

POLICY ON ACCOUNTING

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DEFINITIONS

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

Term	Definition	Chapter
Accounting	The recording and reporting of financial transactions, including the origination of the transaction, its recognition, processing, and summarization in the financial statements	Accounting
Accounts payable	Amount owed to a vendor or supplier for goods delivered or services completed	Accounts Payable
Accounts receivable	A current asset representing money due for services performed or merchandise sold on credit	Accounts Receivable
Accrual basis	Method of accounting that recognizes revenue when earned, rather than when collected. Expenses are recognized when incurred rather than when paid.	Accounting
Accrual basis	The 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.	Accounts Payable
Accrual basis	The 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.	Accounts Receivable
Bad debt	An open account balance or loan receivable that has proven to be uncollectible and is written off	Accounts Receivable
Billing	The request for payment of a debt	Accounts Receivable
Business Partner	An individual, group or corporation that shares or takes part with ASI in a business venture with shared benefits and shared risks	Accounts Receivable
Cash basis	The accounting basis in which revenue and expenses are recorded in the period they are actually received or expended in cash.	Accounts Receivable
Debt instrument	A written promise to repay a debt. Examples include bills, bonds, notes, CDs, commercial paper, and banker's acceptances.	Accounting
Disbursement	Payment by cash or check.	Accounts Payable

Federally insured	Insured by the Federal Deposit Insurance Corporation (FDIC)	Banking
Invoice	A detailed list of goods shipped or services rendered, with an account of all costs; an itemized bill	Accounts Payable
Invoice	A detailed list of goods shipped or services rendered, with an account of all costs; an itemized bill	Accounts Receivable
Invoice	A detailed list of goods shipped or services rendered, with an account of all costs; an itemized bill	Banking
Marketable securities	Stocks and other negotiable instruments which can be easily bought and sold on either listed exchanges or over-the-counter markets.	Accounting
Net assets	The excess or deficiency of assets over liabilities classified according to the existence or absence of donor-imposed restrictions. There are three classes of net assets: permanently restricted net assets, temporarily restricted net assets, and unrestricted net assets. Permanently restricted and temporarily restricted net assets are restricted by the donor and can only be used for the specific purpose intended. Unrestricted net assets are not subject to donor-imposed restrictions but can be designated by a governing board for a specific purpose.	Accounting
Nonproductive funds	Funds not needed for payment of current operating costs or other expenses. Also referred to as surplus funds or idle funds.	Banking
Packing slip	A document which itemizes in detail the contents of a particular package or shipment	Accounts Payable
Period end closing	Process by which the books of accounts are reconciled and closed to any further transactions in preparation for the production of monthly or annual financial statements	Accounts Payable
Procurement	The combined functions of purchasing, inventory control, receiving, inspection, and store keeping.	Accounts Payable
Sales Activity	Any activity in which ASI provides goods, materials, or services for which compensation is required.	Accounts Receivable

ACCOUNTING

BACKGROUND AND PURPOSE

As an auxiliary organization of the California State University system, the Associated Students, Incorporated (ASI) is entrusted with the management and operation of a wide variety of student programs, services, and facilities. Critical to the management of a comprehensive student services program is the effective management of the corporation's financial assets. The primary purpose of ASI's Policy on Accounting is to prescribe major features of ASI's general accounting system so that resources are accounted for in accordance with policies and objectives established by the CSU Board of Trustees, CSULB administration, the ASI Board of Directors, donors, government agencies, and others.

POLICY STATEMENT

It is the policy of the 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 Government Accounting Standards Board (GASB) and regulations of the California State University Office of the Chancellor. Primary

responsibility for oversight and management of ASI's accounting system will reside with the Senior Accountant under the supervision of the Director of Finance and Administration.

1.0 ASI FUNDS

ASI funds subject to ASI accounting and control will be any monies received from any ASI funding source including, but not limited to: state and federal appropriations; grants and contracts; mandatory student fees; gifts; and income from ASI operations. Restricted funds will only be used in accordance with the purposes established by the external source of funds. Unrestricted funds will only be used as designated in the approved Annual Operating Budget as subsequently amended by the Board of Directors.

2.0 ACCRUAL BASIS

ASI will maintain its accounts on an accrual basis. Revenues will be recorded when earned and expenses will be recorded when a liability is incurred, regardless of the timing of related cash flows.

3.0 FISCAL YEAR

ASI will operate on a fiscal year basis of July 1 through June 30.

4.0 FINANCIAL STATEMENTS

ASI has chosen to use the reporting model for special purpose governments engaged only in business type activities. Financial statements will be prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with GAAP as prescribed by the Governmental Accounting Standards Board.

4.1 INTERIM FINANCIAL REPORTS

The Business Office will prepare monthly financial reports, which include the following: statement of financial position, statement of cash flows, consolidated income statement, consolidated statement of program operations, and income statements by department comparing budget to actual. The Monthly financial statements will be reviewed by the Executive Director and the Director of Finance and Administration.

5.0 FUND ACCOUNTING

In order to ensure observance of limitations and restrictions placed on the use of available resources, unrestricted net assets will be maintained in accordance with the principles of "fund accounting." Resources will be classified for accounting and reporting purposes into fund groups that characterize the sources of revenue and specific activities or objectives. Separate accounts will be maintained for each fund, and transfers between funds will comply with ASI's policies pertaining to reserves and fund balances.

