SACVALLEY MEDSHARE

ACCOUNTING
POLICIES AND PROCEDURES

Table of Contents

I. Introduction 3
II. Division of Responsibilities 4
Board of Directors 4
Project Manager 4
Appointed Staff Accountant or Designee 4
President of the Board of Directors 5
III. Chart of Accounts and General Ledger 6
IV. Cash Receipts 6
V. Cash Disbursements & Expense Allocations 7
VI. Credit Card Policy and Charges 9
VII. Accruals 9
VII. Bank Account Reconciliations 9
IX. Property and Equipment 10
X. Payroll 10
XI. Personal Time Off (PTO) 12
XII. Travel 12
XIII. End of Month and Fiscal Year-End Close 13
XIV. Financial Reports 13
XV. Fiscal Policy Statements 13

I. Introduction

The purpose of this manual is to describe all accounting policies and procedures currently in use at SacValley MedShare and to ensure that the financial statements conform to generally accepted accounting principles; assets are safeguarded; guidelines of grantors and donors are complied with; and finances are managed with accuracy, efficiency, and transparency.

All SacValley MedShare's staff with a role in the management of fiscal and accounting operations are expected to comply with the policies and procedures in this manual.

These policies will be reviewed annually and revised as needed by the staff and approved by the Board of Directors.

II. Division of Responsibilities

The following is a list of personnel who have fiscal and accounting responsibilities:

Board of Directors

1. Reviews and approves the annual budget
2. Reviews annual and monthly financial statements and information
3. Reviews Project Manager's performance annually and establishes the salary
4. Two members of the board will be appointed by the board to be authorized signers on the bank accounts
5. Reviews and approves all contracts
6. Reviews and approves all non-budgeted expenditures over
7. Reviews and advises staff on internal controls and accounting policies and procedures
8. Determines whether the organization should have an audit and, if so, chooses and contracts with the auditor

Project Manager

1. Reviews and moves to the board all financial reports including cash flow projections
2. Sees that an appropriate budget is developed annually
3. Reviews and moves to board for approval all check signing procedures
4. Reviews and moves to board for approval of all contracts
5. Reviews and moves to the board for approval of all grant submissions
6. Monitors program budgets
7. Processes all incoming and outgoing invoices

Appointed Staff Accountant or Designee

1. Opens all bank statements, reviews for any irregularities, and reviews completed monthly bank reconciliations
2. Oversees the adherence to all internal controls
3. Overall responsibility for data entry into accounting system and integrity of accounting system data
4. Processes invoices and prepares checks for signature
5. Makes bank deposits
6. Processes payroll
7. Maintains general ledger
8. Prepares monthly and year-end financial reports
9. Reconciles all bank accounts
10. Mails vendor checks

11. Manages Accounts Receivable

President of the Board of Directors

1. Approves all program expenditures
2. Reviews all payrolls and is responsible for all personnel files
3. Reviews and manages cash flow
4. Reviews and approves all reimbursements and fund requests
5. Assists Project Manager with the development of annual and program budgets
6. Receives and opens all incoming accounting department mail
7. Monitors grant reporting and appropriate release of temporarily restricted funds
8. Oversees expense allocations
9. Reviews, revises, and maintains internal accounting controls and procedures
10. Reviews all financial reports

III. Chart of Accounts and General Ledger

SacValley MedShare has designated a Chart of Accounts specific to its operational needs and the needs of its financial statements. The Chart of Accounts is structured so that financial statements can be shown by natural classification as well as by functional classification (program vs. fundraising vs. administration). The Appointed Staff Accountant or Designee is responsible for maintaining the Chart of Accounts and revising as necessary. The Chart of Accounts is attached to this manual as an addendum.

The general ledger is automated and maintained using our accounting software. All input and balancing is the responsibility of the bookkeeper with final approval by the Operations Manager.

The Project Manager should review the general ledger on a periodic basis for any unusual transactions.

IV. Cash Receipts

Cash receipts generally arise from:

1. Contracts and Grants
2. Direct donor contributions
3. Fundraising activities

The principal steps in the cash receipts process are:

The Appointed Staff Accountant or Designee receives incoming mail. The Appointed Staff Accountant or Designee opens, date stamps, and distributes the mail. The Appointed Staff Accountant or Designee enters all checks into a log, stamps all checks "for deposit only," and makes two (2) copies of each check. The checks are kept in a locked cabinet until processed and deposited.

The Appointed Staff Accountant or Designee processes the deposit and takes it to the bank for deposit. A copy of the deposit slip is attached to the deposit. The deposits are put in a file to attach to the bank statement.

