

CALIFORNIA STATE RETIREES



Chapter Accounting Policies and Procedures Manual #2

Chapter maintains financial records

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CHAPTER REPORTING

Chapter Maintains Financial Records

- Chapters must submit the following items via USPS, scan or fax no later than the 15th of the subsequent month to be in good standing:
 - ✓ Summary/register of all checks issued during the month.
 - ✓ Bank statement for the month reported.
 - ✓ Copies of checks written with signatures visible.
 - ✓ Support for all checks issued during the month (i.e. Invoices, TECs, check requests, receipts) with proper officer approval.
 - ✓ Support for any deposits made, except for monthly dues.
 - ✓ Meeting minutes and sign in sheets for meetings held during the month.
- Support is reviewed at HQ and financial statements are provided to the Chapter President and Treasurer after the review is completed.
- Issues noted in review are brought to the CFO's attention and may lead to dues being held until issues are resolved to the CFO's satisfaction.
- Chapter dues are transferred into bank accounts held by the chapter if they are within reserve limits and all proper documentation has been provided.
- Equipment Inventory Report shall be submitted to HQ at the end of December and when changes are made to the Equipment Inventory during the year.

NOTE: Treasurer must retain copies of all records and documentation for a minimum of 1 year.

GENERAL INFORMATION

FIDUCIARY RESPONSIBILITY

Each chapter has a fiduciary responsibility for the funds it receives from the corporation. It is therefore critical that the chapter ensures the funds received are spent for the benefit of its members and California State Retirees as a whole.

DUTIES OF THE CHAPTER TREASURER

The Chapter Treasurer is the custodian of funds for the chapter and must maintain accurate records of all chapter financial activities in accordance with Governing Rules 8.06 Chapter Officers Duties (d) Treasurer. The Chapter Treasurer duties are as follows:

- ◆ Custodian of all assets and records of the chapter.
- ◆ Accounts for all chapter revenue from dues and other sources.
- ◆ Promptly deposits all monies received in chapter checking account.
- ◆ Ensures the chapter has current signers for checking account on file with the financial institution.
- ◆ Issues all checks for authorized expenditures; ensuring there are two signatures on the check and that no signature is for reimbursement of self or a family member.
- ◆ Completes the monthly reconciliation of the chapter ledger with the bank account statement.
- ◆ Prepares required written monthly Treasurer's Report for distribution at all chapter membership meetings and executive committee meetings or presents report provided by HQ accounting.
- ◆ Prepares required monthly financial documentation for submission to Corporate Accounting at CSRInfo@CalRetirees.org.
- ◆ Arranges for review of the financial records of the chapter after change of Treasurer or for other reasons determined by the chapter executive committee.
- ◆ Evaluates previous expenditures and resources for use in drafting the annual budget.

TREASURER'S REPORT

1. A Treasurer's Report will be prepared, distributed and discussed at each chapter meeting.
2. It shall be available for inspection by the members of the chapter.
3. A copy of the chapter Treasurer's Report shall be kept on file by the chapter.
4. Treasurer's Reports shall be completed on the CSR form Treasurer's Report monthly. (CSR form # FIN 014). A copy of the report from CSR Accounting may be presented to the members as the monthly report.

PREPARING THE BUDGET

Governing Rule 2.10 – Chapter Budget – The chapter shall submit an annual one-year balanced budget (CSR form FIN 003), approved by the vote of the chapter members, no later than December 28th of each fiscal year. Failure to submit the chapter approved budget by December 28th will result in the withholding of monthly chapter funds.

The draft budget shall be reviewed by the Executive Committee and presented to the members during a regular meeting of the chapter for approval. A **motion must be made and passed** and recorded in the Chapter minutes. The Budget is then submitted to CSR Accounting with signatures of the President and Treasurer, along with a copy of the minutes with the approve motion.

CHAPTER REVIEW

All chapter financial records are reviewed by CSR Accounting to ensure compliance with CSR Accounting Practices.

REVIEW OF CHAPTER RECORDS BY CHAPTER MEMBER

Chapter members have a right to review their chapter records. A member must submit a written request to review chapter financial records to the Chapter President with a copy to the CFO.

