

Approved:

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Department of Transportation

EMPLOYEES' BENEFIT FUND

AUTHORITY:

Sections 20.23(3)(a) and 334.048(3), Florida Statutes (F.S.)

REFERENCE:

Sections 334.131 and 403.7145(2), F.S.
Paper, Aluminum Cans, and Other Recyclable Materials Program, Procedure No.175-000-002-h

STATEMENT OF POLICY:

This procedure provides the requirements for establishing and operating an Employees' Benefit Fund (EBF) in the Florida Department of Transportation (Department).

SCOPE:

This procedure applies to all offices in the Districts and the Central Office.

BACKGROUND:

Section 334.131, F.S., gives the Department authority to create and operate EBFs for purposes determined by the Department. It also specifies that funding come from vending machines. **Section 403.7145(2), F.S.**, provides that proceeds from certain recycling efforts may be used for employee benefits, and **Procedure 175-000-002-h, Paper, Aluminum Cans, and Other Recyclable Materials Program**, describes providing such funds for EBFs.

1. ESTABLISHING AN EBF

1.1 Organizational Unit

An EBF may be established for each organizational unit which has responsibility for the installation of vending machines in Department owned or leased facilities. For the purpose of this procedure, an organizational unit is considered to be a group of Department personnel from the Central Office, or the same District or a group of Department offices sharing facilities.

1.2 Approval

Employees who belong to an organizational unit eligible to sponsor an EBF, and who desire to form an EBF, shall request approval from the Assistant Secretary of Finance and Administration or the District Secretary.

1.3 IRS Reporting

Upon approval, an EBF committee will be formed, and the committee will file necessary forms with the Internal Revenue Service to obtain an Employer Identification Number (EIN) to be used for all financial accounts. The Department should be listed as the responsible party.

- 1.3.1 If an EBF chooses to obtain a ***Sales/Use Tax Exemption Certificate***, purchases made by the EBF are tax exempt. For any items purchased and resold (i.e., vending machine items), the committee must pay the appropriate sales tax as defined by the Florida Department of Revenue.
- 1.3.2 All contracts with private vendors to operate and maintain vending machines or to handle other sales should require the vendor to collect and remit all applicable taxes.

1.4 Conformity Requirement

No EBF shall be allowed to exist unless it is operated in conformity with this procedure.

2. ADMINISTRATION OF FUNDS

2.1 EBF Funding

- 2.1.1 An EBF may receive funds from vending machines and recycling as specified in ***Sections 334.131, F.S.*** and ***403.7145(2), F.S.***
 - 2.1.1.1 An EBF may receive voluntary donations from Department employees for a specified event when the donations do not exceed the annual EBF expenditures.

2.1.1.2 An EBF may receive voluntary donations from Department employees to benefit the membership.

2.1.2 Vending and recycling funds which are not under the administration of a duly appointed committee and authorized under this procedure shall be deposited in the State Transportation Trust Fund.

2.2 EBF Committee

2.2.1 Administration and disbursement of each EBF's assets shall be by a committee elected by the employees of the organizational unit.

2.2.2 The committee shall include a Chairperson, Vice Chairperson, Secretary, Treasurer, and other committee members, not to exceed a total of seven. The Assistant Secretary of Finance and Administration or District Secretary will decide if the committee members shall elect the committee officers or if the employees covered by the EBF shall elect the committee by position. The District Secretary or Assistant Secretary of Finance and Administration shall appoint an ex-officio member of the committee. Usually a supervisor or manager in the sponsoring unit or up the organizational structure will be appointed, but the District Secretary or Assistant Secretary of Finance and Administration can appoint another manager or supervisor.

2.2.3 Each committee must ensure that member's responsibilities and duties are segregated as much as possible to avoid possible conflicts of interest. Details of the member's responsibilities and duties will be listed in the local procedure, as provided in **Section 2.2.5**.

2.2.4 The membership shall determine the term length for elected committee members; however, committee members shall serve for at least one year and shall serve no more than four consecutive years. If a vacancy should occur during the tenure of a committee member, the committee shall appoint an employee to serve until the next election.

2.2.4.1 If there are no volunteers to serve on the EBF committee, the District Secretary or Assistant Secretary for Finance and Administration may:

- (A) Appoint a Department employee to serve on the committee, or
- (B) Retain a committee member beyond the four-year term, with written justification noting the lack of volunteer replacements or election candidates.

This information will be maintained in the monthly EBF meeting minutes.

- 2.2.5** Each committee will publish an operating procedure to guide their organization and operation. The procedure will be in a format similar to Department procedures. The procedure will include the responsibilities of each committee officer and the other committee members as appropriate. The procedure will also include a requirement that minutes of each meeting be published and that the minutes reflect all decisions (including purpose and amount of expenditures) of the committee. The minutes shall also include, or have attached, information reflecting all revenues and expenditures since the previous committee meeting. The committee operating procedure must comply with all provisions of this procedure and will be approved and signed by the District Secretary or Assistant Secretary for Finance and Administration.
- 2.2.5.1** The procedure must detail the types of payment used by the EBF and the internal controls used to ensure the disbursement of funds is handled appropriately.
- 2.2.5.2** If the EBF operates its own vending machine, the local procedure must address the process for restocking the vending machine and inventory controls.
- 2.2.6** All committee records will be retained for five years in accordance with the *Department of State's Records Retention Schedule*.

