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# Chapter Accounting Policies and

# Procedures

# Manual #1

# Chapters with all accounting managed at Headquarters

*Updated: May 2018*

**TABLE OF CONTENTS**

### DESCRIPTION PAGE

Table of Contents 2

Chapter Reporting 3

General Information 4

Fiduciary Responsibility 4

Duties of the Chapter Treasurer 4

Chapter Revenue 4

Chapter Dues Allocation (CDA) 5

Chapter Activities 5

Chapter Grants 5 - 6

Chapter Bank Account 6

Travel Expense Claim (TEC) 6 - 7

Receipts and Disbursement Ledger 7

Credit Cards 7

Records Retention 7 - 8

Officer’s Stipends (Code 103) 11

Community Outreach – 7% Rule (Code 201 11

Mandatory Chapter Treasurers Duties For – Option #1 8

Presenting the Monthly Financial Report 8

Maintaining the Inventory Control Log 8 – 9

Preparing the Chapter Annual Budget 9

Chapter Account Codes and Definitions 10 – 13

Chapter Forms & Definitions 14

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| **CHAPTER REPORTING** |
| **Bookkeeping is managed at CSR Headquarters**   * Checkbook is held at CSR Headquarters. * Invoices and Travel Expense Claim (TEC’s) with Chapter President approval are mailed/scanned/emailed to Headquarters and checks are typically issued within 1-2 days of receipt at Headquarters. * CSR Headquarters cannot issue any checks without the Chapter President’s approval. * Financial statements are sent to the Chapter President and Treasurer on a monthly basis. * Chapter advances are issued as needed and only with propel approval. * Chapter dues are transferred directly into chapter bank account. * Chapter funds are not held due to bookkeeping errors or omissions as disbursements are audited as they are received.   NOTE: The Chapter may continue to use a separate chapter checking account for money collected from members at a meeting for scholarships and community services  **Chapters that have their accounting done by CSR Accounting do not need to submit financial reports to Headquarters.** |

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| **GENERAL INFORMATION**  This section provides some guidelines and suggestions on procedures that can aid the Treasurer in keeping the bookkeeping system functioning smoothly and effectively.  **FIDUCIARY RESPONSIBILITY**  Each chapter has a fiduciary responsibility for the funds it receives from the corporation. A fiduciary is a person or a business in which another has placed the utmost trust and confidence to manage and protect property and money.  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, as such, must maintain accurate records of all chapter financial activities in accordance with Governing Rules 8.06 Chapter Officers Duties (d) Treasurer.  **CHAPTER REVENUE**  Each chapter shall receive $1,000 a month plus $.35, inclusive of active and associate members as a share of its member's dues. Allocations shall be contingent on the chapter submitting a balanced annual budget. Chapter funds shall not be invested, in any form, by any chapter.  Chapter funds shall only be used to accomplish the mission and implement the programs of CSR.  **CHAPTER DUES ALLOCATION (CDA) - Governing Rules 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.  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 the extent limited to an “Insubstantial Degree” as expressed in the Bylaws.   * 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 held separatly from the dues money issued from CSR.**   **Note:** “Raffles” (which require purchasing a ticket) are permissible but require the chapter to secure an annualpermit.Check **www/ag.ca.gov** to ensure that the chapter is in compliance with State Regulations.  **CHAPTER GRANTS**  Grants and special funding may be authorized by the Board of Directors. Grants, received by the chapter, shall be treated as income and separately itemized under Account 001A Grants.  Records must be kept for expenditures of Grant monies on the Grants-Award-Special Funding Disbursement Record (CSR form FIN 007).  **CHAPTER BANK ACCOUNT**  With Chapter accounting Option #1, CSR Accounting will set up one checking account for funds received from the Corporation i.e. Dues, Grants, Awards, and special funding determined by the Board of Directors.  A chapter may have a separate checking account for special projects, i.e. scholarships or charitable contributions if the funds were collected by the chapter. This account needs to be reported separately to headquarters and does not count against the CDA.  Member contributions received in the chapter to offset any chapter expenses, i.e., meals, 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 Code 101 – Chapter meetings and money shall be deposited in the chapter operating account.  **TRAVEL EXPENSE CLAIM (TEC) (CSR form # FIN 013)**  Travel expense claims (TEC’s) must be submitted no later than the calendar month following the date the expenses were incurred.  Travel expenses shall be reimbursed as follows:   1. Airfare, round trip mileage to the airport, parking and shuttle service at the destination vs. round trip mileage from home to destination 2. 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. 3. The amounts shall be calculated for each individual round trip. 4. The member may drive but would **not** receive the full mileage calculation if the other option is less expensive 5. Mileage will not be reimbursed for rental vehicles. 6. Payment of additional cost of lodging and meals are determined by the chapter if the member’s method of choice takes longer than the least expensive.   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.  **RECEIPTS AND DISBURSEMENTS LEDGER**  The Receipts and Disbursements Ledger is a record of all receipts and expenditures of the chapter. The ledger shall be maintained and present an accurate, up to date record of available monies after all deposits and expenses have been recorded.    A separate ledger shall be kept for each account the chapter has.  **CREDIT CARDS**  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. 3. Chapter shall keep copies of records for review purposes for a minimum of one (1) fiscal year.   Records include: All supporting documents, bank statements, canceled checks, receipts, disbursement ledger and equipment inventories.  All chapter financial records must be turned over to the new treasurer or the president when a treasurer retires or resigns.  The Chapter President shall assign a member to be present during transfer of records. These records shall include but not limited to: chapter checkbook, current ledger and files, equipment inventory and past fiscal year of records. |

