential, and the identity of the complainant may not be revealed without the permission of the complainant, except to an appropriate law enforcement agency conducting a criminal investigation.

Upon receiving a complaint, the State Auditor may conduct an investigation into the facts alleged in the complaint to determine whether an improper governmental activity has occurred. Before launching an investigation, the State Auditor's staff will conduct a careful evaluation of the complaint to determine



whether it has enough potential merit to warrant the expenditure of state resources to conduct an investigation. As such, please include the following when filing a complaint:

- A clear and concise statement of what you are alleging is an improper act, why you believe it is improper, and what evidence there is to confirm that what you are saying is true.
- A name or other information that clearly identifies the person you are alleging has acted improperly, and the department where that person works.
- Witnesses or documents that will support what you are alleging.
- Your name and full contact information so the Auditor is able to interview you.
- Submitting copies of any documents that will support your complaint is extremely helpful to our evaluation process. However, please submit copies of the documents, rather than the original documents, as they cannot be returned.

Complaints may be submitted to the State Auditor in the following ways:

By Mail:

Investigations
Bureau of State Audits
555 Capitol Mall, Suite 300
Sacramento, California 95814

As an alternative, you may complete the electronic version of the complaint form at <http://www.bsa.ca.gov/hotline/filecomp>, print it out, and return it by mail to the above address.

By Phone:

You may call the State Auditor's Whistleblower Hotline at 1-800-952-5665 to file a complaint by talking to one of the State Auditor's employees. The hotline is generally staffed Monday through Friday from 8:30 a.m. to 5:00 p.m. Calls received when the hotline is not being staffed will be answered by a machine that records messages.

By Internet:

You may also file a complaint online at <https://www.bsa.ca.gov/contactus/complaint>

After the State Auditor receives a complaint, any investigation resulting from the complaint is confidential, so the State Auditor's staff cannot provide any updates about what is being done to investigate the complaint or what information has been uncovered. Information about the investigation will not be released until a report is issued by the State Auditor.



14.04 PROTECTION FROM RETALIATION

The Commission will not retaliate against any employee for making a good faith protected disclosure or complaint pursuant to this policy. The California Whistleblower Protection Act protects every state employee who files a complaint from suffering any retaliation by his or her state employer for having made the complaint. The Whistleblower Protection Act forbids every state official and employee from retaliating or attempting to retaliate against any employee or applicant for employment who reports an improper activity.

Retaliation includes intimidation, the denial of appointment or promotion, a threat of adverse action, a poor performance evaluation, involuntary transfer, or any form of disciplinary action. As state employees, Commission employees may report retaliation by contacting the State Personnel Board, in writing, at 801 Capitol Mall, MS53, Sacramento, CA 95814, or may call (916) 653-1403.



**CALIFORNIA AVOCADO COMMISSION
INTERNAL CONTROL POLICIES AND PROCEDURES**

ACKNOWLEDGMENT OF RECEIPT

I acknowledge that I have received a copy of the California Avocado Commission (CAC) Accounting Policies and Procedures (P&P). I have read and familiarized myself with the contents and I understand that I will be responsible for adhering to this P&P. I agree to abide by the policies and procedures as outlined in the P&P and understand that violations are subject to disciplinary action, up to and including termination.

P&P Revision No.: _____

Name: _____
(Print)

Title: _____

Address: _____

Signature: _____

Date: _____



INVESTMENT POLICY REVIEW FORM

DATE: _____

REVIEWER: _____

CHECKLIST:

	Yes	No	Comment
1. Have you obtained the most recent United States Department of Agriculture (USDA) investment policy?			
2. Have you obtained the most recent California Department of Food and Agriculture (CDFA) investment policy?			
3. Are all California Avocado Commission (CAC) investments in compliance with the USDA and CDFA investment policies?			