All cash received will be counted, verified, and signed off by the President of the Board of Directors and Appointed Staff Accountant or Designee. The cash will immediately be posted using the appropriate allocation. A receipt will be given to the paying party and a copy kept for internal purposes. The cash will be kept in a locked, secure location and deposited within 24 (twenty-four) business hours.

V. Cash Disbursements & Expense Allocations

Cash disbursements are generally made for:

1. Payments to vendors for goods and services
2. Taxes/license fees
3. Staff training and development
4. Memberships and subscriptions
5. Meeting expenses
6. Employee reimbursements
7. Marketing/promotional materials

Checks are processed as needed. Checks can be prepared manually within one day, but this should be limited to emergency situations.

Requests for cash disbursements are submitted to Accounting in three ways:

1. Original invoice
2. Purchase request (submitted on approved form)
3. Employee expense report or reimbursement request

All invoices must be approved by the Project Manager or the President of the Board of Directors prior to being submitted for payment.

Every employee reimbursement or purchase request must be documented on the approved form with travel authorization, receipts, nature of business, program allocation, and funding source (if applicable) before approving for reimbursement as follows:

Lodging - an itemized receipt from the hotel detailing all charges, the person(s) for whom the lodging was provided, and the specific business purpose.

Meals and Entertainment - a receipt must be provided showing the cost of food, beverage, and gratuities, including the names of every person for whom food or beverage was provided, and the specific business purpose.

Other Expenditures - a receipt from the vendor detailing all goods or services purchased (including the class of service for transportation) and the specific business purpose.

The President of the Board of Directors reviews all requests for payment and:

1. Verifies expenditure and amount
2. Approves for payment if in accordance with budget
3. Provides or verifies appropriate allocation information
4. Provides date of payment taking into account cash flow projections
5. Submits to the Appointed Staff Accountant or Designee for processing

The Appointed Staff Accountant or Designee processes all payments and:

1. Immediately enters them into the Accounts Payable module
2. Prints checks according to allocation and payment date
3. Submits checks, with attached backup documentation, to the President of the Board of Directors for approval and signature.
4. Stamps invoice "paid"
5. Mails checks and appropriate backup documentation
6. Files all backup documentation in the appropriate file
7. Runs an accounts payable aging at the middle and end of each month and submits to the Operations Manager to assure timely payment of all invoices

Expense Allocations

Most non-salary expenses that benefit more than one cost center (administration, fundraising, and program) are spread across centers using a shared cost method. Under this method, the number of full-time equivalents (FTEs) within a department are divided by the total number of FTEs at the organization to determine the percentage of shared costs they should bear. This is done on a monthly basis by the Operations Manager. Occupancy expenses may be split between departments based on the percentage of square footage that is used by each department.

VI. Credit Card Policy and Charges

All staff members who are authorized to carry an organization credit card will be held personally responsible in the event that any charge is deemed personal or unauthorized. Unauthorized use of the credit card includes: personal expenditures of any kind; expenditures which have not been properly authorized; meals, entertainment, gifts, or other expenditures which are prohibited by budgets, laws, and regulations, and the entities from which SacValley MedShare receives funds.

The receipts for all credit card charges will be approved prior to use by the President of the Board of Directors along with proper documentation. The Appointed Staff Accountant or Designee will verify all credit card charges with the monthly statements. The Appointed Staff Accountant or Designee will apply applicable allocation information for posting. A copy of all charges will be attached to the monthly credit card statement when submitted to the President of the Board for approval and signing.

VII. Accruals

To ensure a timely close of the General Ledger, SacValley MedShare may book accrual entries. Some accruals will be made as recurring entries.

Accruals to consider:

1. Monthly interest earned on money market accounts, certificates of deposits, etc.
2. Recurring expenses, including employee vacation accrual, prepaid corporate insurance, depreciation, etc.

VII. Bank Account Reconciliations

1. All bank statements are given to the President of the Board. The President of the Board reviews the statements for unusual balances and/or transactions.
2. The President of the Board gives the statements to the Appointed Staff Accountant or Designee for timely reconciliation as follows: a comparison of dates and amounts of deposits as shown in the accounting system and on the statement, a comparison of inter-account transfers, an investigation of any rejected items, a comparison of cleared checks with the accounting record including amount, payee, and sequential check numbers.
3. The Appointed Staff Accountant or Designee will verify that voided checks, if returned, are appropriately defaced and filed.
4. The Appointed Staff Accountant or Designee will investigate any checks that are outstanding over six months.
5. The Appointed Staff Accountant or Designee will attach the completed bank reconciliation to the applicable bank statement, along with all documentation.
6. The reconciliation report will be reviewed, approved, dated, and initialed by the President of the Board.