**Mandatory Chapter Treasurer Duties for Option #1:**

1. Present monthly Financial Report at all chapter membership meetings and executive committee meetings.
2. Monitor additions to and deletions from the inventory control log.
3. Evaluate previous expenditures and resources for use in drafting an annual budget.

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| 1. **Presenting the Monthly Financial Report** |
| 1. A Treasurer’s Report will be prepared, distributed to each member in attendance, and discussed at each chapter meeting or executive committee meeting. The Treasurer’s Report must include the revenues received and expenses incurred since the last meeting. 2. It shall be available for inspection by the members of the chapter. 3. A copy of the report received from CSR Accounting may be used as the Financial Report presented to the members at all chapter membership meetings and executive committee meetings. |

1. **Maintaining the Inventory Control Log**
2. Inventory/Equipment Control List (CSR Form #FIN 008) shall be submitted to Headquarters by the end of December each year or whenever any equipment is purchased, change of location, sold or disposed of during the year.
3. The control log shall include the make, model, serial number, equipment location (who is responsible for the equipment), and operating condition of each item that was purchased, valued greater than $300.
4. **Preparing the Chapter Budget**
5. The chapter must submit an annual balanced budget, approved by the vote of the chapter members during a regular chapter meeting, no later than December 28th of each year. Failure to submit the chapter approved budget by December 28th will result in the withholding of monthly chapter funds.
6. A budget is a financial document showing the projected revenue (receipts) and disbursements (expenses) for the next fiscal year.
7. CSR requires that chapters prepare and submit a one-year budget, which may be revised at a later date.
8. Chapter must use the CSR Budget – 1-year form – (CSR form FIN 003).
9. Prior to the end of each calendar year a meeting of the Executive Committee, or assigned committee, shall be held to create a Budget for the coming year.
10. The Treasurer will draft a budget, an estimate of expected revenue and expenditures.
11. The draft budget shall be reviewed by the Executive Committee and presented to the members of the chapter for approval. A **motion must be made and passed** and entered into the Chapter minutes.
12. The Budget is then submitted to CSR Accounting with signatures of the President and Treasurer, along with a copy of the minutes with the approved motion.

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| **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. Interest is posted in the month in which the bank pays it. All interest shall be posted, including interest from checking accounts, savings accounts, and CDs. |
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| **b). EXPENSES** |
| General. 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**.   1. 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 chapter meetings and deposited in the chapter operating account.**   1. Chapter Executive Officer Meetings   All expenses incurred in conducting chapter executive committee meetings.   1. 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.   1. 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.   1. General Council   This account code is used for any chapter costs associated with CSEA General Council that is not paid by CSR Headquarters.   1. CSR Board of Directors Meetings   This account code is for any chapter costs incurred to attend CSR Board of Directors Meetings.   1. 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.   1. CSR Delegate Assembly   This account code is for any chapter costs, not paid by Headquarters, incurred to attend the CSR Delegate Assembly.   1. 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).   1. 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.  **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. |
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