REVIEW OF CHAPTER RECORDS AFTER CHANGE OF TREASURER

1. Complete a review of the chapter books any time the Treasurer changes. The Chapter President shall assign a chapter member to be present during the transfer of records. These records shall include but not limited to: chapter checkbook, current ledger and files, and past 12 months of records.
2. The review must be performed by a non-related party (not a signer of chapter checks), such as a delegate, chapter member, a finance committee member or any member designated by the CFO.
3. The results of the review are reported to the membership and must be recorded in the chapter meeting minutes.

HANDLING CHAPTER FUNDS

The Treasurer is responsible for the funds of a chapter.

This section provides procedures for the Treasurer to keep the chapter's bookkeeping system functioning.

CHECKING ACCOUNTS – FDIC Insured Institution Required

Chapter will establish one checking account for funds received from the Corporation i.e. Dues, Grants, Awards, and special funding determined by the Board of Directors.

Governing Rules – 2.11 Chapter Bank Accounts

The account must be in the name of the chapter.

1. Checking accounts used by chapters must be able to provide front and back images of cancelled checks.
2. Any service charges on the checking account must be listed as an expenditure in the "cash receipts and disbursements ledger" when the bank statement is received
3. All chapter financial transactions require the signature of two authorized chapter members. Signors cannot sign a check reimbursing themselves or family members
4. To prevent loss, it is requested that all money received should be deposited without delay
5. All expenditures must be paid by check
6. Blank checks shall never be signed in advance, by any officer
7. All checks must be accounted for. Checks shall be issued in numerical order and immediately recorded in the Receipts and Disbursements Ledger. Voided checks must be kept and listed on the ledger
8. Bank statements shall be reconciled monthly

Note: Member contributions received in the chapter to offset any chapter expenses must be deposited in the chapter operating account. These deposits shall be noted as a credit against the appropriate expenditure code. Example: Members paying for lunch at a chapter meeting will be credited against chapter meetings and money shall be deposited in the chapter operating account

1. Member Contribution Checking Account

Separate accounts are identified as those holding funds for scholarships, food banks, and charitable donations from members.

- a. Personal funds are NOT considered dues monies and cannot be deposited in the chapter operating account.
- b. This account does not count towards the CDA.
- c. This account bank statement shall be submitted to Headquarters and is subject to inspection and review by CSR.

RECEIPTS AND DISBURSEMENTS LEDGER

A permanent running record of all receipts and expenditures of the chapter must be maintained on a current basis. This will be done using the Receipts and Disbursements Ledger (CSR Form #FIN 009) which provides an accurate record of available monies after all activity has been recorded.

A copy of the Receipts and Disbursements Ledger is maintained by the treasurer and sent to HQ Accounting with your books on a monthly basis.

Note: Personal donations from members to the chapter must be deposited in a separate bank account and records kept accurately and separately from the Operating account. However, all chapter monies and accounts of any type must be submitted to HQ on a monthly basis.

CREDIT CARDS

Governing Rule 2.11 (a). Chapters are **NOT ALLOWED** to have credit cards or ATM/debit cards in the name of the Chapter or California State Retirees (CSR).

A member's personal credit or debit card can be used for chapter expenditures. Member will be reimbursed by use of the Check Request form (CSR form FIN 004) submitted to the chapter with the receipt for services, credit card receipt and back up documentation

RECORDS RETENTION

1. All chapters will receive a CSR Financial Report from Corporate Accounting each month regardless of reporting option.
2. California State Retirees will retain chapter official records in Corporate Office for 5 years.

Records include: All supporting documents, bank statements, canceled checks, receipts, disbursement ledger and equipment inventories.

CHAPTER REVENUE

The primary source of revenue for all chapters is the Chapter Dues Allocation (CDA) as provided for in the Corporation's Bylaws and Governing Rules.

Grants and special funding authorized by the Board and received from CSR Accounting, shall be treated as Income and separately itemized under Account 001A Grants.

Records must be kept for these expenditures on the Grants-Award-Special Funding Disbursement Record. (CSR Form # FIN 007).

Each chapter shall receive \$1,000 a month plus \$.35, inclusive of active and associate members as a share of its member's dues.

Chapter funds shall not be invested by any chapter and shall only be used to accomplish the mission and implement the programs of CSR.

CHAPTER DUES ALLOCATION (CDA) Governing Rule 2.08

CDA was created to ensure that chapters spend their dues money for its intended purpose. It is accounted for as follows:

At the end of the fiscal year, a chapter may hold a maximum of 3 months dues in their chapter operating account. The 3-month dues limit is calculated by taking three months of the chapter annual dues allocation for the current year. Chapters that hold more than 3 months of dues, at the end of the fiscal year will forfeit monthly dues until the chapter's operating account falls below the 3-month limit.

