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 Director of Industry Affairs and Operations maintains the master copy of CAC Internal Control Policies and Procedures.

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1.00 CASH AND INVESTMENT

OBJECTIVE: To safeguard CAC's cash and investments

1.01 INVESTMENT

RESPONSIBILITIES:

- President: 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 President, in conjunction with Director of Industry Affairs and Operations, 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:

- Director of Industry Affairs and Operations: Performs bank reconciliations for all cash accounts
- President: Reviews bank reconciliations

DEFINITIONS: None

REPORTS/DOCUMENTS: Month-End Close Workbook

RELEVANT SYSTEMS:

- QuickBooks Online
- MS Excel
- Bank Website

REFERENCE MATERIALS: Bank Statements

PROCEDURE:

1. After month-end, Director of Industry Affairs and Operations obtains Bank Statements from the bank websites and the Balance Sheet from QuickBooks Online.
2. **Director of Industry Affairs and Operations prepares bank reconciliation as part of the financial month-end close, usually by the 5th workday of the following month. President reviews and approves all bank reconciliation as evidenced by signature/date on the month-end close workbook. (1.02.C1)**
3. Director of Industry Affairs and Operations identifies outstanding transactions and investigates them. Comments explaining the reason for outstanding transactions are provided in the month-end close workbook for all outstanding transactions.
4. Approved bank reconciliations are kept as part of the approved month-end close workbook saved on CAC's servers in the corresponding month-end folders.

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:

- Operations Staff: Opens and logs cash receipts. Mails monthly assessment reports to handlers.
- Business Support Manager: Records cash receipts in QuickBooks Online.
- Director of Industry Affairs and Operations: Reviews cash receipt transactions.

DEFINITIONS: None

REPORTS/DOCUMENTS:

- Month-End Close Workbook

RELEVANT SYSTEMS:

- MS Excel
- QuickBooks Online
- Handler Assessment System (HAS)
- Bank Website

REFERENCE MATERIALS:

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

PROCEDURE:

Assessment Collection:

1. Operations Staff sends 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, Outsourced Accounting checks the Lockbox Reports on the bank website and saves them to the CAC server as supporting documents.
4. For assessments received at CAC's mailbox:
   4.1. Operations Staff opens all mail addressed to Accounting including assessment checks. Operations Staff scans in a copy of the assessments received and emails to Director of Industry Affairs and Operations. **Director of Industry Affairs and Operations reviews bank transactions to ensure monies received at CAC's office are deposited within 5 business days. (2.01.C2)**
   4.2. Operations Staff mails the assessment deposits received at CAC's office to the CAC lockbox.
5. Business Support Manager checks the assessment calculation on the reports and enters the deposit to HAS.
6. Business Support Manager enters the deposit into QuickBooks Online.
7. **Director of Industry Affairs and reviews deposits entered into HAS and QuickBooks Online and compares for accuracy and completeness. (2.01.C3)**
8. Monthly, Director of Industry Affairs and Operations reviews the HAS reports to identify late payments (per **2.02 Late Assessment Payment** procedure).
9. **Director of Industry Affairs and Operations prepares bank reconciliation as part of the financial month-end close process, usually by the 5th workday of the following month. President reviews and approves all bank reconciliation as evidenced by signature/date on the month-end close workbook. (1.02.C1)**
10. **Periodically, Director of Industry Affairs and Operations compares CAC assessment summary to various sources including AMRIC and AIP, investigates any major discrepancies, and identifies late assessment payments. (2.01.C4)**
11. CAC conducts 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 mailbox:
   1.1. Operations Staff opens all mail addressed to Accounting including non-assessment cash receipts.
   1.2. Operations Staff scans in a copy of the non-assessment checks received and emails to Director of Industry Affairs and Operations. **Director of Industry Affairs and Operations reviews bank transactions to ensure monies received at CAC's office are deposited within 5 business days. (2.01.C2)**
   1.3. Operations Staff mails the non-assessment deposits received at CAC's office to the CAC lockbox.
2. For non-assessment deposits received through lockbox, wire transfer or over-the-counter deposits:

2.1. Business Support Manager checks the Lockbox Reports on the bank website and saves them to the CAC server as supporting documents, along with any other relevant documentation, instructions or account numbers provided by Department heads.

3. **Director of Industry Affairs and Operations reviews non-assessment deposits entered into QuickBooks and compares for accuracy and completeness. (2.01.C3)**
4. **Director of Industry Affairs and Operations prepares bank reconciliation as part of the financial month-end close, usually by the 5th workday of the following month. President reviews and approves all bank reconciliation as evidenced by signature/date on the month-end close workbook. (1.02.C1)**

2.02 LATE ASSESSMENT PAYMENT

RESPONSIBILITIES:

- Director of Industry Affairs and Operations: Identifies and sends notices to late handlers

DEFINITIONS: None

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

RELEVANT SYSTEMS:

- MS Word
- Handler Assessment System (HAS)

REFERENCE MATERIALS:

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

PROCEDURE:

1. **Periodically, Director of Industry Affairs and Operations 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, Director of Industry Affairs and Operations sends a written 1st notice to the handler.
3. If no payment is received by the 10th of the month following the month the Director of Industry Affairs and Operations sends the 1st notice, Director of Industry Affairs and Operations 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, Director of Industry Affairs and Operations 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, they will be directed to take steps in a 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 shall be approved by the President or Chair.
   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 resubmission with new approvals obtained.

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. The President may at their 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 13.06, which addresses staff's relationship with suppliers including rules regarding accepting gifts.

4. CORPORATE CREDIT CARD POLICY

The CAC corporate credit card is an allowed method of payment. However, prior approval from the President/Chair/Treasurer (if President 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.

No personal use of CAC's corporate credit 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.

5. GIFT CARD ORDERS FOR RETAIL PROMOTION CONTESTS

All gift card orders for retail promotion contest winners are to be approved by the President before they are placed by the Marketing staff. Gift cards orders that are in excess of $2,500 will be split into multiple orders to be placed on separate days.

3.01 CONTRACT

RESPONSIBILITIES:

- President /Chair: Has authority to approve contracts.
- Directors/Department Heads/Staff: Performs negotiation and bidding process (when necessary).

DEFINITIONS: None

REPORTS/DOCUMENTS:

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

RELEVANT SYSTEMS:

- MS Word
- DocuSign

REFERENCE MATERIALS: Approved Budget

PROCEDURE:

1. Department Staff facilitates the completion of a contract for each vendor and ensures adequate review by the Department Heads, Directors and President/Chair. A contract shall include the following details when applicable:
   1.1. Total not-to-exceed amounts that match the approved budget,
   1.2. Completed Scope of Work from the agencies/vendors that stipulates required performance such as deliverables expected, milestones requirements, etc.,
   1.3. Method of assessing or reviewing performance,
   1.4. Approved budget line item,
   1.5. Rate schedule (for vendors that are not on retainer) or billing schedules (for vendors that are on retainer),
   1.6. CAC Travel, Meeting and Other Related Expenses policy,
   1.7. Code of Conduct Policy,
   1.8. Fraud Policy, and
   1.9. Other details deemed necessary by management.
2. **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/Chair. Contract must be properly approved per Authorization Limit Matrix. (3.01.C1)**

3. Once the contract has been finalized and approved, it shall be sent through DocuSign to obtain verified electronic signatures.
4. Once the contract has been fully executed, the contract is saved to a shared network drive on the CAC server.

3.02 PURCHASE ORDER

RESPONSIBILITIES:

- Department Heads and Staff: Create purchase orders (Requester) and obtain necessary approvals.
- Director of Industry Affairs and Operations: Assigns PO numbers and saves final approved POs on CAC servers.
- President /Director of Industry Affairs and Operations: Have authority to approve purchases.

DEFINITIONS:

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

REPORTS/DOCUMENTS: Purchase Order

RELEVANT SYSTEMS:

- MS Excel
- DocuSign

REFERENCE MATERIALS:

- Chart of Accounts
- Authorization Limit Matrix

PROCEDURE:

Purchase Orders are to be completed by requester, assigned a unique PO# by Director of Industry Affairs and Operations 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 requests a PO # from the Director of Industry Affairs and Operations by providing the vendor name, short description of what is being purchased and amount.
2. The requester completes a CAC Purchase Order Form and obtains necessary approvals utilizing DocuSign.
3. Purchase Order amounts under $3,000 require the approval of the President. Purchase Orders amounts of $3,000 and greater require approval by both the President and Director of Industry Affairs and Operations. This also applies to all purchase orders requested by the President and Director of Industry Affairs and Operations. Purchase Order amounts of $25,000 and greater require at least 3 bids as explained in **3.03 Bidding Process**.

