



# INTERNAL CONTROL POLICIES AND PROCEDURES

---

Effective Date:	November 1, 2019
Revision Number:	1.5
Approved By:	Thomas Bellamore – CAC President
Supersedes:	1.4
Approval Date:	November 1, 2019

---

**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 Vice President of Finance and Administration maintains the master copy of CAC Internal Control Policies and Procedures.



**TABLE OF CONTENTS**

**1.00 CASH AND INVESTMENT ..... 1**

    1.01 INVESTMENT ..... 1

    1.02 BANK RECONCILIATION ..... 2

**2.00 ASSESSMENT COLLECTION AND CASH RECEIPT ..... 3**

    2.01 ASSESSMENT COLLECTION AND MISCELLANEOUS CASH RECEIPT ..... 3

    2.02 LATE ASSESSMENT PAYMENT ..... 6

**3.0 PURCHASING ..... 7**

    3.01 CONTRACT ..... 9

    3.02 PURCHASE ORDER ..... 10

    3.03 BIDDING PROCESS ..... 12

    3.04 AMENDMENTS TO EXISTING CONTRACT ..... 13

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

    3.06 CORPORATE CREDIT CARD AND P-CARD PURCHASES ..... 15

**4.00 AP INVOICE PROCESSING ..... 17**

    4.01 RECEIVING ..... 17

    4.02 PROCESSING INVOICE WITH CONTRACT ..... 18

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

    4.04 PROCESSING CHECK REQUEST ..... 20

    4.05 PROCESSING EXPENSE REPORT ..... 21

    4.06 PROCESSING INVOICE WITHOUT CONTRACT OR PURCHASE ORDER ..... 22

    4.07 PETTY CASH ..... 23

**5.00 CASH DISBURSEMENTS ..... 24**

    5.01 CHECK RUN ..... 24

    5.02 AUTOMATED CLEARING HOUSE (ACH) ..... 26

    5.03 WIRE TRANSFERS ..... 28

**6.0 TRAVEL, ENTERTAINMENT AND RELATED EXPENSES ..... 29**

    6.01 TRAVEL AND ENTERTAINMENT EXPENSES PROCESSING ..... 35

    6.02 MEETING AND OTHER RELATED EXPENSES ..... 36

**7.0 FIXED ASSETS ..... 37**

    7.01 CAPITALIZATION AND AMORTIZATION ..... 37

    7.02 DISPOSAL OF FIXED ASSETS ..... 39

**8.00 PAYROLL ..... 41**



---

---

8.01	TIME ENTRY AND AUTHORIZATION .....	41
8.02	PAYROLL SUBMISSION AND APPROVAL.....	42
8.03	VACATION AND SICK TIME ACCOUNTING.....	44
<b>9.0</b>	<b>BUDGET .....</b>	<b>45</b>
9.01	BUDGET PREPARATION.....	45
9.03	BUDGET SUBMISSION TO THE BOARD AND REGULATORY AGENCIES .....	47
9.04	BUDGET MONITORING .....	48
<b>10.0</b>	<b>FINANCIAL REPORTING AND PERIOD-END CLOSE .....</b>	<b>49</b>
10.01	MONTH-END CLOSE .....	49
10.02	YEAR-END CLOSE.....	53
10.03	FINANCIAL REPORTING .....	54
<b>11.0</b>	<b>COMPLIANCE AND CHANGES TO POLICIES &amp; PROCEDURES .....</b>	<b>56</b>
11.01	COMPLIANCE .....	56
11.02	CHANGES TO POLICIES AND PROCEDURES.....	57
<b>12.0</b>	<b>CODE OF CONDUCT AND ETHICS.....</b>	<b>59</b>
12.01	INTRODUCTION AND GENERAL POLICY .....	59
12.02	RESPONSIBILITIES OF BOARD MEMBERS.....	60
12.03	DISCLOSURE AND FINANCIAL INTEGRITY.....	62
12.04	USE OF CAC ASSETS.....	63
12.05	MANAGING CAC'S INFORMATION AND RECORDS .....	63
12.06	PAYMENT PRACTICES.....	64
12.07	RESPONSIBILITIES TO CONSTITUENTS AND SUPPLIERS .....	64
12.08	GOVERNMENT RELATIONS .....	65
12.09	REPORTING VIOLATIONS.....	65
12.10	DISCIPLINARY ACTIONS/TERMINATION/REMOVAL.....	66
<b>13.0</b>	<b>FRAUD POLICY.....</b>	<b>68</b>
13.01	INTRODUCTION.....	68
13.02	POLICY.....	68
13.03	ACTIONS CONSTITUTING FRAUD .....	68
13.04	OTHER IRREGULARITIES .....	69
13.05	INVESTIGATION RESPONSIBILITIES .....	69
13.06	CONFIDENTIALITY .....	69
13.07	AUTHORIZATION FOR INVESTIGATING SUSPECTED FRAUD .....	69
13.08	REPORTING PROCEDURES.....	70
13.09	TERMINATION.....	70
<b>14.0</b>	<b>WHISTLEBLOWER PROTECTION POLICY .....</b>	<b>71</b>
14.01	POLICY.....	71



14.02 SCOPE OF POLICY AND DEFINITIONS ..... 71

14.03 DISCLOSING ILLEGAL ACTIVITY..... 72

14.04 PROTECTION FROM RETALIATION ..... 74

**ACKNOWLEDGMENT OF RECEIPT ..... 75**

**INVESTMENT POLICY REVIEW FORM ..... 76**

**AUTHORIZATION LIMIT MATRIX..... 77**

**RISK CONTROL MATRIX ..... 79**

**REVISION HISTORY ..... 85**



## 1.00 CASH AND INVESTMENT

**OBJECTIVE:** To safeguard CAC's cash and investments

### 1.01 INVESTMENT

**RESPONSIBILITIES:**

- Vice President of Finance and Administration: 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 Vice President of Finance and Administration 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:

- Vice President of Finance and Administration: Performs bank reconciliations for all cash accounts
- President: Reviews bank reconciliations

### DEFINITIONS: None

### REPORTS/DOCUMENTS: Bank Reconciliation Worksheet

### RELEVANT SYSTEMS:

- SAGE 100
- MS Excel
- Bank Website: To print Bank Statements

### REFERENCE MATERIALS: Bank Statements

### PROCEDURE:

1. After month-end, Vice President of Finance and Administration prints out Bank Statements from the bank websites and the Balance Sheet from SAGE 100.
2. **Vice President of Finance and Administration prepares bank reconciliation prior to financial month-end close, usually by the 5<sup>th</sup> work day of the following month. President reviews and approves all bank reconciliation as evidenced by signature/date on bank reconciliation. (1.02.C1)**
3. Vice President of Finance and Administration identifies outstanding checks that are 5-6 months old and instructs the Accounting Clerk to investigate them. If a check is determined to be lost in the mail, a stop payment would be placed on the check and the check would be voided per Check Voiding Policy.
4. Vice President of Finance and Administration keeps the approved bank reconciliations in the file.



## 2.00 ASSESSMENT COLLECTION AND CASH RECEIPT

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

### 2.01 ASSESSMENT COLLECTION AND MISCELLANEOUS CASH RECEIPT

**RESPONSIBILITIES:**

- Office Manager: Opens and logs cash receipts.
- Accounting Clerk: Records cash receipts on SAGE 100.
- Vice President of Finance and Administration: Reviews daily cash receipt transactions.

**DEFINITIONS:** None

**REPORTS/DOCUMENTS:**

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

**RELEVANT SYSTEMS:**

- MS Excel
- SAGE 100
- Handler Assessment System (HAS)
- Bank Website: To print reports

**REFERENCE MATERIALS:**

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

**PROCEDURE:**

**Assessment Collection:**

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



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

3. For assessments received through lockbox, wire transfer or over-the-counter deposits, Accounting Clerk checks the Lockbox Reports and PDR on the bank website and prints them for supporting documents.
4. For assessments received at CAC's office:
  - 4.1. Office Manager opens all mail addressed to Accounting including assessment checks. Office Manager logs the assessments received on DCRL. **Vice President of Finance and Administration compares the DCRL with the deposits listed on the PDR and/or DCF to make sure all cash received are deposited within 5 business days. (2.01.C2)**
  - 4.2. Office Manager submits the assessment deposits received at CAC's office to Accounting Clerk who mails them to the lockbox.
5. Accounting Clerk checks the assessment calculation on the reports and enters the deposit to HAS.
6. Accounting Clerk enters the deposit into the SAGE 100 AR module.
7. **Accounting Clerk prints the DTR, which Vice President of Finance and Administration reviews and compares against DCF for accuracy and completeness. (2.01.C3)**
8. Monthly, Accounting Clerk reviews the HAS reports to identify late payments (per **2.02 Late Assessment Payment** procedure).
9. Vice President of Finance and Administration reviews the total cash receipts during bank reconciliation. **Vice President of Finance and Administration prepares bank reconciliation prior to financial month-end close, usually by the 5<sup>th</sup> work day of the following month. President reviews and approves all bank reconciliation as evidenced by signature/date on bank reconciliation. (1.02.C1)**
10. After month-end close, Accounting Clerk gives the Office Manager all the DTRs for the month and their supporting documents for scanning.
11. **Monthly, Accounting Clerk compares CAC assessment summary to various sources including AMRIC and AIP, investigates any major discrepancies, and identifies late assessment payments. (2.01.C4)**
12. CAC 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 office:
  - 1.1. Office Manager opens all mail to Accounting including non-assessment cash receipts. Office Manager logs the assessments received on DCRL. **Vice President of Finance and Administration compares the DCRL with the deposits listed on the PDR and/or DCF to make sure all cash received is deposited within 5 business days. (2.01.C2)**
  - 1.2. Office Manager submits the non-assessment cash receipts to Accounting Clerk who codes them based on the supporting documents or instructions from the managers and mails them to the lockbox.