Funds forfeited are placed back into the CSR General Operating Account.

After the operating account decreases below the 3-month allocation limit, the chapter will receive their monthly dues allocation and may retain up to 12 months of dues income within that fiscal year.

Scholarship Funds, Grants, Special Awards and other non-dues allocation funds are not to be included in the calculation of the CDA.

CHAPTER ACTIVITIES - Governing Rule 8.07

Chapters may participate in Community Outreach to a limited extent. Such activities are considered a method of advertising or seeking public awareness for the support of CSR. Chapter dues funds may be used for such activities, but only to an “Insubstantial Degree” as expressed in the Bylaws, i.e. not exceeding 7% of the chapter’s annual estimated dues income.

Activities considered as Community Outreach are:

- (1) Scholarships
- (2) Food banks
- (3) Charitable giving

Chapter budget, line item 201, Community Outreach, shall be used to budget for any anticipated expenditures in support of community outreach.

- ◆ Member’s personal contributions toward scholarships and donations to charities DO NOT get deposited into the Chapter Operating Account and DOES NOT count towards the 7% limit. These funds MUST be separated from the dues money issued from CSR.
- ◆ Raffles, (which require purchasing a ticket) are permissible but require the chapter to secure an annual permit. Check **www/ag.ca.gov** to ensure that the chapter is in compliance with State Regulations.

CHAPTER ACCOUNT CODES AND DEFINITIONS

To provide a standardized system to help the chapters in preparing their budgets, the Corporation has devised a list of account codes which capture all chapter revenue and expenditures. Chapters must use these account codes. This section provides a description of the account codes and their use. New account codes numbers must be approved by the Board/CFO.

a). INCOME

001 Dues

This is the dues revenue received from the Corporation.

001A Grants

Grants and other Board allocations shall be listed separately as sub categories of "001 Dues" and can be received from the Grant Committee or CSR Board motion. Chapters shall consult the Governing Rules 5.06, for Grant procedures

002 Interest

This code is used for tracking and reporting interest income. All interest shall be posted, including interest from checking accounts, savings accounts, and CDs

b). EXPENSES

All expenses must be accurately reported and fully documented with receipts and/or expense claims.

100 Local Operation.

All chapter operations are charged to one of these expense accounts.

101 Chapter Meetings

All expenses incurred in conducting chapter meetings. Expenses include banquet charges, announcements, door prizes, travel and any other expenses incurred directly as a result of having a meeting.

NOTE: Money collected from members for lunch must be reported as an offset to this account and deposited in the chapter operating account.

102 Chapter Executive Officer Meetings
All expenses incurred in conducting chapter executive committee meetings.

103 Officers' Stipends
This is a discretionary account used to reimburse chapter officers for their personal time. Stipend amounts shall be approved by a motion at a chapter meeting and recorded in the minutes of the chapter meeting.

NOTE: Chapter officers receiving over \$599, during any fiscal year, will receive an IRS 1099 Federal Income Tax Form.

104 Newsletter/Website
All costs involved in publishing a chapter newsletter and/or website on the internet, including supplies, printing, mailing labels, and postage, are charged to this account code.

106 Member Recruitment and Retention
Costs involved in recruitment and retention programs are charged to this account code.
Any expenses incurred by the chapter for the Ambassador Program, not reimbursed by Headquarters, would be reported here.

200 Community Operations

This account code is used for charitable donations.

201 Community Outreach
Charges to this account code include such items as charitable donations, scholarships, and food banks. A chapter CANNOT donate more than 7% of its annual CDA.

300 Statewide Activities

These account codes are for the costs of sending chapter leaders/members to the various statewide meetings of the Corporation.

301 General Council
This account code is used for any chapter costs associated with CSEA General Council that is not paid by CSR Headquarters.

- 302 CSR Board of Directors Meetings
This account code is for any chapter costs incurred to attend CSR Board of Directors Meetings.
- 304 CSR Committee Meetings
This account code is for any chapter costs incurred to attend CSR Committee Meetings, i.e., Bylaws & Governing Rules; Finance; Health Benefits; Investment; Membership; and Political Action.
- 305 CSR Delegate Assembly
This account code is for any chapter costs, not paid by Headquarters, incurred to attend the CSR Delegate Assembly.
- 306 Legislative Local Office Visits and Lobby Day
This account code is for any chapter costs to attend Lobby Day (if not funded by CSR Headquarters).
- 307 CalPERS Meetings and Events.
This account code is for expenses to attend CalPERS Board meetings and other CalPERS events.

