



Financial Policy Manual

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ASI BUSINESS AND ADMINISTRATION WORK FLOW CHART

Mark Montalvo Director of Finance And Administration	Oversees budgeting, information technology, student services, accounting services, payroll, risk management, audit, tax and financial statements for ASI and fiscal agent customers.
Gerald Tubo Information Technology Manager	Oversees information technology for all ASI internal programs
Jason Cortright Information Technology Technician	Administers technology and web content for ASI internal programs
Humberto Perez Accounting Manager	Manages accounting services, payroll, audit, financial statements and assists with financial analysis. Oversees accounting services.
Stacey Matthews Payroll Technician	Prepares, administers and provides customer service for payroll related functions.
Michael Eldridge Accounting Technician	Reviews accounts payable, performs reconciliations, creates journal vouchers and provides accounting customer service.
Daisy Yopez Junior Accountant	Preparation of audits, financial statements, tax returns, and assists Accounting Manager and DFA. Backup for Accounting Technicians.
Elvia Felix Sr. Accounting Technician	Supervises Accounting Assistants, reviews accounts payable and receivables, performs reconciliations, creates journal vouchers and provides accounting customer service.
Accounting Assistants (5 – 7 student positions)	Processes and prepares accounts payables, provides customer service and resolves accounts payable issues.

Mari Ruiz
Operations Manager

Oversees cash receipts, manages the Student Shop, performs cap and gown retail administration and administers risk management programs for all ASI internal programs.

Vacant
Student Services Supervisor

Supervises Student Shop CSRs, performs activities associated with the selling and overall business, retail and cash management of the ASI Student Shop.

Customer Service
Representatives
(3–5 student positions)

Provides customer service and processes sales for the Student Shop.

Introduction

Associated Students of California State University, Sacramento, (ASI), is a California not-for-profit auxiliary organization of The California State University (CSU), an organized 501 (c) (3) corporation and a component unit of California State University, Sacramento.

Associated Students, Inc. serves as the official governing body of the Sacramento State students and operation of programs and services to meet the varied needs of students. We provide experiential education, leadership opportunities, student representation, various business and recreational services, campus life programs and activities that support the campus and greater Sacramento community.

ASI is funded mainly by Student Activity Fees, program revenues and grants. The deposit, investment and expenditure of these funds are subject to the Education Code (Sections 89300-89304); The California State University regulations and California State University, Sacramento. ASI is subject to an annual financial audit by an independent CPA firm and a separate audit by California State University every three years.

The purpose of the Financial Policy Manual is to provide all ASI employees and volunteers with direction and guidance in connection with financial transactions and procedures that should be uniform throughout ASI. It is the policy of ASI that the ASI Business Office will be responsible for the accounting for all ASI financial activity in accordance with Generally Accepted Accounting Principles (GAAP) outlined by the Financial Accounting Standards Board (FASB) and regulation of the California State University Office of the Chancellor.

The goal is to make the Financial Policy Manual as clear and useful as possible. All users are encouraged to contact the Director of Finance with any suggestions for revising or improving the Financial Policy Manual.

Definitions

Accounts Payable. Payments due to vendors and contractors for services or goods provided and completed.

Accounts Receivable. A current asset representing money due for services performed or merchandise sold on credit.

Accrual Basis of Accounting. Wherein revenue and expenses are recorded in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period.

Accrued Expenses. Expenses incurred during an accounting period for which payment is postponed.

Accrued Revenue. Funds for goods and services have been provided, but payment not yet received.

Accumulated Depreciation. The cumulative charges against fixed assets for wear and tear or obsolescence.

Assets. An asset is an element of the financial statements constituting resources or claims, at a moment in time or as of a certain date. Assets represent items of value that the enterprise owns and controls.

Auxiliary Enterprise. An auxiliary enterprise, as defined by the National Association of College and University Business Officers (NACUBO) in the College and University Business Administration Manual, is “an entity that exists to furnish a service to students, faculty, or staff, and that charges at a rate directly related, but not necessarily equal, to the cost of the service.” Auxiliary enterprises are self supporting activities which provide non-instructional support in the form of goods and services to students, faculty, and staff upon payment of specific user charge or fee that is at least equal to the full direct and indirect cost of providing the goods and services. The public may also be served incidentally by the enterprise.

Bad Debt. An open account balance or lean receivable that has proven to be uncollectible and is written off.

Balance Sheet (Statement of Financial Position). An itemized statement that lists the total assets and the total liabilities of a given business to portray its net worth at a given moment of time. The amounts shown on a balance sheet are generally the historic cost of items and not their current values.

Budget. An itemized listing of the amount of all estimated revenue which a given business anticipates receiving, along with a listing of the amount of all estimated costs and expenses that will be incurred in obtaining the above mentioned income during a given period.

Capital Asset. A Long-term asset that is not purchased or sold in the normal course of business costing \$5,000 or more with a useful life greater than one year. Generally, includes fixed assets, e.g., land, buildings, furniture, fixtures and equipment.

Chart of Accounts. A systematic listing of all accounts used by the company in order to maintain order and organization for the accounting records.

Deferred. Any account where the asset or liability is not realized until a future date, e.g., annuities, charges, taxes, income, etc. The deferred item may be carried, dependent on type of deferral, as either an asset or liability.

Deferred Revenue. Funds that are received for goods and services that have not yet been provided. Since it is generally expected that the enterprise will perform or deliver these goods or services within the next accounting period, these advances are recorded as current liabilities on the Balance Sheet.

Expenses. Expenses consist of outflows of cash or charges relating to rendering services or carrying out other activities that constitute the enterprise's operations and related support undertakings (e.g., administrative activities, operations, and management).

Financial Accounting Standards Board (FASB). The designated organization in the private sector for establishing standards of financial accounting and reporting. Those standards govern the preparation of financial reports. They are officially recognized as authoritative by the Securities and Exchange Commission and the American Institute of Certified Public Accountants. Such standards are essential to the efficient functioning of the economy because investors, creditors, auditors and others rely on credible, transparent and comparable financial information.

Fixed Assets. Those assets of a permanent nature required for the normal conduct of a business, and which will not normally be converted into cash during the ensuing fiscal period. (e.g., furniture, fixtures, land, and buildings are all fixed assets. However, accounts receivable and inventory are not).

Generally Accepted Accounting Principles (GAAP). A widely accepted set of rules, conventions, standards, and procedures for reporting financial information, as established by the Financial Accounting Standards Board.

Liability. Financial obligations to outside parties who have furnished resources to the enterprise (e.g., goods or services purchased, financing capital goods or systems, or taxes incurred but not yet paid).

Net Income. The difference between total revenue and total expenses for a business enterprise.

Prepaid Expenses. Amounts that are paid in advance to a vendor or creditor for goods and services. These payments are recorded as current assets on the Balance Sheet (see Deferred Revenue).

Restricted Assets. Assets/resources which are restricted by legal or contractual requirements for use under specific circumstances or purposes.

Revenue. Revenue is income received in exchange for performing services or other activities that make up the ongoing major operations and related support functions, or from producing or delivering goods.

Revenue Recognition. The process of recording revenue, under one of the various acceptable methods, in the accounting period. In each period of revenue recognition, all related expenses should be matched to revenue. The most common method of recognizing revenue is at the time of sale or provisioning of service.

Statement of Activities and Changes in Net Assets (Profit and Loss Statement or Income Statement). It shows business revenue and expenses for a specific period. The difference between the total revenue and the total expense is the total business net income. A key element of this statement, and one that distinguishes it from the balance sheet, is that the amount shown on the statement represents transactions over a period while the items represented on the balance sheet show information as of a specific date (or point of time).

Unclaimed Property. Financial asset that has been left inactive by the owner for a period of time specified by law. One year for payroll and three consecutive years for accounts payable checks.

Unearned Revenue. Represents money that has been received in advance of providing goods or services to the customer. Unearned revenue is a liability of the business until the agreed upon goods or services have been provided to the customer. Revenue is recognized on the date of the service.

Unrelated business taxable income. Gross income derived from any trade or business regularly carried on and not substantially related to the mission statement.

Zero Based Budgets. Where the expense or costs of the prior year are not taken into consideration when establishing expense or budgetary levels looking forward. Each expense category starts from zero. All expenses or cost levels within the budget must be justified or re-justified as being necessary; thus “zero-base”.

**Acceptance of Gifts
Adopted: 05/10/2017**

General Statement

The Associated Students (ASI) shall only accept grants, contracts, bequests, trust or gifts, which are subject to conditions of and used for purposes consistent with the policies as set forth by the California State University Sacramento and the Trustees. The Trustees, through action of the University President, may accept gifts, funds, or property on behalf of ASI Board of Directors.

Guidelines and Procedure

Gifts may only be accepted providing that their acceptance and future use provides no expectation of unreasonable use, cost, or conflict in the State, CSU, Sacramento State, or ASI laws, bylaws, policies, and procedures. Such possible costs or conflict will necessarily be determined prior to acceptance of any gift. In no case will any gift be accepted which will accrue benefit to any individual employee or Board member of ASI or University.

The Executive Director, through the Business Office, will advise and receive approval from ASI Board of Directors regarding gifts. The Executive Director then on behalf of the Board notifies the University President prior to acceptance of any gift, donation or bequest. Request is made to Title 5, sec 42403; Education Code sec 89035, 89720, and 89903; Executive Order 676; PM UA 98-03; PM 90-02 and EO 444, which shall control responsibility for evaluating acceptability of proposed gifts, donations or bequests. The forms utilized shall be consistent with any University required documents (currently, Sacramento State Foundation Gift Acceptance Form, GAF).

**Accounting for Assets (Balance Sheet)
Adopted: 05/10/2017**

General Statement

Accounting for assets establishes the fundamental guidelines and Generally Accepted Accounting Principles (GAAP) practices for properly accounting and reporting assets on ASI's Balance Sheet. An asset is an element of the financial statements constituting resources or claims thereto at a moment in time, as of a certain date. More specifically, the Financial Accounting Standards Board (FASB) defines assets as probable future economic benefits obtained or controlled by ASI because of past transactions or events, e.g., an investment in stock, receivable for the sale of goods or services. In simple terms, assets represent items of value that ASI owns or controls. They have the ability or potential to provide future benefits to ASI.