6.0 INVESTMENTS

Investments in marketable securities with readily determinable fair values and all investments in debt instruments will be recorded at their approximate fair values. Investments in cash equivalents (certificates of deposit, money market shares, etc.) will be recorded at cost at the date of purchase.

7.0 DEPRECIATION METHOD

Property and equipment, excluding real property and art collections, will be stated at cost and depreciated by the straight line method over estimated useful lives ranging from three to ten years for furniture and fixtures.

Expenditures for maintenance and repairs will be expensed directly to program operations. Betterment and extraordinary repairs will be capitalized.

Due to the likelihood that lease renewal options will be exercised, building improvements to the University Student Union, Recycling Center, Child Development Center, and Student Recreation and Wellness Center will be amortized over the expected useful life of the improvement.

Real property and art collections will be recorded at appraised value and updated periodically to account for asset appreciation.

The capitalization threshold for purchased or donated property will be \$10,000 with a useful life longer than 3 years. Donated property will be recorded at estimated or appraised value.

8.0 ACCOUNTING SYSTEM DESIGN

To establish a coding structure that supports financial reporting and decision-making, cost and other data will be designed to support budget area responsibility assignments at the department, division, and final cost objectives level, as necessary.

8.1 ESTABLISHMENT OF CONTROL ACCOUNTS

In order to perform reconciliations, subsidiary account detail will be aggregated to General Ledger control accounts.

8.2 USE OF CONTRA ACCOUNTS

The coding structure will provide for offsetting contra accounts (e.g., allowance for bad debt, accumulated depreciation) to adjust historical cost to current levels for financial reporting purposes.

9.0 CHART OF ACCOUNTS

Associated Students, Incorporated will utilize account numbers for all general ledger accounts. The account numbers will be formatted in such a way as to readily identify any transaction. At a minimum, account numbers will be coded for account classification (i.e. asset, liability, net assets, revenue, and expense), object of expenditure (line item), organizational unit, and sub-unit (if applicable).

10.0 GENERAL LEDGER ACTIVITY

To ensure that all General Ledger entries are current, accurate, and complete, entries will be made as soon as possible after the underlying accounting event and posted in the same month that the underlying event occurred, as often as possible. The individual designated on the current Signature Authorization Card and/or Delegation of Authority form must authorize each transaction and entry in writing. All entries must be supported by adequate documentation that clearly shows the justification and authorization for the transaction. Each entry in the accounting system will be reviewed and approved by the Director of Finance and Administration or designee. On an automated basis, totals in the books of original entry will be posted to the General Ledger. General Ledger control accounts will be periodically re-totaled based upon any updated posting.

10.1 GENERAL JOURNAL ENTRIES

All general journal entries must be supported by Journal Entry forms that have supporting documentation attached and are approved by the authorized budget area representative or Director of Finance and Administration.

When initializing a repetitive general journal entry, consideration will be given for setting up Recurring Journal entries for such transactions as recording amortizations, fixed monthly income, fixed recurring expenses, and prepaid expenses.

Non-recurring general journal entries, such as for correcting entries, recording accruals and recording non-cash transactions, will be prepared by the Senior Accountant on a monthly basis or as circumstances warrant. All such entries must be approved by the Director of Finance and Administration.

11.0 GENERAL LEDGER CLOSE-OUT

11.1 TRIAL BALANCE

To ensure the accuracy of financial records and reports, a trial balance will be prepared monthly to ensure the accuracy of the General Ledger account balances.

11.2 RECONCILIATION OF GENERAL LEDGER CONTROL ACCOUNTS

Reconciliations of General Ledger Control Accounts to the subsidiary ledger will be prepared on a monthly basis. At the end of each month, the Senior Accountant will prepare a trial balance of all General Ledger accounts. Accounting staff will complete reconciliations between the General Ledger control accounts and their respective subsidiary ledgers.

11.3 PERIOD END CLOSING

Period end closing will be conducted subsequent to completion of all data entry for a specific month. Period-end closing will be completed no later than fifteen working days following the month end. Upon completion of period end closing, financial statements will be generated and distributed.

11.4 YEAR-END CLOSING

At fiscal year-end, all income and expense accounts will be closed out. The fiscal year's financial reports will be prepared by the Senior Accountant according to a timeline in compliance with the CSU Chancellor's Office requirements and will be subject to examination by an independent auditor in accordance with ASI's Policy on Audits.

12.0 TAXES

The Internal Revenue Service has granted ASI exemption from federal income tax under section 501(c)(3) of the Internal Revenue Code. In compliance with the Internal Revenue Code, ASI will file Form 990, Return of Organization Exempt from Income Tax no later than November 15, unless an extension to file has been requested and granted. Annual returns will be made available for public inspection without charge for a minimum of three years after the due date of the return.

ASI will be liable for taxes under the Federal Insurance Contributions Act (FICA) on remuneration of \$100 or more paid to each employee during a calendar year. ASI is not liable for taxes imposed under the Federal Unemployment Tax Act.

12.1 TAX PREPARATION

The Director of Finance and Administration will periodically compare the data requirements of all new tax return forms with ASI reporting capabilities and seek revisions, as appropriate, to its coding structure/chart of accounts in order to report all required tax data.