4. The completed form is sent to the Director of Industry Affairs and Operations for review and filing with supporting documentation.
5. If the purchase is for a new vendor**, prior to vendor setup and payment, requester must obtain W-9 Request for Taxpayer Identification verifying vendor identity (3.02.C2). Check requests/invoices may not be entered into QuickBooks until vendor has been set up (3.02.C3). Access to vendor Setup screen within QuickBooks is restricted to authorized accounting personnel (3.02.C4).**

3.03 BIDDING PROCESS

RESPONSIBILITIES:

- Department Heads and Staff: Obtain a minimum of 3 bids and create purchase orders (Requester).
- Director of Industry Affairs and Operations: Assigns PO numbers and saves final approved Pos on CAC servers. President/ Director of Industry Affairs and Operations: 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 of $3,000 and greater require approval by President/ Director of Industry Affairs and Operations. 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 an order for purchases in the amount of $25,000 and over, Department Heads and Staff shall obtain a minimum of 3 bids from different vendors.
2. Department Heads and Staff 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 and Staff 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:

- Directors/Department Heads/Staff: Determine if material changes to a contract have occurred and require contract amendment. (Requester)
- President/Chair: Has authority to approve amended contracts.

DEFINITIONS: None

REPORTS/DOCUMENTS: Contract

RELEVANT SYSTEMS:

- MS Word
- DocuSign

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. Upon determining that material changes to the terms of a contract have occurredDirectors/Department Heads/Staff complete a contract amendment and circulate the amended contract to the associated parties for review.
3. Once the contract amendment has been finalized and approved, it shall be sent through DocuSign to obtain verified electronic signatures.
4. Once the contract amendment has been fully executed, the contract amendment is saved to a shared network drive on the CAC server.

3.05 CHANGES TO EXISTING PURCHASE ORDER

RESPONSIBILITIES:

- Department Heads and Staff: Determine if material changes to a PO have occurred and require a revised purchase order. (Requester)
- Director of Industry Affairs and Operations: Assigns PO numbers and saves final approved POs on CAC servers.
- President/ Director of Industry Affairs and Operations: Has authority to approve changes.

DEFINITIONS: None

REPORTS/DOCUMENTS: Purchase Order (PO)

RELEVANT SYSTEMS:

- MS Excel
- DocuSign

REFERENCE MATERIALS: CAC Chart of Accounts

PROCEDURE:

1. **PO Change may only be made with the proper approval (per Authorization Limit Matrix) as evidenced by approver signature and date obtained through DocuSign (3.05.C1)**
2. If changes to PO are considered material then the Department Head will make changes to the existing PO and obtain necessary approvals through DocuSign.
3. Purchase Order amounts under $3,000 require the approval of the President. Purchase Orders amounts of $3,000 and greater require approval by both a the President and Director of Industry Affairs and Operations . This also applies to all purchase orders requested by the President and Director of Industry Affairs and Operations . Purchase Order amounts of $25,000 and greater require at least 3 bids as explained in **3.03 Bidding Process**.
4. The completed form is sent to the Director of Industry Affairs and Operations for review and filing with supporting documentation.

3.06 CORPORATE CREDIT CARD PURCHASES

RESPONSIBILITIES:

- Business Support Manager: reconciles month-end credit card charges to monthly statement from credit card vendor
- President: maintains control of the CAC corporate credit card and authorizes use of credit card for approved purchases

DEFINITIONS: None

REPORTS/DOCUMENTS:

- Invoices, packing slips, and Credit Card sales receipts
- Credit Card Request Form
- Monthly Credit Card Statement

RELEVANT SYSTEMS:

- MS Word
- QuickBooks Online
- DocuSign

REFERENCE MATERIALS: None

PROCEDURE:

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 Card Request Form approved by the President as evidenced by signature/date on credit card request form. The signatures of any two Director of Industry Affairs and Operations, President or Treasurer, must approve all expenses of $3,000 or more as evidenced by signature/date on Credit Card Request Form prior to payment processing (3.06.C2).**
2. All employees requesting the use of the corporate credit card must complete the Credit Card Request Form and obtain necessary approvals through DocuSign prior to use of the corporate credit card.
3. President reviews the Credit Card Request Form and approves it with a signature and date if it is in compliance with CAC policy and procedures. **The signatures of any two, Director of Industry Affairs and Operations, President or Treasurer,** must approve expenses of $3,000 or more with signature and date on the form.

4. All approved Credit Card Request forms are submitted to the Business Support Manager.
5. Receipts, Packing Lists and Invoices related to Credit Card charges are provided to Outsourced Accounting who combines them to the approved Credit Card Request forms.
6. Outsourced Accounting receives monthly statements from Credit Card vendor and reconciles them to the approved credit card request forms.
7. Outsourced Accounting enters the statement, along with approved Credit Card Request Forms, as a Bill in QuickBooks for payment processing.
8. The Vice President of Industry Affairs and Operations is responsible for review and approval of the Bill in QuickBooks prior to 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:

- Operations Staff: 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 Business Support Manager (4.01.C1).**
2. When goods are purchased and a delivery is made, the Operations Staff verifies the goods received against the packing slip. **The Operations Staff 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).**

The packing slip is emailed to Business Support Manager as supporting documentation for invoicing.

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:

- Business Support Manager – Reviews invoice for accuracy and enters as a Bill in QuickBooks for processing.
- President/Directors/Department Heads and Staff – Review and approve invoices before payment.

DEFINITIONS: None.

REPORTS/DOCUMENTS: Vendor Invoices

RELEVANT SYSTEMS:

- QuickBooks Online

REFERENCE MATERIALS: Contract

PROCEDURE:

1. Invoices and corresponding backup are sent electronically to the Accounts Payable email address (accountspayable@avocado.org) in a single pdf file for processing. Any hard copy invoices that are received via the mail are opened by Operations Staff, date-stamped, scanned and emailed to the Accounts Payable email address.
2. Business Support Manager monitors Accounts Payable email address, enters invoices as Bills in QuickBooks Online, including all available vendor and invoice information.
3. **After invoice is entered in QuickBooks Online, it is automatically routed to the assigned President/Directors/Department Head or Staff for approval.** Approvers are responsible for reviewing the invoice and ensuring accuracy and reasonableness of the charges. Approvers are also responsible for verifying the following (when applicable):
   3.1. Check that all information entered by Business Support Manager is correct,
   3.2. Check the billing rates against the rates schedule on the contract,
   3.3. Check the billing amount against the retainer billing schedule,
   3.4. Check the supporting documents
   3.5. Check other terms
4. **All invoices must be marked as "Approved" in QuickBooks online prior to payment processing, which verifies the accounts to be charged and amount to be paid. If the assigned approver is unavailable, the Director of Industry Affairs and Operations and President are authorized to approve Commission invoices if necessary to meet due dates (4.02.C1).**

4.03 PROCESSING INVOICE WITH PURCHASE ORDER

RESPONSIBILITIES:

- Business Support Manager– Matches invoice to Purchase Order (PO) and packing list, enters as a Bill in QuickBooks Online for processing.
- Directors/Department Heads and Staff – Review and approve invoices before payment.

DEFINITIONS: None.

REPORTS/DOCUMENTS: Vendor Invoices

RELEVANT SYSTEMS:

- QuickBooks Online

REFERENCE MATERIALS: Purchase Order, Packing List

PROCEDURE:

1. Invoices and corresponding backup are sent electronically to the Accounts Payable email address (accountspayable@avocado.org) in a single pdf file for processing. Any hard copy invoices that are received via the mail are opened by Operations Staff, date-stamped, scanned and emailed to the Accounts Payable email address.
2. **Outsourced Accounting matches the invoices to PO and packing list if applicable (4.03.C1).**
   - 2.1 Business Support Manager 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, Business Support Manager 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 the dispute outcome, invoice will either be short paid or Business Support Manager, requester and vendor will sort out the discrepancies until they are resolved.
   - 2.4 Correspondence is systematically attached to the invoice.
3. Business Support Manager monitors Accounts Payable email address, enters invoices as Bills in QuickBooks Online, including all available vendor and invoice information and attaches the packing list if applicable.
4. **After invoice is entered in QuickBooks Online, it is automatically routed to the assigned President/Directors/Department Head or Staff for approval.** Approvers are responsible for reviewing the invoice and ensuring accuracy and reasonableness of the charges.

All invoices must be marked as "Approved" in QuickBooks online prior to payment processing, which verifies the accounts to be charged and amount to be paid. If the assigned approver is unavailable, the Director of

Industry Affairs and Operations and President are authorized to approve Commission invoices if necessary to meet due dates.

4.04 PROCESSING PAYMENT REQUEST

RESPONSIBILITIES:

- Business Support Manager: Reviews check request for accuracy and approvals in line with Authorization Limit Matrix and in compliance with CAC policies and procedures. Enters check request as a Bill in QuickBooks for processing.
- President/Directors/Department Heads and Staff: Create**,** review and obtain approvals for payment requests before payments.

