

IEEE FINANCE OPERATIONS MANUAL (FOM) V.12

Includes approved changes through 23 June 2002, incorporating the staffing plan, budget principles, and alternate approval process for contracts .

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INTRODUCTION

The following procedures affecting the financial matters of the IEEE have been incorporated into this IEEE Finance Operations Manual. These procedures support the implementation of IEEE policies governing the IEEE Organizational Units, volunteers, and staff activities with respect to financial policies, as stated in Section 11 of the IEEE Policy and Procedures Manual. These Procedures shall be developed and approved by the various responsible Standing Committees, with oversight and coordination by the IEEE Finance Committee. In accordance with IEEE Policies related to the financial operations of the IEEE, the members of the IEEE Board of Directors shall be informed of changes to these procedures thirty (30) days prior to implementation by the IEEE Finance Committee.

Operational policies and procedures of the respective organizational units shall not conflict with these procedures.

It is recommended that those volunteers and staff involved in financial activities of IEEE familiarize themselves with these procedures in their entirety, and with the corresponding policies found in Section 11 of the IEEE Policy and Procedures Manual. For ease of use of this manual, those policies have been inserted in the appropriate corresponding section in this document in ***Bold/Italic font.***

Copies of these procedures shall be made available upon request. Note: All dollar amounts in this manual refer to US dollars. (USD = US dollars)

FOM.1 – FINANCIAL STABILITY

The financial stability of the IEEE is based upon, but not limited to, a sound system of internal control and a commitment to prudence in order to ensure short-term and long-term viability. (Policy 11.1)

A. Internal Control

It is the IEEE policy to maintain sound internal control. As part of their oversight responsibilities, specific staff and the external auditors evaluate the system of internal controls of the IEEE and recommend changes to IEEE Management and/or the Audit Committee who in turn recommend changes to the IEEE Board of Directors, as appropriate. (Policy 11.1.A)

Internal control comprises all of the coordinated methods adopted by a business to safeguard its assets, verify the accuracy and reliability of its data, promote operational efficiency, encourage adherence to prescribed managerial policies and comply with legal and regulatory requirements.

This definition recognizes that a system of internal control extends beyond those matters that relate directly to the functions of the accounting and financial departments. In other words, it pertains to the entire enterprise.

It is the responsibility of IEEE's Staff to administer the system of internal controls which includes such processes as annual budgets, tracking financial results against such budgets, forecasts of year-end financial results against budgets, metrics reports on business processes, audits of compliance with policy and procedures, etc.

In response to such reports, the Audit Committee and/or other involved Board of Directors committees shall be responsible for assuring compliance with the system of internal controls and recommending enhancements thereto for consideration and approval by the full Board of Directors.

B. Prudent-Person Rule

It is IEEE policy to operate reasonably and prudently. The standard by which all aspects of operations of a not-for-profit organization are tested is reasonableness and prudence. (Policy 11.1.B)

A fiduciary is a person who has responsibilities in connection with the administration, investment, or distribution of property or assets that belong to someone else. This range of duties is termed fiduciary responsibility. The standard underlying fiduciary responsibility is prudence, and the standard of behavior for a fiduciary is known as the "prudent-person rule." This rule charges fiduciaries with conducting themselves with the same degree of judgement... reasonableness and prudence...in administering the affairs of the organization, as they would in their personal affairs.

C. Short-Term and Long-Term Outlook

To be committed to its goals, the management of the IEEE, both volunteer and staff, shall take an approach that looks beyond specific calendar dates and always considers where the IEEE is going and where it has been, with a distinct emphasis on the future. The strategic planning process, budget process, and actual financial performance shall provide the framework for making decisions important to the vitality of the IEEE. (Policy 11.1 C)

FOM.2 – ANNUAL AND INTERIM REPORTING REQUIREMENTS

A. Audited Financial Statements

Audited IEEE Financial Statements will be made available to all IEEE members annually. (Policy 11.2.A)

In accordance with the charter of the Audit Committee, the Audit Committee shall meet annually with the external auditors to review the audited IEEE financial statements of the preceding year and report to the Board of Directors. In compliance with the Bylaws and the New York Not-for-Profit Corporation Law, Section 519(a); the Board of Directors shall present the certified financial statements to the Assembly to be received on behalf of the IEEE membership at a special meeting, which shall take place either during or immediately following the first meeting of the

Board of Directors each year. A copy of the certified financial statement will be available to IEEE members upon their request to the Chief Financial Officer at Corporate.

B. Annual Budgets

Using a process established by the IEEE Finance Committee, an annual budget shall be prepared for the ensuing year, subject to the approval of the Board of Directors.