ASI accounting and payroll staff will maintain a "tickler" system to remind them of required filing due dates for:

- IRS Form W-2 - Wage and Tax Statement
- IRS Form W-3 - Transmittal of Income and Tax Statements
- IRS Form 941 - Employer's Quarterly Federal Tax Return for Federal Income Tax Withheld from Wages and FICA Taxes
- IRS Form 990 - Information Return of Organization Exempt or Claiming Exemption for Income Tax
- IRS Form 990-T - Return for Reporting Unrelated Business Income of Exempt Organizations, if needed
- IRS Form 1099 MISC (also 1099-DIV, 1099-INT, 1099-OID) - U.S. Annual Information Return for Recipients of Miscellaneous Income
- Quarterly and annual state(s) unemployment tax return(s)
- Quarterly State, local, & district sales and use tax filings
- Form 199- California Exempt Organizations annual information return
- Form DE3 - Quarterly California Employee Wage Report
- Form RRF-1 - Registration/Renewal Fee Report

12.2 TAX COUNSEL

ASI will retain its certified public accountant to prepare the ASI's annual income returns.

12.3 APPROVAL OF TAX RETURNS

Before submission, all tax returns and the supporting schedules will be reviewed by the Director of Finance and Administration and approved by the Executive Director for accuracy and completeness.

13.0 ADMINISTRATION

The Director of Finance and Administration is responsible for the administration, revision, interpretation, and application of this policy. The policy will be reviewed triennially and revised as needed, unless earlier revisions are necessitated by changes in Generally Accepted Accounting Principles (GAAP), the provisions of the Government Accounting Standards Board (GASB), or regulations of CSULB or the California State University Office of the Chancellor.

ACCOUNTS PAYABLE

BACKGROUND AND PURPOSE

The Associated Students, Incorporated (ASI) has an adopted Policy on Procurement that guides the conduct of ASI employees and agents who engage in the purchase of goods and services in support of ASI's programs, activities and services. Fundamental to the successful operation of a procurement program, and to ASI itself, is the establishment and maintenance of positive vendor relations, a favorable credit rating, and effective cash management. The Policy on Accounts Payable seeks to achieve these ends through the adoption and observance of the following standards and procedures.

POLICY STATEMENT

It is the policy of the ASI that all payments for goods or services received by the corporation be processed solely through the ASI Business Office in accordance with general accepted accounting principles, ASI's Policy on Procurement, and the following standards and procedures. Payment for goods and services will be adequately documented, reflected in the proper accounting period, properly authorized, and remitted in accordance with vendor terms. Controls will be established over vendor invoices as soon as they are received to ensure accomplishment of these objectives.

14.0 BUDGET AVAILABILITY

Fiscal responsibility and accountability are fundamental to the concept of budgeting and the subsequent comparison of actual performance against budgeted projections. Numerous spending, investment, and financial planning decisions are made by ASI based on the confidence that budget areas will perform within the limitations of their approved budgets.

Check Requests, Cash Reimbursement Requests, purchase requisitions, journal entries, and other spending requests not be processed if budgeted funds are not available. A budget adjustment will be required for processing.

15.0 EXPENSE RECOGNITION

ASI maintains its accounting records on an accrual basis. Accordingly, the liability for goods or services provided to ASI should be recorded in the same accounting period in which the goods or services were received. Time delays in receiving and processing invoices for goods or services can cause ASI to record the associated liability in a subsequent month and therefore distort the presentation of ASI's financial position. To ensure that liabilities are recorded to the proper accounting period, the following procedures will be observed:

15.1 RECEIPT OF INVOICES

All vendors must be instructed to mail invoices directly to the following address:

Associated Students Business Office
ATTENTION: Accounts Payable
1212 N. Bellflower Boulevard, Suite 229
Long Beach, CA 90815-4199

Vendors must be instructed NOT to send invoices to any other office or address. Upon receipt, all incoming invoices will be recorded and monitored by the Business Office to ensure timely submission for payment.

15.2 PERIOD END CLOSING DELAYED

Closing of the accounting records for a particular month will be delayed until the 15th working day of the following month to permit receipt and posting of accounts payable to the proper period with the exception of following months: June, July, August and September.

16.0 SEGREGATION OF DUTIES

The recording of expenses and the related liability will be recorded by employees independent of any ordering or receiving functions. In addition, checks will be prepared by employees other than those who initiate or approve any documents that result in disbursements. Accordingly, the ASI Accounts Payable personnel will not be permitted to place orders for goods or services, to approve orders for goods or services, or to receive goods or services.

17.0 PAYMENT

17.1 REQUESTS FOR PAYMENT

Payment for goods or services received will be issued only upon submission of a Check Request, Cash Reimbursement Request, or Employee Expense Report form assembled with the following documents:

- Vendor Invoice(s) (or receipt(s) in case of reimbursement)
- Purchase Order, if applicable

Upon receipt of the appropriate payment request form, the Accounts Payable personnel will enter the invoice into the Accounts Payable module and update the Invoice Register. Upon review and approval by the Director of Finance and Administration, the purchase will be expensed to the proper account(s) and a corresponding liability will be set up in the General Ledger.

To ensure that disbursements are adequately supported, the Director of Finance and Administration will periodically trace a sampling of checks to the underlying source documents.