ASSESSMENT COLLECTION AND CASH RECEIPT

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



## 2.02 LATE ASSESSMENT PAYMENT

### RESPONSIBILITIES:

- Accounting Clerk: Identifies and sends notices to late handlers

### DEFINITIONS: None

### REPORTS/DOCUMENTS: 1<sup>st</sup> and 2<sup>nd</sup> Notices to Handlers

### RELEVANT SYSTEMS:

- MS Word
- Hass Assessment System (HAS)

### REFERENCE MATERIALS:

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

### PROCEDURE:

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



### 3.0 PURCHASING

**OBJECTIVE:** To ensure that purchases are for legitimate CAC business

**POLICY:**

1. CONTRACT POLICY

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

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

2. PURCHASE ORDER POLICY

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

3. BID POLICY

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



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

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

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

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

5. GIFT CARD ORDERS FOR RETAIL PROMOTION CONTESTS
- All gift card orders for retail promotion contest winners are to be approved by the Vice President of Marketing before they are placed by the Vice President of Finance and Administration. 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 / Vice President of Finance and Administration: Has authority to approve contracts.
- Department Heads: Performs negotiation and bidding process (when necessary).
- Department Staff: Facilitate through the contract process and files fully executed contracts.

**DEFINITIONS:** None

**REPORTS/DOCUMENTS:**

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

**RELEVANT SYSTEMS:** MS Word

**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 and President. 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. Contract must be properly approved per Authorization Limit Matrix. (3.01.C1)**
3. Once the contract has been fully executed, Accounting Staff scans the contract to a shared network drive and file the original.



### 3.02 PURCHASE ORDER

**RESPONSIBILITIES:**

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

**DEFINITIONS:**

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

**REPORTS/DOCUMENTS:** Purchase Order

**RELEVANT SYSTEMS:** MS Excel

**REFERENCE MATERIALS:**

- Chart of Accounts
- Authorization Limit Matrix

**PROCEDURE:**

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

1. To initiate a purchase order, a requester fills out a CAC Purchase Order Excel Form.
2. The completed form is sent to the Accounting Clerk for review and assignment of PO # with supporting documentation.
3. If the purchase is for a new vendor, **prior to vendor setup and payment, Accounting Clerk or requester must obtain W-9 Request for Taxpayer Identification verifying vendor identity (3.02.C2). Check requests/invoices may not be entered into AP SAGE 100 until vendor has been set up and vendor number has been assigned (3.02.C3). Access to vendor Setup screen within AP SAGE 100 is restricted to authorized accounting personnel (3.02.C4).**
4. The requester obtains a PO number from Accounting Clerk and prints the PO and signs it. Accounting Clerk and Vice President of Finance and Administration review the PO for accuracy and completeness.
5. Excel printout is used as the original purchase order and must be approved by the Vice President of Finance and Administration with a signature/date on the purchase order for purchases under \$1,000.



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



### 3.03 BIDDING PROCESS

**RESPONSIBILITIES:**

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

**DEFINITIONS:** None

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

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

**REPORTS/DOCUMENTS:**

- Authorization Limit Matrix
- Bid Summary

**RELEVANT SYSTEMS:** None

**REFERENCE MATERIALS:** Chart of Accounts

**PROCEDURE:**

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

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





### 3.04 AMENDMENTS TO EXISTING CONTRACT

**RESPONSIBILITIES:**

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

**DEFINITIONS:** None

**REPORTS/DOCUMENTS:** Contract

**RELEVANT SYSTEMS:** MS Word

**REFERENCE MATERIALS:** None

**PROCEDURE:**

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



### 3.05 CHANGES TO EXISTING PURCHASE ORDER

**RESPONSIBILITIES:**

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

**DEFINITIONS:** None

**REPORTS/DOCUMENTS:** Purchase Order (PO)

**RELEVANT SYSTEMS:** MS Excel

**REFERENCE MATERIALS:** CAC Chart of Accounts

**PROCEDURE:**

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



### 3.06 CORPORATE CREDIT CARD AND P-CARD PURCHASES

**RESPONSIBILITIES:**

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

**DEFINITIONS:**

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

**REPORTS/DOCUMENTS:**

- Invoices, packing slips, and Credit Card sales receipts
- Credit Card Request Form
- Monthly Credit Card Statement
- CAC Credit Cards Control Sheet

**RELEVANT SYSTEMS:** SAGE 100

**REFERENCE MATERIALS:** None

**PROCEDURE:**

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

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

**CAC's P-Card usage by employees when traveling on CAC business:**

1. Certain CAC employees are authorized to carry CAC's P-Cards when travelling on CAC business and use them to pay for various travel expenses. Those employees (cardholders) are required to submit receipts and other supporting documents to Accounting Clerk immediately after returning from the trip. Cardholders are advised to keep copies of the



supporting documents in case there is a dispute about whether the documents have been submitted.

2. **Upon receiving the P-Card statement, Accounting Clerk matches the charges to the supporting documentations supplied by the cardholders and attaches them to the statement. Accounting Clerk works with the cardholders to categorize the charges with account numbers. (3.06.C1).**
3. Accounting Clerk submits the statement along with the supporting documents to Vice President of Finance and Administration for review.
4. Approved P-Card statement is returned to the Accounting Clerk for payment processing.

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

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



## 4.00 AP INVOICE PROCESSING

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

### 4.01 RECEIVING

**RESPONSIBILITIES:**

- Office Manager: Matches goods to packing list

**DEFINITIONS:** None

**REPORTS/DOCUMENTS:** Vendors' Packing Lists

**RELEVANT SYSTEMS:** None

**REFERENCE MATERIALS:** None

**PROCEDURE:**

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

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



## 4.02 PROCESSING INVOICE WITH CONTRACT

### RESPONSIBILITIES:

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

**DEFINITIONS:** None.

**REPORTS/DOCUMENTS:** Vendor Invoices

### RELEVANT SYSTEMS:

- SAGE 100
- DocLink

**REFERENCE MATERIALS:** Contract

### PROCEDURE:

1. Invoices and corresponding backup are sent electronically to the Accounts Payable email address in a single pdf file for processing. Any hard copy invoices that are received via the mail are opened by the Office Manager, date-stamped, and directed to the Accounting Department which are then scanned by the Accounting Clerk to the Accounts Payable email address. The Accounts Payable email address automatically uploads the invoices to the DocLink workflow system.
2. Accounting Clerk stamps the invoice in DocLink and fills in the vendor and invoice information.
3. **Invoice is then forwarded to the Department Heads for approval.** Department Heads are responsible for reviewing the invoice and ensuring accuracy and reasonableness of the charges. Department Heads are also responsible for verifying the following (when applicable):
  - 3.1. Check the billing rates against the rates schedule on the contract,
  - 3.2. Check the billing amount against the retainer billing schedule,
  - 3.3. Check the supporting documents
  - 3.4. Check other terms
4. **At this point an “approve” signature stamp is required by Department Heads in DocLink that verifies the accounts to be charged and amount to be paid. Vice President of Finance and Administration and/or President are responsible for approving other departments if the Department Heads are unavailable (4.02.C1).**
5. The approved invoice is sent to the “Approved” status in DocLink.



### 4.03 PROCESSING INVOICE WITH PURCHASE ORDER

**RESPONSIBILITIES:**

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

**DEFINITIONS:** None.

**REPORTS/DOCUMENTS:** Vendor Invoices

**RELEVANT SYSTEMS:**

- SAGE 100
- DocLink

**REFERENCE MATERIALS:** Purchase Order, Packing List

**PROCEDURE:**

1. Invoices and corresponding backup are sent electronically to the Accounts Payable email address in a single pdf file for processing. Any hard copy invoices that are received via the mail are opened by the Office Manager, date-stamped, and directed to the Accounting Department which are then scanned by the Accounting Clerk to the Accounts Payable email address. The Accounts Payable email address automatically uploads the invoices to the DocLink workflow system.
2. **Accounting Clerk matches the invoices to PO and packing list if applicable (4.03.C1).**
  - 2.1 Accounting Clerk emails PO requester if invoice and PO do not match and contacts vendor if packing list and invoice do not match.
  - 2.2 If an error was made on PO, the PO requester will request a PO revision according to the **3.03 Change to Existing PO**; if requester wishes to dispute, Accounting Clerk will email vendor and advise staff accordingly. If an error was made on vendor's invoice, a corrected invoice is requested from the vendor.
  - 2.3 Depending on dispute outcome, invoice will either be short paid or Accounting Clerk, requester and vendor will sort out the discrepancies until they are resolved.
  - 2.4 Correspondence is systematically attached to the invoice.
3. Accounting Clerk stamps the invoice in DocLink and fills in the vendor and invoice information and attaches the packing list if applicable.
4. **Invoice is then forwarded to the Department Heads for approval.** Department Heads are responsible for reviewing the invoice and ensuring accuracy and reasonableness of the charges.
5. **At this point an "approve" signature stamp is required by Department Heads in DocLink that verifies the accounts to be charged and amount to be paid. Vice President of Finance and Administration and/or President are responsible for approving other departments if the Department Heads are unavailable (4.02.C1).**
6. The approved invoice is sent to the "Approved" status in DocLink.