POLICIES AND PROCEDURES

EXHIBITS: AUTHORIZATION MATRIX

AUTHORIZATION LIMIT MATRIX		Department Heads	Fin. and Acct. Mgr.	President	Treasurer	Finance and Accounting Manager AND President	Member of Executive Comm. Independent of the Expense	Two of Fin. & Acct. Mgr, President, and Treasurer *	Full Board of Directors	Comment
Contracts	Contracts >= \$1,000			✓						
	Leases			✓						
Loan	Line of Credit							✓		Signified by a motion and Treasurer's signature
Purchase Orders	Purchase Orders < \$1,000		✓	✓						
	Purchase Orders >= \$1,000			✓						
Invoices	Invoices	✓	✓	✓						
	Staff Expense Reports	✓								
	Dept. Heads' Expense Reports			✓						
	President's Expense Reports						✓			
	Board Member's Expense Reports						✓			
Cash Disbursements	Checks, ACH & Wire Transfer < \$1,000		✓	✓	✓					
	Checks, ACH & Wire Transfer >= \$1,000					✓**				
Banking	Change of Users Permission							✓		
	Transfer between accounts		✓							



POLICIES AND PROCEDURES

EXHIBITS: AUTHORIZATION MATRIX

Payroll	New Hire			✓						
	Pay Rate Change-other than President			✓						
	Pay Rate Change-President							✓		
	Payroll Submission		✓							
Accounting Close	Journal Entries					✓				
Sale of Assets	Sale of Assets			✓						
Receivable Write-off	Receivable write-off			✓						

* 2 of 3 authorized bank signers = Treasurer, President and Finance and Accounting Manager

**Checks \$1,000 and above require 2 signatures (2 of 3 authorized bank signers = Treasurer, President and Finance and Accounting Manager)



RISK CONTROL MATRIX						
Policy	Cycle	Sub Process	Risk	Risk Description	Control No.	Control Description
Cash and Investment	Financial Reporting	Bank Reconciliations	R1	Cash receipts and cash disbursements are not recorded completely and in the right period	1.02.C1	Finance and Accounting Manager prepares bank reconciliation prior to financial month-end close, usually by the 5 th work day of the following month. President reviews and approves all bank reconciliation as evidenced by signature/date on Bank Reconciliation
Cash and Investment	Financial Reporting	Investments	R2	CAC funds are invested in risky investment vehicles	1.01.C1	The Finance and Accounting Manager reviews Investment policies of USDA and CDFA at least once a year usually before fiscal year-end to ensure CAC is in compliance with Investment policies of USDA and CDFA as evidenced by signature/date on policy review form
Assessment Collection & Cash Receipts	Cash Receipt	Assessment Collection and Misc. Cash Receipt	R3	Cash receipts and cash disbursements are not recorded completely and in the right period	2.01.C1	CAC established a lockbox to minimize the number of checks mailed to CAC's office and mitigate the risk of deposits being lost or misappropriated by having them go straight to CAC's bank account.
Assessment Collection & Cash Receipts	Cash Receipt	Assessment Collection and Misc. Cash Receipt	R3	Cash receipts and cash disbursements are not recorded completely and in the right period	1.02.C1	Finance and Accounting Manager prepares bank reconciliation prior to financial month-end close, usually by the 5 th work day of the following month. President reviews and approves all bank reconciliation as evidenced by signature/date on Bank Reconciliation
Assessment Collection & Cash Receipts	Cash Receipt	Assessment Collection and Misc. Cash Receipt	R4	Cash receipts are not immediately deposited to CAC's account; instead used for personal gain	2.01.C2	Finance and Accounting Manager compares the DCRL with the deposits listed on the PDR and/or DCF to make sure all cash received is deposited within 5 business days
Assessment Collection & Cash Receipts	Cash Receipt	Assessment Collection and Misc. Cash Receipt	R5	Cash receipts are not recorded accurately	2.01.C3	Accounting Clerk prints the DTR, which Finance and Accounting Manager reviews and compares against DCF for accuracy and completeness
Assessment Collection & Cash Receipts	Cash Receipt	Assessment Collection and Misc. Cash	R6	Cash receipts are not recorded accurately	2.01.C4	Monthly, Accounting Clerk compares CAC assessment summary to various sources including AMRIC and AIP, investigates any major discrepancies, and identifies late assessment payments