DEFINITIONS:

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

REPORTS/DOCUMENTS: Payment Request Form

RELEVANT SYSTEMS:

- QuickBooks Online

REFERENCE MATERIALS: None

PROCEDURE:

1. On occasion, a payment request is needed when there is no invoice from outside vendors including restaurant bill, advance on future services or delivery of goods, petty cash replenishment and travel advances to CAC board members and employees.
2. Requester completed the Payment Request Form is and obtains necessary approvals.
3. **Payment request must be signed by the requester and approved by President/Director/Department Heads through DocuSign (4.04.C1).**
4. Once approved, the payment request is submitted to the Accounts Payable email address for payment processing.
5. Payment Request Forms are processed by Business Support Manager as invoices, with 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** followed.

4.05 PROCESSING EXPENSE REPORT

RESPONSIBILITIES:

- Business Support Manager: Reconciles expense reports to the attached receipts and ensures expenses are within the CAC Travel, Entertainment and Related Expenses policy. Reviews for accuracy, approval signature within authority, and validates receipts.
- Director of Industry Affairs and Operations: Reviews and approves Operations staff expense reports.
- Director of Marketing: Reviews and approves Marketing staff expense reports.
- President: Reviews and approves Director of Industry Affairs and Operations and Director of Marketing expense reports. Chair/Treasurer: Reviews and approves President, Vice President and Board Member expense reports.

DEFINITIONS:

Expense Report: A source document prepared by CAC staff and board members to request for reimbursement for CAC expenses incurred by the requester.

REPORTS/DOCUMENTS: Expense Report

RELEVANT SYSTEMS:

- QuickBooks Online
- DocuSign

REFERENCE MATERIALS: None

PROCEDURE:

1. All expense claims are required to be properly itemized on a CAC Expense Report Form for Staff and Board Members. Expense Reports are required to be accompanied by the necessary documentation including original receipts, travel itinerary, meeting agenda, etc.
2. For staff expense report, the requester's supervisor reviews and approves the expense report before it is emailed to the Accounts Payable email address (accountspayable@avocado.org).
3. Business Support Manager reconciles expense reports 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. Business Support Managet ensures the appropriate level of authority has approved expense reports through DocuSign (per the Authorization Limit Matrix).
5. Business Support Manager enters the expense report as a Bill in QuickBooks and processes payment.

4.06 PROCESSING INVOICE WITHOUT CONTRACT OR PURCHASE ORDER

RESPONSIBILITIES:

- Business Support Manager: Reviews invoice for accuracy and enters as a Bill in QuickBooks for processing.
- President/Directors/Department Heads and Staff – Review and approve invoices before payment.

DEFINITIONS: None

REPORTS/DOCUMENTS: None

RELEVANT SYSTEMS:

- QuickBooks Online

REFERENCE MATERIALS: None

PROCEDURE:

1. Invoices and corresponding backup are sent electronically to the Accounts Payable email address (accountspayable@avocado.org) in a single pdf file for processing. Any hard copy invoices that are received via the mail are opened by Operations Staff, date-stamped, scanned and sent to the Accounts Payable email address.
2. Business Support Manager monitors Accounts Payable email address, enters invoices as Bills in QuickBooks Online, including all available vendor and invoice information.
3. **After invoice is entered in QuickBooks Online, it is automatically routed to the assigned President/Directors/Department Head or Staff for approval.** Approvers are responsible for reviewing the invoice and ensuring accuracy and reasonableness of the charges.
4. **All invoices must be marked as "Approved" in QuickBooks online prior to payment processing, which verifies the accounts to be charged and amount to be paid. If the assigned approver is unavailable, the Director of Industry Affairs and Operations and President are authorized to approve Commission invoices if necessary to meet due dates (4.02.C1).**

5.00 CASH DISBURSEMENTS

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

5.01 CHECK RUN

RESPONSIBILITIES:

- Business Support Manager: Ensures all invoices/payment requests/expense reports have been entered as Bills in QuickBooks online. Obtains necessary approvals on the Payment Approval Register.
- Director of Industry Affairs and Operations: Reviews payment approval registers for completeness and schedules payments through QuickBooks Online Bill Payment system.
- Director of Industry Affairs and Operations/President/Treasurer: At least two must sign the Payment Approval Register prior to payment processing (per the Authorization Limit Matrix).

DEFINITIONS:

- Check Run: A series of procedures to generate payments for invoices requiring a physical printed check selected based on their due dates
- Payment Approval Register: QuickBooks Online report that shows invoices due for payment

REPORTS/DOCUMENTS:

- Payment Approval Register

RELEVANT SYSTEMS:

- QuickBooks Online
- QuickBooks Online Bill Payment
- DocuSign

REFERENCE MATERIALS: None

PROCEDURE:

1. Check runs are generally processed once a week.
2. Business Support Manager ensures all Bills entered in QuickBooks have been approved and runs a Payment Approval Register for all Bills due within 14 days of the check run date and sends to the Director of Industry Affairs and Operations for review.
3. Director of Industry Affairs and Operations **verifies that there are no unusual items, samples and checks the coding and approvals on the invoices. Once completed, Director**

of Industry Affairs and Operations advises Business Support Manager that the Payment Approval Register can be sent for approval through DocuSign (per the Authorization Limit Matrix).

4. Upon receipt of signature approvals on the Payment Approval Registers via DocuSign, the Director of Industry Affairs and Operations identifies physical check vendors and schedules for payment through the QuickBooks Online Bill Payment system within QuickBooks Online.
5. Physical checks processed through QuickBooks Online Bill Payment system are issued, printed and mailed directly from QuickBooks/Intuit.

5.02 AUTOMATED CLEARING HOUSE (ACH)

RESPONSIBILITIES:

- Business Support Manager: Ensures all invoices/payment requests/expense reports have been entered as Bills in QuickBooks online. Obtains necessary approvals on the Payment Approval Register.
- Business Support Manager: Enters ACH payments on Bank website and marks Bills as paid in QuickBooks Online.
- Director of Industry Affairs and Operations: Reviews and approves ACH payments on Bank website.
- Director of Industry Affairs and Operations/President/Treasurer: At least two must sign the Payment Approval Register prior to payment processing (per the Authorization Limit Matrix).

DEFINITIONS: None

REPORTS/DOCUMENTS: Payment Approval Register

RELEVANT SYSTEMS:

- QuickBooks Online
- Bank website

REFERENCE MATERIALS: None

PROCEDURE:

1. ACHs are generally processed once a week.
2. Business Support Manager ensures all Bills entered in QuickBooks have been approved and runs a Payment Approval Register for all Bills due within 14 days of the payment run date and sends to the Director of Industry Affairs and Operations for review.
3. **Director of Industry Affairs and Operations verifies that there are no unusual items, samples and checks the coding and approvals on the invoices. Once completed, Director of Industry Affairs and Operations advises Business Support Manager that the Payment Approval Register can be sent for approval through DocuSign (per the Authorization Limit Matrix).**
4. Upon receipt of signature approvals on the Payment Approval Registers via DocuSign, the Business Support Manager identifies ACH vendors and inputs payment amounts on the vendor ACH payment template on the Bank website and advises the Director of Industry Affairs and Operations that the ACH payments have been entered for approval.

5. **Director of Industry Affairs and Operations approves the ACH payments on Bank's website (5.02.C3).**
6. **If new ACH vendors are identified the Business Support Manager enters any new ACH vendors on bank website and the Director of Industry Affairs and Operations approves any changes to ACH vendors on the bank ACH database.**
7. **All ACH transactions, such as vendor maintenance and payments, require dual control (5.02.C1).**

5.03 WIRE TRANSFERS

RESPONSIBILITIES:

- Business Support Manager: Ensures all invoices/check requests/expense reports have been entered as Bills in QuickBooks online. Obtains necessary approvals on the Payment Approval Register.
- Business Support Manager: Enters Wire Transfer payments on Bank website and marks Bills as paid in QuickBooks Online.
- Director of Industry Affairs and Operations: Reviews and approves Wire Transfer payments on Bank website.
- Director of Industry Affairs and Operations/President/Treasurer: At least two must sign the Payment Approval Register prior to payment processing (per the Authorization Limit Matrix).

DEFINITIONS: None

REPORTS/DOCUMENTS: Payment Approval Register

RELEVANT SYSTEMS:

- QuickBooks Online
- Bank Website

REFERENCE MATERIALS: None

PROCEDURE:

1. Wire Transfer payments are generally processed once a week.
2. Business Support Manager ensures all Bills entered in QuickBooks have been approved and runs a Payment Approval Register for all Bills due within 14 days of the payment run date and sends to the Director of Industry Affairs and Operations for review.
3. **Director of Industry Affairs and Operations verifies that there are no unusual items, samples and checks the coding and approvals on the invoices. Once completed, Director of Industry Affairs and Operations advises Business Support Manager that the Payment Approval Register can be sent for approval through DocuSign (per the Authorization Limit Matrix).**
4. Upon receipt of signature approvals on the Payment Approval Registers via DocuSign, the Business Support Manager identifies Wire Transfer vendors and inputs payment amounts on the vendor Wire Transfer payment template on the Bank website and advises the

Director of Industry Affairs and Operations that the Wire Transfer payments have been entered for approval.