#### 4.04 PROCESSING CHECK REQUEST

**RESPONSIBILITIES:**

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

**DEFINITIONS:**

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

**REPORTS/DOCUMENTS:** Check Request Form

**RELEVANT SYSTEMS:**

- SAGE 100
- DocLink

**REFERENCE MATERIALS:** None

**PROCEDURE:**

1. On occasion, a check 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. Check request form is filled out by the requester. Check request form is available on CAC server under folder "Forms & Publications" within "Corp\_Permanent" folder or in Accounting Clerk's office.
3. **Check request must be signed by the requester and approved by Department Heads (4.04.C1).**
4. Once approved, the check request is submitted to the Accounts Payable email address for payment processing.
5. Relevant and applicable procedures explained in **4.01 Receiving, 4.02 Invoice from Vendors with Contract** and **4.03 Invoice, Packing List and Purchase Order Matching** shall be followed when processing check requests.





#### 4.05 PROCESSING EXPENSE REPORT

**RESPONSIBILITIES:**

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

**DEFINITIONS:**

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

**REPORTS/DOCUMENTS:** Expense Report

**RELEVANT SYSTEMS:**

- SAGE 100
- DocLink

**REFERENCE MATERIALS:** None

**PROCEDURE:**

1. All expense claims are required to be properly itemized on a CAC Expense Report form for Board Members and on an expense report within the Expense Report module in DocLink for CAC staff. Expense Reports are required to be accompanied by the necessary documentation including original receipts, travel itinerary, meeting agenda, etc.
2. For staff's expense report, the requester's supervisor reviews and approves the expense report before it is submitted to Accounting. Please refer to the Authorization Limit Matrix for proper approval.
3. Accounting Clerk reconciles expense report to the attached receipts and ensures expenses are within the **6.0 CAC Travel, Entertainment and Related Expenses** policy, related contract or purchase order.
4. The Accounting Clerk ensures the appropriate level of authority has signed the expense reports. Please refer to the Authorization Limit Matrix for proper approval.
5. Accounting Clerk processes the expense reports for payment.



#### 4.06 PROCESSING INVOICE WITHOUT CONTRACT OR PURCHASE ORDER

**RESPONSIBILITIES:**

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

**DEFINITIONS:** None

**REPORTS/DOCUMENTS:** None

**RELEVANT SYSTEMS:**

- SAGE 100
- DocLink

**REFERENCE MATERIALS:** None

**PROCEDURE:**

1. Invoices and corresponding backup are sent electronically to the Accounts Payable email address in a single pdf file for processing. Any hard copy invoices that are received via the mail are opened by the Office Manager, date-stamped, and directed to the Accounting Department which are then scanned by the Accounting Clerk to the Accounts Payable email address. The Accounts Payable email address automatically uploads the invoices to the DocLink workflow system.
2. Accounting Clerk stamps the invoice in DocLink and fills in the vendor and invoice information.
3. **Invoice is then forwarded to the Department Heads for approval.** Department Heads are responsible for reviewing the invoice and ensuring accuracy and reasonableness of the charges.
4. **At this point an “approve” signature stamp is required by Department Heads in DocLink that verifies the accounts to be charged and amount to be paid. Vice President of Finance and Administration and/or President are responsible for approving other departments if the Department Heads are unavailable (4.02.C1).**
5. The approved invoice is sent to the “Approved” status in DocLink.



#### 4.07 PETTY CASH

**RESPONSIBILITIES:**

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

**DEFINITIONS:**

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

**REPORTS/DOCUMENTS:** Petty Cash Log

**RELEVANT SYSTEMS:** SAGE 100

**REFERENCE MATERIALS:** None

**PROCEDURE:**

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



## 5.00 CASH DISBURSEMENTS

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

### 5.01 CHECK RUN

**RESPONSIBILITIES:**

- Accounting Clerk: Prints checks
- Vice President of Finance and Administration: Reviews and imports invoices from DocLink to SAGE 100. Prepares Positive Pay Export Report in SAGE 100. Signs checks and uploads Positive Pay file to Bank's website.
- President: Signs checks
- Office Manager: Primary custodian of blank AP check stock. Mails checks and scans the check stubs.
- Human Resources: Secondary (backup) custodian of blank AP check stock

**DEFINITIONS:**

- Check Run: A series of procedures to generate payments for certain invoices selected based on their due dates
- Blank Check Stock: A stock of CAC blank checks. These blank checks are pre-numbered to enable tracking
- Positive Pay: Account reconciliation method where CAC uploads check information (check numbers, check dates, amounts and payee) in a flat text file to the Bank. Any checks drawn on CAC's checking account shall be matched to the uploaded Positive Pay file before they can be cleared
- Invoice Payment Selection: SAGE 100 report that shows invoices selected for payment

**REPORTS/DOCUMENTS:**

- Invoice Payment Selection
- Positive Pay File

**RELEVANT SYSTEMS:**

- SAGE 100
- DocLink
- Bank website

**REFERENCE MATERIALS:** None

**PROCEDURE:**



1. Checks are generally processed every Wednesday
2. The Accounting Clerk sends all Approved invoices in DocLink to the “Final Invoice Review” status.
3. **Vice President of Finance and Administration verifies that there are no unusual items, samples and checks the coding and approvals on the invoices. If everything looks good, Vice President of Finance and Administration sends the invoices to the “Ready for Import” status in DocLink which automatically imports the invoices into SAGE 100 (5.01.C1). In SAGE 100, the Vice President of Finance and Administration posts the invoice batch to the Accounts Payable ledger.**
4. Accounting Clerk generates an “Invoice Payment Selection Listing” within SAGE 100 based on certain criteria (i.e. invoice due date) for invoices that are to be paid via check.
5. Accounting Clerk notifies the Office Manager of the number of checks needed to complete the check run. The Office Manager has a spreadsheet to keep track of the checks requested each week by date and check number, blank checks are pre-numbered. The Office Manager will retrieve the number of checks needed from a lockbox located in a locked file cabinet and hands them to Accounting Clerk. **Custody of blank check stock is held by Office Manager who is independent of cash disbursement processing (5.01.C2).**
6. **The Accounting Clerk prints the checks. Printed checks and the Invoice Payment Selection Listing is provided to the Vice President of Finance and Administration for review and signature. Checks \$1,000 and over require two authorized signatures (5.01.C3).**
7. **Once all checks have been signed, Vice President of Finance and Administration exports the Positive Pay Report, prints the report and compares it to Invoice Payment Selection Listing. Once everything is verified, Vice President of Finance and Administration uploads the Positive Pay Report file to the Bank’s website (5.01.C4).**
8. Vice President of Finance and Administration hands the checks and the invoices to the Office Manager for mailing and scanning.
9. Office Manager scans checks and all supporting documentation attached to them. Original checks are mailed out and check stubs are stamped “Scanned” prior to returning it back to the Accounting Clerk.



## 5.02 AUTOMATED CLEARING HOUSE (ACH)

### RESPONSIBILITIES:

- Accounting Clerk: Runs Invoice Payment Selection report, processes ACH, prepares and uploads ACH payment information to the bank, and sends payment advices to ACH beneficiaries
- Vice President of Finance and Administration: Reviews and approves imports invoices from DocLink to SAGE 100. Reviews and approves ACH payments on Bank's website
- President: Approves ACH

### DEFINITIONS: None

### REPORTS/DOCUMENTS: Invoice Payment Selection

### RELEVANT SYSTEMS:

- SAGE 100
- DocLink
- Bank website

### REFERENCE MATERIALS: None

### PROCEDURE:

1. ACHs are generally processed every Wednesday.
2. The Accounting Clerk sends all Approved invoices in DocLink to the "Final Invoice Review" status.
3. **Vice President of Finance and Administration verifies that there are no unusual items, samples and checks the coding and approvals on the invoices. If everything looks good, Vice President of Finance and Administration sends the invoices to the "Ready for Import" status in DocLink which automatically imports the invoices into SAGE 100 (5.01.C1). In SAGE 100, the Vice President of Finance and Administration posts the invoice batch to the Accounts Payable ledger.**
4. Accounting Clerk generates an "Invoice Payment Selection Listing" within SAGE 100 based on certain criteria (i.e. invoice due date) for invoices that are to be paid via ACH (Direct Deposit).
5. Accounting Clerk inputs payment amount on a vendor ACH template on the bank's website. **Accounting Clerk enters any new ACH vendors on bank's website; Vice President of Finance and Administration has to approve any changes to ACH vendors on the bank ACH database. ACH transactions require dual control (5.02.C1).**



6. **The Accounting Clerk prints the ACH remittance sheet. ACH remittance sheets and the Invoice Payment Selection Listing is provided to the Vice President of Finance and Administration for review and signature. Vice President of Finance and Administration then obtains 2<sup>nd</sup> signature (President's) for all ACHs \$1,000 and over (5.02.C2).**
7. **Once all ACHs have been signed, Vice President of Finance and Administration compares the ACH batch payment uploaded by Accounting Clerk to the approved Invoice Payment Selection Listing. If everything looks good, Vice President of Finance and Administration releases the ACH payment information online on Bank's website (5.02.C3).**
8. Accounting Clerk notifies the vendors that payments have been sent. Signed ACHs are given to the Office Manager for scanning.
9. Office Manager then scans all ACH remittance sheets. Each ACH is stamped "Scanned" prior to returning it back to the Accounting Clerk.
10. Accounting Clerk files the ACH remittance sheets by vendor.