		Receipt				
Assessment Collection & Cash Receipts	Cash Receipt	Late Assessment Payment	R7	Late assessments are not detected	2.01.C4	Monthly, Accounting Clerk compares CAC assessment summary to various sources including AMRIC and AIP, investigates any major discrepancies, and identifies late assessment payments
Purchasing	Purchasing	Contract	R8	Purchases are not for legitimate CAC business	3.01.C1	A contract must be fully executed before the work can begin and vendors can start billing CAC. Any deviations to this control must be explained and approved in writing by President. Contract must be properly approved per Authorization Limit Matrix
Purchasing	Purchasing	Contract	R8	Purchases are not for legitimate CAC business	3.04.C1	Material changes to the terms of existing contracts require amendment. Changes are considered material if they increase the total amount of the contract. Other changes such as reallocation of line item budgets, changes in required performance, modification of rates schedule, etc. may be considered material by management
Purchasing	Purchasing	Purchase Order	R8	Purchases are not for legitimate CAC business	3.02.C1	Purchase Orders are to be completed by requester, entered and assigned a unique PO# in Excel by Human Resources and approved (per Authorization Limit Matrix) prior to placing order for which PO is required
Purchasing	Purchasing	Purchase Order	R8	Purchases are not for legitimate CAC business	3.02.C2	Prior to Vendor setup and payment Accounting Clerk must obtain W-9 Request for Taxpayer Identification verifying Vendor identity
Purchasing	Purchasing	Purchase Order	R8	Purchases are not for legitimate CAC business	3.02.C3	Check requests/Invoices may not be entered into A/P MAS 90 until Vendor has been set up and Vendor # has been assigned
Purchasing	Purchasing	Purchase Order	R8	Purchases are not for legitimate CAC business	3.02.C4	Access to Vendor Setup screen within A/P MAS 90 is restricted to authorized accounting personnel
Purchasing	Purchasing	Purchase Order	R8	Purchases are not for legitimate CAC business	3.05.C1	PO Change may only be made with the proper approval (per Authorization Limit Matrix) as evidenced by approver signature and date on hardcopy Purchase Order
Purchasing	Purchasing	Credit Card Purchases	R8	Purchases are not for legitimate CAC business	3.06.C2	Upon receiving credit card statement, Accounting Clerk prepares a credit card expense report to capture all the charges on the statement, categorize the charges and indicate the account numbers. Accounting Clerk matches the charges to the supporting documentations supplied by the cardholders and attaches them to the statement. Accounting Clerk works with the cardholders to complete the credit card expense report with account numbers and categorize the charges. Cardholders sign the complete spreadsheet (3.06.C1).



Purchasing	Purchasing	Credit Card Purchases	R8	Purchases are not for legitimate CAC business	3.06.C2	Credit Card vendor statement is reconciled to all receipts, packing list and invoices and must be accompanied by credit request form approved by Finance and Accounting Manager as evidenced by signature/date on credit card request form. The President must approve all expenses greater than \$1,000 as evidenced by signature/date on Credit Card Request form prior to payment processing
Purchasing	Purchasing	Bidding	R9	Purchases are not the most cost-effective and efficient	3.03.C1	Purchase amounts \$1,000 and greater require approval by President. Purchase amounts of \$25,000 and over require at least 3 bids and an explanation for the chosen bid
AP Invoice Processing	Purchasing	Invoice from Vendors with Contract	R10	Purchases are not recorded and coded correctly and in the right period	4.02.C1	Invoice forwarded to the Department Heads for approval. At this point a signature is required with date approved, account to be charged, and amount to be paid. Finance and Accounting Manager and/or President is responsible for approving other departments if the Department Heads are unavailable
AP Invoice Processing	Purchasing	Receiving	R11	Requester approves payment for fictitious/incomplete delivery of purchased goods	4.01.C1	The person that receives the goods must be independent of the person ordering them, except for office supplies ordered and received by Office Administrator
AP Invoice Processing	Purchasing	Receiving	R11	Requester approves payment for fictitious/incomplete delivery of purchased goods	4.01.C2	Office Administrator contacts the vendor or notifies the Requester if packing slip does not match the goods received to resolve the discrepancies
AP Invoice Processing	Purchasing	Invoice, Packing Slip and Purchase Order Matching	R8	Purchases are not for legitimate CAC business	4.03.C1	Accounting Clerk matches the invoices to PO and packing list if applicable
AP Invoice Processing	Purchasing	Invoice, Packing Slip and Purchase Order Matching	R8	Purchases are not for legitimate CAC business	4.02.C1	Invoice forwarded to the Department Heads for approval. At this point a signature is required with date approved, account to be charged, and amount to be paid. Finance and Accounting Manager and/or President is responsible for approving other departments if the Department Heads are unavailable
AP Invoice Processing	Purchasing	Check Request	R8	Purchases are not for legitimate CAC business	4.04.C1	Check request must be signed by the requester and approved by Department Heads