Guidelines and Procedures

An asset has four primary characteristics:

- It embodies a probable future benefit that involves capacity, singularly or in combination with other assets, to contribute directly or indirectly to future net cash flows to ASI.
- ASI can obtain the benefit and control access to the asset.
- The transaction or event giving rise to ASI's right to control of the asset has already occurred.
- Assets are recorded on ASI's Balance Sheet using accrual basis of accounting.

The accrual basis of accounting records the effects of a transaction and other events in the periods when they occur instead of only in the periods when cash is received or paid. Accordingly, accrual accounting considers not only cash transactions but also non-cash transactions and exchanges of goods and services.

The accrual basis of accounting focuses on inflows of assets from operations (revenues) and uses of assets in operations (expenses), regardless of whether those inflows and outflows currently produce or use cash.

Assets are classified on ASI's Balance Sheet in descending order of liquidity. Liquidity means the availability of cash or ability to convert into cash. Assets are further classified into current and non-current categories. These distinctions are implicit in the natural descending order of the assets on the Balance Sheet. For reporting purpose, these category distinctions do not need to be explicitly stated on the Balance Sheet. Valuation accounts are used to change the carrying amount of an asset and are considered an essential part of the asset.

The valuation account accumulates amounts that are either added to or, in most cases, subtracted from the original asset balance. The valuation accounts are also referred to as contra asset accounts.

Examples of valuation accounts include:

- Allowance for doubtful accounts (contra valuation account to Accounts Receivable).
- Accumulated depreciation (contra valuation account to Fixed Assets).
- Unrealized gain or loss on investments (contra valuation account to Long-term Investments).

Accounting for Expenses

Adopted: 05/10/2017

General Statement

Accounting for Expenses defines and classifies types of expenses and expense credits. Expenses consist of outflows or charges relating to rendering services or carrying out other activities that constitute ASI's major operations, such as, the Children's Center and related support undertakings, (i.e., ASI managed activities).

Guidelines and Procedures

Expenses measure the outflow of assets (cash) or increases in liabilities (a payable) relating to rendering services or carrying out ASI's operating activities. The Financial Accounting Standards Board, SFAS No. 117, "Financial Statements for Not-for-Profits," specifies that the "Statement of Activities" or the "Notes to Financial Statements" should provide information about expenses reported by functional classifications. (e.g., major classes of programs, services, and supporting activities).

1. Operating Expenses: Operating expenses should be reasonable in nature and amount. Expenses should not exceed or be incurred by a prudent person (that is, under the circumstances prevailing at the time the decision was made to incur the costs). In determining the reasonableness of a given cost, consideration shall be given to the following:
 - Whether the cost is of a type generally recognized as ordinary and necessary for the operation of ASI.
 - The restraints or requirements imposed by such factors as generally accepted sound business practices, arms-length bargaining, federal and state laws and regulations, and any other such terms and conditions.
 - Whether the individuals concerned acted with the prudence in the circumstances considering their responsibilities to ASI, its members, employees and clients, the public at large and any government agency.
 - Whether there is significant deviation from the established practices of ASI.
2. Operating Expense Credits: Operating expense credits are receipts that operate to offset or reduce expense items. These receipts are considered credits to operating expenses. The cost of providing administrative services to internal programs will need to be allocated to these programs through the normal cost allocation process.

- The following are receipts that operate to offset expenses:
 - Purchase discounts
 - Rebates and allowances
 - Recoveries or indemnities on losses
 - Adjustments of overpayments or erroneous charges
 - Reimbursements by employees
 - Reimbursements relating to joint activities with other institutions (e.g., seminars, conferences, and meetings).

**Accounting Service Fee
Adopted: 05/10/2017**

General Statement

The Accounting Service Fee is used to reimburse ASI for providing monthly or quarterly fiscal services to non-ASI departments.

Guidelines and Procedures

1. The Service is assessed on non-ASI accounts such as University Union, State Hornet, and IRA Grantees.
2. For the State Hornet and IRA grants, ASI charges a flat rate of 6% of total expenditures, unless otherwise specified by contract.
3. The charge is calculated monthly or quarterly, after all transactions for the month have been processed and posted, then billed to the respective accounts.
4. The accounting service fees charged to the University Union is a flat annual amount of \$120,000 plus the prior year Western States cost of living allowance. ASI will use this COLA rate which is supplied and used by campus to generate the new budgeted Student Activity Fee for ASI.

Accounts Payable/Purchasing Policies
Adopted: 05/10/2017

General Statement

Payment for goods and services are initiated using one of the following methods: Check Request, Purchase Order, or ASI Credit Card (see ASI Credit Card Policy).

Guidelines and Procedures

1. Expenditure Authorization:
 - Transactions less than or equal to \$5,000 can be initiated and approved by the Department Director or those with purchasing authorization.
 - Transactions greater than \$5,000 or less than \$10,000 are authorized by the Department Director and the Accounting Manager.
 - Transactions equal to or greater than \$10,000 require a purchase order authorized by the Department Director, Director of Finance and Administration (DFA) and Executive Director.

2. Payment Processing:
 - Check Requests:
 - a. Check Request forms are used for reimbursements (except travel - see Travel Policy), establishing and settling operational advances, and payment of invoices. Purchases under \$5,000 are considered small dollar purchases and a check request or credit card is the preferable method of payment. Purchases greater than \$5,000 should be processed using a Check Request form.
 - Purchase Orders:
 - a. Purchases greater than or equal to \$10,000 require a Purchase Order form unless it is a reoccurring payment that has previously been authorized i.e., health insurance payment. Purchase Order requests of \$10,000 or more must have a current vendor quote as back-up support before a Purchase Order can be processed.
 - b. Purchase Order Authorization:
 - Purchase order requests for less than or equal to \$5,000 are authorized by the Department Director.
 - Purchase order requests greater than \$5,000 but less than \$10,000 are authorized by the Director of Finance and Administration (DFA) and Department Director.
 - Purchase order requests in excess of \$10,000 are authorized by the Department Director, DFA and Executive Director.

3. Requests for Proposal/Bid (RFP):

- Departments that intend to make purchases of \$25,000 or more must first secure three (3) written proposals or bids. The bids need to contain the following for each vendor: the company name, the date of contact, address, telephone number, the name of the person providing the quote, the service/product description, and total price including tax and shipment. Any other information pertinent to final vendor selection should also be stated.
- Competitive bid purchases and/or contracts should be awarded to the lowest bidder. In special circumstances, with the Executive Director's or Director of Finance's approval, it is possible to purchase items or services from a vendor other than the lowest bidder for reasons such as sole source, better quality, timeliness, special features, integration with existing systems, etc. Reasons for exception to award of low bid must be submitted with the purchase requisition. In these instances, the (3) bids must also accompany the purchasing documents when submitted to Accounts Payable.
- Associated Students may elect to purchase selected items through State Contracts. In such instances, bids are not required. In all such circumstances, the Department Director is to review the planned purchase with the Executive Director or Director of Finance prior to purchase.

4. Sole Source Purchases:

- There may be an occasion when it is practical to provide only one source for a purchase. This is known as a sole source purchase. There are three types of sole source: 1) Sole Brand: a specific item is needed, so the item is sole sourced, but more than one vendor can provide the item and therefore it is bid; 2) Sole Source: there is no other vendor which can provide a item which will suffice. 3) Contract Sole Source: there is no other contractor who can provide the needed service. The following is a partial list of circumstances where a sole source purchase may be justified.
 - a. If the item requested is part of a system already in use and other brands will not functionally integrate.
 - b. If it is considered practical to purchase a particular brand or make because other brands would not be compatible with existing equipment already in use in the department.
 - c. If there is only one known source for a specialized piece of equipment or material required
 - d. If there is only one contractor who can provide the service
- If one of these cases fits your situation a sole source justification must be submitted with your documents. If your justification for sole source is approved, bids will be solicited only for the particular item.

The following information needs to be addressed when submitting a justification.

- a. The unique performance factors of the product/vendor specified.
- b. Why these unique factors are required.
- c. What other products/vendors have been evaluated and the reason(s) for rejection.

5. Splitting of Orders:

- Splitting of purchase orders to avoid the bidding requirements is not permitted. It is prohibited under any circumstance to circumvent these procedures by splitting purchases into a series of two or more requisitions or invoices. Persons or departments ordering merchandise through any other means may be held personally responsible for the payment of those items ordered.

6. Operational Advances:

- **Operational Advance:**
 - a. An advance is used to provide operating funds to authorized ASI employees, clubs, and campus eligible organizations. Such advances are designed to assist the department directors or other authorized user in those cases where exact amounts and types of expenditures cannot be predicted fairly, and where a local disbursing function is essential to the project, as in the case of some remote location.
- **One-Time Advance:**
 - a. Used to request funds for a relatively short period of time. Multiple one-time advances may be allowed for the same individual or group if approved. Normally, an outstanding one-time advance must be settled before another advance will be reviewed or approved.
- **Settling Operational Advances:**
 - a. The advance should be settled within thirty days of the conclusion of the time during which funds were needed. If the period in which the advance is used extends longer than sixty days, partial settlements should be made to report actual expenditures every thirty days. A Check Request with an expense summary record and original receipts must be maintained and attached to support the expenditures. At the time of settlement of the operational advance, any expenditure disallowed by ASI will result in the individual or club/organization being held personally liable. All advances must be settled prior to the end of the semester in which the funds were received.

- The use of operational advance funds is subject to audit, and therefore, the individual who spends these funds is responsible for the proper disbursement of the funds, receipting, and record keeping according to ASI requirements.
7. Accounting and Reporting:
- Payments and any adjustment to payments will result in an entry to the accounting system. The payment will appear on the department's monthly Detailed Trial Balance. Departments should review their monthly reports to ensure that the entries are for their department and the amounts are reasonable. Errors made in the payment process will be handled by Accounts Payable. Departments are responsible for identifying any errors and initiating corrective action by submitting a Request for Accounting Assistance form (RFAA).