17.1.1 DIRECT PAYMENT PROCEDURES

This procedure addresses all payment situations other than those related to a purchase order or contract.

1. Invoices that do not relate to a purchase order are often received directly by the budget area. If the invoice is initially received in the Business Office, it will be sent to the appropriate budget area contact to begin the payment process.
2. When an invoice is received by a budget area, it should verify that the goods or services on the invoice have been received. If they have not been received, the invoice should be held until they are received or the delay is discussed and satisfactorily resolved with the vendor.

Purchases made using the Direct Payment procedure must follow ASI guidelines and must be allowable based on the funding source. Vendors who accept verbal orders without a signed purchase order or contract do so at their own risk. If a particular purchase is not allowable, the related invoice will not be paid, regardless of whether or not the goods have been received. In those cases where the Associated Students refuses to allow payment, the vendor will be instructed to pursue the individual who placed the order for payment.

3. The budget area should prepare and attach a Check Request to the invoice and complete all information as requested, including the accounting distribution to be charged for the invoice amount.
4. The Check Request with original invoice(s) attached must be approved by the individual(s) listed on the budget area's Signature Authorization Card or Delegation of Authority Form. No payment may be approved unless the requesting budget area has a current signature authorization record on file in the A.S. Business Office.
5. Completed Check Requests must be submitted to the A.S. Business Office for payment processing.

17.1.2 PAYMENT OF PURCHASE ORDERS

This procedure provides guidelines for processing invoices received in situations where a purchase order was previously issued to a vendor for goods or services.

1. Once goods or services have been received, the vendor should be instructed to mail an invoice, referencing the purchase order number, to the address listed on the purchase order, ATTENTION: Accounts Payable. Invoices for purchase orders should NOT be sent directly to the budget area or to any budget area representative's home address.
2. When the ASI Business Office receives the invoice, it will be routed to the budget area that initiated the request.
3. The budget area should check the invoice for accuracy and completeness.
4. Once an invoice is approved and returned to the ASI Business Office, funds previously encumbered will be released.

Failure to return an invoice for payment may result in a budget area's accounts being held in abeyance. Furthermore, the budget area will be liable for any penalty or interest charges accruing on a past due invoice.

17.1.3 PAYMENT OF CONTRACTS

This procedure provides guidelines for processing payments in situations where a contract has been issued to an independent contractor for the provision of personal services.

1. The budget area should prepare and attach a Check Request to the approved contract and complete all information as requested, including the accounting distribution to be charged for the contract amount.
2. The Check Request with contract attached must be approved by the individual(s) listed on the Signature Authorization Card or Delegation of Authority Form. No payment may be approved unless the requesting budget area has a current signature authorization record on file in the A.S. Business Office.
3. Completed Check Requests must be submitted to the ASI Business Office for payment processing.

Contracts will not be accepted into the ASI Business Office unless accompanied by a Check Request authorizing payment of the contract.

Checks issued in payment of a service contract will not be released until all necessary signatures are obtained. Furthermore, payment will be made only AFTER the contracted services have been provided, unless the approved contract provides for deposits or progress payments.

The Associated Students, Incorporated will NOT honor or make payment on any Contract submitted to the Business Office AFTER the services have been provided. Contracts must be submitted BEFORE services are rendered.

17.1.4 REIMBURSEMENTS

This procedure provides guidelines for processing reimbursements in situations where a budget area representative has made purchases out-of-pocket for legitimate business expenses. ASI will reimburse for such purchases as long as specific guidelines are followed and proper documentation is submitted.

Reimbursements require the use of one of two forms, depending upon the dollar amount of the request. Reimbursable expenses exceeding \$100.00 require the use of the Check Request form. Reimbursements of \$100.00 or less require the filing of the Cash Reimbursement Request.

Reimbursements may be made as long as the following conditions are met:

- The purchases must be allowable based on the funding source.
- The purchases must have been made within 90 days prior to the request for reimbursement.
- The budget area requesting reimbursement must have original receipts and/or paid invoices that document the expenses claimed.
- Reimbursements cannot be claimed for expenditures that would ordinarily require a contract (i.e., personal services).
- A properly executed Check Request or Cash Reimbursement Request (as appropriate) must be submitted, accompanied by all receipts, invoices, or any other requested documentation which proves that the purchase in question is legitimate.
 1. The budget area should prepare and attach a Check Request or Cash Reimbursement Request to the receipts and complete all information as requested, including the accounting distribution to be charged for the invoice amount.
 2. The reimbursement request must be approved by the individual(s) listed on the Signature Authorization Card or Delegation of Authority Form. No payment may be approved unless the requesting budget area has a current signature authorization record on file in the A.S. Business Office.
 3. Completed reimbursement requests must be submitted to the A.S. Business Office for payment processing. Cash Reimbursement Requests must be submitted to the A.S. Business Office Service Counter between the hours of 8:00 a.m. to 5:00 p.m. Monday – Friday during the school year (summer hours may vary)
- Only one cash reimbursement transaction per day may be approved for each budget area.

17.1.5 CASH ADVANCES

This procedure allows for the issuance of a check to an ASI budget area manager or a student organization's Student Life and Development advisor, who then cashes the check and uses the cash for business related expenses. Cash advances should be requested **ONLY** when all other payment options have been exhausted (i.e., when the direct payment, purchase order, contract, or reimbursement procedures are not feasible).