5. **Director of Industry Affairs and Operations approves the Wire Transfer payments on Bank's website (5.02.C3).**
6. **If new Wire Transfer vendors are identified the Business Support Manager enters any new Wire Transfer vendors on bank website and the Director of Industry Affairs and Operations approves any changes to Wire Transfer vendors on the bank ACH database.**
7. **All Wire Transfer transactions, such as vendor maintenance and payments, require dual control (5.02.C1).**

5.04 BANK TRANSFER BETWEEN CAC ACCOUNTS

RESPONSIBILITIES:

- Business Support Manager: Record transfer of funds between bank accounts in QuickBooks Online.
- Director of Industry Affairs and Operations: Monitors CAC bank balances and identifies if a transfer between CAC's accounts is necessary. Performs bank transfer between accounts.
- President: Reviews and approves Transfer Between Accounts Form.

DEFINITIONS: None

REPORTS/DOCUMENTS: Transfer Between Accounts Form

RELEVANT SYSTEMS:

- QuickBooks Online
- DocuSign
- Bank Website

REFERENCE MATERIALS: None

PROCEDURE:

1. Director of Industry Affairs and Operations monitors the balance of CAC's checking account and determines if a transfer between accounts is needed. If it is, Director of Industry Affairs and Operations prepares a Transfer Between Accounts Form and sends to President for signature approval through DocuSign.
2. Upon receipt of approval through DocuSign, the Director of Industry Affairs and Operations completes the transfer on the Bank website, saves transaction confirmation and attaches it to the signed Transfer Between Accounts Form and saves in the appropriate month-end folder on the CAC servers.
3. Business Support Manager records the bank transfer in QuickBooks Online as part of the month-end close bank reconciliation and attaches the Transfer Between Accounts form as supporting documentation.

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 current fiscal year must be received for reimbursement prior to the end of the current fiscal year. Once the fiscal year has been closed, expenses will not be reimbursed. All claims for reimbursement require a CAC Expense Report Form to be completed 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 a CAC Expense Report Form for CAC Staff and Board Members. Expense Reports are required to be accompanied by the necessary documentation including 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 for each week is filled out separately showing expenses incurred for each day of the week with Sunday being the first day of the week. Required approval levels for expense reports is outlined in the Authorization Limit Matrix.

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 screenshot 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.

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 (Chair/Treasurer if the expenses are submitted by the President, Treasurer if the expenses are submitted by the Chair).

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 President/Chair/Treasurer.

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 Marriott, 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 President, the Chair/Treasurer or, in the case of the Chair, a member of the Executive Committee besides the Chair.

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. Chair/Treasurer shall approve extraordinary expenses by the President and Board Members. Member of the Executive Committee shall approve extraordinary expenses incurred by the Chair. 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 Chair. 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. Chair/Treasurer shall approve extraordinary expenses by the President and Board Members. A member of the executive committee shall approve extraordinary expenses incurred by the Chair.

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 Reports 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:

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 (i.e. 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 byPresident 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 members 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 President 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 arrange 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 for CAC staff. Chair/Treasurer shall approve extraordinary expenses by the President and Board Members. A member of the executive committee shall approve extraordinary expenses incurred by the Chair. 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

Maximum group meal allowance is inclusive of Alcohol purchases. Alcohol reimbursement for CAC meetings and other functions 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 Chair/Treasurer 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 Board Members and Alternates while on CAC Business

Alcohol purchases by CAC Board members and alternates while traveling on CAC business are permitted, with the following conditions:

- No more than two (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:

- Business Support Manager: Ensure that expense reports are in compliance with CAC Travel & Entertainment Policy.
- Director of Industry Affairs and Operations: Ensures compliance with relevant tax laws, as well as state and federal rules and regulations.

DEFINITIONS: None

REPORTS/DOCUMENTS: Expense Report Form

RELEVANT SYSTEMS: N/A: Manual Process

REFERENCE MATERIALS: None

PROCEDURE:

1. All expense claims are required to be properly itemized on a CAC Expense Report Form for CAC Staff and Board Members. Expense Reports are required to be accompanied by the necessary documentation including original receipts, travel itinerary, meeting agenda, etc.
2. **Business Support Manager 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. (6.01.C1).**
3. **At least annually, Director of Industry Affairs and Operations consults with a Tax CPA firm to make sure that all taxable fringe benefits are reported on employees' W2s. Director of Industry Affairs and Operations 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:

- Business Support Manager: 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**. **Business Support Manager reviews 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:

- Director of Industry Affairs and Operations: Properly capitalizes fixed assets and records monthly depreciation expense.
- President: Reviews and approves fixed asset journal entries

DEFINITIONS: None

REPORTS/DOCUMENTS: Month-End Close Workbook

RELEVANT SYSTEMS: MS Excel

REFERENCE MATERIALS: None

PROCEDURE:

1. The Commission shall maintain a listing of all fixed assets. Detailed records of these assets are recorded and kept as part of the month-end close workbook prepared by Director of Industry Affairs and Operations and shall be kept for the historical record and for ease of information retrieval.
2. 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
Land Improvements	Remaining Term of Lease

3. **Journal entries to record fixed asset transactions are prepared by Director of Industry Affairs and Operations and reviewed and approved by President (7.01.C1).**

7.02 DISPOSAL OF FIXED ASSETS

RESPONSIBILITIES:

- Operations Staff: Determines if an item is to be designated as surplus property. Controls and disposes of surplus and obsolete property.
- President and Treasurer: Approves disposal of all fixed assets.

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 asset 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 and Treasurer 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 timecard entries on Paychex Flex
- Business Relations Manager: Reviews and checks all time entries after they have been approved by supervisors

DEFINITIONS: None

REPORTS/DOCUMENTS: Online timecard report

RELEVANT SYSTEMS: Paychex Flex

REFERENCE MATERIALS: None

PROCEDURE:

1. CAC utilizes timesheet software called Paychex Flex 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 Paychex Flex.
3. **Supervisors review and approve their direct reports' hours and time-off bookings on Paychex Flex. President's time-off bookings shall be approved by Chair (8.01.C1).**

8.02 PAYROLL SUBMISSION AND APPROVAL

RESPONSIBILITIES:

- Business Relations Manager: Reviews and checks all time entries and enters them to 3rd-party payroll processing software through Paychex Flex. Prepares payroll journal entries for Outsourced Accounting to enter into QuickBooks Online.
- Director of Industry Affairs and Operations: Approves payroll entries prior to processing. Reviews and approves payroll journal entries prepared by Business Relations Manager. Enters approved payroll journal entries into QuickBooks Online.

DEFINITIONS: None

REPORTS/DOCUMENTS:

- Payroll Register from Paychex Flex
- Payroll Journal Entry Form

RELEVANT SYSTEMS:

- Paychex Flex
- DocuSign
- QuickBooks Online

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 Paychex, which calculates all the payroll tax deductions, files all necessary payroll reports and submits all taxes.
4. Business Relations Manager enters the hours into Paychex payroll worksheet and provides a preview payroll register for Director of Industry Affairs and Operations review. Business Relations Manager also attaches the timesheets, change authorization forms and other backups to support the payroll. **New employee addition requires President's or Executive Committee's written approval (e.g. offer letter, etc.) which should also be attached as payroll backup (8.02.C1).**
5. **Director of Industry Affairs and Operations reviews the preview payroll registers and makes sure the pay rates, hours entered and deductions are correct. Director of**

Industry Affairs and Operations refers to the rates authorized by the President or Executive Committee (8.02.C2).

6. Upon Director of Industry and Operation's approval, Business Relations Manager submits the payroll to Paychex for processing.
7. CAC paystubs are paperless and employees have access to their paystubs online. If there are any paychecks and/or paycheck stubs printed, Business Relations Manager distributes them to the employees. For employees enrolled in direct deposit, funds are wired to their bank accounts on record.
8. **By the 5th of the following month, Business Relations Manager prepares payroll journal entries. Director of Industry Affairs and Operations reviews them for correct coding and period,provides signature approval through DocuSign and enters journal entry into QuickBooks Online (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:

- Business Relations Manager: Reconciles vacation and sick time for each employee. Provides quarterly vacation balances to Director of Industry Affairs and Operations for short-term liability vacation accrual.
- Director of Industry Affairs and Operations: Prepares and enters quarterly short-term liability vacation journal entry.