### 5.03 WIRE TRANSFERS

**RESPONSIBILITIES:** None

**DEFINITIONS:** None

**REPORTS/DOCUMENTS:** Non-Check Payment form

**RELEVANT SYSTEMS:** Bank Website

**REFERENCE MATERIALS:** Daily Cash Flows

**PROCEDURE:**

**Vendor Payment:**

1. When an invoice or check request requires a wire transfer, Accounting Clerk prepares a Non-Check Payment form.
2. Vice President of Finance and Administration reviews and approves the wire transfer request, signified by a signature on the WTR form. Wire transfers in the amount of \$1,000 and above require two signatures as explained in the Expense Limits Authority Matrix.
3. Accounting Clerk initiates the wire transfer on the bank website. The Vice President of Finance and Administration releases wire on the bank website.
4. Accounting Clerk posts the wire transfer into SAGE 100.
5. Office Manager scans these documents for retention purposes.

**Transfer between CAC accounts:**

1. Vice President of Finance and Administration monitors the balance of CAC checking account using the Daily Cash Flows and determines if a transfer between accounts is needed. If it is, Vice President of Finance and Administration will prepare a Transfer between Accounts form and perform the transfer. The Transfer between Accounts form is signed by the President.
2. Vice President of Finance and Administration records the transfer in SAGE 100 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 to be filled out for approval and payment processing.
- 1.1.2. The Commission requires its representatives to travel and submit expenses for reimbursement on the "honor system." Any person requesting reimbursement for travel expenses from the Commission where the person was not exclusively representing the Commission should prorate their expenses appropriately.

#### 1.2. Expense Report

- 1.2.1. All expense claims are required to be properly itemized on a CAC Expense Report form for Board Members and on an expense report within the Expense Report module in DocLink for CAC staff. 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 must be signed by the person submitting the expenses and approved by his/her supervisor. Expense report for each week is filled out separately showing expenses incurred for each day of the week since CAC expense reports are based on weekly basis with Sunday being the first day of the week. Approval for expense reports is always a level above with the exception of the Members of the Board, whose expense reports are approved by President and a member of the Executive Committee independent of the person submitting the expenses. Please refer to Authorization Limit Matrix for more information on proper approval.
- 1.2.2. Hour of departure and hour of return should be included for each trip when expenses other than mileage are claimed.
- 1.2.3. For foreign travel, the currency exchange rate should be noted for all foreign travel on expense reports and converted to U.S. dollars. An authoritative website print out for exchange rate of the day or a copy of the credit card statement showing the exchange rate charge must be attached to the expense report.



---

TRAVEL, ENTERTAINMENT AND RELATED EXPENSES

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

**1.3. Personal Expense**

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

**1.4. Lodging**

- 1.4.1. Lodging expenses shall be reasonable and should be at rates comparable to a standard, single-occupancy room at a national business-class hotel chain such as, but not limited to 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



---

TRAVEL, ENTERTAINMENT AND RELATED EXPENSES

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

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

**1.5. Meals and Incidentals**

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

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

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

**1.6. Transportation**

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



---

TRAVEL, ENTERTAINMENT AND RELATED EXPENSES

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

**1.7. Travel Advance**

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

**1.8. Other**

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

**2. ENTERTAINMENT:**



---

TRAVEL, ENTERTAINMENT AND RELATED EXPENSES

- 2.1. A person shall be reimbursed only for entertainment expenses directly related to Commission business.
- 2.2. Entertainment shall be limited to instances in which invited business clients (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 by President for staff expenses or member of the Executive Committee independent of the expense for Board member expenses.

**3. MEETING & OTHER RELATED EXPENSES**

**3.1. Meeting Expenses**

Meetings such as Board Meetings, Meetings with the Growers and Member of the Industry etc. are billed directly to CAC. Prior to meeting set up, meeting organizer must submit the meeting agenda, attendees name and affiliation and location to Vice President of Finance and Administration 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. Chairman shall approve extraordinary expenses by the President and Board Members. Member of the Board shall approve extraordinary expenses incurred by the Chairman. Reimbursable allowance for group meals is as follows:

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



---

TRAVEL, ENTERTAINMENT AND RELATED EXPENSES

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

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

**3.3. Personalized Mementos**

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

**3.4. Alcohol Purchases for Entertainment**

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

**3.5. Alcohol Purchases by CAC Commissioners while on CAC Business**

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



## 6.01 TRAVEL AND ENTERTAINMENT EXPENSES PROCESSING

**RESPONSIBILITIES:**

- Vice President of Finance and Administration/Accounting Clerk: Ensure that staff expense report are in compliance with CAC Travel & Entertainment Policy

**DEFINITIONS:** None

**REPORTS/DOCUMENTS:** Expense Report Form

**RELEVANT SYSTEMS:** N/A: Manual Process

**REFERENCE MATERIALS:** None

**PROCEDURE:**

1. All expense claims are required to be properly itemized on a CAC Expense Report form for Board Members and on an expense report within the Expense Report module in DocLink for CAC staff. Expense Reports are required to be accompanied by the necessary documentation including original receipts, travel itinerary, meeting agenda, etc.
2. **Accounting Clerk reviews the expenses submitted by CAC staff and Board members and ensures that all expenses are allowed under the 6.0 Travel, Entertainment & Related Expenses policy and obtains approvals as explained in the Policy. Vice President of Finance and Administration reviews expenses submitted by Accounting Clerk (6.01.C1).**
3. **At least annually, Vice President of Finance and Administration consults with a Tax CPA firm to make sure that all taxable fringe benefits are reported on employees' W2s. Vice President of Finance and Administration 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:**

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

**DEFINITIONS:** None

**REPORTS/DOCUMENTS:** None

**RELEVANT SYSTEMS:** N/A: Manual Process

**REFERENCE MATERIALS:** None

**PROCEDURE:**

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





## 7.0 FIXED ASSETS

**OBJECTIVE:** To ensure that fixed assets are properly recorded

**POLICY:**

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

### 7.01 CAPITALIZATION AND AMORTIZATION

**RESPONSIBILITIES:**

- Vice President of Finance and Administration: Properly capitalizes fixed assets and records monthly depreciation expense.
- President: Reviews and approves fixed asset journal entries and maintained

**DEFINITIONS:** None

**REPORTS/DOCUMENTS:** Fixed Asset List

**RELEVANT SYSTEMS:** MS Excel

**REFERENCE MATERIALS:** None

**PROCEDURE:**

1. Accounting Department shall maintain a listing of all fixed assets. Detailed records of these assets shall be kept for the historical record and for ease of information retrieval.



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 Vice President of Finance and Administration and reviewed and approved by President (7.01.C1).**



## 7.02 DISPOSAL OF FIXED ASSETS

### RESPONSIBILITIES:

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

### DEFINITIONS:

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

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

**REPORTS/DOCUMENTS:** Disposal of Fixed Assets Form

**RELEVANT SYSTEMS:** MS Excel

**REFERENCE MATERIALS:** None

### PROCEDURE:

1. Surplus, obsolete, lost or stolen fixed 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's approval before the item can be disposed (7.02.C1).**
3. President is ultimately responsible to select the method of disposition that brings the greatest value to CAC, considering all factors such as time and effort involved with the method. The followings are examples of disposition method that can be selected:
  - Return for cash or credit - An item may be returned to the original vendor for cash or credit. However, there is usually a restocking charge and, therefore, full value payment is seldom attainable. This method may be used when appropriate and practicable.
  - Trade-in on serviceable assets - Certain types of items have trade-in values such as cars, trucks, copy machines, etc. Such items may be included as a trade-in when bidding for new or replacement assets. If a greater return can be realized by offering the item for sale then the means may be recommended to the President.



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



## 8.00 PAYROLL

**OBJECTIVE:** To ensure that payroll is properly authorized

### 8.01 TIME ENTRY AND AUTHORIZATION

**RESPONSIBILITIES:**

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

**DEFINITIONS:** None

**REPORTS/DOCUMENTS:** Online time card report

**RELEVANT SYSTEMS:** 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 Chairman of the Board (8.01.C1).**



## 8.02 PAYROLL SUBMISSION AND APPROVAL

### RESPONSIBILITIES:

- Human Resources: Reviews and checks all time entries and enters them to 3<sup>rd</sup>-party payroll processing software through Paychex

**DEFINITIONS:** None

**REPORTS/DOCUMENTS:** Payroll Register from Paychex

**RELEVANT SYSTEMS:** Paychex

**REFERENCE MATERIALS:** None

### PROCEDURE:

1. Employees are paid semi-monthly on the 15<sup>th</sup> 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. Human Resources enters the hours into Paychex payroll worksheet and prints out a preview payroll register for Vice President of Finance and Administration's review. Human Resources also attaches the timesheets, change authorization forms and other backups to support the payroll. **New employee addition requires President's written approval (e.g. offer letter, etc.) which should also be attached as payroll backup (8.02.C1).**
5. **Vice President of Finance and Administration reviews the preview payroll registers and makes sure the pay rates, hours entered and deductions are correct. Vice President of Finance and Administration refers to the rates authorized by the President or Board of Directors (for President's rate) (8.02.C2).**
6. Upon Vice President of Finance and Administration's approval, Human Resources 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, Vice President of Finance and Administration distributes them to the employees. For employees enrolled in direct deposit, funds are wired to their bank accounts on record.
8. **By the 5<sup>th</sup> of the following month, Human Resources prepares payroll journal entries. Vice President of Finance and Administration reviews them for correct coding and period. If journal entries are accurate, Vice President of Finance and Administration enters them into SAGE 100 (8.02.C3).**



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



### 8.03 VACATION AND SICK TIME ACCOUNTING

**RESPONSIBILITIES:**

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

**DEFINITIONS:** None

**REPORTS/DOCUMENTS:** Payroll Register from Paychex Flex

**RELEVANT SYSTEMS:**

- Paychex Flex
- SAGE 100

**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. **At the end of year, Human Resources prints out unused but accrued vacation and sick time reports for each employee. Each employee is required to review and sign the report if he/she agrees with it (8.03.C2).**
5. Human Resources prepares a summary of accrued vacation payable and prints it out for Vice President of Finance and Administration's review. If accurate, Vice President of Finance and Administration will enter the accrual journal entry into SAGE 100.