Cash advances can only be issued in support of official ASI business and only for a very limited number of business activities, including the following:

- When a CSULB or ASI employee will be dispensing cash to a group consisting of two or more individuals for all or some business related expenses (e.g. per diem expenses, admission charges, etc.).
- When the vendor or service provider does not honor checks or credit cards (i.e., the vendor operates on a cash basis only)

When advances are used to provide cash to individuals in a group, the signatures of the persons receiving the cash along with the amount received must be obtained at the time the cash is distributed. This report will be necessary to clear the advance (see below).

Advance checks will only be made payable to a Student Life and Development advisor or authorized ASI personnel. Exceptions will require the approval of the ASI Treasurer and/or Director of ASI Administrative Services.

Advances are requested utilizing the Check Request form requesting a check made payable to an ASI budget area manager or a student organization's Student Life and Development advisor. The Check Request must provide a description of the business related expenses with the advanced money. All business related expenses must follow Associated Students, Incorporated guidelines and must be reasonable, appropriate, and necessary.

Advance checks cannot be mailed. They must be picked up by the payee at the ASI Business Office Service Counter between the hours of 9:00 a.m. and 5:00 p.m., Monday – Friday during the school year (summer hours may vary).

17.1.5.1 CLEARING AN ADVANCE

Advances must be cleared within thirty calendar days from the date issued. A reminder will be sent to any individuals who have outstanding advances older than 30 days.

In order to clear an advance, a cash advance reconciliation report must be completed. This report along with all original receipts and any remaining cash must be brought to the Business Office during the hours of 9:00 a.m. - 5:00 p.m., Monday through Friday during the school year (summer hours may vary). This report must consist of a detailed itemization of all purchases made or cash dispensed. Accompanying receipts should be detailed enough so that the item(s) purchased and the associated costs are readily discernible.

Delinquent advances will typically result one or more in the following:

1. The budget area will lose any further privilege of using the cash advance procedure.
2. The budget area account will be charged the full amount of the advance check, whether all of the money was used or not.
3. The Board of Control will be informed of the delinquent advance, possibly affecting any future requests for funding.
4. The budget area's accounts will be held in abeyance, prohibiting any further expenditure by the budget area.

18.0 CHECK PREPARATION

Invoices will be selected for payment at the latest acceptable time, while maintaining positive vendor relationships. Early payment discounts will be taken advantage of whenever applicable and will be credited to the originating department. Likewise, any late payment penalties will be expensed to the originating department and reported to that department's management.

18.1 CHECK REGISTER

ASI will use sequentially numbered checks and account for any missing numbers (i.e., voided checks, cancelled checks). A Check Register will be generated after checks have been printed. The Check Register will be reviewed for

the numerical sequence of checks and posted to the General Ledger control account upon approval by the Director of Finance and Administration.

The Check Register must indicate the check numbers and account for any missing numbers by providing an explanation on the Register.

Supplies of unused check stock will be properly safeguarded by storage in the vault.

18.2 CHECK SIGNING

Individuals authorized to sign checks drawn on ASI bank accounts are identified in the Banking chapter of this policy.

18.3 RELEASE OF CHECKS

Once a check has been written and signed, it becomes a negotiable instrument that can be cashed by the recipient. Therefore, it is imperative that proper controls be exercised over the release of checks to designated payees.

Checks will be disbursed as requested by the authorizing department. Vendor checks will be mailed to the vendor. Multiple invoices from a specific vendor are generally consolidated into a single payment. To request a vendor check be held at the ASI Business Office for pickup, the requesting department must document a valid business purpose with the original request. Without a documented request, the check will be mailed directly to the vendor.

Checks in payment of student organization contracts will only be released to the student organization's Student Life and Development advisor.

18.4 CANCELLATION OF SUPPORTING DOCUMENTATION

Copies of the check, request for payment form, invoice and supporting documents will be filed in the vendor files, maintained, and secured under the supervision of the A/R-A/P Coordinator. Supporting documentation will be cancelled by the Senior Accountant to prevent subsequent reuse.

18.5 GENERAL LEDGER CONTROL ACCOUNT

To ensure the accuracy, completeness, and timeliness of accounts payable balances, ASI will employ a General Ledger control account. The Director of Finance and Administration will post only to the General Ledger control account. This accounts payable control account will be reconciled with purchase and cash disbursement transactions by the Senior Accountant. On a monthly basis, the balance in the Invoice Register will be reconciled with the control account.

19.0 VENDOR CREDITS

Debit balances in the Invoice Register will be resolved by either treating them as an offset against other amounts due the vendor or by requesting payment from the vendor.

20.0 INTERNAL REVIEW

The Director of Finance and Administration will monitor the overall integrity of the accounts payable system and the extent of compliance with expense recognition, timeliness of vendor payment, and adequacy of disbursement

documentation. Budget area administrators who consistently fail to observe the regulations of this policy will be referred to management for possible disciplinary action.

21.0 ADMINISTRATION

The Director of Finance and Administration are responsible for the administration, revision, interpretation, and application of this policy. The policy will be reviewed no less than every five years and revised as needed, unless earlier revisions are necessitated by changes in Generally Accepted Accounting Principles (GAAP), the provisions of the Government Accounting Standards Board (GASB), or regulations of CSULB or the California State University Office of the Chancellor.