DEFINITIONS: None

REPORTS/DOCUMENTS:

- Payroll Register from Paychex Flex
- Vacation and Sick Time Balance Reports from Paychex Flex
- Month-End Close Workbook

RELEVANT SYSTEMS:

- Paychex Flex
- QuickBooks Online
- DocuSign

REFERENCE MATERIALS: None

PROCEDURE:

1. Refer to Employee Handbook for policies on vacation and sick time.
2. **Employees enter time-off bookings to Paychex Flex. Supervisors approve them before they become final (8.03.C1).**
3. Paychex Flex calculates vacation and sick time accruals monthly. Paychex Flex also automatically reconciles vacation and sick time for each employee based on the final and approved time-off bookings.
4. Quarterly, Business Relations Manager provides a summary of accrued vacation balances to Director of Industry Affairs and Operations.
5. Director of Industry Affairs and Operations prepares quarterly short-term liability vacation journal entry and submits to President for approval through DocuSign.
6. Upon receipt of approved short-term liability vacation journal entry, Director of Industry Affairs and Operations enters into QuickBooks Online, truing up the Commission's current short-term liability balance.
7. **At the end of the year, Business Relations Manager provides a report of unused but accrued vacation and sick time to each employee. Each employee is required to**

review and sign the report through DocuSign if they agree with the report totals (8.03.C2).

9.0 BUDGET

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

9.01 BUDGET PREPARATION

RESPONSIBILITIES:

- Director of Industry Affairs and Operations: Coordinates company-wide expenditure budgeting and works with President/Chair/Treasurer to project revenue.
- Directors/Department Heads: Prepare departmental budgets.
- President: Works with Executive Committee to project revenue.

DEFINITIONS:

- The term budget applies to expenditures whereas projection applies to revenue and other income.
- Reserves are estimated by determining the revenue projection and expenditure budget. CAC management must adhere to the Board-approved Reserve Policy which defines the target ending reserves at year-end and may affect the planning and budgeting processes.

REPORTS/DOCUMENTS: Budget Template

RELEVANT SYSTEMS: MS Excel

REFERENCE MATERIALS: None

PROCEDURE:

1. Directors/Department Heads are responsible for preparing and presenting their departmental budgets. Formats for these budgets and the Budget Template are provided by the Director of Industry Affairs and Operations.
2. There are four major departments: Marketing, Industry Affairs, Production Research, and Operations.
3. President estimate assessment revenues based on inputs from crop estimating surveys, discussion with industry stakeholders and other sources.
4. President present a revenue projection, business plan, budget and target ending reserves to be considered by the Board to determine the annual assessment rate.
5. The Board approves the business plan and budget and sets the assessment rate before November 1 each year.

9.02 BUDGET UPDATE AND CHANGE DURING THE YEAR

RESPONSIBILITIES:

- Director of Industry Affairs and Operations: Prepares revised budgets and budget amendments.
- President: Keeps the Board apprised of budget changes.

DEFINITIONS: None

REPORTS/DOCUMENTS: Budget Amendment

RELEVANT SYSTEMS: MS Excel

REFERENCE MATERIALS: None

PROCEDURE:

1. Any budget changes/transfers must be submitted to the President. The President will keep the Board apprised of budget changes that do not require new money requests.
2. New money requests and any other changes/transfers of budget funds from one department section to another or from one department to another, must be submitted to Director of Industry Affairs and Operations who prepares a budget amendment for Board approval.
3. President determines if non-major changes and intra-departmental changes/transfers need to be included as part of a budget amendment.

9.03 BUDGET SUBMISSION TO THE BOARD AND REGULATORY AGENCIES

RESPONSIBILITIES:

- Director of Industry Affairs and Operations: 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, that is November 1st.
2. The 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 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. Director of Industry Affairs and Operations submits the Board-approved business plan, budget and budget amendments to United States Department of Agriculture (USDA) for review and approval.
6. Director of Industry Affairs and Operations submits the Board-approved business plan, budget and budget amendments to California Department of Food & Agricultural (CDFA) for informational purposes only.

9.04 BUDGET MONITORING

RESPONSIBILITIES:

- Directors/Department Heads: Review expenditures and monthly financial statements to ensure spending is within the approved budget. Provide commentary for major variances in monthly financial statements.
- Director of Industry Affairs and Operations: Prepare monthly financial statements for Directors/Department Heads to review. Perform correcting entries as requested by Directors/Department Heads.

DEFINITIONS: None

REPORTS/DOCUMENTS: Income Statements

RELEVANT SYSTEMS: QuickBooks Online

REFERENCE MATERIALS: Budget Tracker

PROCEDURE:

1. Directors/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, Directors/Department Heads must be consulted and their consent as well as approval must be obtained.
3. **On a monthly basis, Director of Industry Affairs and Operations distributes the income statements with budget comparison to all Directors/Department Heads. Directors/Department Heads must review the income statements and investigate any discrepancies with budget trackers or other documents. Directors/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. (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 MARKETING SUBMISSIONS TO USDA

OBJECTIVE: To ensure that marketing materials developed with federal funds obtain approval from USDA prior to use

POLICY: Assessment revenues that are received by Hass Avocado Board and are rebated to CAC are restricted for use on USDA-approved marketing programs.

10.01 SECURING USDA APPROVAL OF MARKETING MATERIALS

RESPONSIBILITIES:

- Marketing Agencies and Staff: Develop marketing materials following USDA guidelines and provide substantiation for USDA approvals.
- Marketing Staff: Prepares materials and substantiation for Vice Preside of Marketing and USDA approval, documents subsequent approvals and saves to CAC's servers.
- Director of Marketing: Reviews and approves developed marketing materials prior to USDA submission.

DEFINITIONS: None

REPORTS/DOCUMENTS: None

RELEVANT SYSTEMS:

- MS Word
- MS Outlook

REFERENCE MATERIALS: USDA Guidelines for AMS Oversight of Commodity Research and Promotion Programs

PROCEDURE:

1. DETERMINE FUNDING SOURCE

- Determine whether the program materials are funded by CAC or HAB 85% Rebate funds
- If funded by CAC, the materials do not require USDA approval, but messaging should still follow the same standards
- If funded by HAB 85% funds, USDA approval is required
  - USDA must review and approve all program materials developed using the HAB 85% funds [all accounts with "-50" (e.g., 51002-50)] prior to use

2. PREPARE COPY FOLLOWING USDA GUIDELINES, INCLUDING

- Use only true statements or depictions and follow the Federal Trade Commission guidelines for advertising, internet and other marketing materials
- Do not use false, misleading or deceptive statements
- Do not sure any statement or depiction that disparages other origins, another commodity or product

3. PROVIDE SUPPORTING DOCUMENTATION IF NEEDED

- Agencies and staff must secure internal and all third-party approvals (as needed) prior to submitting to CAC for approval, including approvals for any image/photo that is going to accompany the document
- Data must be from a reputable, third-party source
- Nutrition and health facts must be supported by a reputable government source (i.e., Dietary Guidelines, Medline Plus, NIH, FDA, Let's Move, etc.) or USDA-approved Nutrition Copy Points
- It is OK to submit an email showing previous approval by USDA. However, just because a statement was approved in the past does not mean it will automatically be approved again. USDA may request the original documentation provided for the original approval

4. PREPARE COPY DOCUMENT FOR USDA SUBMISSION

Copy Document

- Use a Word document so the tracked changes feature can be utilized
- Copy requiring support to be highlighted in yellow
- Support references to be bolded in red and with brackets (no highlight)
- Final copy document to include "FINAL" with the date

Supporting Document/Files

- All documents containing nutrition copy must include supporting documentation
- If the document mentions claims or statistics, attach proper substantiation
- Highlight only copy that provides the support
- Support references to be in in red with brackets (no highlight)
- Support reference to be close to the copy requiring support
- If multiple support documents, number each as "A, B, C" or "1, 2, 3"
- The support file to be the same name as the document file with "SUPPORT" and date at the end
- If using nutrition copy points, it is OK to delete "full pages" that are not being used
    - DO NOT pull-out single nutrition messages and make your support

5. SUBMISSION

- Requests for review should be sent to the CAC marketing staff member who manages the program with a cc to the Director of Marketing
- The above contacts will review, route and secure internal approvals. After securing the Director of Marketing approval, it can be submitted to USDA by the CAC marketing staff contact
- When sending the final request for USDA approval, include a Setup which includes the following information:
  - Exactly what the request is
  - Date approval is needed by
  - What email includes and how the materials will be used (e.g., release distribution, ad placement, in-store POS, placement on CAC's websites, etc.)
  - Details and/or documentation of any contracts and/or pre-approvals
  - File attachments must not exceed 12 MB (USDA's email maximum)
    - If your documents exceed that maximum, convert them to pdf files
    - For video review links, use Hightail or Google Drive; USDA cannot use/access Dropbox

NOTE: USDA standard approval time is 2-3 days.

After USDA approval of the copy is received, the submitter will forward the email to all people copied on the original request.