IX. Property and Equipment

Property and equipment includes items such as:

1. Office furniture and equipment
2. Computer hardware
3. Computer software
4. Leasehold improvements

It is the organization's policy to capitalize all items which have a unit cost greater than one thousand dollars ($1,000). Items purchased with a value or cost less than one thousand dollars ($1,000) will be expensed in the period purchased.

The depreciation period for capitalized assets is as follows:

Computer Hardware	36 months
Office Equipment	60 months
Office Furniture	60 months
Computer Software	36 months
Leasehold improvements	Length of lease

1. A Fixed Asset Log is maintained by the Appointed Staff Accountant or Designee including date of purchase, asset description, purchase/donation information, cost/fair market value, donor/funding source, identification number, life of asset.
2. The Log will be reviewed by the President of the Board.
3. Annually, a physical inspection and inventory will be taken of all fixed assets and reconciled to the general ledger balances.
4. The Project Manger shall be informed in writing of any change in status or condition of any property or equipment.
5. Depreciation is recorded at least annually. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Any impaired assets discovered during the inventory will be written down to their actual value.

X. Payroll

1. Timesheets are to be prepared by all staff on the approved form and submitted semi-monthly on the 15th and last day of the month. If the 15th and/or the last day of the month fall on a weekend or holiday, the timesheets are to be submitted the day prior to the weekend or holiday. Exceptions to the submittal date may occur and will be communicated accordingly.
2. Timesheets are to be kept on a daily basis and completed in ink – unless prepared electronically.
3. Any corrections to timesheets are to be made by making a single line through the error and writing in the correction. Correction fluid and/or tape are not allowable.
4. Timesheets are to be signed and dated by the employee and the employee's supervisor, where applicable, and submitted to the Project Manager or the President of the Board.

5. Any changes to the standing information of the payroll register from the prior period including addition of new employees, deletion of employees, or changes in base pay rate must be accompanied by an Employment Information Form and signed by the President of the Board before the change can be made.
6. The Appointed Staff Accountant or Designee will process payroll in a timely manner and record vacation time, holiday hours, sick time, and any other information deemed necessary to properly reflect time worked.
7. Paychecks will be distributed by the President of the Board on the 10th and 25th of each month. If the 10th and/or the 25th fall on a weekend or holiday the paychecks will be distributed the day before.
8. If the employee requests that his/her check be turned over to a third party, the request must be made in writing prior to distribution.
9. The President of the Board will review payroll expenditures and allocations monthly.
10. All quarterly federal and state payroll reports will be prepared and filed appropriately.
11. All W-2 statements are issued to employees prior to January 31st of the following year for the prior calendar year.
12. Project Manager position is exempt and paid on a salary basis.
13. Technical Support Analyst position is non-exempt and paid on an hourly basis.
14. Wage scale for the Project Manager is as follows, which was approved by the Board of Directors.

Step	Annual Salary	Hourly Salary
I	$ 80,000	$ 38.46
II	$ 88,000	$ 42.30
III	$ 95,000	$ 45.67
IV	$ 100,000	$ 48.07
V	$ 110,000	$ 52.89
VI	$ 120,000	$ 57.69
VII	$ 125,000	$ 60.09

15. Wage scale for the Technical Support Analyst is as follows, which was approved by the Board of Directors.

Step	Hourly Wage	Annual Wage
I	$ 20.00	$ 41,600
II	$ 21.50	$ 44,720
III	$ 22.50	$ 46,800
IV	$ 23.50	$ 48,800
V	$ 25.00	$ 52,000
VI	$ 26.25	$ 54,600
VII	$ 27.00	$ 56,160
VIII	$ 28.25	$ 58,760

IX	$ 29.00	$ 60,320
X	$ 31.64	$ 65,811

XI. Personal Time Off (PTO)

1. Personal time off (PTO) will be accrued by employees at the rate of 9 (nine) hours per month with a cap at two-hundred twenty (220) hours. Of this accrual, 24 hours (3 days), are to be used for sick leave per the 2016 California Sick Leave Act.
2. PTO accrual will begin after the employee has completed 90-days of employment.
3. PTO cannot be cashed out during employment. Any unused PTO that an employee has accrued during their employment will be cashed out at termination of employment.
4. Usage of PTO will need to be submitted to the employee's supervisor using the Personal Time Off Request form (SVMS-FORM-096) and approved by the supervisor.
5. Accrued PTO can be used for:
   - Vacation,
   - Illness,
   - Holiday, and/or,
   - Other instances where the employee is not at work, is requesting to be paid, and has the hours accumulated to cover the hours where the employee is not at work.
6. Employees can request time off without pay if they do not have enough hours accumulated for PTO. Such requests will need to be submitted to the employee's supervisor using the Personal Time Off Request form (SVMS-FORM-096) and approval will be at the supervisor's discretion based on the needs of the department/company.
7. PTO Request and approval process:
   - Employee will submit a completed PTO Request for to their supervisor
   - If approved:
     i. Supervisor will sign the request and email a copy to the payroll processor.
     ii. Provide a countersigned copy to the employee.
     iii. Update the employee's PTO accrual/tracking spreadsheet.
8. Employees will be provided with their PTO accrual/tracking upon request and with the employee's annual performance review.