AP Invoice Processing	Purchasing	Petty Cash	R12	Petty cash is stolen	4.07.C1	Petty Cash box is in possession of Finance and Accounting Manager who keeps it in a locked File Cabinet
AP Invoice Processing	Purchasing	Petty Cash	R13	Petty cash is misappropriated	4.07.C1	President or his/her designee performs a surprise count on the Petty Cash at least once annually
Cash Disbursement	Purchasing	Check Run	R8	Purchases are not for legitimate CAC business	5.01.C1	Finance and Accounting Manager verifies that there are no unusual items, sample-checks the coding and approvals. If everything looks good, Finance and Accounting Manager signs and dates the report
Cash Disbursement	Purchasing	Check Run	R14	Blank checks are issued outside of company's system for illegitimate expenses	5.01.C2	Custody of blank checks stock is held by somebody who is independent of cash disbursement processing
Cash Disbursement	Purchasing	Check Run	R8	Purchases are not for legitimate CAC business	5.01.C3	The Accounting Clerk prints the checks and writes on the corresponding invoices the check numbers and check dates. Printed checks, invoices are handed back to the Finance and Accounting Manager for review and signature. Checks \$1,000 and over require President's signature
Cash Disbursement	Purchasing	Check Run	R15	CAC funds are withdrawn fraudulently using fake/forged checks	5.01.C4	Once all checks have been signed, Finance and Accounting Manager exports Positive Pay Report, prints the report and compares it to Invoice Payment Selection Listing. Once everything is verified, Finance and Accounting Manager uploads the Positive Pay Report file to the Bank's website
Cash Disbursement	Purchasing	ACH	R16	CAC employee submits wrong bank information on the ACH database fraudulently or inadvertently	5.02.C1	Accounting Clerk enters new ACH vendor on bank's website; Finance and Accounting Manager has to approve any changes to ACH vendors on the bank ACH database. ACH transactions require dual control
Cash Disbursement	Purchasing	ACH	R8	Purchases are not for legitimate CAC business	5.02.C2	ACHs are handed back to the Finance and Accounting Manager for review and signature. Finance and Accounting Manager then obtains 2 nd signature (President's) for all ACHs \$1,000 and over
Cash Disbursement	Purchasing	ACH	R8	Purchases are not for legitimate CAC business	5.02.C3	Once all ACHs have been signed, Finance and Accounting Manager compares the ACH batch payment uploaded by Accounting Clerk to the approved Invoice Payment Selection Listing. If everything looks good, Finance and Accounting Manager releases the ACH payment information online on Bank's website



Cash Disbursement	Purchasing	ACH	R16	An unauthorized person initiates and/or releases ACH	5.02.C4	Both Accounting Clerk and Accounting Manager use a security tool (e.g. token ID that changes pass codes every minute)
Travel, Entertainment & Related Expenses	Purchasing	Travel & Entertainment Expenses Processing	R17	Illegitimate expenses are submitted	6.01.C1	Accounting Clerk reviews the expenses submitted by CAC staff and Board members and ensures that all expenses are allowed under the 6.0 Travel, Entertainment and Related Expenses policy and obtains approvals as explained in the Policy. Finance and Accounting Manager reviews expenses submitted by Accounting Clerk
Travel, Entertainment & Related Expenses	Purchasing	Travel & Entertainment Expenses Processing	R18	CAC is not compliant with IRS and/or other State & Federal regulatory agencies	6.01.C2	At least annually, Finance and Accounting Manager consults with a Tax CPA firm to make sure that all taxable fringe benefits are reported on employees' W2s. Finance and Accounting Manager also consults with State and Federal regulatory agencies to ensure CAC's compliance with their rules and regulations
Travel, Entertainment & Related Expenses	Purchasing	Meeting & Other Related Expenses	R17	Illegitimate expenses are submitted	6.02.C1	Finance and Accounting Manager and Accounting Clerk review the invoices to make sure that expenses submitted are allowed under 6.0 Travel, Entertainment and Related Expenses
Fixed Assets	Fixed Assets	Capitalization & Amortization	R18	Fixed Assets are not recorded properly	7.01.C1	Journal entries to record fixed asset transactions are prepared by Finance and Accounting Manager and reviewed and approved by President
Fixed Assets	Fixed Assets	Disposal of Fixed Assets	R19	Surplus, obsolete, lost of stolen fixed assets property is disposed of without proper authorization	7.02.C1	A Disposal of Fixed Asset form is to be filled out with the description of the item and the CAC Fixed Asset number (if applicable), estimated value and a brief explanation for the proposed disposition of the asset. The form must then be submitted for President's approval before the item can be disposed
Payroll	Payroll	Time Entry and Authorization	R20	Payroll payments are not for correct time	8.01.C1	Supervisors review and approve their direct reports' hours and time-off bookings on RWT. President's time-off bookings shall be approved by a member of executive committee
Payroll	Payroll	Payroll Submission & Approval	R21	Payroll payments are for fictitious/unauthorized person	8.02.C1	New employee addition requires President's written approval (e.g. offer letter, etc.) which should also be attached as payroll backup