- After the creative has completed (e.g., graphics, video, etc., the final file will be sent to USDA for their files/final approval)

6. FILING

- The email of the copy will be saved in Outlook Message format in the CAC SharePoint location in a folder of the current year: CAC-Corporate - Merchandising/USDA (includes all marketing correspondence – files stored indefinitely in the cloud)
  - File name format: e.g., USDA Approval of 2024 CAC Display Bin Copy (3-13-24)
- Email approval of the creative to be saved in the same location
  - File name format: e.g., USDA Approval of 2024 CAC Display Bin Creative (3-20-24)

11.0 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.

11.01 MONTH-END CLOSE

RESPONSIBILITIES:

- Director of Industry Affairs and Operations: Develop and maintain Month-End Close Workbook.

DEFINITIONS: None

REPORTS/DOCUMENTS:

- Month-End Close Checklist

RELEVANT SYSTEMS:

- MS Excel
- QuickBooks Online

REFERENCE MATERIALS: None

PROCEDURE:

1. Director of Industry Affairs and Operations develops and maintains a Month-end Close Workbook, which is saved on the shared drive. The workbook will be used to ensure all steps in closing the month are completed.
2. Director of Industry Affairs and Operations goes through the workbook and performs all the necessary steps before locking the current period in QuickBooks Online. Once the current period in QuickBooks Online is locked, it may only be reopened by use of a passcode. This control ensures the integrity of all the balances and reports.
3. **Upon locking the current period in QuickBooks online, Director of Industry Affairs and Operations will save all relevant reports to the month-end close workbook and on CAC servers. Director of Industry Affairs and Operations is responsible to review the month-end close workbook and monthly financial reports and investigates any unusual entries (10.01.C1).**

The current listing of month-end close activities that governs the month-end close process and workbook is included below. Director of Industry Affairs and Operations documents completion of tasks with entry of a completion date and the final listing is sent to the President for review and approval through DocuSign.

California Avocado Commission
Month-end Checklist

CA Avocado Commission
Month-End Checklist
Month Year

Tasks	Source	Performed By	Date Completed
Compare and Reconcile pounds reported to AIP and CAC, compare to AMRIC estimate and HAS	AMRIC, HAS		
MEC Delivery: Email CAC Staff and Vendor Financial Reports (YTD)	QBO		
Lock Accounting Period in QBO with password	QBO		
Final Review of MEC Workbook (Investigate any outstanding accruals, receivables, suspense accounts, due to/due from, etc.)	QBO		
Send Financial Package to Ken to review	QBO		
Send Financial Package through DocuSign	QBO		
Save as PDF: A/P Aging Summary and A/P Aging Detail	QBO		
Save as PDF: A/R Aging Summary and A/R Aging Detail	QBO		
Save as PDF: Check Detail by Vendor Report (mainly delivered to the Board)	QBO		
Save as PDF: Check Detail by Date Report	QBO		
Upload all final/signed documentation to CAC servers	QBO		
Send Financial Package to Finance Committee	QBO		

Month-End Close Journal Entries	Source	Performed By	Date Completed
MEC JE for 10010-000 BMO Checking (5241) - Record Bank Fees	QBO		
MEC JE for 10010-000 BMO Checking (5241) - Record Payroll Entries	QBO		
MEC JE for 10110-000 BMO Money Market (5407) - Record Bank Fees	QBO		
MEC JE for 10110-000 BMO Money Market (5407) - Record Interest Income	QBO		
MEC JE for 13002-000 Prepaid Expenses	QBO		
MEC JE for Leased Assets Amortization/Lease Liabilities	QBO		
MEC JE for 20101-000 Accrued Expenses - Accrue USDA & CDFA User Fees	QBO		
MEC JE for 40001-000 Revenue for CAC - Accrue Income for CAC Assessment Revenue	QBO		
MEC JE for 40011-000 Revenue for CAC - Accrue Income for HAB Assessment Revenue	QBO		
MEC JE for 51805-000-50 Marketing Personnel Expense - Record monthly personnel expense billable to Restricted Funds	QBO		
MEC JE for 20101-000 Accrued Expenses - Accrue Monthly Vendor Invoices	QBO		
MEC JE for Staff/Vendor Corrections	QBO		
MEC JE for 10110-000-50 for Restricted Cash Balance	QBO		
MEC JE for Not Specified Transactions (Code to Restricted/Unrestricted)	QBO		

Schedules	Source	Performed By	Date Completed
MEC Schedule Update for 12009-000 Misc Receivables	MEC WKBK		
MEC Schedule Update for 12004-000 (AIP due to CAC)	MEC WKBK		
MEC Schedule Update for Restricted Cash Balance - 85% Rebate, relates to 11002 Assessment Receivable	MEC WKBK		

Quarterly	Source	Performed By	Date Completed
QEC JE: 21021-000 Vacation Payable - Short Term - Record current QTR vacation balance (Jan, Apr, July, Oct)	HR		
QEC JE: 10210-000-00 LAIF - Record Interest Income from LAIF (Jan, Apr, July, Oct)	LAIF website		
Send Balance Sheet, Budget Income Stmt, & 85% Income Stmt to USDA (3 months ending Jan, Apr, July, Oct)	QBO		
Send Financial Statements to CAC financial institution (3 months ending Jan, Apr, July, Oct)	QBO		

Year-End	Source	Performed By	Date Completed
YEC JE: Record FMV of LAIF balance as of 10/31	LAIF website		
YEC JE: Record Net Assets Roll Forward	QBO		
YEC JE: Review Net Position	QBO		

APPROVED:

April Aymami, Director of Industry Affairs and Operations

APPROVED:

Ken Melban, President

11.02 YEAR-END CLOSE

RESPONSIBILITIES:

- Director of Industry Affairs and Operations: Perform year-end procedures
- Business Support Manager: 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:

- QuickBooks Online
- DocuSign
- MS Excel

REFERENCE MATERIALS: None

PROCEDURE:

1. Business Support Manager categories all invoices (including expense reports) that need to be accrued and enters in QuickBooks Online in the year expenses were incurred.
2. For accrual of expenses without invoices, the Directors/Department Heads prepare estimates for expenses incurred but not yet invoiced. Director of Industry Affairs and Operations prepares accrual journal entries for these estimates and obtains Presidents approval through DocuSign.
3. Director of Industry Affairs and Operations and Business Support Manager perform the following steps:
    - Request Operations Staff to refill postage and record accrued postage expenses
    - Investigate old outstanding receivables and accruals
    - Adjust LAIF balance to fair market value
    - Accrue vacation payable balance
    - Accrue payroll and payroll tax expense
    - Write off any uncollectable grant receivables and accrue any pending grant reimbursements
    - Reconcile assessment revenues between HAS and QuickBooks Online
    - Prepare Prepared-by-Client schedules as requested by auditors

11.03 FINANCIAL REPORTING

RESPONSIBILITIES:

- Director of Industry Affairs and Operations: Locks periods in QuickBooks Online, prepares and distributes financial reports. Performs required journal entries.
- President: Review and approves all journal entries.
- Directors/Department Heads: Reviews and assign account codes on the invoices
- Director of Industry Affairs and Operations/President: Reviews variance analysis

DEFINITIONS: None

REPORTS/DOCUMENTS: None

RELEVANT SYSTEMS: MS Excel

REFERENCE MATERIALS: None

PROCEDURE:

1. **Invoices are forwarded to the Directors/Department Heads for approval through QuickBooks Online. Directors/Department Heads approval in QuickBooks Online that verifies the accounts to be charged and amount to be paid. If the assigned approver is unavailable, the Director of Industry Affairs and Operations and President are authorized to approve Commission invoices if necessary to meet due dates (4.02.C2).**
2. **On a monthly basis, Director of Industry Affairs and Operations distributes the income statements with budget comparison to all Directors/Department Heads. Directors/Department Heads must review the income statements and investigate any discrepancies with budget trackers or other documents. Directors/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 Director of Industry Affairs and Operations by the end of the month (9.04.C1)**
3. **Director of Industry Affairs and Operations locks the current period in QuickBooks Online and saves all relevant reports to the month-end close workbook and on CAC servers. Director of Industry Affairs and Operations reviews the month-end close workbook and monthly financial reports and investigates any unusual entries (11.01.C1).**
4. All journal entries are prepared and posted by Director of Industry Affairs and Operations. President reviews and approves all journal entries.
5. At every Finance Committee meeting the Balance Sheet and Income Statement are presented 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 information such as social security, medical record, etc. Payroll and performance review documents are not deemed confidential in this context.

12.0 COMPLIANCE AND CHANGES TO POLICIES & PROCEDURES

OBJECTIVE: To ensure compliance to policies and procedures

12.01 COMPLIANCE

RESPONSIBILITIES:

- President and Director of Industry Affairs and Operations: 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 Director of Industry Affairs and Operations to all employees.
2. Any violation of the finance and accounting policies and procedures may be grounds for a disciplinary action including termination.

