

# Southern California Conference

## Accounts Payable Protocol

This document was created by the SCC Treasury Department with the purpose of setting the guidelines to follow for Accounts Payables in regards of Disbursements and Reimbursements Procedures.

The job description of the SCC Treasurer includes these main duties:

- custodian and administrator for tithes and offerings submitted by the churches
- establish yearly financial objectives that align with the strategic plans
- evaluate financial performance of the Conference with regards to its long-term operational goals, budgets, and forecasts
- identify, develop, and recommend analysis of financial and business initiatives
- monitor the overall budget and ensures expenses are within the approved budget
- ensure application of internal controls, compliance, and financial procedures.

Following the guidelines set in this document will facilitate the timely processing of all requests submitted. All requests need to be in accordance with: GAAP (Generally Accepted Accounting Principles), IRS (Internal Revenue Service), NAD (North America Division of Seventh Day Adventist), and Southern California Conference internal policies. Any request with insufficient information or documentation will be returned and will be delayed. Failure to follow any policies, standards, principles, or rules from the entities mentioned above will be considered as a non-compliance item, and payment/reimbursement will not be processed.

### SCHEDULE FOR CHECK PROCESSING

We will process checks twice a week to expedite all check requests. Please see the following schedule.

- **Tuesday Check Run:** All check requests must be turned in by Monday at 5:00 pm with supporting documentation. If the check request is incomplete, it will be returned.
- **Thursday Check Run:** All check requests must be turned in by Wednesday at 5:00 pm with supporting documentation. If any check request is incomplete, it will be returned.

There are times where the volume of the checks is low, and same-day checks requests can be processed. But this is subject to timing and check volume.

**All items more than \$10,000 presented for payment must also be approved by the Treasurer or Associate Treasurer.**

We understand there are times when a check request is urgent and unexpected. We will gladly accommodate as much as possible. We want to urge each department to plan so we can plan to process all other checks request submitted on time.

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### Accountable Plan and Invoice Processing required documentation

This section will facilitate employees to identify the required documents for each request. In California AB 5 regulation defines who is considered an employee or independent contractor. Please consult Human Resources department if you are not sure if the payee is an independent contractor or potentially an employee.

The categories considered for reimbursement are:

- A. Independent Contractors
- B. Employees of the organization (SCC)
- C. SDA Organizations (NAD/Union/Conference/Churches)

### Check Request Documentation by Category

#### **A. INDEPENDENT CONTRACTORS/VENDOR**

- i) Invoices: Original invoice needs to be submitted. An invoice needs to have the total amount paid, method of payment, and description of the services provided.
- ii) Tax documentation: All independent contractors need to provide a W-9 with all fields completed. If the vendor is out of California additionally to completing form W-9, California form 587 will be required before a payment is processed.

All invoices must be approved by the supervisor, department director, or officer and needs to include the accounting code of expense and department to be charged to before payment is issued.

When planning for an event, please consider having forms filled out ahead of time. If you have questions, you can ask the Accounts Payable Accountant, Associate Treasurer or Treasurer. Please plan for any event.

#### **B. EMPLOYEES REIMBURSEMENTS**

- i) Invoices: Employees are often required to pay expenses out of pocket on behalf of the organization. To be able to receive a reimbursement for an expense incurred on behalf of the organization, please turn in the original invoice with packing slips confirming delivery, when available, for payment. An invoice needs to include the total amount paid, method of payment, and description of the items purchased. **No payments will be made from a credit card statement only.**
- ii) Tax documentation: This is a reimbursement for an expense-paid on behalf of the organization, so we will still need a W-9. Fast food places or big wholesale stores do not need to send us a W-9. If reimbursement is for a service provided by an independent contractor, please review the section for Independent Contractor guidelines.

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### **B.1 Employee Honoraria/Gratuities/Appropriations**

Honorarium, gratuity, or appropriation should be reported to Accounts Payables or Payroll Department. It can be processed as a report after a gift card has been given to an employee or as a check request payable to the employee. If it is payable to the employee, it will be processed through payroll. It needs to be run through payroll because it is a taxable benefit. In Treasury, we have the honorarium form. You can also visit the SCC website under the payroll; you can find the form as well.

All check requests must be approved by the supervisor, department director, or officer and properly coded with account number and department to be charged before any payment is made.

### **B.2 Employee Travel**

All travel needs to be submitted to the office of the Vice President to be approved by AdCom.

Employees have work-related travel, and there are items the organization pays. All Business expenses need to be included in the Travel Expense Report.