Payroll	Payroll	Payroll Submission & Approval	R22	Pay rates, hours and deductions are incorrect or unauthorized	8.02.C2	Finance and Accounting Manager reviews the preview payroll registers and make sure the pay rates, hours entered and deduction are correct. Finance and Accounting Manager refers to the rates authorized by the President or Board of Directors (for President's rate).
Payroll	Payroll	Payroll Submission & Approval	R23	Payroll-related expenses are not recorded correctly and in the right period	8.02.C3	By the 5 th of the following month, Human Resources prepares payroll journal entries. Finance and Accounting Manager reviews them for correct coding and period. If everything looks good, Finance and Accounting Manager enters them into MAS 90
Payroll	Payroll	Vacation & Sick Time Accounting	R24	Vacation and sick time are not accounted properly	8.03.C1	Employees enter time-off bookings to RWT. Supervisors approve them before they become final
Payroll	Payroll	Vacation & Sick Time Accounting	R24	Vacation and sick time are not accounted properly	8.03.C2	At the end of year, Human Resources prints out the vacation and sick time reports for each employee. Each employee is required to review and sign the report if he/she agrees with it
Budget	Budgeting	Budget Monitoring	R25	Expenses incurred are not authorized, budgeted or correctly coded	9.04.C1	On a monthly basis, Finance and Accounting Manager distributes the income statements with budget comparison to all Department Heads. Department Heads must review the income statements and investigate any discrepancies with budget trackers or other documents. Department Heads must also perform variance analysis and investigate any major variances. Variances exceeding the greater of 10% of total budget or \$10,000 must be satisfactorily explained and the explanation must be submitted in writing to President by the end of the month
Financial Reporting and Period End Close	Financial Reporting	Month-end Close	R26	Material errors and omissions occur on financial reports	10.01.C1	Accounting Clerk prints out the A/P GL Posting Recap report and check register. Finance and Accounting Manager reviews the reports and investigates any unusual entries
Financial Reporting and Period End Close	Financial Reporting	Month-end Close	R26	Material errors and omissions occur on financial reports	4.02.C1	Invoices are forwarded to the Department Heads for approval. At this point a signature is required with date approved, account to be charged, and amount to be paid. Finance and Accounting Manager and/or President is responsible for approving other departments if the Department Heads are unavailable



Financial Reporting and Period End Close	Financial Reporting	Month-end Close	R26	Material errors and omissions occur on financial reports	9.04.C1	On a monthly basis, Finance and Accounting Manager distributes the income statements with budget comparison to all Department Heads. Department Heads must review the income statements and investigate any discrepancies with budget trackers or other documents. Department Heads must also perform variance analysis and investigate any major variances. Variances exceeding the greater of 10% of total budget or \$10,000 must be satisfactorily explained and the explanation must be submitted in writing to President by the end of the month
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**CALIFORNIA AVOCADO COMMISSION
INTERNAL CONTROL POLICIES & PROCEDURES**

REVISION HISTORY

Version No.	Effective Date
Original version	07/01/2010
Revision 1.0	04/01/2011
Revision 1.1	11/17/2011
Revision 1.2	03/14/2012
Revision 1.3	05/30/2013