## 9.0 BUDGET

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

### 9.01 BUDGET PREPARATION

**RESPONSIBILITIES:**

- Vice President of Finance and Administration: Coordinates company-wide expenditure budgeting and works with President to project revenue.
- Department Heads: Prepare departmental budgets.
- President: Works with Vice President of Finance and Administration 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 may decide to determine the target ending reserves at year-end, which will affect the planning and budgeting processes.

**REPORTS/DOCUMENTS:** Budget Template

**RELEVANT SYSTEMS:** MS Excel

**REFERENCE MATERIALS:** None

**PROCEDURE:**

1. Vice President of Finance and Administration prepares annual administrative budget.
2. Department Heads are responsible for preparing and presenting their departmental budgets. Formats for these budgets and the Budget Template are provided by the Vice President of Finance and Administration.
3. There are four major departments: Marketing, Industry Affairs, Production Research, and Administration.
4. President and Vice President of Finance and Administration estimate assessment revenues based on inputs from Crop Estimating Meetings and other sources.
5. President and Vice President of Finance and Administration present a revenue projection, business plan, budget and target ending reserves to be considered by the Board to determine the annual assessment rate.
6. The Board approves the business plan and budget, and sets the assessment rate before the beginning of fiscal year.



**9.02 BUDGET UPDATE AND CHANGE DURING THE YEAR**

**RESPONSIBILITIES:**

- Vice President of Finance and Administration: Prepares revised budgets and budget amendments

**DEFINITIONS:** None

**REPORTS/DOCUMENTS:** Budget Amendment

**RELEVANT SYSTEMS:** MS Excel

**REFERENCE MATERIALS:** None

**PROCEDURE:**

1. Any budget changes/transfers between accounts within departmental budget sections must be submitted to the Vice President of Finance and Administration.
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 Vice President of Finance and Administration who prepares a budget amendment for Board approval.
3. President determines if non-major changes and intra-departmental changes/transfers as explained in #1 above need to be included as part of a budget amendment.



### 9.03 BUDGET SUBMISSION TO THE BOARD AND REGULATORY AGENCIES

**RESPONSIBILITIES:**

- Vice President of Finance and Administration: Prepare and submit budgets and budget amendments to the Board of Directors and regulatory agencies.

**DEFINITIONS:** None

**REPORTS/DOCUMENTS:** None

**RELEVANT SYSTEMS:** MS Excel

**REFERENCE MATERIALS:** None

**PROCEDURE:**

1. Preliminary outlines of the budget and business plan are presented to the Board two to three months prior to the start of CAC's new fiscal year.
2. Proposed, detailed budget and business plan are presented to the Board one to two months prior to the start of CAC's new fiscal year.
3. Finance Committee and Marketing 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. Vice President of Finance and Administration submits the Board-approved business plan, budget and budget amendments to United States Department of Agriculture (USDA) for review and approval.
6. Vice President of Finance and Administration submits the Board-approved business plan, budget and budget amendments to California Department of Food & Agricultural (CDFA) for informational purpose only.



## 9.04 BUDGET MONITORING

**RESPONSIBILITIES:**

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

**DEFINITIONS:** None

**REPORTS/DOCUMENTS:** Income Statements

**RELEVANT SYSTEMS:** SAGE 100

**REFERENCE MATERIALS:** Budget Tracker

**PROCEDURE:**

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



## 10.0 FINANCIAL REPORTING AND PERIOD-END CLOSE

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

**POLICY:**

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

### 10.01 MONTH-END CLOSE

**RESPONSIBILITIES:**

- Vice President of Finance and Administration: Develop and maintain Month-End Close Checklist

**DEFINITIONS:** None

**REPORTS/DOCUMENTS:**

- Month-End Close Checklist

**RELEVANT SYSTEMS:**

- MS Excel
- SAGE 100

**REFERENCE MATERIALS:** None

**PROCEDURE:**

1. Vice President of Finance and Administration develops and maintains a Month-end Close Checklist, which is saved on the shared drive. The checklist will be used to ensure all steps in closing the month are completed.
2. Accounting Clerk goes through the checklist and performs all the necessary steps before closing the AP module in SAGE 100. Once Accounting Clerk closes the AP modules and prints all the month-end reports, only Vice President of Finance and Administration can reopen the periods. This control ensures the integrity of all the balances and reports.
3. **Upon closing AP, the Accounting Clerk prints out the GL Trial Balance, AP Trial Balance, AP Aged Invoice Report and Check History Report. Vice President of Finance and Administration reviews the reports and investigates any unusual entries (10.01.C1).**



## POLICIES AND PROCEDURES

---

### FINANCIAL REPORTING AND PERIOD-END CLOSE

4. The Vice President of Finance and Administration goes through the checklist and performs all the necessary steps before closing the AR module in SAGE 100. Upon closing AR, the Vice President of Finance and Administration prints out the Daily Deposit Summary from HAS and the GL account detail for the revenue accounts. A reconciliation is performed between the two reports and any discrepancies are investigated and corrected.
5. Vice President of Finance and Administration goes through the checklist and performs all the necessary steps before he/she closes the GL.
6. The Month-End Close Checklist is attached here. All the steps must be documented and all reports must be initialed and dated by Accounting Clerk and/or Vice President of Finance and Administration.



## California Avocado Commission

### Month-end Checklist

Timing	Tasks	CAC	AIP	Performed By	Date Completed
Day 0	Post Payroll JEs through month end	✓	✓	VPFA	
Day 1	Close AP	✓	✓	AC	
Day 1	Print AP Aged Invoice Report, AP Expense by GL Account Report, AP Trial Balance, GL Trial Balance, and Check History Report	✓	✓	AC	
Day 1	email Check History report for prior month	✓		AC	
Day 1	Book BOW Interest Income	✓	✓	VPFA	
Day 1	Qrtly - Record interest income from LAIF (book in month following qtr end - Jan, Apr, July, Oct)			VPFA	
Day 1	Bank Reconciliations	✓	✓	VPFA	
Day 1	Save Cash Book copy			VPFA	
Day 1	Petty Cash Review/Reconciliation			VPFA	
Day 1	Post AIP checking account balance changes on CAC's GL	✓		VPFA	
Day 2	Update Prepaid Deposits Schedules	✓	✓	VPFA	
Day 2	Update Prepaid Expenses Schedules	✓	✓	VPFA	
Day 2	Record depreciation expenses	✓		VPFA	
Day 2	CAC receivable from AIP (previous month)	✓		VPFA	
Day 2	AIP administration & accounting fees paid to CAC (upcoming month)	✓		VPFA	
Day 4	Accrue Assessment Revenue Estimates	✓		VPFA	
Day 4	Email HAB CA Hass estimated volume for current month & request US Aggregate Avocado Volume by Month chart (prior month)	✓		VPFA	
Day 4	Accrue USDA & CDFA User Fees	✓		VPFA	
Day 4	Review Administration Income Statement	✓		VPFA	
Day 5	Accrue department expenses - Marketing & Industry Affairs	✓		VPFA	
Day 5	Email Kurata Communications, Golin, Mullen & Laura Paden Income Statement and GL Detail	✓		VPFA	
Day 5	Distribute financials to departments for review	✓		VPFA	
Day 6	Compare and reconcile Assessment Revenues & Penalties between HAS and Pounds Packed Report (from AIP) - prior month		✓	AC	
Day 6	Close AR	✓	✓	VPFA	
Day 7	Review AIP GL detail		✓	VPFA	
Day 10	Update Pounds and Dollars for Revenue Accruals report	✓		VPFA	
Day 10	Reconcile Revenue GL detail to actuals & accrue additional revenue for prior month (if necessary)	✓		VPFA	
Day 10	Update US Aggregate Avocado Volume by Month chart	✓		VPFA	
Day 10	Email Pounds & Dollars by Variety report	✓		VPFA	
Day 10	Compare HAS lbs & dollars report to lbs & dollars accruals wkbk for discrepancies in reporting	✓		VPFA	
Day 10	Update 85% Rebate Balances and Interest Calculation worksheet	✓		VPFA	
Day 11	Review Trial Balance and balance sheets accounts (investigate any outstanding accruals, receivables, due to/due from, etc.)	✓	✓	VPFA	
Day 11	Check various suspense accounts to make sure they're 0	✓	✓	VPFA	
Day 11	Print reports and save in Financial Reports folder	✓		VPFA	
Day 12	Send Balance Sheet, PY Income Stmt (1st page), Budget Income Stmt, and Lbs and Dollars by Variety to Finance Committee	✓	✓	VPFA	
Day 12	Close GL. Print financial reports (MAS) for binders.	✓	✓	VPFA	
Day 12	Qrtly - Send Balance Sheet, Budget Income Stmt, & 85% Income Stmt to USDA (3 months ending Jan, Apr, July, Oct)	✓		VPFA	
Day 12	Qrtly - Send Financial Statements to Bank of the West (3 months ending Jan, Apr, July, Oct)	✓		VPFA	
Day 12	Email AIP IS and Pounds Packed Report	✓		VPFA	