**Accounts Receivable
Adopted: 05/10/2017**

General Statement

The wide variety of receivables that are generated by the various activities of ASI results in numerous individual accounts. In order to effect early conversion of these receivables to cash and minimize losses, ASI must maintain a diligent program for managing receivables. The management function consists of invoicing accounts, effecting collection, and analyzing outstanding accounts (aging).

Guidelines and Procedures

The ASI Business Office will be responsible for generating invoices for ASI activities except the Children's Center.

1. Invoicing: Prompt invoicing for reimbursement of expenses or fees arising from services provided under various agreements is essential for effective management of receivables. Departments utilizing the Point of Sale (POS) system are responsible for securing the system and sending out invoices to customers for services provided. The Business office will invoice for expenses or fees not encompassed through the POS system. The Business Office is responsible for invoicing for Departments with no POS system.
2. Collection: Collections of receivables for services provided is primarily the responsibility of the Department which has requested or issued the invoice. ASI Business Office will provide a monthly reconciliation to the departments with outstanding invoices showing which payments are delinquent and so the respective departments can take appropriate actions.
 - Analysis. Adequate information concerning the age of outstanding invoices is essential for proper overall control of accounts receivable and related reserves for bad debts; therefore:
 - Aging information must be collected, maintained, reported, and acted upon in a standardized and consistent manner.
 - Invoices must be collected as expeditiously as possible, but the cost of collection must not be allowed to exceed the expected revenue.
3. Provision for Bad Debts: To assure that realized revenue will be reflected properly, bad debts must be regularly recognized in ASI accounts. ASI will establish and maintain a reserve for bad debts with annual charges against operating revenue.

Bank Account(s)

Adopted: 05/10/2017

General Statement

The Associated Students, Inc. (ASI) shall authorize the ASI Executive Director, in consultation with ASI's Director or Finance, to select the appropriate banking, Savings and Loans Institutions, and/or money market accounts in order to conduct normal business operations and to be the depository of funds for the corporation.

Guidelines and Procedure

Any or all banking, savings and loan institutions, and money market accounts which are now or may be selected by the ASI Executive Director to act as a designated depository for the funds of this corporation and be it hereby requested, authorized and directed to honor all checks, drafts, or other orders for the payment of money drawn in this corporation's name on its checking and savings accounts including those drawn to specific individuals whose names appear thereon as signer, or signers thereof when bearing or purporting to bare printed signatures.

1. Designated signatures reflected below are authorized as corporate officers to withdraw funds. A signature from among the following officers is required:
 - Executive Director, ASI
 - Director of Finance and Administration, ASI
 - Associate Vice-President of Finance, Sacramento State
 - Vice-President for Student Affairs, Sacramento State
2. Two signatures, one of the signatures must be original (handwritten), from the above list are required for the payment of money for amounts **greater than or equal to** Ten Thousand Dollars (\$10,000).
3. Printed check signatures shall only be utilized for amounts **less than** Ten Thousand Dollars (\$10,000).
4. Check Stock: ASI and University Union check stocks are maintained in the ASI Business Office. The check stocks are secured and controlled behind a key card controlled office and within a locking vault. When stock is low, ASI will order new supplies.
5. Stop payments: Stop payments may occasionally be requested. To implement, ASI notifies bank to place stop payment via online banking. The bank will assess a per check stop payment fee. Stop payments are issued for check amounts exceeding \$25.00 or at the discretion of the Director of Finance and Administration.

6. Void checks: Checks are voided for a variety of reasons such as stale dated, wrong amount, etc. Original checks, unless lost, must be returned to the ASI Business Office along with a written request to void the check. A request to reissue the check can also be made at this time.
7. Lost checks: Lost checks should be immediately reported to the ASI Business Office. The Business Office staff will record pertinent information and immediately place stop payment on the checks. Generally, approximately two weeks will elapse before replacement check is issued to allow for the possibility of late mail delivery of the original check.

Unclaimed checks: After 180 days from issuance, unclaimed checks become stale. Every effort should be made to contact payee. Due Diligence is mandated by California for all unclaimed property at \$50 or more (see ASI Escheat of Unclaimed Personal Property Policy).

It is the intent of the Board that this policy shall permit and allow adjustments to the wording of this policy to incorporate or accommodate adjustments in content or language as may from time to time be required by the selected banking or savings and loan companies to reflect adjustments form and formats then adopted by the banking industry.

**Cash Funds: Establishing and Administration
Adopted: 05/10/2017**

General Statement

There are two types of operating cash funds: Petty Cash and Change Funds. Petty Cash Funds may be used to make small purchases which cannot be acquired by any other means. Change Funds are used by departments which routinely handle cash. Unlike the Petty Cash Fund, a Change Fund will always have the same amount of cash on hand (except for the Business Office Main Vault and the Aquatic Center Administration Fund).

Guidelines and Procedures

1. Limits:

- Petty cash is for reimbursement or to make small purchases. Dollar limits of Petty Cash funds can be found in the Petty Cash Policy. Change Funds are determined by the department director and the Operation Manager.

2. Responsibilities:

- The Director of Finance and Administration (DFA) and the Operations Manager must approve set-up of funds and limits.
- The fund custodian/to whom the Petty Cash or Change Fund is entrusted is responsible for safeguarding the cash.
- The department director or designee who requests establishment of the fund is responsible for ensuring that the custodian manages the fund in accordance with established policies and procedures.

**Change Fund
Adopted: 05/10/2017**

General Statement

Associated Students Inc. establish funds to support change-making activity to their specific programs.

Guidelines and Procedures

Change funds must not be commingled with other funds. Custodianship of a given change fund is assigned to a custodian and cannot be independently transferred to another individual. When change funds are no longer needed, change funds will be re-deposited at the Business Office/Student Shop.

The integrity of the change fund must be maintained at all times. Audit and reconciliation of the change fund for which cashiers and cash handling employees are accountable must be performed by the Operations Manager. The frequency of such reconciliations are:

<u>Amount of Fund</u>	<u>Frequency of Audit</u>
\$0-\$499.99	Quarterly
\$500 and over	Monthly

**Club and Trust Accounts
Adopted: 05/10/2017**

General Statement

Associated Students, Inc. (ASI) serves as the fiscal agent for deposit accounts for student clubs, organizations, student-related programs, and activities by authority provided by the Sacramento State Policy Manual, “Conditions of Maintenance of Good Standing by Auxiliary Organizations at Sacramento State”. ASI has established policy and procedure to student clubs and organizations to establish special trust accounts.

Guidelines and Procedures

The following terms and conditions provide information relative to the establishment of a special trust account with ASI. The conditions are as follows:

1. All student clubs and organizations must first have approval from their faculty advisor and from the Student Organizations & Leadership (SO&L) Office to establish a club account with ASI.
2. All student clubs and organizations must comply with the policies of Sacramento State. <http://www.csus.edu/umannual/>
3. Any item deposited to your account which is returned/unpaid from the bank upon which it is drawn for reasons of insufficient funds, refer to maker, etc., will be charged back to the club account with any applicable NSF fees.
4. ASI cannot honor any withdrawal when the club account has insufficient funds.
5. All withdrawals from the account will be in the form of checks that are substantiated by submitting a Check Request to the ASI Business Office with the required documentation (please refer to instructions on the back of the ASI Check Request Form). Any withdrawals below \$20 will be issued in cash.
6. There will be no service charge assessed by ASI for maintenance of club accounts; however, if ASI must file a stop payment request with the banking institution, the cost of the stop payment fee will be the responsibility of the club.
7. When the club or organization uses ASI equipment, services, or facilities, the club or organization agrees to pay in full any fees and damages that the organization may incur and authorizes ASI to debit and/or encumber the account for such fees and damages.
8. ASI requires all clubs and organizations to have on file an authorized signature form indicating the individuals allowed to withdraw funds or request and receive

- account balances. Faculty Advisors are not allowed to sign for club withdrawals. All contracts should include sufficient authorized signatures, since the individual the check is made payable to cannot be the same individual authorizing the check request. Any payable greater than \$10,000 requires two signatures.
9. It is the responsibility of the organization to update authorized signatures when new officers are elected. All updated contracts must also have a signature from their faculty advisor and a representative of the SO&L Office.
 10. It is understood by the parties of the Club Agreement that Associated Students, as a limited agent for the account funds, shall not be responsible for obligations incurred by the club or organization. Nor shall Associated Students be the guarantor in the event that funds held in this account are insufficient to satisfy an indebtedness of the principal.
 11. This account may be subject to an annual independent audit.
 12. Funds in this account will not earn interest. Any interest earned shall accrue to the Associated Students as consideration under Agreement.
 13. Clubs cannot use off-campus bank accounts unless given prior approval from the University, Associate Vice President of Financial Services.

Compliance with Financial Policies
Adopted: 05/10/2017

General Statement

Every employee who conducts transactions that affect ASI funds must comply with all the applicable laws, regulations, and special restrictions.

Guidelines and Procedures

To ensure compliance, each department director and the Business Office shall adopt the following practices:

1. Financial Reporting:
 - ASI will conduct transactions in compliance with applicable financial reporting requirements, including Generally Accepted Accounting Principles (GAAP) and Financial Accounting Standards Board (FASB) Statements. The basic requirements of these standards as applied by ASI include the following:
 - a. Sources and uses of funds must be segregated by the type of activity they support in accordance with any restrictions imposed on their use.
 - b. Revenues are realized as earned when goods or services are provided. Expenditures are realized when goods or services are received.
 - c. Accrued Revenue occurs when goods and services have been provided, but payment has not been received.
 - d. Accrued Expenditures occur when good or service are received in an accounting period and payment has not been made.
 - Accounting Principles must be applied consistently, both within fiscal years and between fiscal years. The ASI Business Office is charged with ensuring consistent, ASI-wide application of these accounting principles.
 - a. Reports to sponsoring entities will be made according to the specific reporting requirements. In general, most sponsoring entities require adherence to GAAP.

