

MBASIA POLICY AND PROCEDURE

SUBJECT: ACCOUNTING GUIDE

DATE: January 1, 2010

AMENDED DATE: November 8, 2024

REVIEWED DATE: November 8, 2024

PURPOSE

This document supersedes all other Monterey Bay Area Self Insurance Authority (MBASIA) documents with respects to the contents discussed herein. This document outlines the procedures related to MBASIA's check handling, invoicing, and transferring funds between accounts.

CHECK HANDLING

POLICY

MBASIA's authorized check signer shall be the Treasurer. Check signing authority is stated in the MBASIA Bylaws, Article X – Investment and Disbursement of Funds, Section 2. Disbursement. In the event that the Treasurer is unavailable, the immediate Past Chairperson will have the authority to sign checks. The Treasurer can only sign checks after the designated Executive Committee Member which is the Vice Chairperson has given written approval electronically. In the event that the Vice Chairperson is unavailable, the Past Chairperson and Chairperson will have authority to provide written approval electronically.

PROCEDURE

Authority officers are elected by the Board of Directors in accordance with terms defined in the Joint Powers Agreement. The officer with check signing authority is the Treasurer. Fully completed and executed signature cards are required for each cash and investment account. The Program Administrator is responsible for maintenance of the signature stamps.

Check disbursements are prepared as needed. JPA Accountant prepares and circulates the demand sheet with the supporting documents to Conor Boughey, Program Administrator, for review and written approval. Then, an electronic authorization request will be sent to the designated Executive Committee Member, the Vice Chairperson and Treasurer to provide written approval electronically. Once completed, JPA accountant provides a positive pay file to the bank listing details of the check batch and provides printed checks to Program Administration Team Member who obtains signature authorization and distributes checks.

Internal control is maintained over the check signing function to separate custody of the check stamp from custody of blank check stock. Blank check stock is kept in the safe that only the

Program Administrator has access to. The signature stamp is kept in a locked drawer that only a designated Program Administration Team Member has access to.

MBASIA utilizes positive pay to prevent check fraud.

Bookkeeping Procedures

1. Checks disbursements are prepared by the JPA Accountant as needed.
2. The transaction must be recorded in the charts of accounts and applied to the correct accounting code.
3. All records are maintained with the JPA Accountant.

Process for General Payments

1. Invoices or requests for payments are submitted to the JPA Accountant from the Program Administrator or Board President.
2. The JPA Accountant issues the demand sheet with supporting documents and routes to Conor Boughey, Program Administrator, for review and written approval. Then, an electronic authorization request will be sent to the designated Executive Committee Member, the Vice Chairperson and Treasurer to provide written approval electronically. JPA accountant requests blank checks, provides positive pay file to the bank listing check batch details and provides printed checks to Program Administration Team Member who obtains signature authorization and distributes checks.
3. Check signing authority is given to the Treasurer of MBASIA and evidenced electronically.
4. The demand sheet will be presented at the following Board Meeting in order to ratify the disbursements.

INVOICING AND REQUEST FOR PAYMENT

Bookkeeping Procedures

1. MBASIA generated invoices are prepared by the JPA Accountant.
2. Invoices shall be numbered in such a manner as to identify the fiscal year which the invoice applies. Example: Invoice # 20240701-001 would represent date issued and invoice number 1.
3. All records are maintained with the JPA Accountant.

Process for MBASIA's Invoices

1. JPA Accountant provides draft invoices to Program Administration who reviews and mails invoices to appropriate parties to request payment. The due date for payment is normally 30 days.
2. Program Administration sends the invoices along with payment information included in the payment request.
3. Program Administration provides as much documentation as needed for complex billings.

INVESTMENT ACCOUNT TRANSFERS

POLICY

The Investment Policy is the governing document with respects to the investing of funds; this Policy does not establish any investment guidelines. The authorized bank representative for transferring funds between the Authority's Investment and Bank accounts will be Conor Boughey, Program Administrator and MBASIA's Treasurer (Both will have no authorization to withdraw funds by any means).

PROCEDURE

Transfer of Funds To and From Investment and Administrative Checking Account

The majority of MBASIA's funds will be invested the Investment Account in the manner established by the Investment Policy. When funds are needed in the Administrative Checking Account, a request from Conor Boughey, Program Administrator, and the Treasurer to the US Bank Investment Banker in coordination with Chandler Asset Management will be made. Investments will be liquidated and wire transferred to fulfill the request. When funds are to be invested at the request of the Board, the JPA Accountant will draft a transfer to US Bank from the Santa Cruz County Bank website. **The transfer will then be approved by both Conor Boughey, Program Administrator, and the Treasurer.**

Transfer of Funds To and From Money Market Account and Administrative Checking Account

The majority of MBASIA's liquid funds are invested in either LAIF or the Santa Cruz County Bank Money Market Account. When funds are needed from the Money Market account for the Administrative Checking Account, funds can be transferred using the Santa Cruz County Bank website as an internal transfer. **When transferring from the Money Market Account, JPA Accountant drafts a transfer on the website for Conor Boughey's, Program Administrator, authorization to complete the transaction.** Transfer is internal to the bank only and requires one approval. The transfer is immediate. When excess funds have built up in the Administrative Checking Account, the reverse process is performed.

Transfer of Funds To and From Local Agency Investment Fund (LAIF)

LAIF funds are transferred between LAIF and the Administrative Checking Account only. **Conor Boughey, MBASIA Program Administrator or the Treasurer are authorized to transfer these funds by resolution.** Funds can only be transferred between these accounts, no further authorization is provided.

When funds need to be transferred from LAIF, the JPA Accountant prepares the transfer form and verifies documentation with Conor Boughey, Program Administrator, or the Treasurer to make the request by 9:30 AM PST or earlier to ensure the transfer is completed before end of business day. When funds need to be transferred to LAIF, the JPA Accountant uses the Santa

Cruz County Bank website to draft a transfer. Both Conor Boughey, Program Administrator and the Treasurer have authority to approve the transfer to LAIF. Single authority is required.

Transfer of Funds to Third Party Administrators' Custodial Accounts for Claims Payments

Funds will be transferred to Custodial Accounts managed by Third Party Administrators (TPA) as needed. MBASIA works with two TPAs (one for Liability and one for Workers' Compensation) who each have access to a Custodial Account with MBASIA funds to be used for claims payments. The TPA will request funds based on claims. The JPA Accountant will draft the transfer in the Santa Cruz County website for dual approval from **Conor Boughey, Program Administrator, and the Treasurer who are the authorized representatives of MBASIA to transfer funds to the Custodial Accounts.** Dual approval is required.