ACCOUNTS RECEIVABLE

BACKGROUND AND PURPOSE

A major activity of the Associated Students, Incorporated (ASI) is the generation of revenue through the sale of goods and services which enhance, promote or support its educational, recreational, and public service functions. Revenues generated from these sales are credited to various departments to support their ongoing operations. The ASI Accounts Receivable Policy has been developed to prescribe the proper methods by which such revenue will be collected and recognized.

POLICY STATEMENT

Revenue generated by the ASI or any of its affiliated departments will be collected and accrual basis. Variations of this general policy may be made when in the opinion of the ASI Board of Control the type of sales activity undertaken warrants an exception to this rule.

22.0 REVENUE RECOGNITION

Revenues are recognized and credited to a department's revenue account(s) when invoices are processed through the automated accounts receivable system.

To ensure that charges for services rendered are accurately recorded on a timely basis, invoices will be prepared by the Accounting and Financial Analyst no later than the end of the month in which the sales activity occurs.

23.0 BILLING

23.1 SALES REPORTING

Each manager of a department conducting sales activity will prepare a sales report supported by documentation in the form of written sales orders, contracts, leases, agreements, etc. All sales reports will be submitted with supporting documentation to Accounts Receivable on a monthly basis.

Originating departments are responsible for the accuracy of all sales records upon which invoices are prepared. Accordingly, departments will be held responsible for initiating Invoice Adjustment forms when necessary to correct inaccurate invoices.

Each sale reported on a sales report will be supported by a sales order, contract or other agreement signed and dated by the customer and retained by the originating department for a period of no less than four fiscal years.

Occasional, non-recurring sales for which a written sales report is not generated must be documented using the Invoice Request Form and submitted to Accounts Receivable before the end of the month in which the sales activity occurred. Such sales do not require a signed sales order or contract, but should still be supported by written documentation confirming the customer's name, the goods or services provided, and the amount owed.

23.2 INVOICE PREPARATION

Once a sale has been reported, the Accounting and Financial Analyst will prepare an invoice. Invoices will be entered into the Accounts Receivable Subsidiary Ledger, printed, and reviewed for accuracy and completeness. Invoices will then be mailed to the customer. Copies of invoices and supporting documents will be filed in an assigned billing file, maintained and secured by the Accounting and Financial Analyst.

ASI will use sequentially numbered invoices and account for any missing numbers. A Sales Journal will be generated after update has been completed. Periodically, the Sales Journal will be reviewed for the numerical sequence of invoices. The Sales Journal will be posted to the General Ledger control account.

To ensure that billings are adequately supported and reflect the required terms and conditions, the Director of Finance and Administration will periodically trace a sampling of invoices to the underlying source documents.

23.3 GENERAL LEDGER CONTROL ACCOUNT

To ensure the accuracy, completeness, and timeliness of customers' accounts receivable balances, ASI will employ a General Ledger control account. The Accounting and Financial Analyst will post only to the General Ledger control account. The responsibility for posting sales invoices will be kept separate from those with responsibilities for cash functions.

When mailing monthly invoices, the Accounting and Financial Analyst will make a notation of balances forward and attempt to resolve them. Payments, allowances, credits, and other adjustments will be authorized for posting to the Accounts Receivable subsidiary ledger by someone other than the Accounting and Financial Analyst.

The Accounts Receivable Subsidiary Ledger will be reconciled monthly to the General Ledger control account by the Senior Accountant.

24.0 CUSTOMER ACCOUNTS

24.1 CUSTOMER INFORMATION

To facilitate ASI's ability to collect on customer accounts receivable, the following information will be required of all customers recorded to the customer database:

- Full legal name
- Street Address
- City, State and Zip Code
- Taxpayer Identification Number or Social Security Number

These are the **minimum** information requirements for ALL customer types. Additional information may be required based upon the type of customer (individual v. organizational), the products/services purchased, and the customer's affiliation with the campus (on-campus v. off-campus).

All customer information whether stored in paper or electronic form will be regarded as confidential information and will be subject to the provisions of ASI's Policy on Information Privacy and Security.

24.2 CUSTOMER ACCOUNT ADJUSTMENTS

Adjustments to customer account balances will only be achieved through the posting of properly authorized credit or debit memos. Credit and debit memos will only be authorized by individuals independent of the Accounting and Financial Analyst. The Accounting and Financial Analyst will review credit/debit memos for accuracy, completeness, and proper authorization. The Director of Finance and Administration and Division Director will approve all credit/debit memos.

Credit/debit memos will be matched to invoices and posted to the Accounts Receivable Subsidiary Ledger. A complete record of each authorized credit or debit will be maintained in the customer's file by the Accounting and Financial Analyst.

24.3 CREDIT BALANCES

Accounts Receivable credit balances will be analyzed on a quarterly basis to determine the underlying cause. The Accounting and Financial Analyst will review this analysis with the Director of Finance and Administration and attempt to clear the credit balances accordingly, either through customer refunds or offsetting debit memos where warranted (i.e. errors in billing).