2. Record Retention: The Business Office will maintain financial records in compliance with regulatory requirements and ASI policy. This includes:
 - Maintaining records for a period of four years from the latter of the last Chancellor's Office Compliance Audit or the filing of all required reports.
 - In cases where there is pending litigation or audits, records must be maintained until the action is concluded.

3. Expenditures: All expenditures must comply with applicable regulatory and legal requirements and ASI policy.
 - Federal and state restrictions must be followed.
 - When goods and services are purchased for ASI, the following requirements apply:
 - a. The Director of Finance or Executive Director are the approving or purchasing representative for ASI Information Technology (hardware and software) assets.
 - b. Any person who makes unauthorized purchases shall be responsible for the payment of all charges incurred.
 - c. Purchases exceeding \$5,000 must be conducted through Director of Finance **or** Executive Director. Purchases exceeding \$10,000 must be conducted through the Executive Director **and** Director of Finance.
 - d. Goods and services for individual or for non-ASI activities shall not be made using ASI credit or facilities. If purchased items appear to be of personal nature, the ASI purpose must be clearly and properly documented.
 - e. Unnecessary or redundant purchases must be avoided.
 - Actions affecting a person's compensation must adhere to the following additional requirements:
 - a. Providing Payroll with all the data needed to process that person's paycheck, including:
 - Name
 - Social Security Number
 - Tax Withholding forms
 - Pay rate
 - Terms of appointment
 - Title code
 - Hiring department code and name
 - b. Updating such information so that checks may be issued in a timely manner;

- c. Ensuring that other payroll information is updated accurately and timely that affects such items as:
 - Medicare
 - OASDI
 - Retirement plans
 - Voluntary withholdings such as insurance and various employee benefit programs
 - d. Adhering to all time keeping requirements for compensation.
4. Reporting Fraudulent or Illegal Acts: Any person who becomes aware of fraudulent or illegal business transactions conducted in the name of ASI shall properly report the fraudulent or illegal act. (refer to HR policy 600 on whistle blowers) This includes:
 - Any person who suspects that fraud or illegal activities are taking place in his or her department must report that suspicion immediately to their immediate supervisor. If the employee believes that the supervisor is involved, or is otherwise uncomfortable reporting in this manner, he or she must immediately notify the Executive Director or Director of Finance. Supervisors to whom such reports are made must review them, and if they have merit, report them to the next level of management.
 - Individuals conducting business on behalf of ASI are personally responsible for the consequences of any violations they commit.
 - Individuals conducting business on behalf of ASI must do so for the benefit of ASI. Where a potential for personal gain exists, this potential conflict of interest must be reported immediately, and be carefully evaluated before any financial transactions are allowed to occur.

**Conflict of Interest
Adopted: 05/10/2017**

General Statement

This policy is, and will be in effect in order to define a procedure that will act as a safeguard against a conflict of interest that might occur at some future point in time between an ASI's Executive Director, Program Directors, Board of Directors, Committee members, employees or programs and an external entity.

Guidelines and Procedures

1. Under the California Corporation Code, Section 5233, Directors, Officers and employees or programs shall exercise their powers in good faith and with a view to the interest of the Corporation, therefore subordinating their individual and private interests to their duty with Corporation whenever the two parties conflict.
2. No members of the ASI Board of Directors, standing committees, or direct appointees of said Board, committee or council shall be financially interested in any contract or other transaction entered into ASI. Any contract or transaction entered into in violation of this section is void. As provided by the California Education Code, Section 24059, an exception to this aforementioned rule calls for an adequate disclosure of the individual's financial interest to the Board of Directors, if there is sufficient vote to ratify without counting votes of those financially interested, and the contract is just and reasonable of the case in question. Section 24060 limits the scope of this exception. Essentially, the only type of contract an auxiliary organization may enter into with an organization in which a member of the Board is financially interested is the case when the Board member owns less than five percent of the common stock of the other contracting party and discloses this fact before the contract is discussed by the Board of the auxiliary organization.
3. No Director, Officer, employee or program may accept gifts of any significant value or nature from current vendors or those seeking to do business with ASI. They will also avoid a conflict of interest in relations with vendors, contractors and consultants doing business with, or seeking to do business with ASI (see Employee-Vendor Relationships policy).
4. No employee or member of any program will be allowed to use confidential information gained through their position for his/her personal gain.
5. No ASI department or other facility, supplies or assets may be used in any way for the development, administration or advancement of any program(s),

- campaign(s), or activity (ies) which are not officially endorsed or sponsored (solely or in part) by the Associated Students.
6. No program or employee of the Associated Students, Inc. may endorse any candidate (local, state or national) using his/her title or position within the Associated Students organization. Nor may any non-student employee of the Associated Students endorse candidates for ASI elections.

**Contract and Grant Accounting
Adopted: 05/10/2017**

General Statement

The ASI Business Office is responsible for the accounting on all outside grants and contracts for ASI. For each grant and contract, the ASI Business Office prepares billings and all financial reports per OMB Circular A-122 and California Department of Education guidelines. The ASI Business Office also helps prepare grant budget requests and tracks/monitors direct and indirect grant and contract expenditures.

Guidelines and Procedures

1. Establish a separate activity code for each project and maintain the official ledger of expenditures for the agreement(s).
2. Monitor payroll and non-payroll expenditure transfers for compliance with ASI and sponsor policies.
3. Prepare and submit expenditure reports to sponsors and programs. Coordinate the financial closeout of contracts and grants.
4. Coordinate responses to financial audit reports and/or recommendations of expenditure disallowances with sponsor, program directors and ASI auditors.
5. Prepare reports on agreement fund overdrafts and provide assistance and guidance to departments having trouble with the management of agreement funds.
6. Invoice sponsors for interim and final payments under contracts and grants as appropriate or required.

**Corporate Reserves
Adopted: 05/10/2017**

General Statement

This policy provides criteria for the Management and Board of Associated Students, Inc. (ASI) and staff of the University to measure the adequacy of the ASI Corporate Reserves, fee rates and to guide in allocation from the Corporate Reserves for the operations, repair, replacement, and facility modification and other projects.

Guidelines and Procedures

1. Sources of Local Funds: The Associated Students, Inc. receives its operating funds from the following sources:
 - Operations
 - Student Fees
 - Grants
 - Investment

2. Financial Standards and Reporting. Annually at the ASI board retreat, the DFA reviews the current status of all categories of the ASI corporate reserves with the board of directors. Annually, through the budget process, the ASI Finance & Budget committee reviews the fiscal viability of the organization to include:
 - The evaluation of the need for reserves in the following areas:
 - i. Working Capital Reserves: reserves needed to administer daily operations.
 - ii. Emergency Operations: An emergency reserve against critical operating budget deficiency such as unanticipated losses of revenue, economic hardships or immediate repair/replacement of structures etc. due to unforeseen circumstances.
 - iii. Equipment Replacement Reserves: Enable the proper and timely replacement of damaged and/or outdated equipment, furnishings and facilities.

 - Working Capital Reserves are to be held at an average level of 6-8 weeks of the budgeted operational expenditures. This amount will be calculated and addressed during the budget process and briefed to the Board of Directors for the new budget year.

- Equipment Replacement Reserve Fund. See policy.
- Emergency Reserve. Average emergency reserves for corporations are 20% of the budget. Any activity for the emergency reserves requires Board approval.
- The Director of Finance will advise the board on reserve funding levels or needs at the beginning of a new budget year.

**Correcting Financial Statements (RFAA)
Adopted: 05/10/2017**

General Statement

The Request for Accounting Assistance (RFAA) form is used to correct transactions that have been posted to incorrect account numbers or program/dept/activity codes, or to transfer revenue or expenses from one account and program/dept/activity code to another. These transactions are reviewed and approved by the Director of Finance and Administration and/or the Accounting Manager or the Executive Director.

Guidelines and Procedures

If transaction occurred in prior period use an RFAA. Do not use an RFAA form for current period adjustments. This is accomplished through the reconciliation process.

Credit Cards

Adopted: 05/10/2017

General Statement

Corporate credit cards (MasterCard and Visa) allow Associated Student's (ASI) departments to effectively control, monitor **small** purchases, and reduce time and paperwork. ASI authorized cardholders may make walk-in purchases; place telephone orders; use online service; and receive and confirm purchases not to exceed \$5,000 per transaction (including tax and shipping); thus, reducing the labor intensive procurement process for small dollar purchases.

Guidelines and Procedures

1. Prohibited Credit Card Purchases

ASI corporate credit card should not be used to procure items such as:

- a. Cash Advances, Leases, and Maintenance Service greater than \$100.
- b. Personal purchases of any kind
- c. Narcotics and other controlled substances
- d. Splitting of purchases to circumvent the dollar limitation

2. Misuse of Credit Card

Cardholders are to observe strict compliance with the program policies and guidelines at all times. In the event of repeated abuses of ASI corporate credit card policies, the card will be revoked. Further, the employee will be subject to disciplinary action such as termination of employment and/or criminal prosecution.

3. Responsibilities

- a. Cardholder: The cardholder is responsible for:
 - i. Appropriate use of ASI Credit Card;
 - ii. Security of the ASI Credit Card;
 - iii. Compliance with ASI Procurement policies and procedures;
 - iv. Preparation of the Monthly Credit Card Purchase Report;
 - v. Review monthly credit card statement of account; ensure all purchases are appropriate by signing monthly credit card statement **or** replying to the ASI Business Dept. via e-mail attesting to all charges being valid; attach all receipts and forward to the approving ASI director within three working days;
 - vi. Making arrangements in his/her absence to ensure paperwork is submitted to their approving ASI Director in a timely manner.
 - vii. Immediately notifying (e-mail preferred) the Executive Director or the Director of Finance and Administration if personal (not company related, see 1. c. above) charges have been made to your

credit card. Reimbursement by the card holder must be made within "5" working days from the notification date.