400 Other Expenses

- 401 Training
This account code is for costs incurred for member training and conferences that are not covered by other line items or other training not reimbursed by Headquarters
- 402 Advances
This is for any advance. This is a “clearing” account set up for any money issued as an advance prior to a meeting or event before actual costs are incurred. (CSR Form # FIN 012)

Note: This account is not to be used as a budget line item. The goal of this account code is to always have its balance returned to \$0.00.

Expense claims must be submitted with receipts upon completion of an expenditure, or the money repaid to clear the advance.

- 403 Telephone/Internet/Website
Telephone, internet and website setup and maintenance costs are charged to this account code.

- 404 Supplies
Miscellaneous supplies, such as paper, printer ink/toner or cartridges, etc. are charged to this account code.
- 405 Postage
This account code is for postage costs such as stamps and certified letters, etc. Newsletters and meeting notices are charged against the appropriate account code.
- 407 Rent
This account code is for any rent paid for storage of chapter equipment or materials.
- 408 Equipment Maintenance/Rental
This account code is for equipment rented or leased by the chapter, and the maintenance of chapter equipment.
- 409 Equipment Purchase
This account code is for the purchase of equipment such as computers, phones, file cabinets, tape recorders, etc. costing more than \$300. Items costing less shall be charged to Supplies.
- Purchase amounts shall be approved by a motion at a chapter meeting and recorded in the minutes of the chapter meeting.
- When the actual purchase price has not been determined, an estimate may be made and a motion to "Not to Exceed" a specific dollar value can be voted on and noted in the chapter minutes.
- 410 Service Charges
This account code is for any bank service charged to the chapter, i.e., service charges, printed checks, non-sufficient-funds (NSF) check charges or copying fees
- 411 Miscellaneous
Other expenses that are unique to the chapter or do not fall into another expense category go into this account.

TRAVEL EXPENSE CLAIM (TEC) (CSR form # FIN 013)

1. The expense claim form must be complete indicating the date, location, hour of departure, return time and purpose of expenditures, in addition to the following:
 - a) Expense claims must be submitted no later than the calendar month following the date the expenses were incurred.
 - b) Any expense paid by another claimant shall be noted on the expense claim.
 - c) Each claimant must sign the certification statement at the right of the claim form.
 - d) Expense claims which are not accompanied by the required receipts, authorization and details will not be paid.
 - e) The most economical use of Corporate funds, consistent with the convenience of the claimant and the schedule of the meeting, shall control.
 - f) Only members of the Board of Directors may claim all reasonable and necessary out-of-pocket expenses for their spouses, significant others or domestic partners (in the same amount outlined for Corporate members in the Governing Rules) when attending meetings in an official capacity.
 - g) With approval of the President, any elected officer of the Corporation or delegates may be reimbursed for travel, lodging and meal expenses incurred for personal care services when on authorized Corporate business at the same per diem as the member. The President shall require medical verification of the need for personal care services prior to granting approval. The President shall also require, prior to granting approval, a written waiver of liability for the Corporation which shall be executed by both the member and the person(s) providing personal care services.

2. A member may choose to travel by another method, but the reimbursement shall be by the least expensive method.
 - a) Airfare, round trip mileage to the airport, parking and shuttle service at the destination vs. round trip mileage from home to destination.
 - b) When calculating the airfare, the ticket must be calculated at the cost for a ticket purchased at least three weeks in advance (not at the last minute) and for the same days of the week.

- c) The amounts shall be calculated for each individual round trip.
 - d) The member may drive but would **not** receive the full mileage calculation if the other option is less expensive.
 - e) Mileage will not be reimbursed for rental vehicles.
 - f) Payment of additional cost of hotel night and meals are determined by the chapter if the member's method of choice takes longer than the least expensive.
3. The mileage rates are adjusted to the IRS rate on January 1st and July 1st each year. Chapters will be notified of the changes in rates.

APPENDIX # 1

FINANCIAL ACCOUNTING AND REPORTING TERMS

1. Assets

Liquid assets include cash accounts on deposit in financial institutions including checking and savings accounts.

2. Budget - Governing Rules – 2.10

Chapters are required to prepare a one-year budget, which can be revised at a later date. Each chapter shall submit to CSR Accounting, a copy of the member approved 1-year budget no later than December 28th of each year.