**POLICIES AND PROCEDURES**

**FINANCIAL REPORTING AND PERIOD-END CLOSE**

Timing	Schedules	CAC	AIP	Performed By	Date Completed
Day 2	Prepaid Expenses	✓	✓	VPFA	
Day 2	Prepaid Deposits	✓	✓	VPFA	
Day 2	Misc Receivables	✓	✓	VPFA	
Day 2	Grant Receivable	✓		VPFA	
Day 5	Misc Payable	✓	✓	VPFA	
Day 5	Research Contract Payable	✓		VPFA	
Day 5	Employee Advances	✓	✓	VPFA	
Day 10	Accrued Expenses	✓	✓	VPFA	
Day 12	Update Cash Flow projection	✓		VPFA	
Day 12	Update ending reserves projection	✓		VPFA	

VPFA = Vice President of Finance and Administration

AC = Accounting Clerk





## 10.02 YEAR-END CLOSE

### RESPONSIBILITIES:

- Vice President of Finance and Administration: Perform year-end procedures
- Accounting Clerk: Perform year-end procedures

### DEFINITIONS:

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

**REPORTS/DOCUMENTS:** None

**RELEVANT SYSTEMS:** SAGE 100

**REFERENCE MATERIALS:** None

### PROCEDURE:

1. The Accounting Clerk categories all invoices (including expense reports) that need to be accrued and enters in SAGE 100 in the year expenses were incurred.
2. For accrual of expenses without invoices, the Department Heads prepare estimates for expenses incurred but not yet invoiced. The Vice President of Finance and Administration accrues all of these estimates using journal entries.
3. Vice President of Finance and Administration and Accounting Clerk perform the following steps:
  - Replenish Petty Cash and submit expenses through AP if necessary
  - Refill postage and record accrued postage expenses
  - Investigate old outstanding receivables and accruals
  - Adjust LAIF balance to fair market value
  - Accrue vacation payable balance
  - Calculate and reclass short-term and long-term portions of vacation payables
  - Accrue payroll and payroll tax expense
  - Write off any uncollectable grant receivables and accrue any pending grant reimbursements
  - Reconcile assessment revenues between HAS and SAGE 100
  - Prepare Prepared-by-Client schedules as requested by auditors



### 10.03 FINANCIAL REPORTING

**RESPONSIBILITIES:**

- Accounting Clerk: Prints out AP close reports
- Vice President of Finance and Administration: Prepares and distributes financial reports
- Department Heads: Reviews and assign account codes on the invoices
- President: Reviews variance analysis

**DEFINITIONS:** None

**REPORTS/DOCUMENTS:** None

**RELEVANT SYSTEMS:** MS Excel

**REFERENCE MATERIALS:** None

**PROCEDURE:**

1. Invoices are forwarded to the Department Heads for approval. An “approve” signature stamp is required by Department Heads in DocLink that verifies the accounts to be charged and amount to be paid. Vice President of Finance and Administration and/or President are responsible for approving other departments if the Department Heads are unavailable (4.02.C2).
2. On a monthly basis, Vice President of Finance and Administration distributes the income statements with budget comparison to all Department Heads. Department Heads must review the income statements and investigate any discrepancies with budget trackers or other documents. Department Heads must also perform variance analysis and investigate any major variances. Variances exceeding the greater of 10% of total budget or \$10,000 must be satisfactorily explained and the explanation must be submitted in writing to President by the end of the month (9.04.C1)
3. Accounting Clerk closes the AP module and prints out the GL Trial Balance, AP Trial Balance, AP Aged Invoice Report, and Check Register History Report. Vice President of Finance and Administration reviews the reports and investigate any unusual entries (10.01.C1).
4. All journal entries are prepared and posted by Vice President of Finance and Administration only. President reviews and approves all journal entries.
5. At every Finance Committee meeting, Vice President of Finance and Administration presents the Balance Sheet and Income Statement to the committee. The committee reviews and discusses the reports with management.
6. Board members shall have access to CAC’s non confidential records at any time to conduct a review or audit. Confidential records include:
  - Assessment data and grower database unless they are aggregated and do not show or potentially show the individual information.



## POLICIES AND PROCEDURES

---

### FINANCIAL REPORTING AND PERIOD-END CLOSE

- Certain employee personal file such as social security, medical record, etc. Payroll and performance review documents are not deemed as confidential in this context.



## **11.0 COMPLIANCE AND CHANGES TO POLICIES & PROCEDURES**

**OBJECTIVE:** To ensure compliance to policies and procedures

### **11.01 COMPLIANCE**

**RESPONSIBILITIES:**

- President/Vice President of Finance and Administration: 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 Vice President of Finance and Administration to all employees.
2. Any violation of the finance and accounting policies and procedures may be grounds for a disciplinary action including termination.



## 11.02 CHANGES TO POLICIES AND PROCEDURES

### RESPONSIBILITIES:

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

### DEFINITIONS:

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

**REPORTS/DOCUMENTS**: None

**RELEVANT SYSTEMS**: None

**REFERENCE MATERIALS**: None

### PROCEDURE:

1. There are two ways a Department Head can request changes to current policies and procedures:
  - a. Submit change to a current policy and/or procedure in writing to Vice President of Finance and Administration. 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 on MS Word from Vice President of Finance and Administration 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 Vice President of Finance and Administration 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 Vice President of Finance and Administration reviews changes for possible impact on controls. If the impact is too severe and no mitigating controls exist, then the changes are returned back to the Department Heads for further discussion.



## POLICIES AND PROCEDURES

---

### COMPLIANCE AND CHANGES TO POLICIES AND PROCEDURES

3. The Vice President of Finance and Administration makes changes to existing documents and assigns it the next revision number when the changes are accepted.
4. The Vice President of Finance and Administration 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. Vice President of Finance and Administration will post revised policies on the shared drive once they have been finalized.



## **12.0 CODE OF CONDUCT AND ETHICS**

### **12.01 INTRODUCTION AND GENERAL POLICY**

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

This Code does not cover every issue that may arise, but is intended to provide a basic summary of the legal, ethical and regulatory principles that should guide the conduct of all Board members. CAC expects every Board member 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 Board members recognize their responsibilities and take care in following this policy.

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

This Code requires at a minimum:

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

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



## 12.02 RESPONSIBILITIES OF BOARD MEMBERS

### Code of Ethics and Conduct

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

1. Duty of Care.
  - a. Board members will abide in all respects by this code of conduct and all other CAC policies and procedures and will ensure that they remain in good standing at all times. Furthermore, each Board member will comply with applicable federal, state, and local laws and regulations and will provide their full cooperation when requested to do so.
  - b. When performing their duties on the board or any committee, Board members must act in good faith, in a manner reasonably believed to be in CAC's best interest, and with such care, including reasonable inquiry, as an ordinarily prudent person in like position would use under similar circumstances.

Board members should:

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





- iii. Real, perceived, creating problems – Even if it’s determined that an actual, legal conflict of interest does not exist, consider abstaining from the discussion and vote anyway if the perception of a conflict will cause problems for the organization.
  - b. Avoid Corporate opportunity/self-dealing: Board members must not look for ways, or take advantage of opportunities, to make money from CAC (i.e. leasing its office space or equipment, persuade decisions affecting other organizations on which they serve, using corporate resources for personal gain, selling product for use by CAC, etc.). Additionally, board members must not attempt to persuade any employee of CAC to leave the employment of CAC or to become employed by the board member or a related entity. Furthermore, board members must refrain from attempting to persuade exhibitors, advertisers, sponsors, suppliers, contractors, or any other person or entity with an actual or potential relationship to CAC to terminate, curtail, or not enter into its relationship with CAC or to in any way reduce the monetary or other benefits to CAC of such a relationship.
  - c. Confidentiality: Every Board member has a duty to maintain in confidence the proprietary and confidential information of CAC (unless otherwise required by law), and not to utilize confidential and proprietary information of CAC for his or her own personal gain or to the detriment of CAC.
  - d. Duty to support the board publicly: When representing CAC in public, Board members should support the positions taken by the Board and should avoid stating personal opinions adverse to CAC. Board members can, of course, voice personal opinions when speaking on their own behalf and not on behalf of CAC.
  - e. After Leaving Service: Upon termination of service for any reason, Board members must promptly return to CAC all documents, electronic and hard files, reference materials, and other property entrusted to the board member in his or her capacity as a Board member. Such return of materials does not abrogate the board member’s duty of confidentiality with respect to the information contained in those materials and the Board member’s duty of confidentiality continues after leaving the Board.
3. Relations with Staff. The Board has a duty to select a President who will lead and guide CAC in its day to day activities with integrity and with the best interests of CAC and the avocado industry as his/her goal. The Board must use its best efforts to ensure that the President is in compliance with all federal, state, and local employment-related laws and regulations and that employees are hired, promoted, and disciplined by the President in a fair and unbiased manner in accordance with CAC’s Employee Handbook. The Board supervises the President and takes seriously any complaint from employees or third parties about the President’s conduct, and will not tolerate retaliation against any employee who makes a good faith complaint against the President. Board members should refrain from intruding on administrative issues that are the responsibility of the President or other managers, and must abide by CAC’s Communications Policy (set forth



later in this document). While it is the President who generally interacts with other staff, Board members who have permitted interaction with staff should treat employees courteously and professionally, recognizing that CAC has an obligation to provide its employees a workplace free from discrimination and harassment.