- b. MWT Approving Directors : The approving director is responsible for:
 - i. Reviewing all charges;
 - ii. Ensuring all purchases are appropriate;
 - iii. Ensuring no prohibited items have been purchased;
 - iv. Ensuring all proper documentation is attached to monthly Credit Card Statement.
 - v. For meetings with food being served, must include a list of members that attended the meeting.
 - vi. Replying to the ASI Business Dept. via e-mail attesting to all charges being valid **or** signing cardholder statements.
 - vii. Forwarding all receipts to ASI's Business Office within seven working days.

Note: If there are excessive instances of lost receipts, the employee's credit card may be revoked. Further, the employee will be subject to disciplinary action up to and including termination of employment.

4. Fiscal Year-End Accruals

Upon receipt of the June Statement, two separate monthly reports must be submitted to the Approving Director. One is to include all purchases listed on the June statement. The second one is to include all purchases made through June 30th that have not yet appeared on the statement. The total amount listed on the second report will then be the accrual for the fiscal year ending June 30th.

**Delegation of Authority
Adopted: 05/10/2017**

General Statement

The Associated Students, Inc. (ASI) is structured along departmental lines and each department director has programmatic and administrative responsibility for the areas under their jurisdiction. Department Directors report to the Executive Director. The Director of Finance and Administration, as chief financial officer for the Executive Director, is responsible for development of policy for, and oversight of, the business practices and financial systems for the Executive Director. The Director of Finance and Administration is an MPP level employee, employed by the University to give general oversight for financial decision making to ASI. The Director of Finance and Administration reports directly to the campus Associate Vice President of Financial Services. Each ASI department director has responsibility for assuring that the business practices and financial systems are in compliance with these policies. As part of the oversight responsibility, each department director delegates responsibility and accountability for the financial management of ASI resources to functional units under their respective purview. Each ASI department director is accountable for managing their financial resources.

Guidelines and Procedure

Each Department Director is responsible for managing the department's financial resources, is responsible for developing appropriate structure for handling the department's financial resources. This will involve delegating a variety of tasks to employees within the department.

Each department director shall be responsible for developing an accountability structure that adheres to the following principles:

1. Accountability cannot be delegated.
2. A person cannot delegate greater responsibility than he or she has.
3. Tasks shall only be delegated to people who are qualified to perform them.

A qualified person must:

1. Be involved in the tasks being performed.
2. Have the appropriate knowledge and technical skills to perform those tasks, including knowledge of relevant regulations and policies; and
3. Have the authority to carry out the tasks.

A person delegating tasks is responsible for ensuring those tasks are being properly performed. The ASI Business Office must keep a complete, up-to-date record of the financial delegations, as well as an audit trail of modifications to them. The Business Office must ensure that, for financial responsibility, delegations are communicated, documented, and periodically reviewed for accuracy, completeness and effectiveness.

**Employee-Vendor Relationships
Adopted: 05/10/2017**

General Statement

Associated Students, Inc. prohibits an employee (staff, directors, or board officials) from making or participating in the making of a decision if there exists a financial conflict of interest. It is the policy of ASI to separate an employee's ASI and private interests, and to safeguard ASI and its employees against charges of favoritism in acquisition of goods and services. This policy describes restrictions on (A) the purchase of goods and services involving participation in purchasing decisions by employees, and (B) purchases of goods and services from (1) employees, (2) employee-owned businesses, (3) near relatives, such parents or (4) businesses owned by near-relatives.

Guidelines and Procedure

1. Participation in Purchasing Decision: No employee of ASI shall make, participate in, or attempt to influence any decision if the employee knows or has reason to know that he/she has a financial interest in the outcome of that decision.
2. Purchases From Employees and/or Employee-Owned Businesses: Purchases, lease/rent of goods, or contracts for services shall not be made from any employee, or from any business which is owned or controlled more than 10% by an employee, unless there has been a specific determination by the Director of Finance that the goods or services are not available from commercial sources or at competitive prices.
3. Purchases From Near-Relatives Of An Employee Or From Business Owned By Near Relatives Or Employees: Purchases, lease/rent of goods, or contracts for services shall not be made from any near relative of an employee, or from any business which is owned or controlled more than 10% by a near relative of an employee, if the employee has any responsibility for, will be involved in, or is in a position to influence, the departmental decision to accomplish or approve the transaction unless there has been a specific determination by the Director of Finance that the goods or services are not available from commercial sources or at competitive prices.

**Equipment Replacement Reserves
Adopted: 05/10/2017**

General Statement

The Equipment Replacement Reserve fund is established to ensure fiscal responsibility of the Associated Students operations and to enable the proper and timely replacement of damaged and/or outdated equipment, hardware and software, furnishings and facilities.

Guidelines and Procedures

Establishment of the Equipment Replacement Reserve for ASI shall be at a level of .5 times the current total replacement value of Associated Students furnishings and equipment plus \$100,000. This reserve requirement shall be determined and updated annually by application of the then current Western States cost-of-living index to the acquisition cost of furnishings and equipment and to the \$100,000 addition.

This reserve will be funded by transfers prior to June 30 of the next fiscal year after the prior year-end audit, with funds available after payment of current year's operating obligations, in an amount of \$50,000 plus .5 times the then current total replacement cost of Associated Students furnishings and equipment.

The annual transfer shall be required only for any fiscal period the reserve is funded at an amount less than its level of \$200,000 or the reserve amount recommended by the Director of Finance.

Expenditure of these reserve funds shall be made only and specifically for the purpose of major repairs to or replacement of equipment, hardware and software, furnishings or facilities.

Expenditure of these funds should not be to augment other allocated or unallocated reserve funds nor for usual and regular current operating expenses.

Upon Board approval of reserve fund balance for new budget year, authority to approve expenditures from reserve fund is delegated to ASI Executive Director and Director of Finance and Administration.

**Escheat of Unclaimed Personal Property
Adopted: 05/10/2017**

General Statement

In compliance with the Unclaimed Property Law and Regulations, (California Code of Civil Procedures, Title 10, Chapter 7 – Unclaimed Property Law, January 2016), ASI is required to report unclaimed funds to the State Controller’s Office. ASI annually reports and delivers unclaimed property to the State Controller’s Office after there has been no activity on the account or contact with the owner for a period of time specified in the law.

This policy outlines the procedures in regard to checks issued by ASI which remain uncashed after one year for payroll checks and three consecutive years for accounts payable checks.

Guidelines and Procedures

All unclaimed property with no activity for a period of time (one year payroll checks, three years accounts payable checks) that is held or owing in the ordinary course of ASI’s business becomes payable or distributable escheats to the State Controller’s Office.

1. Notification of Owner of Property:

Due diligence mandated by California state law (CCP 1513.5, 1514, 1516, and 1520) is conducted for all unclaimed property at \$50 or more. ASI shall make reasonable efforts to notify the owner by mail, phone or email in attempt to replace and reissue a new check. If contact is made with the property owner, the property is no longer unclaimed. The owner shall be notified 6-12 months before the owner’s property held by the ASI Business Office becomes transferable to the State Controller. If a response is not received from the payee, the funds held by ASI will be escheatable to the State.

2. Uncashed Checks

ASI annually reviews books and records for unclaimed property and tracks uncashed checks on a monthly basis. After the six month time period, stale dated checks are voided. Stop payments are placed on checks over \$25 or more; or at the discretion of the Director of Finance and Administration. The payee is contacted in attempt to replace and reissue a new check. If a response is not received from the payee, the funds may be escheated based on unclaimed property laws.

Fixed Assets

Adopted: 05/10/2017

General Statement

This policy establishes guidelines for acquiring, depositing and maintaining control of capital assets. Proper control procedures will be followed for all capital asset acquisitions, transfers and depositions in order to provide internal control of capital equipment and to assist in reporting. Department Directors are responsible and accountable for furniture, equipment, machinery and other capital assets in their departments and must maintain some type of control over capital assets. This policy applies to all capital equipment with value of \$5,000 or more with a useful life greater than one year. This policy does not apply to DOC or Grant funded purchases where ownership does not lay with ASI.

Guidelines and Procedure

1. Acquisitions:

- All purchases of assets costing less than \$5,000 will be approved by the department director. Assets with a cost greater than \$5,000, but less than \$10,000 require Department Director and Director of Finance approval. Purchases of \$10,000 or more will also require the approval of the Executive Director.
- Any internally constructed or donated equipment will be reported to accounting if the item cost or has a value of \$5,000 or more. A complete description of property, date manufactured or received, number of items, cost or estimated value statement that it was internally constructed or donated will be included in the report.
- To maintain proper segregation and control upon termination of any employees, any employee owned tools, equipment or furniture brought on ASI's premises will be reported to the department director. The report should include the employee's name, description of items, identification numbers (if any), and reason(s) for returning asset.

2. Dispositions:

- Capital assets may be sold or traded-in for new equipment. An Asset Disposition Memo is to be completed and approved by the department director. Any assets with an original value greater than \$5,000 will also require the Director of Finance's approval.
- Upon approval, the department may advertise the property for sale or submit a list to the ASI Business Office for sale and disposition.

3. Equipment Inventory:

To insure proper internal controls and accurate property accounting records, on an annual basis, in June, departments are responsible for making a physical inventory of all of their department property and equipment and reconciling the inventory with the ASI Property Accounting inventory records. This inventory will be coordinated by the ASI Business Office, and includes providing inventory listing, pertinent forms, procedures and deadlines. Additionally, property and equipment will be physically “tagged” with a bar code with the wording *Property of Associated Students, Inc.* Property “tagged” will have a value of \$500 and higher **or** be considered “theft sensitive”. Equipment identified as “theft sensitive” is having value and portable (i.e. desktop computers, laptops, etc.). Tagging of equipment should be completed within 30 days after the equipment has been physically received by ASI.

In most cases, the asset useful life is obtained following the guidelines from the Internal Revenue Code for the useful life of assets.