If the budget is not submitted by December 28th the chapters dues check will be withheld until a balanced budget is received.

3. Certification

Monthly reports and a copy of the budget shall be signed by the chapter President and Treasurer, certifying that the information provided is correct. (CSR Form # FIN 005)

4. Chapter Accounting

To comply with state and federal regulations regarding the collection and disbursement of dues, it is necessary for chapters to follow standardized accounting policies and procedures in documenting the chapter's portion of member's dues allocated to them.

The Corporation shall provide each chapter with a Chapter Accounting Policies and Procedures Manual (CAPP Manual), containing the information and forms necessary to account for and report the chapter's income and expenditures.

Chapters shall be required to use the approved format and CSR approved forms in maintaining its financial records.

Scholarship Funds, Grants, Special Awards and other non-dues allocation funds are excluded from the calculation of the CDA.

5. Chapter Financial Reporting - Governing Rules 2.08; 2(g)

Monthly Financial report includes accounting of income and expenditures, due to CSR Accounting, by the **15th day following the end of each month.**

6. Chapter Grant & Award Funds - Governing Rule – 5.06

The CSR Chapter Grant Fund is established to assist chapters that require additional funding. The amount of a chapter grant will depend upon the sustained need and the availability of funds. All Grants are approved by the Board of Directors.

Awards and specials allocations are approved by the CSR Board of Directors and given to the chapters for special purposes.

7. Equipment

Equipment with a service life of one year or greater is reportable to the corporation.

8. Exceptions to Funds Withheld - CFO Discretion

Extensions of the reporting requirement deadlines may be granted, by the CFO, for good cause.

9. Fiduciary Responsibility

To manage and protect the assets of the organization

10. Fiscal Year (FY) Bylaws Article X, Section 1 Fiscal Year

The fiscal year of the chapter is from January 1 to December 31, inclusive

11. Funds Withheld

Any chapter that fails to comply with the reporting provisions or at the discretion of CSR's CFO, shall be notified and future dues will be withheld until that chapter is in compliance.

12. IRS Form 1099

When a chapter pays \$600 or more in a year to an individual for a service, an IRS Form 1099 must be issued, and the total paid must be reported to the IRS and FTB.

These payments would include Officer Stipends issued.

13. State and Federal Reports

The Corporation has obtained a federal tax ID number for each chapter, to be used by the chapter for the establishment of bank accounts and Post Office Non-Profit and Raffle Permit.

APPENDIX # 2

FINANCIAL ACCOUNTING AND REPORTING ACRONYMS

1. **ACH** – Automatic Clearing House = Automatic Deposit
2. **Board** – CSR Board of Directors
3. **CaIPERS** – Public Employees Retirement System
4. **CAPP** – Chapter Accounting Policies and Procedures (CAPP Manual)
5. **CDA** – Chapter Dues Allocation
6. **CFO** – Chief Financial Officer
7. **CSEA** – California State Employees Association
8. **CSR** – California State Retirees
9. **DEP** – Deposit
10. **FTB** – Franchise Tax Board
11. **HQ**- Headquarters
12. **IRS** – Internal Revenue Service
13. **MDA** – Monthly Dues Allocation
14. **TEC** – Travel Expense Claim
15. **TSFR** – Transfer

APPENDIX # 3

CHAPTER FORMS AND DEFINITIONS

Fin 003 Excel Budget - 1 Year

Fin 003 PDF Budget - 1 Year

- CSR requires that chapters prepare and submit a one-year budget.

Fin 004 Excel Check Request Form

Fin 004 PDF Check Request Form

- Member will be reimbursed by use of the Check Request Form.

Fin 006 Excel Grant Request

- Grants are special funding authorized by the Board.

Fin 007 Excel Grant/Awards Disbursement Record

Fin 007 PDF Grant/Awards Disbursement Record

- Record expenditures of Grants-Awards.

Fin 008 Excel Inventory/Equipment Control List

Fin 008 PDF Inventory/Equipment Control List

- Inventory/Equipment Control List of Chapter held equipment.

Fin 012 Excel Travel Advance

Fin 012 PDF Travel Advance

- Record any money issued as an advance prior to a meeting or event.

Fin 013 Excel Travel Expense Claim

Fin 013 PDF Travel Expense Claim

- Travel expense claims (TEC's) are submitted for expenses incurred