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

### **12.03 DISCLOSURE AND FINANCIAL INTEGRITY**

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

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

CAC expects all Board members and staff to comply with the disclosure controls and procedures and report any

1. Material information or unreported transactions that affect the disclosures made in the financial statements
2. Information concerning significant deficiencies and material weaknesses in the design or operation of CAC's internal control over financial reporting which are reasonably likely to adversely affect the ability to record, process, summarize and report financial information
3. Fraud, whether or not material, that involves Board members and staff members who have a significant role in internal control or financial reporting



## **12.04 USE OF CAC ASSETS**

### **General**

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

### **CAC Funds**

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

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

## **12.05 MANAGING CAC'S INFORMATION AND RECORDS**

### **Maintaining and Managing Records**

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

### **Privacy and Confidentiality**

It is imperative that the financial, business, or personal information belonging to CAC be kept confidential and not disclosed unless required by applicable laws or regulations. Confidential information is to be retained only for as long as necessary or as required by law. Anyone handling proprietary data must



protect the physical security of the information, and limit internal access to it to those with a legitimate reason for seeking that information. Only use the information for the purposes for which it was originally obtained. Confidential information includes all non-public information that might be of use to competitors, others, or be harmful to CAC, its personnel, or its related parties if disclosed.

## **12.06 PAYMENT PRACTICES**

### **Accounting Practices**

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

### **No Political Contributions**

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

### **Prohibition of Inducements**

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

## **12.07 RESPONSIBILITIES TO CONSTITUENTS AND SUPPLIERS**

### **Relationship with Constituents and Suppliers**

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

### **Gift, Entertainment, and Favors**

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



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

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

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

#### **Kickbacks and Secret Commissions**

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

## **12.08 GOVERNMENT RELATIONS**

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

## **12.09 REPORTING VIOLATIONS**

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

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

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



## **12.10 DISCIPLINARY ACTIONS/TERMINATION/REMOVAL**

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

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

With respect to employees, the discipline and termination policies contained in CAC's Employee Handbook will determine the disciplinary actions, termination, or removal of the employee from their position.

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

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

1. Complaints about a Board member must be in writing. If CAC receives a written complaint about a Board member from any source (whether from another Board member, staff member, industry member, or member of the public), the complaint shall be forwarded to the Executive Committee and to the President who shall determine whether the complaint merits formal process. (If the Board member who is the subject of the complaint is on the Executive Committee, he or she shall voluntarily absent himself/herself from any discussions and/or decision regarding what to do about the complaint.) If the complaint is one that can be resolved by the President, he or she will do so and will advise the Board of the complaint and the outcome. If the complaint is not one that can be informally resolved, the following process will be followed.
2. The Board member shall be sent written notice of the proposed discipline or removal and the reasons therefore. Any written notice sent pursuant to this section shall be by USPS certified mail or by express mail service with tracking (USPS priority mail, Federal Express, UPS overnight, or the like). Notice shall be deemed received on the date of delivery as confirmed by the carrier.



## POLICIES AND PROCEDURES

---

### CODE OF CONDUCT AND ETHICS

3. The written notice to the Board member shall provide at least 21 calendar days for the Board member to respond. The Board member's response must be in writing and may be either or both of the following: a) a written statement and documentation detailing the Board member's arguments against removal, or b) a request for an in-person hearing before the Board.
4. If the Board member provides a response within the required time period, the Chairperson of the Commission shall call a special Board meeting (or utilize an already scheduled regular meeting) to hear the matter. If the Board member provided only a written statement, the Board shall consider the statement and render its decision based on the written statement and any documents provided. If the Board member requested an in-person hearing, the Board shall provide the Board member with a reasonable amount of time at the Board meeting to make his or her arguments against removal or discipline as applicable.
5. Whether to hold any in-person hearing or consideration of written documents in open or closed session shall be governed by the law based on the facts of the particular matter. If the law allows for a closed session, then whether to hold the hearing or consideration in open or closed session will be in the Chairperson's discretion, who shall also take into consideration the wishes of the Board member at issue.
6. After considering a written statement or conducting a hearing, the Board shall vote and make its decision, which may include written reprimand, temporary suspension from the Board or a committee, or removal from the Board and/or from a committee. The decision of the Board regarding discipline or removal shall be final.



## 13.0 FRAUD POLICY

### 13.01 INTRODUCTION

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

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

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

### 13.02 POLICY

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

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

### 13.03 ACTIONS CONSTITUTING FRAUD

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

1. Any dishonest or fraudulent act.
2. Misappropriation of funds, securities, supplies, or other assets.
3. Impropriety in the handling or reporting of money or financial transactions.
4. Profiteering as a result of insider knowledge of CAC activities.
5. Disclosing confidential and proprietary information to outside parties.
6. Accepting or seeking anything of material value from contractors, vendors, or persons providing services/materials to CAC. (Exception: Gifts less than \$50 in value).





7. Destruction, removal, or inappropriate use of records, furniture, fixtures, and equipment; and/or
8. Any similar or related irregularity.

### **13.04 OTHER IRREGULARITIES**

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

### **13.05 INVESTIGATION RESPONSIBILITIES**

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

### **13.06 CONFIDENTIALITY**

All information received shall be held in strict confidence except where disclosure is expressly permitted by provisions of this policy or required by law. Any Associate who suspects dishonest or fraudulent activity will notify the President immediately, and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act (see Section 13.08 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.

### **13.07 AUTHORIZATION FOR INVESTIGATING SUSPECTED FRAUD**

The President may appoint an Investigation Team that will have:

- Free and unrestricted access to all CAC records and premises, whether owned or rented; and
- The authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any



individual who might use or have custody of any such items or facilities when it is within the scope of their investigation.

### 13.08 REPORTING PROCEDURES

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

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

The reporting individual should be given the following direction:

- Do not contact the suspected individual in an effort to determine facts or demand restitution.
- Do not discuss the case, facts, suspicions, or allegations with *anyone* unless specifically asked to do so by the President or legal counsel.

### 13.09 TERMINATION

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



## 14.0 WHISTLEBLOWER PROTECTION POLICY

### 14.01 POLICY

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.

### 14.02 SCOPE OF POLICY AND DEFINITIONS

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

#### A. Improper Activity

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

#### B. Protected Disclosure



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

**C. Illegal Order**

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

**D. Interference**

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

**E. Official Authority or Influence**

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

**14.03 DISCLOSING ILLEGAL ACTIVITY**

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

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

Upon receiving a complaint, the State Auditor may conduct an investigation into the facts alleged in the complaint to determine whether an improper governmental activity has occurred. Before launching an investigation, the State Auditor's staff will conduct a careful evaluation of the complaint to determine whether it has enough potential merit to warrant the expenditure of state resources to conduct an investigation. As such, 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  
Bureau of State Audits  
555 Capitol Mall, Suite 300  
Sacramento, California 95814

As an alternative, the electronic version of the complaint form can be completed at <http://www.bsa.ca.gov/hotline/filecomp>, 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 1-800-952-5665 to file a complaint by talking to one of the State Auditor's employees. The hotline is generally staffed Monday through Friday from 8:30 a.m. to 5:00 p.m. Calls received when the hotline is not being staffed will be answered by a machine that records messages.

**By Internet:**

A complaint can be filed online at <https://www.bsa.ca.gov/contactus/complaint>

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



#### **14.04 PROTECTION FROM RETALIATION**

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

Retaliation includes intimidation, the denial of appointment or promotion, a threat of adverse action, a poor performance evaluation, involuntary transfer, or any form of disciplinary action.

As state employees, Commission employees may report retaliation by contacting the State Personnel Board, in writing, at 801 Capitol Mall, MS53, Sacramento, CA 95814, or may call (916) 653-1403.



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

**ACKNOWLEDGMENT OF RECEIPT**

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

P&P Revision No.: \_\_\_\_\_

Name: \_\_\_\_\_  
(Print)

Title: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_



**INVESTMENT POLICY REVIEW FORM**

DATE: \_\_\_\_\_

REVIEWER: \_\_\_\_\_

**CHECKLIST:**

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





**POLICIES AND PROCEDURES**

EXHIBITS: AUTHORIZATION MATRIX

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



**POLICIES AND PROCEDURES**

EXHIBITS: AUTHORIZATION MATRIX

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

\* 2 of 3 authorized bank signers = Treasurer, President and Vice President of Finance and Administration



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	Vice President of Finance and Administration prepares bank reconciliation prior to financial month-end close, usually by the 5 <sup>th</sup> work day of the following month. President reviews and approves all bank reconciliation as evidenced by signature/date on bank reconciliation
Cash and Investment	Financial Reporting	Investments	R2	CAC funds are invested in risky investment vehicles	1.01.C1	The Vice President of Finance and Administration 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	Vice President of Finance and Administration prepares bank reconciliation prior to financial month-end close, usually by the 5 <sup>th</sup> work day of the following month. President reviews and approves all bank reconciliation as evidenced by signature/date on bank reconciliation
Assessment Collection & Cash Receipts	Cash Receipt	Assessment Collection and Misc. Cash Receipt	R3	Cash receipts are not immediately deposited to CAC's account; instead used for personal gain	2.01.C2	Vice President of Finance and Administration compares the DCRL with the deposits listed on the PDR and/or DCF to make sure all cash received is deposited within 5 business days
Assessment Collection & Cash Receipts	Cash Receipt	Assessment Collection and Misc. Cash Receipt	R4	Cash receipts are not recorded accurately	2.01.C3	Accounting Clerk prints the DTR, which Vice President of Finance and Administration reviews and compares against DCF 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	Monthly, Accounting Clerk compares CAC assessment summary to various sources including AMRIC and AIP, investigates any major discrepancies, and identifies late assessment payments



**POLICIES AND PROCEDURES**

Assessment Collection & Cash Receipts	Cash Receipt	Late Assessment Payment	R5	Late assessments are not detected	2.01.C4	Monthly, Accounting Clerk compares CAC assessment summary to various sources including AMRIC and AIP, investigates any major discrepancies, and identifies late assessment payments
Purchasing	Purchasing	Contract	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. 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 Accounting Clerk 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 Accounting Clerk 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 AP SAGE 100 until Vendor has been set up and Vendor number has been assigned
Purchasing	Purchasing	Purchase Order	R6	Purchases are not for legitimate CAC business	3.02.C4	Access to Vendor Setup screen within AP SAGE 100 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 on hardcopy Purchase Order
Purchasing	Purchasing	Credit Card Purchases	R6	Purchases are not for legitimate CAC business	3.06.C2	Upon receiving credit card statement, Accounting Clerk matches the charges to the supporting documentations supplied by the cardholders and attaches them to the statement. Accounting Clerk works with the cardholders to categorize the charges with account numbers. Cardholders sign the complete spreadsheet (3.06.C1).