Original receipts are required, detailing the item or service purchased along with method of payment. If seeking reimbursement for a group business meal, please include with the request a list of the participant's names.

Travel expenses are reimbursed through payroll on a biweekly basis.

All special travel, including mileage, per diem, airline tickets, hotels, etc., should be submitted on a travel expense report along with the original receipts for each item.

This reimbursement is provided for employees because they attend events on behalf of the conference.

All travel reports need to be approved and signed by the supervisor, department director or officer as appropriate.

### **B.3 Travel Advance**

All travel advance requests should be approved and signed by the Associate Treasurer or Treasurer. Requests will be limited to when the employee has to pay part of the travel before completion of the trip to obtain better rates such as airfare, etc.

When the trip is completed, please follow the instructions on the Travel Expense Report section above and include the receipt you used to receive the advance as part of your report.

The travel advance will be deducted in the payroll period the Travel Expense Report is reimbursed. If travel advance is paid and trip is canceled employee will be responsible for repaying the travel advance.

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### **B.4 Employee Hospitality**

If you have a group meal, include in the receipt the people present at the meal. If cash is needed, please plan with Associate Treasurer or Treasurer.

### **B.5 Employee Credit Card**

Reimbursement for credit card purchases will be made to the employee on a receipt basis. Refer to the section of **Employee Reimbursements**. No payments will be made directly to the credit card company.

### **B.6 Employee Payroll Advance**

Payroll advance requests should be approved and signed by the Treasurer. Payroll advances will be deducted on the following payroll or up to a maximum of two payroll periods, and paid before the end of the year.

### **B.7 Employee Petty Cash request**

Petty cash is reserved for a special event that requires cash amounts exceeding \$400 dollars. When petty cash is requested, it should state the business purpose, be made at least two days in advance, and include the department director or officer approval signature. Non-cash alternatives will be reviewed before a request is granted.

Use of funds should be limited to stated business purpose and returned with approved receipts and cash as promptly as possible but no more than two weeks from the conclusion of the event. Accounts to be charged to and department function should be noted as appropriate on the Imprest Cash Voucher.

Before returning unused funds and receipts, the receipts will also require the department director or officer approval since the initial approval was only for the cash withdrawal.

**There will be no petty cash reimbursements**, all reimbursements will be done through AP Voucher. Variances from this policy can only be approved by the Treasurer or Associate Treasurer.

### **B.8 Employee Lost Receipts**

If a receipt is lost, the person requesting reimbursement should seek a duplicate. If the lost receipt is for travel expense, and acceptable duplicate is unobtainable, the traveler should submit a statement itemizing the expenditure with the Travel Expense Report. If a duplicate/copy of receipt is submitted, it needs to be marked as duplicate to avoid the possibility of payment duplication.

**Under IRS accountable plan all employee reimbursement needs to follow three standards:**

1. The expenses must have a business connection;
2. The expenses must be substantiated within a reasonable period; and
3. The employee must return any money not spent to the employer, also within a reasonable period.

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If any of the three conditions is not met, the reimbursement arrangement is treated as a taxable. In other words, the reimbursements are taxable compensation to the employee and subject to employment taxes.

### **C. SDA ORGANIZATIONS (CHURCHES, CONFERENCE, UNION, NAD)**

**Education Scholarships and 3 Way Match Scholarship checks requests must include:**

- a) The student enrollment confirmation from the institution receiving the scholarship
- b) A 3 Way Match Form approved and signed by the department director, and Treasurer
- c) The Sponsoring church check attached to the request

### **Appropriations**

Please submit check request on a timely manner. If more than one request is submitted, they will be payable after reviewing our current cash flow. If an appropriation is part of a committee action, please include the information in the check request.

### **Scholarship Funds**

Please submit check request for each student. Along with the check please submit a confirmation for the school that the student is currently active. If the student does not owe any monies funds will be requested to be sent back to the conference.

### **REFERENCES:**

Department, E. D. (n.d.). *AB 5 – Employment Status*. California State Payroll Taxes – AB 5 – Employment Status | California EDD. [https://www.edd.ca.gov/Payroll\\_Taxes/ab-5.htm](https://www.edd.ca.gov/Payroll_Taxes/ab-5.htm).

Dayna E. Roane, C. P. A. A. B. V. (2020, February 1). *Start or review an accountable plan*. Journal of Accountancy. <https://www.journalofaccountancy.com/issues/2020/feb/employee-expenses-accountable-plan.html>.

*Circular E, Employer's Tax Guide*. Department of the Treasury Internal Revenue Service. (n.d.). <https://www.irs.gov/pub/irs-pdf/p15.pdf>.