3. DISBURSEMENT OF FUNDS

3.1 Method of Payment

The following payment types are authorized for use by the EBF and should be identified within the local procedure: check, debit card, and petty cash.

- 3.1.1** Disbursements made by check must be signed by at least two officers of the committee.
- 3.1.2** Debit cards assigned to a specific committee member must be kept in a secure location and inactivated at the end of the committee member's term.
- 3.1.3** Petty cash of no more than \$100.00 may be maintained for vending machine loss and/or reimbursement for purchases under \$25.00. The cash must be stored in a secure location, and detailed records must be maintained.

3.2 Reimbursement for Authorized Purchases

Authorized purchases of items by committee members may be reimbursed, provided the appropriate receipts are presented.

3.3 Allowable Expenses

This section establishes the maximum amount a committee can spend per category as follows:

- 3.3.1 Hospitalization of Employee- Cards, flowers or gifts up to \$75.00, based on funding availability, when an employee whose time confined to a hospital or health care facility totals three days or longer. This amount includes any wiring fees or service charges and tax, when applicable.
- 3.3.2 Deaths of Employees, Their Spouses, Children, Stepchildren, Parents or Siblings- Cards, flowers, or as otherwise requested (memorial donations, etc.), up to \$75.00, based on funding availability. This amount includes any wiring fees or service charges and tax, when applicable.
- 3.3.3 Retirement- Upon retirement and separation from Department service (i.e., upon separating from DROP) a gift may be provided to the employee, not to exceed \$75.00 based on funding availability.
- 3.3.4 Unit Gatherings or Social Events- As approved by the committee, the event must be planned and administered to benefit all employees of the organizational unit as described in **Section 1.1** above; any funds provided for the event will be recommended by the committee in the amount necessary to cover the event or such portion as the committee deems appropriate.
- 3.3.5 Office Supplies for Employee Use- The committee may donate office supplies (copy paper, etc.) to the Department that will permit employees to use Department resources (copy machines, printers) as specified in Department policies. The quantities of supplies needed will be specified by the District Secretary or Assistant Secretary for Finance and Administration and approved by the EBF committee.

3.4 Voting Requirement

The committee must vote to approve the level (dollar amount) of participation within the range permitted for each category in **Section 3.3**.

3.5 Selection of Expenditures

While an EBF may expend funds only for the categories as noted in **Section 3.3** above, it is not necessary that an EBF participate in all of the categories in **Section 3.3**. An EBF may choose not to participate in a category by majority vote of the members of the organizational unit served by the EBF.

4. FINANCIAL OPERATIONS, RECORDS AND REPORTING

4.1 Cash Deposits

Cash counts will be conducted by two committee members. Cash should be deposited in the committee account as soon as possible but no later than seven work days after receipt. Cash must be kept in a secure place before it is deposited.

4.2 Supplies

Supplies will be stored in a secure place.

4.3 Accounting

Financial records will be maintained using approved financial record management software. Each committee will maintain the following monthly records: cash receipts journal, cash disbursements journal, supplies inventory, and equipment inventory (if appropriate).

4.4 Reporting

Each EBF shall publish a monthly financial statement and post a Financial Statement no less than quarterly on bulletin boards or an electronic board that provide the best opportunity for the EBF members to view the reports. All reports shall be signed by the EBF Chairperson.

4.5 Review

The District Secretary or Assistant Secretary for Finance and Administration, or their designees, will review a financial report no less than annually to ensure accountability. The District Secretary or Assistant Secretary for Finance and Administration may require additional record keeping and reporting if desired. EBFs will use the outline detailed in **Appendix 1** to format the annual report.

5. FUND DISSOLUTION

When an EBF is no longer desired by an organizational unit, or when the organizational unit is dissolved, the Assistant Secretary for Finance and Administration or District Secretary shall determine if the assets from the dissolved EBF will be distributed to one or more operating EBFs or deposited in the State Transportation Trust Fund.

6. ADDITIONAL INFORMATION

The following websites provide guidance for the EBF committees regarding the Federal EIN and State of Florida Sales Tax:

Internal Revenue Service;

<http://www.irs.gov/businesses/small/article/0,,id=102767,00.html?portlet=105>

Florida Department of Revenue;

http://dor.myflorida.com/dor/taxes/sales_tax.html

7. TRAINING

There is no required training.

8. FORMS

None

APPENDIX 1: Annual Report Outline

EBFs may use this outline when providing an annual report to their respective District Secretary or Assistant Secretary for Finance and Administration.

Annual Report

Introduction

- EBF Name/Location
- EIN Establishment
- Committee Members

EBF Funding

- Vending Machine Commissions
- Recycling Proceeds
- Donations

Financial Statement

Key Events

Annual Bank Statement for Reporting Period