**Grant Budgets and Controls
Adopted: 05/10/2017**

General Statement

External Grants are awarded in one year increments only (no rolling or multi-year grants). This is to not impede upon the fiscal integrity of future ASI Board of Directors. ASI Business Office will balance the grant allocations among grantees so that they are distributed to benefit the diverse interest of the student population. All recipients of ASI External Grants are required to utilize the following budgetary guidelines and controls. As part of its commitment to provide effective programs, ASI expects grant recipients to continuously evaluate and improve their programs, and report their program improvements to ASI as part of the grant application process. In this environment, budgetary controls will help ensure that entities funded by ASI are consistent with ASI's mission and values.

Guidelines and Procedures

Grant Budgets and Controls is to provide uniform guidelines for all grantees and entities funded by ASI Student Fees. As the provider of this financial support, ASI has a stake in assuring that funded entities utilize grant funds in accordance with approved grant activities. Through the budget and control process, ASI will assist in providing “best practices”, as well as fund usage uniformity for all funded entities.

Definitions

For purposes of this policy, the following terms used are defined as follows:

1. Grant: An award of financial assistance provided to grantee for use with a specific activity in which there is substantial involvement between ASI and the External Grant Recipient.
2. Abeyance: A state of temporary inactivity. A grant award held in “abeyance” means the related financial accounts are frozen and no further transactions may be conducted until a specific condition(s) is met.
3. Memorandum of Understanding (MOU): A contract between ASI and the entity awarded an ASI External Grant.

Once an entity has been awarded an ASI External Grant and an MOU is issued, the grantee must revise their proposed budget to an actual budget to match the funds awarded. ASI may place certain restrictions, i.e., student wages only, on the funds. Once the fully executed MOU and revised budget are reviewed and approved by ASI, funds will be available for use. Since the ASI Board of Directors and the University

President approve the final Associated Students, Inc. Budget, the following conditions are to be adhered to by all grantees during the MOU contract period:

1. ASI uses line item budgeting. Grantees shall utilize the individual expenses lines for budget and expenditure controls.
2. Funds approved for student wages and related expenses (social security, workers' comp) cannot be used for ANY other purpose. Revised budgets submitted without the appropriate and required federal and/or state tax withholdings or worker's compensation insurance in relation to the amount of student wages will be revised by ASI to include these required amounts. ASI may, at their sole discretion, reduce any of the other budgetary line items to cover the omitted wage related expenses.
3. There is allowance for up to a 10% variance in each funding line, excluding student wages and related expenses, without a memo being required to request an operational variance submitted to the ASI Director of Finance and Administration. This allowance cannot increase the bottom line of the award.
4. Expenditures that exceed budget line items by more than 10% or exceed an entity's approved budget will cause the account to be held in abeyance until the overage is cleared.
5. The ASI Director of Finance and Administration in consultation with the ASI Vice President of Finance may approve a one-time line item variance of up to an additional 5% to clear an overage beyond the initial 10%. However, the ASI Director of Finance and Administration will present any subsequent or additional variances to the ASI Finance and Budget Committee with a recommendation made to the Board for approval. This additional allowance does not increase or change the original bottom line total amount of the award.

**Independent Contractors
Adopted: 05/10/2017**

General Statement

Individuals who are “independent contractors” are not considered employees for wage and hour purposes. The state agencies most involved with the determination of the independent contractor status are the Employment Development Department (EDD), which is concerned with employment-related taxes, and the Division of Labor Standards Enforcement (DLSE), which is concerned with whether the wage, hour and workers’ compensation insurance laws apply. There are other agencies, such as the Franchise Tax Board (FTB) and the Contractors State Licensing Board (CSLB), which also have regulations or requirements concerning independent contractors. Since different laws are involved; it is possible that the same individual will be considered an employee for purposes of one law and an independent contractor under another law. Because the potential liabilities and penalties are significant, if an individual is treated as an independent contractor and later found to be an employee, it is advisable that each such relationship be thoroughly researched before implemented.

Guidelines and Procedures

There is no single determinative factor in determining whether an individual is an independent contractor or an employee for purposes of wage and hour laws. An individual will be considered an employee where the employer exercises all necessary control by direct or indirect means over the work details of the individual. In addition, the following factors are to be considered in determining an individual’s independent contractor or employee status:

1. Whether the person performing services is engaged in an occupation or business distinct from that of the principal;
2. Whether or not the work is part of the regular business of the principal;
3. Whether the principal or the worker supplies the instrumentalities, tools and the place for the person doing the work;
4. The individual’s investment in the equipment or materials required by his or her task;
5. The skill required in the particular occupation;

6. The kind of occupation, with reference to whether, in the locality, the work is usually done under the direction of the principal or by a specialist without supervision;
7. The individual's opportunity for profit or loss depending on his/her managerial skill;
8. The length of time for which the services are to be performed;
9. The degree of permanence of the working relationship;
10. The method of payment, whether by time or by the job;
11. Whether or not the parties believe they are creating an employer-employee relationship.

Even where there is an absence of control over the details, an employer-employee relationship may be found if the principal retains pervasive control over the operation of the whole, the worker's duties are an integral part of the operation, and the nature of the work makes detailed control unnecessary. In addition, the existence of a written agreement purporting to establish an independent contractor relationship is not determinative. Nor is the fact that a worker is issued a 1099 form rather than a W-2 form determinative with respect to independent contractor status.

Instructionally Related Activities (IRA)
Adopted: 05/10/2017

General Statement

Instructionally Related Activities (IRA) funds are to provide support for essential educational experiences and activities that aid and supplement the fundamental educational mission of the university. “Instructionally related activities” are those activities and laboratory experiences which are at least partially sponsored by an academic discipline or department and which are, in the judgment of the president, integrally related to its formal instructional offerings. Activities which are considered to be essential to the quality educational program and an important instructional experience for any student enrolled in the respective program may be considered instructionally related.

Guidelines and Procedures

IRA funds are provided by Sacramento State to ASI and disbursed as grants to the University departments that received the IRA award. ASI charges a flat rate of 6% of total expenditures, unless otherwise specified by contract. The following are the guidelines from the University.

IRA Committee Guidelines and Priorities
Adopted February 1997

1. **Requirements for Proposal Submission:**
 - Each proposal must include a description of the way in which it advances the components of the University’s Strategic Plan.
 - Each proposal must contain a complete and credible description of the sources of revenues and expenditures for the activity.
 - Each proposal must be filled out completely and accurately and must show detail.
 - Any proposals received after the deadline will not be considered.

2. **Funding Criteria for Allocation of IRA Funds:**
 - Programs that are academically related but have their own purpose, identity and organization outside of the classroom experience (example: Model UN, Forensics-Debate Team, Theatre Arts).
 - Activities that are intensive and structured.
 - Active student involvement affording direct, hands-on experience is demonstrated.

- Benefits the student community, Sacramento State, and surrounding community.
- Educational content including the extent, quality and significance of the educational experience is demonstrated.
- Quantify the number of student participants in the activity and the number of indirect student beneficiaries.
- Total cost of the project/activity is provided to assist the committee determine the cost/benefit ratio in relation to available funds.
- Demonstrate that all allocations have been and/or will be used as effectively as possible.

3. Restricted Uses for IRA Funds:

- Support of activities that fulfill requirements for an academic course (example: a class project, a field experience, a course activity). Cannot fund programs that exclusively award academic credit for student participation.
- Resources exclusively used for classroom instruction. This includes support of equipment purchases, operating expenses, teaching salaries and facilities.
- Salaries and wages that only provide functions directly related to classroom experience and instruction.
- Funding attendance at conferences, unless the conference includes competitions or other activities in which students participate directly.
- Tutorial programs are restricted since these are directly related to classroom instruction.
- Peer Mentoring programs that increase general student competencies rather than being directly related to the students' specific area of study.
- Travel costs for faculty advisors. The IRA Advisory Committee expects that travel costs for faculty advisors, which are directly related to student attendance at IRA funded events, will be supported by departmental budgets.
- Capital outlay projects (example: remodeling).
- Food that isn't essential for continuation of the program (example: food for receptions).
- Any activities that are not included in an approved IRA proposal.
- Direct support to individual students rather than programs.

**Internal Accounting Controls
Adopted: 05/10/2017**

General Statement

Internal accounting control is a series of policies and procedures designed to promote and protect sound management practices, both general and financial. Following internal control procedures will significantly increase the likelihood that: financial information is reliable, so that department directors and the board can depend on accurate information to make programmatic and other decisions; assets and records of the organization are not stolen, misused, or accidentally destroyed; the organization's policies are followed; and, government and University regulations are met.

Guidelines and Procedures

To develop an effective internal accounting control system, department directors must be able to identify those areas where abuses are likely to occur. The following list provides an overview of areas and objectives in developing an effective internal accounting control system.

1. Cash receipts:
To ensure that all cash intended for the organization is received, promptly deposited, properly recorded, reconciled, and kept under adequate security.
2. Cash disbursements:
To ensure that cash is disbursed only upon proper authorization of management, for valid business purposes, and that all disbursements are properly recorded.
3. Petty Cash:
To ensure that petty cash and other working funds are disbursed only for proper purposes, are adequately safeguarded, and properly recorded.
4. Payroll:
To ensure that payroll disbursements are made only upon proper authorization to bona fide employees, that payroll disbursements are properly recorded and that all related legal requirements (such as payroll tax deposits) are complied with.
5. Grants, gifts, and bequests:
To ensure that all grants, gifts, and bequests are received, properly recorded, and that compliance with the terms of any related restrictions is adequately monitored.

6. Fixed Assets:
To ensure that fixed assets are acquired and disposed of only upon proper authorization, are adequately safeguarded, and properly recorded.
7. Financial Statements:
To ensure that financial statements are properly and accurately prepared in accordance with general accepted accounting principles.
8. Organizational Ethics Environment:
To ensure there is a formal and written code of conduct for all employees at all levels of the organization and is reinforced by proper training and communication.

Additional internal controls are also required to ensure proper recording of donated materials and other revenues; accurate, timely financial reports and information returns; and compliance with other governmental regulations.