**POLICIES AND PROCEDURES**

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 request form approved by Vice President of Finance and Administration as evidenced by signature/date on credit card request form. The President must approve all expenses greater than \$1,000 as evidenced by signature/date on Credit Card Request form prior to payment processing
Purchasing	Purchasing	Bidding	R7	Purchases are not the most cost-effective and efficient	3.03.C1	Purchase amounts \$1,000 and greater require approval by President. Purchase amounts of \$25,000 and over require at least 3 bids and an explanation for the chosen bid
AP Invoice Processing	Purchasing	Invoice from Vendors with Contract	R8	Purchases are not recorded and coded correctly and in the right period	4.02.C1	Invoices are forwarded to the Department Heads for approval. At this point an "Approve" signature stamp is required in DocLink that verifies the accounts to be charged and amount to be paid. Vice President of Finance and Administration and/or President is responsible for approving other departments if the Department Heads are unavailable
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 Office Manager
AP Invoice Processing	Purchasing	Receiving	R9	Requester approves payment for fictitious/incomplete delivery of purchased goods	4.01.C2	Office Manager 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	Accounting Clerk 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	Invoices are forwarded to the Department Heads for approval. At this point an "Approve" signature stamp is required in DocLink that verifies the accounts to be charged and amount to be paid. Vice President of Finance and Administration and/or President is responsible for approving other departments if the Department Heads are unavailable
AP Invoice Processing	Purchasing	Check Request	R6	Purchases are not for legitimate CAC business	4.04.C1	Check request must be signed by the requester and approved by Department Heads
AP Invoice Processing	Purchasing	Petty Cash	R10	Petty cash is stolen	4.07.C1	Petty Cash box is in possession of Vice President of Finance and Administration who keeps it in a locked File Cabinet



**POLICIES AND PROCEDURES**

AP Invoice Processing	Purchasing	Petty Cash	R11	Petty cash is misappropriated	4.07.C2	President or his/her designee performs a surprise count on the Petty Cash at least once annually
Cash Disbursement	Purchasing	Check Run	R6	Purchases are not for legitimate CAC business	5.01.C1	Vice President of Finance and Administration verifies that there are no unusual items, sample-checks the coding and approvals. If everything looks good, Vice President of Finance and Administration sends the invoices to the "Ready for Import" status in DocLink which automatically imports the invoices into SAGE 100
Cash Disbursement	Purchasing	Check Run	R12	Blank checks are issued outside of company's system for illegitimate expenses	5.01.C2	Custody of blank check stock is held by somebody who is independent of cash disbursement processing
Cash Disbursement	Purchasing	Check Run	R6	Purchases are not for legitimate CAC business	5.01.C3	The Accounting Clerk prints the. Printed checks and the Invoice Payment Selection Listing is provided, to the Vice President of Finance and Administration for review and signature. Checks \$1,000 and over require President's signature
Cash Disbursement	Purchasing	Check Run	R13	CAC funds are withdrawn fraudulently using fake/forged checks	5.01.C4	Once all checks have been signed, Vice President of Finance and Administration exports the Positive Pay Report, prints the report and compares it to Invoice Payment Selection Listing. Once everything is verified, Vice President of Finance and Administration uploads the Positive Pay Report file to the Bank's website
Cash Disbursement	Purchasing	ACH	R14	CAC employee submits wrong bank information on the ACH database fraudulently or inadvertently	5.02.C1	Accounting Clerk enters any new ACH vendors on bank's website; Vice President of Finance and Administration has to approve any changes to ACH vendors on the bank ACH database. <b>ACH transactions require dual control</b>
Cash Disbursement	Purchasing	ACH	R6	Purchases are not for legitimate CAC business	5.02.C2	ACH remittance sheets and the Invoice Payment Selection Listing are provided to the Vice President of Finance and Administration for review and signature. Vice President of Finance and Administration then obtains 2 <sup>nd</sup> signature (President's) for all ACHs \$1,000 and over
Cash Disbursement	Purchasing	ACH	R6	Purchases are not for legitimate CAC business	5.02.C3	Once all ACHs have been signed, Vice President of Finance and Administration compares the ACH batch payment uploaded by Accounting Clerk to the approved Invoice Payment Selection Listing. If everything looks good, Vice President of Finance and Administration releases the ACH payment information online on Bank's website



**POLICIES AND PROCEDURES**

Travel, Entertainment & Related Expenses	Purchasing	Travel & Entertainment Expenses Processing	R15	Illegitimate expenses are submitted	6.01.C1	Accounting Clerk reviews the expenses submitted by CAC staff and Board members and ensures that all expenses are allowed under the 6.0 Travel, Entertainment and Related Expenses policy and obtains approvals as explained in the Policy. Vice President of Finance and Administration reviews expenses submitted by Accounting Clerk
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, Vice President of Finance and Administration consults with a Tax CPA firm to make sure that all taxable fringe benefits are reported on employees' W2s. Vice President of Finance and Administration 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	Vice President of Finance and Administration and Accounting Clerk review the invoices to make sure that expenses submitted are allowed under 6.0 Travel, Entertainment and Related Expenses
Fixed Assets	Fixed Assets	Capitalization & Amortization	R17	Fixed Assets are not recorded properly	7.01.C1	Journal entries to record fixed asset transactions are prepared by Vice President of Finance and Administration 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's 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 RWT. President's time-off bookings shall be approved by a member of executive committee
Payroll	Payroll	Payroll Submission & Approval	R20	Payroll payments are for fictitious/unauthorized person	8.02.C1	New employee addition requires President's written approval (e.g. offer letter, etc.) which should also be attached as payroll backup
Payroll	Payroll	Payroll Submission & Approval	R21	Pay rates, hours and deductions are incorrect or unauthorized	8.02.C2	Vice President of Finance and Administration reviews the preview payroll registers and make sure the pay rates, hours entered and deduction are correct. Vice President of Finance and Administration refers to the rates authorized by the President or Board of Directors (for President's rate).



**POLICIES AND PROCEDURES**

Payroll	Payroll	Payroll Submission & Approval	R22	Payroll-related expenses are not recorded correctly and in the right period	8.02.C3	By the 5 <sup>th</sup> of the following month, Human Resources prepares payroll journal entries. Vice President of Finance and Administration reviews them for correct coding and period. If everything looks good, Vice President of Finance and Administration enters them into SAGE 100
Payroll	Payroll	Vacation & Sick Time Accounting	R23	Vacation and sick time are not accounted properly	8.03.C1	Employees enter time-off bookings to RWT. Supervisors approve them before they become final
Payroll	Payroll	Vacation & Sick Time Accounting	R23	Vacation and sick time are not accounted properly	8.03.C2	At the end of year, Human Resources prints out the vacation and sick time reports for each employee. Each employee is required to review and sign the report if he/she agrees with it
Budget	Budgeting	Budget Monitoring	R24	Expenses incurred are not authorized, budgeted or correctly coded	9.04.C1	On a monthly basis, Vice President of Finance and Administration distributes the income statements with budget comparison to all Department Heads. Department Heads must review the income statements and investigate any discrepancies with budget trackers or other documents. Department Heads must also perform variance analysis and investigate any major variances. Variances exceeding the greater of 10% of total budget or \$10,000 must be satisfactorily explained
Financial Reporting and Period End Close	Financial Reporting	Month-end Close	R25	Material errors and omissions occur on financial reports	10.01.C1	Upon closing AP, the Accounting Clerk prints out the GL Trial Balance, AP Trial Balance, AP Aged Invoice Report, and Check History Report. Vice President of Finance and Administration reviews the 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	Invoices are forwarded to the Department Heads for approval. At this point an "Approved" signature stamp is required in DocLink that verifies the account to be charged and the amount to be paid. Vice President of Finance and Administration and/or President is responsible for approving other departments if the Department Heads are unavailable
Financial Reporting and Period End Close	Financial Reporting	Month-end Close	R26	Material errors and omissions occur on financial reports	9.04.C1	On a monthly basis, Vice President of Finance and Administration distributes the income statements with budget comparison to all Department Heads. Department Heads must review the income statements and investigate any discrepancies with budget trackers or other documents. Department Heads must also perform variance analysis and investigate any major variances. Variances exceeding the greater of 10% of total budget or \$10,000 must be satisfactorily explained and the explanation must be submitted in writing to President by the end of the month





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

**REVISION HISTORY**

<b>Version No.</b>	<b>Effective Date</b>
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