XII. Travel

1. Travel may be required from time to time for SacValley MedShare business and must be pre-approved by management and/or the Board President.
2. Time for travel will be paid as usual for hours worked.
3. Mileage will be reimbursed at the current IRS reimbursement rate for the current calendar year.

4. Meals will be reimbursed at a maximum for breakfast, lunch, and dinner as listed below. Any amounts over that will be the responsibility of the employee. Receipts must accompany all meal reimbursement requests. Alcohol is not reimbursable.
   - Breakfast: $10 per meal, one meal per day
   - Lunch: $15 per meal, one meal per day
   - Dinner: $25 per meal, one meal per day
5. Accommodations will be reimbursed at actual cost for the room, including all taxes and resort fees. Entertainment, i.e. movies etc., are not reimbursable and at the sole expense of the employee.

XIII. End of Month and Fiscal Year-End Close

1. The President of the Board will review and sign off on all month- and year-end journal entries. They will be printed and filed for audit trail purposes.
2. At the end of each month and fiscal year end, the President of the Board will review all balance sheet accounts including verification of the following balances: cash accounts match the bank reconciliations, fixed assets accounts reflect all purchases, write-downs and retirements, accounts receivable and payable accounts match outstanding amounts due and owed.
3. The income and expense accounts review will include reconciliation to amounts received and expended and verification that payroll expenses match the payroll reports including federal and state payroll tax filings.
4. Once the final monthly and fiscal year-end financial statements are run, reviewed, and approved by the President of the Board, no more entries or adjustments will be made into that month or year's ledgers.
5. At the end of the fiscal year, the President of the Board, the Project Manager, or outside CPA will prepare the annual Return for Organization Exempt from Income Tax (IRS Form 990). The return will be presented to the Board of Directors for their review and approval. The President of the Board ill then file the return with the Internal Revenue Service by the annual deadline.
6. All other appropriate government filings including those required by the state tax board and attorney general's office will be completed and filed with the appropriate agency.

XIV. Financial Reports

The Appointed Staff Accountant or Designee will prepare the monthly and annual financial reports for distribution to the Project Manager and the Board of Directors. The reports will include: balance sheet, A/R Aging, budget versus actual report for each program which has an established budget, a budget versus actual report for the organization, running ledger, and any other requested reports.

Monthly and annual financial reports will be submitted to the Board of Directors for review and approval.

XV. Fiscal Policy Statements

1. All cash accounts owned by SacValley MedShare will be held in financial institutions which are insured by the FDIC. No bank account will carry a balance over the FDIC insured amount.

2. All capital expenditures which exceed one thousand dollars ($1,000) will be capitalized.
3. No salary advances will be made under any circumstances.
4. No travel cash advances will be made except under special conditions and pre-approved by the President of the Board.
5. Reimbursements will be paid upon complete expense reporting and approval using the official SacValley MedShare form. Reimbursements to the President of the Board will be authorized by the Board of Directors.
6. All volunteer time shall be recorded as in-kind donations.
7. The President of the Board and another designated Board and staff member are the signatories on SacValley MedShare's bank accounts.
8. Bank statements will be reconciled monthly. All bank statements will be given unopened to the President of the Board for review.
9. Correction fluid and/or tape will never be used in preparing timesheets or any accounting documents.
10. Accounting and personnel records will be kept in locked file cabinets in the finance office and only parties with financial and/or HR responsibility will have access to the keys.

Authorization	Name	Signature	Date
Board Chair	Myron E. Machula		7/6/2017
Project Manager	Elizabeth Steffen		7.6.17

Reference:

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Zaller, A. (2016, January). California Employment Law Report. *Five Reminders for paid sick leave At the start of 2016 for California employers.* Retrieved June 26, 2017 from http://californiaemploymentlawreport.com/2016/01/five-reminders-for-paid-sick-leave-at-the-start-of-2016-for-california-employers/

Version	Date	Author	Comment
.001	04/06/2017	E. Steffen	Initial release.
.002	07.06.17	E. Steffen/ M. Machula	Added PTO, sick leave, Travel, and Wage Scale