Investments

Adopted: 05/10/2017

General Statement

The position of Associated Students, Inc. (ASI) in regards to the investing of funds shall be in a manner consistent with the guidelines below.

Guidelines and Procedures

All investments of ASI funds shall be in a manner which provides:

1. Security of funds
2. Necessary accessibility for fund usage
3. Optimum return on investment.
4. Low risk

Without negotiation of security, availability, or interest income, the ASI Board of Directors intends that ASI funds will not be invested in a manner, which will support the continuation of any corporation's overseas business practices when those business practices are shown to provide a negative impact on the society or country or countries involved. Further, it is ASI Board's intent that ASI funds will be invested in a manner that is consistent with present and/or future State of California policies and/or laws regarding socially responsible investment practices for the Local Agency Investment Fund (LAIF).

Merit Salary Increases
Adopted: 05/10/2017

General Statement

Associated Students, Inc. may award merit salary increases, including merit raises and merit payments to employees that demonstrate outstanding job performance. All merit salary increases will be awarded in accordance with this policy.

Guidelines and Procedures

1. General: ASI may award merit salary increases, including merit raises and merit payments to employees that demonstrate outstanding job performance. All merit salary increases will be awarded in accordance with this policy.
2. Definitions: Two types of merit salary increases may be awarded.
 - Merit Raise – An employee may be granted a merit raise that is added to base salary with annual performance review recommendation.
 - Merit Payment – An employee may be granted a lump sum merit payment that is not added to the employee’s base salary; based upon specific performance at any point during the fiscal year.
3. Award criteria: Merit salary increases may be awarded to ASI employees based upon one or more of the following criteria.
 - An employee who demonstrates outstanding performance evidenced by an above average or excellent overall rating on a current performance evaluation may be recommended for a merit salary increase.
 - An employee who demonstrates efficient use of resources that result in significant savings to the department or ASI may be recommended for a merit salary increase.
 - An employee who demonstrates outstanding service to the department or ASI may be recommended for a merit salary increase.
4. Recommendations: Merit salary increases should be initiated by the immediate supervisor and/or appropriate ASI department directors and approved by the ASI Executive Director.
5. Increase Amounts Effective Date: The amount of each merit raise will be based upon the availability of funding as determined during the ASI budget process. In most cases merit raises will be effective July 1st of the new budget fiscal year and are generally reflected within the first two full pay periods of July.

Moving and Relocation Expense
Adopted: 05/10/2017

General Statement

Reimbursement may be allowed for necessary and reasonable moving and relocation expenses for an individual who has been offered a position with Associated Students, Inc. (ASI) and has accepted such appointment. Every appointee will not be authorized moving and relocation expense reimbursements. The determination of who is to receive such reimbursements and the amount shall be the responsibility of the Executive Director.

Guidelines and Procedure

1. Policy on Moving and Relocation Expenses:

- Full or partial reimbursement, within budgetary constraints, may be allowed for the actual and necessary expenses incurred for relocation including packaging, transportation, storage in transit (not to exceed 60 calendar days), and unpacking and installation of the employee's household goods at the new residence, when properly documented by invoices and receipts.
- An employee and spouse or domestic partner may be reimbursed for relocation travel (defined as a one-way trip from former residence to the general area of Sacramento State or other primary job location) in accordance with the policy (when authorized, travel expenses for spouses will be reimbursed on the same basis as travel expenses for employees).
- Household goods include furniture, clothing, musical instruments, household appliances, foods, and other items which are usual or necessary for the maintenance of the household. Household effects SHALL NOT INCLUDE automobiles; other motor vehicles, trailers with or without other property; boats; all animals, livestock or pets, or belongings which are not the property of the immediate family or domestic partner of the employee; and belongings related to commercial enterprises engaged in by the employee; firewood; fuel; or building material.
- The employee is responsible for purchasing any personal insurance coverage relating to relocation.

- Should employees elect to move themselves, reimbursements for such moves may not exceed the costs that would have been incurred had a commercial firm been used. Rental of a truck from a commercial establishment shall be allowed as well as the cost of gasoline when not included in the truck rental rate. In the case of self moves, two quotes will be required from commercial firms and reimbursement (including gasoline) will be made at the rate which results in the lowest cost to Associated Students. If the employee is provided a reimbursement expense cap on relocation expenses, no quotes are required.
- Associated Students shall not reimburse an employee and spouse or domestic partner temporary lodging expenses. House hunting trips prior to the move may be authorized depending on budgetary constraints. If the Executive Director determines house hunting trips will be allowed the employee will be authorized moving reimbursement.

2. Repayment of Moving and Relocation Expense Reimbursements:

- If an employee whose moving and relocation expenses have been reimbursed does not continue his/her employment with ASI for a period of at least two years (unless discontinuance of the employment was a result of death, disability or other similar unexpected cause beyond the control of the employee as determined by the Executive Director), the employee shall repay the following percentages of the amount received for reimbursement for such moving and relocation expenses:
 - 100% - if employed less than 6 months
 - 75% - if employed at least 6 months but less than 12 months
 - 50% - if employed at least 12 months but less than 18 months
 - 25% - if employed at least 18 months but less than 2 years
- The employee is required to sign the *ASI Conditions of Reimbursements for Moving Expense Form* acknowledging the above. This form should be presented for signature prior to payment of moving claim.

Petty Cash

Adopted: 05/10/2017

General Statement

Petty Cash funds are used to reimburse individuals for purchases in the amounts of \$50 and under. The purchase of items must be consistent with the mission and fiduciary responsibilities of Associated Students.

Guidelines and Procedure

The Director of Finance and Administration (DFA) and Operations Manager approve the establishment of Petty Cash funds.

The Petty Cash fund must be assigned to a specific individual as custodian. The custodian is responsible for adequate security and control of their petty cash fund. The fund should be secured at all times in a locked place.

The Operations Manager will count and audit the petty cash fund in accordance with the following schedule:

<u>Amount of Fund</u>	<u>Frequency of Audit</u>
\$0 to \$499.99	Quarterly
\$500 and over	Monthly

Receipt and Control of Revenue
Adopted: 05/10/2017

General Statement

The Associated Students, Inc. (ASI) is committed to the responsible handling of cash and checks as well as other revenue collection as a part of doing business.

Guidelines and Procedures

1. Cashiering Operations:
 - a. All ASI daily receipt of revenue received as payment for goods or services provided are entered into the department's cash register.
 - b. Departments are required to reconcile their cash registers on a daily basis.
 - c. Each department will prepare receipts and deposit bags for transport of revenue to the Business Office for processing. The Business Office will prepare deposit slips for departments.
2. Chain of Custody: Program Directors, receiving payments for goods or services directly, are responsible for maintaining a Department Deposit Log. All department deposits dropped off at the ASI Student Shop are recorded on the ASI Deposit Log. The logs are maintained on a monthly basis to track all incoming deposits and to establish a chain of custody between the department program and the Student Shop. At the end of each month, the original department log will be forwarded to the Student Shop for reconciliation. The log will be reconciled and retained in the Student Shop for audit purposes.
3. Invoice Check Payments Received: Payments received, via mail, for outstanding ASI Invoices are to be logged on an ASI Check Log and restrictively endorsed upon receipt. The check will be matched up with the appropriate invoice and prepared for deposit.
4. Grant Revenue: Grant funds received are deferred until expenses have been incurred according to the grants use stipulations. Revenue is recognized monthly as expenses are incurred.

Reserves and Idle Funds

Adopted: 05/10/2017

General Statement

Investment of assets generates returns, which include both ordinary income (yield) and appreciation, both realized and unrealized. Recognizing that purchasing power must be protected from erosion attributable to inflation, the amount of return allocated to current needs must be balanced with reinvestment to meet future needs.

Guidelines and Procedures

It is the policy of the Associated Students, Inc. to recognize income and appreciation in its accounting system in accordance with generally accepted accounting principles (GAAP). ASI shall use a "total return" spending formula that provides for expending a prudent portion of both the ordinary income from investments and appreciation of the principal.

Definitions:

For purposes of this policy, the terms used are defined as follows:

Term	Definition
Capital gain	The amount by which an asset's selling price exceeds its initial purchase price.
Capital loss	The decrease in the value of an investment or asset. Opposite of capital gain.
Ordinary income	The yield from investment, including dividends, interest, net rents, and royalties, but excluding capital gains
Realized gain/loss	The appreciation or depreciation established by the sale of an asset.
Total return	The return on an investment, including income from dividends and interest, as well as appreciation or depreciation in the price of the security, over a given time period, usually a year.
Unrealized gain/loss	The appreciation or depreciation established by the market value of an asset.

1. Accounting and Reporting:

- Ordinary Income: Ordinary income earned shall generally be distributed quarterly in accordance with the terms of the funding source and the prudent return concept. Ordinary income earned, for unrestricted purposes, shall be credited to ASI's investment income account. Ordinary income earned for

restricted purposes shall be credited to the designated income accounts or to fund balances as specified by the terms of the gift instrument.

- **Capital Gains and Losses:** Capital gains and losses shall be accounted for as additions to and deductions from account balances. Any portion of the capital gains that are utilized for current operating purposes shall be reported as a transfer. Distribution (if any) of the realized appreciation shall be determined annually, in arrears, by the ASI Director of Finance and Administration in concert with the ASI Executive Director.
2. **Investment Pool:** To the extent legally possible and in compliance with donor intent, ASI shall pool investments for all funds. This practice permits broad diversification with attendant protection of principal and relative stability of revenue. Furthermore, it promotes economics in administration and accounting. A realized gain or loss account shall be used to record the realized appreciation or depreciation of traded securities. The account is charges upon withdrawal or participating funds from the pool and is used to transfer distributions of appreciation to funds under the total return concept.
 3. **Idle Funds:** The Director of Finance and Administration, in coordination with the Executive Director, shall be the responsible parties to direct idle surplus funds. End of fiscal year surplus funds, budgeted or unbudgeted, will be deposited into the ASI reserve accounts in the following order: Working Capital, Equipment Replacement, and Emergency reserves, respectively. Guidelines for the minimum funding levels are located in the appropriate reserve policy.