25.0 CREDIT

Accounts receivable balances will be aged regularly to identify overdue accounts and guide credit adjustment decisions. Based upon the delinquency of amounts due, the Director of Finance and Administration will suspend credit to customers with extended overdue balances. Services must be terminated for customers with extended overdue balances.

26.0 PAYMENT

Invoices produced through the automated accounts receivable system will carry payment terms as indicated in the following section.

Receipt of payments for goods or services rendered must be secured through use of a cash register, locked drop box, or locked cash bag. Payments on invoices may be mailed directly to the ASI Business Office. Additionally, customers may pay invoices in person at the Service Counter during ASI Business Office operating hours or drop-off payments in the secured drop box.

27.0 COLLECTIONS

The Accounting and Financial Analyst will carry out collection procedures according to the following schedule:

27.1 ISABEL PATTERSON CHILD DEVELOPMENT CENTER

All invoices are due and payable in full on the first (1st) day of the month.

If any portion of an invoice remains unpaid at the close of business, on the 15th of the month childcare will be suspended and fees will continue through the end of the month. Childcare may resume when the invoice is paid in full.

Past due accounts that are 60 days overdue will be turned over to a collection agency. Once a past due account has been submitted to the collection agency, IT IS NO LONGER AN ASI ACCOUNT. Parents must deal directly with the collection agency to resolve the debt.

27.2 CAMPUS DEPARTMENTS/ORGANIZATIONS

- 30 days past invoice date: **Reminder Letter/First Notice**
- 60 days past invoice date: **Reminder Letter/Second Notice**
- 90 days past invoice date: **Final Notice pending suspension of services**
- 120 days past invoice date: **Suspension of services**

27.3 OFF CAMPUS ORGANIZATIONS

The following collection procedures will apply to amounts due from off-campus organizations to which credit has been extended by the Director of Finance and Administration.

- 30 days past invoice date: **Reminder Letter/Second Notice**
- 60 days past invoice date: **Final Notice pending legal action**
- 90 days past invoice date: **Notice of intent to seek legal remedy**
- 120 days past invoice date: **Account submitted to collection agency and/or case filed in Small Claims court**

27.4 EXCEPTIONS TO COLLECTION PROCEDURES

Exceptions to the above collection schedules may be made whenever it is determined that an extension of the payment deadline is warranted. Possible justifications for an exception include untimely invoice delivery, lost or misplaced invoices, incorrect customer information, or efforts to promote customer satisfaction, particularly with long-term customers and campus colleagues. Exceptions may only be granted with the written approval of the Executive Director or designee and will be documented in the customer's file.

27.5 ALTERNATIVE PAYMENT ARRANGEMENTS

Departments may continue to provide goods and services to delinquent customers ONLY if an alternative payment plan has been submitted to and approved by the Director of Finance and Administration. Only the Director of Finance and Administration is authorized to offer alternative payment arrangements for those customers experiencing economic hardships. Approved payment plans will meet the following criteria:

1. The customer remains current on all subsequent amounts due, while

2. Making reasonable progress toward the elimination of the past due debt, where
3. "Reasonable progress" is defined as sufficient progress to eliminate the past due debt within six months from the date the debt was originally incurred.

Failure to meet any of these criteria will result in the termination of an alternative payment arrangement and consequently the termination of all provisions of goods and services. The amount remaining unpaid will then be treated according to the above collection procedures.

27.6 RETURNED CHECKS

Accounts paid with checks that are later returned for insufficient funds will be considered unpaid and will be subject to collection procedures. In addition, the offending customer will be assessed a fee to offset bank charges.

Amounts remaining unpaid as a result of returned checks might also result in criminal prosecution of the responsible party under California Penal Code Section 476a.b.

28.0 BAD DEBT ALLOWANCE

All accrued receivables remaining unpaid after 120 days will be subject to a 50% bad debt allowance. The department's revenue account will be debited with a corresponding credit to the "A/R Allowance for Bad Debt" account.

28.1 BAD DEBT WRITE-OFFS

It is ASI practice to aggressively pursue the collection of all amounts owed for the provision of goods or services rendered pursuant to these policies. Collection efforts will continue until the debt is paid or it is considered uncollectible.

Debts owed to the ASI will be considered uncollectible and therefore written off, when either:

- The collection agency to which ASI refers an account determines the debt is uncollectible, or
- The ASI receives an unfavorable or unenforceable judgment rendered in a Small Claims court case, or
- When the Business Office determines that the department originating the charges has documentation insufficient for pursuing legal remedies.

In cases of insufficient documentation, the ASI Business Office will be authorized to charge the originating department an amount sufficient to reimburse it for expenses incurred as a result of its collection efforts up to the point when the debt is deemed uncollectible.

ASI will consider any customer whose unpaid balance results in a write-off an unacceptable credit risk. Thereafter, such customers will only be provided with goods or services on a prepayment basis for a period not to exceed two years, after which they may request to reestablish a credit relationship with ASI.

29.0 WAIVERS OF FEES AND CHARGES

It is the policy of the ASI to charge all customers for goods and services rendered according to a fair and equitable pricing structure developed pursuant to the ASI's Policy on Sales of Goods and Services. Nonetheless some occasions

may warrant that certain fees and charges be waived, either as a result of inadequate service, defective goods, or in an effort to promote or restore customer satisfaction.