12.02 CHANGES TO POLICIES AND PROCEDURES

RESPONSIBILITIES:

- Directors/Department Heads: Communicate policies and procedural changes including control overrides if any to Director of Industry Affairs and Operations.
- Director of Industry Affairs and Operations: Coordinates the review of the documents by the Directors/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 two ways a Director/Department Head can request changes to current policies and procedures:
    a. Submit change to a current policy and/or procedure in writing to Director of Industry Affairs and Operations. A policy number, name and revision number must be included in the request, along with 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 of MS Word from Director of Industry Affairs and Operations 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 the Director of Industry Affairs and Operations 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 Director of Industry Affairs and Operations 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 Directors/Department Heads for further discussion.

3. The Director of Industry Affairs and Operations makes changes to existing documents and assigns the next revision number when the changes are accepted.
4. The Director of Industry Affairs and Operations 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. Director of Industry Affairs and Operations will post revised policies on the shared drive once they have been finalized.

13.0 CODE OF CONDUCT AND ETHICS

13.01 INTRODUCTION AND GENERAL POLICY

This Code of Conduct and Ethics (Code) applies to all employees 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 Commission staff. Ethical conduct and loyalty are inherent obligations and employees 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 staff members. CAC expects every employee to conduct themselves in strict compliance with all legal and ethical obligations, and to avoid even the appearance of impropriety. CAC's philosophy can be implemented only if CAC staff recognize their responsibilities and take care in following this policy.

CAC expects each staff 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 employee.

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.

13.02 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 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
3. Fraud, whether or not material, that involves Board members and staff members who have a significant role in internal control or financial reporting

13.03 USE OF CAC ASSETS

General

Protecting CAC's assets is a key fiduciary responsibility of every staff member. Care should be taken to ensure that assets are not misappropriated. All staff members are responsible for the proper use of CAC's assets, and must safeguard such assets against loss, damage, misuse or theft. Staff members must not use CAC identification, stationery, supplies, or equipment for personal or political matters. 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

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. 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 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.

13.04 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. 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.

13.05 PAYMENT PRACTICES

Accounting Practices

CAC's responsibility to its constituents and to the public requires that all transactions be fully and accurately recorded in 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 be used for or contributed to political campaigns, candidates, or political parties.

Prohibition of Inducements

Under no circumstances may 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.

13.06 RESPONSIBILITIES TO CONSTITUENTS AND SUPPLIERS

Relationship with Constituents and Suppliers
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
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, 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 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.
5. The value of the gift is $50 (U.S.) or less.

Kickbacks and Secret Commissions
Regarding CAC's activities, 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. Staff members who violate this practice will be prosecuted to the fullest extent of the law.

13.07 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.

13.08 REPORTING VIOLATIONS

All staff members are individually responsible for carrying out and monitoring compliance with this Code. 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 Board Chair,
- 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. Staff members will be protected from retaliation of any kind.

13.09 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. 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.

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 determine the disciplinary actions, termination, or removal of the employee from their position.

With respect to Board members, the discipline and termination policies contained in CAC's Code of Conduct and Ethics will determine the disciplinary actions, termination, or removal of the Board member from their position.

14.0 FRAUD POLICY

14.01 INTRODUCTION

CAC Fraud Policy is established to facilitate the development of controls that will aid in the detection and prevention of fraud. 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.

14.02 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 Chair 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.

14.03 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.

14.04 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.

14.05 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 Chair shall have the responsibility of the investigation. If the investigation substantiates that fraudulent activities have occurred, a report will be issued to the Chair. The Chair 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.

14.06 CONFIDENTIALITY

All information received shall be held in strict confidence except where disclosure is expressly permitted by the 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 Section 14.08 Reporting Procedures 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.

14.07 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.

14.08 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.

14.09 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.

15.0 WHISTLEBLOWER PROTECTION POLICY

15.01 POLICY

CAC 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.

15.02 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.

15.03 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 Chair. 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, the following should be provided when filing a complaint:

- A clear and concise statement of what the complainant is alleging is an improper act, why the complainant believes it is improper, and what evidence there is to confirm that what the complainant is saying is true.
- A name or other information that clearly identifies the person the complainant is alleging has acted improperly, and the department where that person works.
- Witnesses or documents that will support what the complainant is alleging.
- The complainant's name and full contact information so the Auditor is able to conduct an interview.
- Submitting copies of any documents that will support the complaint is extremely helpful to the 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 California State Auditor
P.O. Box 1019
Sacramento, CA 95812

As an alternative, the electronic version of the complaint form can be completed at https://information.auditor.ca.gov/pdfs/other/adm-105.pdf, printed it out, and returned it by mail to the above address.

By Phone:

The complainant may call the State Auditor's Whistleblower Hotline at (800) 952-5665 and file a complaint with one of the State Auditor's employees. The hotline is staffed Tuesdays and Thursdays from 11 a.m. to 5 p.m. If you call when the hotline is not staffed, or when staff is occupied with other calls, you may leave a voicemail message requesting a return call.

By Internet:

A complaint can be filed online at
https://information.auditor.ca.gov/contactus/state_auditor_staff_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.

15.04 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 (Attn: Appeals Division), in writing, at 801 Capitol Mall, Sacramento, CA 95814, or may call (916) 653-0799.

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) Internal Control Policies and Procedures (ICPPs). I have read and familiarized myself with the contents and I understand that I will be responsible for adhering to the ICPPs. I agree to abide by the policies and procedures as outlined in the ICPPs and understand that violations are subject to disciplinary action, up to and including termination.

P&P Revision No.: _____

Name: _____
(Print)

Title: _____

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?			

AUTHORIZATION LIMIT MATRIX		CAC Staff	Director of IA & Ops	Business Support Manager	President	Chairman	Treasurer	Member of Executive Comm. Independent of the Expense	Two of DIAOP, President, and Treasurer *	Board Approval	Comment
Contracts	Contracts				✓	✓					
	Leases				✓	✓					
Loan	Line of Credit									✓	Signified by a motion of the Board
Purchase Orders	Purchase Orders > $3,000		✓		✓						
	Purchase Orders <= $3,000				✓						
Invoices	Invoices	✓			✓						
	Invoices > $3,000	✓									
	Invoices <= $3,000	✓									
	Staff Expense Reports	✓									
	Director of Mktg & DIAOPs' Expense Reports				✓						
	President's Expense Reports					✓					
	Board Member's Expense Reports							✓			
Cash Disbursements	Approval of Cash Disbursements > $3,000		✓		✓		✓				
	Approval of Cash Disbursements <= $3,000								✓		
Banking	Change of Authorized Signatories									✓	
	Change of Users Permission				✓						
	Perform Intra Bank Transfer between CAC accounts		✓		✓						
	Authorized Account Signatories		✓		✓	✓	✓				
	Authorized Online Banking Access		✓	✓	✓		✓				
Payroll	New Hire				✓						
	Pay Rate Change-other than President				✓						
	Pay Rate Change-President									✓	
	Payroll Approval		✓								
Accounting Close	Approval of Journal Entries				✓						
	Request Journal Entries & Budget Adjustments	✓									
	Approval of Month End Financials	✓	✓		✓						Month end financials shall be approved by all CAC management designated here in this Authorization Matrix.
Sale of Assets	Sale of Assets > $3,000				✓		✓				
	Sale of Assets <= $3,000				✓						
Receivable Write-off	Receivable write-off				✓						

** 2 authorized bank signatories = Treasurer, President and Director of Industry Affairs and Operations*

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	Director of Industry Affairs and Operations prepares bank reconciliation as part of the financial month-end close, usually by the 5th workday of the following month. President reviews and approves all bank reconciliation as evidenced by signature/date on the month-end close workbook
Cash and Investment	Financial Reporting	Investments	R2	CAC funds are invested in risky investment vehicles	1.01.C1	The President 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 the Investment Policy Review Form
Assessment Collection & Cash Receipts	Cash Receipt	Assessment Collection and Misc. Cash Receipt	R1	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	R1	Cash receipts and cash disbursements are not recorded completely and in the right period	1.02.C1	Director of Industry Affairs and Operations prepares bank reconciliation as part of the financial month-end close, usually by the 5th workday of the following month. President reviews and approves all bank reconciliation as evidenced by signature/date on the month-end close workbook
Assessment Collection & Cash Receipts	Cash Receipt	Assessment Collection and Misc. Cash Receipt	R3	Cash receipts are not immediately deposited to CAC's account; instead used for personal gain	2.01.C2	Director of Industry Affairs and Operations reviews bank transactions to ensure monies received at CAC's office are deposited within 5 business days