Scholarships

Adopted: 05/10/2017

General Statement

ASI is responsible for reporting any scholarships that is processed through the ASI Business Office for disbursement. In accordance with California Code of Regulations, Title 5 §42500(d), an email is sent to the financial aid office prior to the distribution of any checks for all currently admitted students.

Guidelines and Procedures

- Check requests are reviewed by a staff member and are recorded on an internal spreadsheet.
- Upon processing the check request, an email is sent to the campus financial aid department reporting the scholarship student recipient.
- Checks are released to individuals only after the disbursement has been reported to campus.
- Check requests received from the State Hornet are not reported since State Hornet reports individuals directly to the financial aid office.

**Separation of Duties
Adopted: 05/10/2017**

General Statement

Departmental management is responsible for assuring that financial administrative duties indicate clear lines of authority and responsibility. These duties are to be segregated so that one individual's work routinely serves as a compensating check on another's work. No one individual should have complete control over a financial transaction. Standards for separation of duties shall be implemented to the maximum degree possible. When full separation of duties is considered not practical or feasible, (i.e. due to limited departmental staff) the variance from the standard and appropriate compensating controls must be documented in writing and approved by the ASI Executive Director and Sacramento State Associate Vice President for Finance.

Guidelines and Procedures

Clear lines of authority and responsibility must be established in order to segregate, where practical, the various steps of a transaction. An expenditure transaction consists of initiation of the purchase, receipt of goods, preparation of the payment voucher, authorization of the voucher, month-end reporting and reconciling. A revenue transaction consists of initiation of the sale, invoicing for the sale (if charged), collection and receipting of the funds, depositing the funds, month-end reporting and reconciling.

Roles

1. Approver (Accounting function): The person who reviews the transaction for accuracy, validity, appropriateness, and proper authorization. The approver determines if a transaction should continue to be executed. For some types of transactions, there may be more than one approver.
2. Authorizer (Authorization of transaction function): The person responsible for authorizing a transaction, such as a check request, purchase order, credit card transaction, journal voucher or payroll adjustment.
3. Cashier (Custody of asset function): The person who receives cash or check payments on behalf of ASI from external parties.
4. Check Handler (Custody of asset function): The person who prepares and handles a check to be disbursed to a vendor.
5. Deposit Preparer/Reviewer (Accounting function): The person who consolidates and reviews cash receipts from cashiers and prepares the deposit to the bank. This person does not directly collect cash and checks from external parties.

6. Financial Report and Analysis Preparer (Record keeping function): The person who prepares financial reports and analysis for review by management or use by staff.
7. Data Entry (Accounting function): The person responsible for entering a transaction into the ASI Financial System (MIP).
8. Ledger Reviewer or Reconciler (Accounting function): The person who reviews and reconciles the general ledger every month to identify errors or discrepancies, and either resolves them or brings them to the attention of superiors
9. Vendor Creator (Accounting function): This person has the ability to add vendors for accounts payable payments which is segregated from the “Data Entry” of the transactions.

**Signature Authority and Financial Stewardship
Adopted: 05/10/2017**

General Statement

Associated Students, Inc. (ASI) management formally delegates signature responsibility to provide a method to control that may approve financial transactions and to meet ASI's financial stewardship responsibilities. ASI employees who have been delegated signature authority should understand ASI's financial stewardship philosophy, applicable policies, regulations, rules and laws.

Guidelines and Procedure

Financial stewardship is defined as the responsibility for managing ASI resources wisely and executing these responsibilities with integrity and ethical conduct. These resources include time, money, people and property.

Stewardship responsibilities encompass total oversight of the resources assigned to each employee as well as those resources available for use. Financial stewardship responsibilities include:

1. Spending money wisely and monitoring expenditures for prudent spending.
2. Purchase of goods and services wisely.
3. Assisting others in their financial stewardship efforts.
4. Being accountable for your actions, equipment, funding and time.
5. Encouraging others to be good stewards of their resources.

To delegate signature responsibility, the use of the following methods provides the Business Office an accountable audit trail for transaction approval:

1. Payroll – Approval for Payroll Issues Form
2. Financial Transactions –Purchasing Limits and Authorization Form
NB: Both forms require original signatures.
3. Memorandums of Understanding for administrated ASI and IRA grants, and non-ASI organizational trust contracts, signed club trust agreements and club agreement forms (CAF's).

Travel Expenses

Adopted: 05/10/2017

General Statement

Authorization - Travel to seminars, conferences, events, public meetings, and on ASI business requiring an overnight stay requires advance approval from the authorized signers for ASI Staff and volunteers. This approval can be obtained by the prospective traveler by completing the Travel Request Form.

If the *Approving Authority* does not feel the travel should be authorized they will explain their reason for denial in the appropriate space on the form, make a copy for the *prospective traveler* and retain the original.

Guidelines and Procedures

1. **Travel Expenses:** All expenses must be reasonable and necessary. Any expenses that appear to be "excessive" will be reduced to an amount which is "reasonable" given the facts and circumstances of the situation. Travel arrangements should be scheduled to utilize the least expensive mode of transportation. Consideration should also be given, if possible, to minimizing the amount of time devoted to traveling. Expenditures for side trips and personal items shall not be authorized.
2. **Guidelines for maximum amounts:** As stated above all expenses must be "reasonable" and not "excessive." Hotel charges will be reimbursed for the actual amount provided a receipt is submitted. Meals and incidentals up to the daily maximum of \$51 do not require receipts; however, the expense needs to be incurred in order for the employee to be reimbursed. A \$5 incidental allowance may also be claimed for each **complete** 24-hour period.

For travel which is the last **fractional** part of a period of travel of more than 24 hours, the authorized allowance for meals or lodging will be paid. If the travel extends past 9:00 a.m., a breakfast may be claimed (\$11); if the travel extends past 2:00 p.m., a lunch may be claimed (\$12); if the travel extends past 6:00 p.m., a dinner may be claimed (\$23). If the travel extends overnight, lodging may be claimed for actual lodging expenses provided a receipt is submitted.

3. **Partial day travel has the following limitations:**
 - No lodging is allowable.
 - Breakfast and dinner reimbursements are allowed only if the following applies:
 - a. For breakfast if the travel begins before 7 a. m.
 - b. For dinner if the travel extends past 6 p. m.

- Daily meal reimbursements are as follows:
 - a. Breakfast \$11.00
 - b. Lunch \$12.00
 - c. Dinner \$23.00
 - d. Incidentals \$5.00
 - e. Total \$51.00

- 4. **Use of Personal Vehicle.** - If an ASI authorized traveler drives their own personal vehicle, they must submit proof that they maintain at least the Minimum State requirements regarding insurance coverage on the driver and all passengers. Any auto accident shall be reported immediately to the proper authorities and to the ASI Manager who authorized the travel. The mileage reimbursement rate shall be the same as the IRS standard mileage rate. This rate is adjusted periodically.

- 5. **Submission of claims.** Employees are required to submit expense claims for the authorized travel within 10 working days after their return from the event, seminar, conference, etc.

**Uncollectible Check Process (Bad Check/NSF Write-Off)
Adopted: 05/10/2017**

General Statement

Associated Students, Inc. (ASI) receives cash, checks, and credit cards for goods and services sold. During the year a small portion of checks may become uncollectable due to NSF (non-sufficient funds), closed accounts, or stop payment. The ASI Business Office will make a good faith effort to collect from the individual and ASI will perform its due diligence with all proper documentation maintained as support for the write-off of a bad check.

Guidelines and Procedures

1. Procedure:

- At a minimum, the Operations Manager will make 2 attempts to collect (US mail, e-mail, or phone) from the individual who has a returned check.
- After 90 days from the date of the check, ASI operations will forward the uncollectable check to the offsite collecting party.
- After 180 days, the check will be “written-off” with an entry to the ASI general ledger.
- No use of the collection agency will be used for accounts of \$50 or less. These checks will be “written-off” on the ledger and not pursued.

2. Approval:

The ASI Director of Finance and Administration (DFA) will approve all Bad Check write-offs up to \$500. Any one account writing off more than \$500 will require the DFA approval AND the ASI Executive Director’s approval.

3. Allowance for Bad Checks:

Bad Debt allowance for checks written to ASI will be based on the amount of bad checks using a three year average by department. The bad check history will be maintained in the Business Office and reviewed every year to determine the dollar impact to ASI. If the three year average of bad checks in total is less than \$600, then no allowance will be established due to the immateriality of the value of the bad checks. The Bad Debt Allowance calculated for Bad Checks will be posted to G/L code, 00050.

Unrelated Business Income Tax (UBIT)

Adopted: 05/10/2017

General Statement:

ASI annually files Form 990-T, Exempt Organization Business Income Tax Return to report any unrelated business income. Any income generated from activities not related to ASI's mission is referred to as "unrelated business income", which is subject to taxation. The purpose for this taxation is to impose tax liabilities on tax-exempt organizations that act outside the scope of their primary function. In addition, it was designed to protect the business community from unfair competition from these types of organizations.

Guidelines and Procedures

IRS Criteria:

For an activity to be considered an unrelated trade or business activity, the following criteria must be satisfied:

- a. The activity must be a "trade or business",
 - b. It must be regularly carried on, and
 - c. It must not be substantially related to any IRC 501© (3) purpose.
- **Trade or Business:**
The term "trade or business" generally includes any activity carried on for the production of income from selling goods or performing services.
 - **Regularly Carried On:**
Business activities ordinarily are considered regularly carried on if they show a frequency and continuity and are pursued in a manner similar to comparable activities of taxable organizations. Income production or fundraising activities lasting only a short period of time conducted on an annual basis are not considered regularly carried on.
 - **Not Substantially Related to Exempt Purposes**
A business activity is not substantially related to an organization's exempt purpose if it does not contribute importantly to accomplishing that purpose (other than through the production of funds). The size and extent of business activities involved must be considered in relation to the nature and extent of the exempt purposes which they intend to serve.