Fees and charges accrued through the accounts receivable system will only be waived through issuance of an invoice adjustment. In each case, the department originating the charges must prepare an Invoice Adjustment Form, providing justification for the waiver. This form must be authorized by the Executive Director or appropriate Division Director.

30.0 BARTER ARRANGEMENTS

No department of the ASI will enter into a barter (or trade off) arrangement for the payment of goods or services rendered or received without the prior approval of the Director of Finance and Administration. In such cases, the value of the goods or services received in exchange for those provided by the unit will be reflected on the unit's financial statements through appropriate journal entries.

31.0 ADMINISTRATION

The Director of Finance and Administration are responsible for the administration, revision, interpretation, and application of this policy. The policy will be reviewed no less than every five years and revised as needed, unless earlier revisions are necessitated by changes in Generally Accepted Accounting Principles (GAAP), the provisions of the Government Accounting Standards Board (GASB), or regulations of CSULB or the California State University Office of the Chancellor.

BANKING

BACKGROUND AND PURPOSE

Pursuant to Section 42403 of Title 5 of the California Code of Regulations, all funds and money collected by or on behalf of a student body organization, except funds and money collected from commercial services, shall be deposited in trust by the chief fiscal officer of the campus in accordance with procedures approved by an appropriate officer of the student body organization. The Associated Students, Incorporated (ASI) Policy on Banking articulates the means by which the ASI complies with this regulation as well as other banking procedures of the university and the California State University system.

POLICY STATEMENT

It is the policy of the ASI that any funds handled on behalf of the corporation or its programs be administered through banks accounts established in the name of the ASI or a CSULB Foundation. All bank accounts established in the name of the ASI must be authorized in advance by the Associate Vice President for Financial Management. No program, function, or activity conducted under the auspices of ASI may establish or maintain an off-campus bank account without the prior authorization of ASI and the prior approval of the Associate Vice President for Financial Management.

32.0 BANK ACCOUNTS

ASI shall maintain its accounts in financial institutions that are federally insured. All funds received by ASI shall be deposited on a weekly basis. All nonproductive funds must be invested in accordance with the investment policy established by the board. The Director of Finance and Administration shall serve as the organization's primary contact person for all banking relationships.

33.0 CHECK SIGNING AUTHORITY

Only those Individuals holding the following ASI titles or equivalent positions shall be authorized to sign checks drawn on ASI bank accounts:

- ASI Executive Director (administrator)
- ASI Associate Executive Director (administrator)
- ASI Director of Finance and Administration (administrator)
- ASI Vice President of Finance (student executive officer)
- ASI President (student executive officer)
- ASI Executive Vice President (student executive officer)

The following provisions apply to the signing of checks:

- All checks over \$10,000 shall require two signatures, and when feasible shall include a combination of one administrator and one student executive officer. In addition, any checks payable to any one of the above-named persons shall be signed by someone other than the payee.

34.0 ADMINISTRATION

The Director of Finance and Administration is responsible for the administration, revision, interpretation, and application of this policy. The policy will be reviewed no less than every five years and revised as needed, unless earlier revisions are necessitated by changes in Generally Accepted Accounting Principles (GAAP), the provisions of the Government Accounting Standards Board (GASB), or regulations of CSULB or the California State University Office of the Chancellor.

FORMS

The following forms are to be used in the execution of this policy.

Form Name	Purpose	Responsible Office	Approved By	Timeline for Submission
Cash Reimbursement Request	To request cash reimbursement for the purchase of goods or services totaling less than \$100, excluding sales tax	A.S. Business Office	Authorized budget area signatory	Between 9 a.m. and 4 p.m., Monday through Friday (except holidays). Only one filing per person per day.
Check Request	To request a check for the purchase of goods or services	A.S. Business Office	Authorized budget area signatory	Between 9 a.m. and 4 p.m., Monday through Friday (except holidays).

Delegation of Authority	To identify and provide specimen signatures of those persons authorized to approve financial, contractual, and personnel transactions.	ASI Director of Finance and Administration	Executive Director	At or near the beginning of the fiscal year (July 1). Revise anytime signature authority or authorized personnel changes. Form remains in effect until cancelled.
Employee Expense Report	To document the purchase of goods or services by an employee for official ASI business for which the employee is entitled to reimbursement.	A.S. Business Office	Budget Area Administrator or next higher level of management	Between 9 a.m. and 4 p.m., Monday through Friday (except holidays).
Invoice Adjustment Form	To request an increase or decrease to an invoice previously issued through the automated Accounts Receivable system	ASI Business Office	Division Director and Director of Finance and Administration	Minimum four business days before the desired date of issuance
Invoice Request Form	To request the issuance of an invoice for the billing of goods or services provided by ASI to an outside party whenever the sale is not otherwise recorded on a contract or sales report	ASI Business Office	Division Director	Minimum four business days before the desired date of issuance
Journal Entry	To record transactions to the general ledger that are not entered through any subsidiary ledger	A.S. Business Office	ASI Director of Finance and Administration and Senior Accountant	Within 15 work days of the end of the month during which the underlying accounting event occurred
Signature Authorization Card	To identify and provide specimen signatures of those students who authorized to make transactions on an ASI budgetary account	A.S. Business Office	Student Life and Development Advisor	At or near the beginning of the fiscal year (July 1) and revise anytime signature authority changes