Assessment Collection & Cash Receipts	Cash Receipt	Assessment Collection and Misc. Cash Receipt	R4	Cash receipts are not recorded accurately	2.01.C3	Director of Industry Affairs and reviews deposits entered into HAS and QuickBooks Online and compares for accuracy and completeness
Assessment Collection & Cash Receipts	Cash Receipt	Assessment Collection and Misc. Cash Receipt	R4	Cash receipts are not recorded accurately	2.01.C4	Periodically, Director of Industry Affairs and Operations compares CAC assessment summary to various sources including AMRIC and AIP, investigates any major discrepancies, and identifies late assessment payments
Assessment Collection & Cash Receipts	Cash Receipt	Late Assessment Payment	R5	Late assessments are not detected	2.01.C4	Periodically, Director of Industry Affairs and Operations compares CAC assessment summary to various sources including AMRIC and AIP, investigates any major discrepancies, and identifies late assessment payments
Purchasing	Purchasing	Contract	R6	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/Chair. Contract must be properly approved per Authorization Limit Matrix
Purchasing	Purchasing	Contract	R6	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	R6	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 Director of Industry Affairs and Operations and approved (per Authorization Limit Matrix) prior to placing order for which PO is required
Purchasing	Purchasing	Purchase Order	R6	Purchases are not for legitimate CAC business	3.02.C2	Prior to Vendor setup and payment requestor must obtain W-9 Request for Taxpayer Identification verifying Vendor identity
Purchasing	Purchasing	Purchase Order	R6	Purchases are not for legitimate CAC business	3.02.C3	Check requests/Invoices may not be entered into QuickBooks Online until Vendor has been set up
Purchasing	Purchasing	Purchase Order	R6	Purchases are not for legitimate CAC business	3.02.C4	Access to Vendor Setup screen within QuickBooks Online is restricted to authorized accounting personnel

Purchasing	Purchasing	Purchase Order	R6	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 obtained through DocuSign on Purchase Order
Purchasing	Purchasing	Credit Card Purchases	R6	Purchases are not for legitimate CAC business	3.06.C2	Upon receiving credit card statement, Business Support Manager matches the charges to the supporting documentations and approved Credit Card Authorization Forms and attaches them to the statement.
Purchasing	Purchasing	Credit Card Purchases	R6	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 Card Request Form approved by President as evidenced by signature/date on credit card request form. The signatures of any two, Director of Industry Affairs and Operations President or Treasurer, must approve all expenses of $3,000 or more as evidenced by signature/date on Credit Card Request Form prior to payment processing
Purchasing	Purchasing	Bidding	R7	Purchases are not the most cost-effective and efficient	3.03.C1	Purchase amounts of $3,000 and greater require approval by Director of Industry Affairs and Operations/President/Treasurer. 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	R8	Purchases are not recorded and coded correctly and in the right period	4.02.C1	All invoices must be marked as “Approved” in QuickBooks online prior to payment processing, which verifies the accounts to be charged and amount to be paid. If the assigned approver is unavailable, the Director of Industry Affairs and Operations and President are authorized to approve Commission invoices if necessary to meet due dates
AP Invoice Processing	Purchasing	Receiving	R9	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 Business Support Manager
AP Invoice Processing	Purchasing	Receiving	R9	Requester approves payment for fictitious/incomplete delivery of purchased goods	4.01.C2	Operations Staff 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	R6	Purchases are not for legitimate CAC business	4.03.C1	Business Support Manager matches the invoices to PO and packing list if applicable
AP Invoice Processing	Purchasing	Invoice, Packing Slip and Purchase Order Matching	R6	Purchases are not for legitimate CAC business	4.02.C1	All invoices must be marked as "Approved" in QuickBooks online prior to payment processing, which verifies the accounts to be charged and amount to be paid. If the assigned approver is unavailable, the Director of Industry Affairs and Operations and President are authorized to approve Commission invoices if necessary to meet due dates
AP Invoice Processing	Purchasing	Check Request	R6	Purchases are not for legitimate CAC business	4.04.C1	Payment request must be signed by the requester and approved by Directors/Department Heads through DocuSign
Cash Disbursement	Purchasing	Check Run	R6	Purchases are not for legitimate CAC business	5.01.C1	Director of Industry Affairs and Operations verifies that there are no unusual items, sample-checks the coding and approvals. Once completed, Director of Industry Affairs and Operations advises Business Support Manager that the Payment Approval Register can be sent for approval through DocuSign (per the Authorization Limit Matrix)
Cash Disbursement	Purchasing	ACH	R14	CAC employee submits wrong bank information on the ACH database fraudulently or inadvertently	5.02.C1	Business Support Manager enters any new ACH vendors on bank's website; Director of Industry Affairs and Operations approves any changes to ACH vendors on the bank ACH database. All ACH transactions, such as vendor maintenance and payments, require dual control
Cash Disbursement	Purchasing	ACH	R6	Purchases are not for legitimate CAC business	5.02.C2	Payment Approval Registers are provided to the Director of Industry Affairs and Operations for review and sent through DocuSign for approval per the Authorization Limit Matrix. At least two Director of Industry Affairs and Operations/President/Treasurer must sign the Payment Approval Register prior to payment processing
Cash Disbursement	Purchasing	ACH	R6	Purchases are not for legitimate CAC business	5.02.C3	Director of Industry Affairs and Operations approves the ACH payments on Bank's website

Travel, Entertainment & Related Expenses	Purchasing	Travel & Entertainment Expenses Processing	R15	Illegitimate expenses are submitted	6.01.C1	Business Support Manager 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.
Travel, Entertainment & Related Expenses	Purchasing	Travel & Entertainment Expenses Processing	R16	CAC is not compliant with IRS and/or other State & Federal regulatory agencies	6.01.C2	At least annually, Director of Industry Affairs and Operations consults with a Tax CPA firm to make sure that all taxable fringe benefits are reported on employees' W2s. Director of Industry Affairs and Operations 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	R15	Illegitimate expenses are submitted	6.02.C1	Business Support Manager 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	R17	Fixed Assets are not recorded properly	7.01.C1	Journal entries to record fixed asset transactions are prepared by Director of Industry Affairs and Operations and reviewed and approved by President
Fixed Assets	Fixed Assets	Disposal of Fixed Assets	R18	Surplus, obsolete, lost or 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/Treasurer approval before the item can be disposed
Payroll	Payroll	Time Entry and Authorization	R19	Payroll payments are not for correct time	8.01.C1	Supervisors review and approve their direct reports' hours and time-off bookings on Paychex Flex online system. President's time-off bookings shall be approved by Chair
Payroll	Payroll	Payroll Submission & Approval	R20	Payroll payments are for fictitious/unauthorized person	8.02.C1	New employee addition requires President's or Executive Committee's written approval (e.g. offer letter, etc.) which should also be attached as payroll backup

Payroll	Payroll	Payroll Submission & Approval	R21	Pay rates, hours and deductions are incorrect or unauthorized	8.02.C2	Director of Industry Affairs and Operations reviews the preview payroll registers and make sure the pay rates, hours entered and deduction are correct. Director of Industry Affairs and Operations refers to the rates authorized by the President or Executive Committee.
Payroll	Payroll	Payroll Submission & Approval	R22	Payroll-related expenses are not recorded correctly and in the right period	8.02.C3	By the 5th of the following month, Business Relations Manager prepares payroll journal entries. Director of Industry Affairs and Operations reviews them, provides signature approval through DocuSign and enters into QuickBooks Online
Payroll	Payroll	Vacation & Sick Time Accounting	R23	Vacation and sick time are not accounted properly	8.03.C1	Employees enter time-off bookings to Paychex Flex online system. Supervisors approve them before they become final
Payroll	Payroll	Vacation & Sick Time Accounting	R23	Vacation and sick time are not accounted properly	8.03.C2	At the end of year, Business Relations Manager provides a report of vacation and sick time balances to each employee. Each employee is required to review and sign the report through DocuSign if they agree with the report totals
Budget	Budgeting	Budget Monitoring	R24	Expenses incurred are not authorized, budgeted or correctly coded	9.04.C1	On a monthly basis, Director of Industry Affairs and Operations distributes the income statements with budget comparison to all Directors/Department Heads. Directors/Department Heads must review the income statements and investigate any discrepancies with budget trackers or other documents. Directors/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
Financial Reporting and Period End Close	Financial Reporting	Month-end Close	R25	Material errors and omissions occur on financial reports	11.01.C1	Upon locking the current period in QuickBooks online, Director of Industry Affairs and Operations will save all relevant reports to the month-end close workbook and on CAC servers. Director of Industry Affairs and Operations reviews the month-end close workbook and monthly financial reports and investigates any unusual entries
Financial Reporting and Period End Close	Financial Reporting	Month-end Close	R25	Material errors and omissions occur on financial reports	4.02.C1	All invoices must be marked as “Approved” in QuickBooks online prior to payment processing, which verifies the accounts to be charged and amount to be paid. If the assigned approver is unavailable, the Director of Industry Affairs and Operations and President are authorized to approve Commission invoices if necessary to meet due dates

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, Director of Industry Affairs and Operations distributes the income statements with budget comparison to all Directors/Department Heads. Directors/Department Heads must review the income statements and investigate any discrepancies with budget trackers or other documents. Directors/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

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
Revision 1.4	01/01/2017
Revision 1.5	11/01/2019
Revision 1.6	05/15/2024
Revision 1.7	03/05/2026