Specifically, as a minimum, provide: both paper and electronic (CD-ROM) versions, an index, a glossary, annotations (where necessary), and references; page numbers next to items for which further information is provided elsewhere and hyperlink these page numbers to the appropriate pages; and include the latest Report of Independent Accountants that appears in the annual report. The budget shall be “ beta tested” by staff from outside the department(s) that prepared it. Only after such staff can readily understand the budget shall the budget be distributed to the Board of Directors. (Policy 11.2.B)

The IEEE shall prepare an annual budget for the ensuing year, which shall be submitted, to the Board of Directors for approval at its last scheduled meeting of the current year. This budget shall be distributed to all members of the Board of Directors, Finance Committee, and senior staff.

1. Purpose

The annual budget for the various Organizational Units of the IEEE is a key to good internal control. Monthly forecasting against the budget is the means by which progress versus budget is measured. Good forecasting allows management time to make appropriate adjustments in expenses or otherwise, if variances occur. Monthly financial statements including year-end forecasts, reflecting actual financial activities year-to-date as well as budget variances for consolidated units, will be generated and distributed by the Controllers Office to staff management.

2. Role of the Finance Committee

The IEEE Finance Committee (FinCom) under the direction of the IEEE Executive Committee (ExCom) provides oversight and guidance for the IEEE's annual budgeting process.

3. Participation

IEEE departments, including volunteer support departments for Societies/Technical Councils, Conferences, and Regions, shall participate in the budget development process. They shall be responsible for preparing their annual operating budgets in accordance with the process established by FinCom and endorsed by ExCom.

4. Staffing Plan

The Executive Director shall develop and maintain a staffing plan for the total staff operation of the IEEE, including its organizational units, which shall take into account the evolving needs of the IEEE, changing patterns of responsibility, and budgetary constraints. The plan

shall be presented to the Board of Directors for approval each year and upon approval be reflected in the annual operating budget of the IEEE.

The Executive Director may implement changes to the staffing plan during the operating budget year without prior approval provided that (1) the total annualized salaries of all positions and vacancies authorized by the Executive Director shall not exceed the salary budget in the approved (or amended) operating budget of the IEEE, and (2) that any such changes shall be reported to the Board of Directors at its next regular meeting after the change is approved by the Executive Director.

5. General Process

Once FinCom approves the budget process, the Executive Director and Staff will start the budgeting process with at least a zero-based bottom line as a target. This process should include proposals for necessary revenue increases and/or expense reductions. The proposed budget will be reviewed by FinCom and ExCom at their May meetings. After this review, FinCom will be responsible for any revisions until the budget is approved by the IEEE Board of Directors. Exceptions to the recommended pricing actions that may be included in the initial budget proposal should be presented for IEEE Board action at their mid-year meeting.

Proposed changes by Organizational Units including Societies/Technical Councils shall be forwarded by the Operational Unit's Treasurer to the FinCom in a timely manner so that a final draft may be presented to the ExCom in August and a copy mailed to the members of the IEEE Board of Directors in October for an action item for their last meeting of the year.

In submitting revised draft budgets for FinCom review, departments are required to provide detailed documentation/justification for any changes beyond normal inflation/growth guidelines.

The capital items shall be developed and submitted along with the operating budget. Requests for funding for furniture, fixtures and/or equipment with a unit cost of USD1,500 or more shall be submitted to FinCom at the same time as submission of the Operating Budget proposals. FinCom reviews the proposed budgets and recommends changes and modifications thereto. The operating departments then revise their draft budgets, taking into consideration FinCom's suggestions. The revised versions of the proposed budgets are then reviewed once more by FinCom, and the budget is then presented to the ExCom for recommendation to the Board of Directors for approval.

New initiatives, as defined in the following Procedure 5.a, while an important part of the final budget, are developed using a separate process.

6. Budget Principles

General:

1. The IEEE Operations budget must be balanced, meaning that the bottom line will be greater than or equal to zero with no net reduction in overall IEEE reserves.
2. Individual Organizational Units net budgets (TAB/Societies & Councils (in aggregate), RAB, EAB, IEEE USA, and the Standards Association) after absorbing the overhead charges must be greater than or equal to zero. Any exceptions must be approved by the IEEE BoD.
3. Investment income will not be considered as income in the IEEE Operations Budget:

- Market fluctuation on Investments shall not be considered.
- Dividends and Interest will be budgeted and shall be used specifically to fund new and ongoing initiatives; any excess will be used to reduce infrastructure expense
- Initiative spending will be limited to the net amount of income available from Net Dividends and Interest

Direct and Indirect Core Functions:

Core functions are divided into direct and indirect core functions

- The cost of the direct core functions will be distributed using appropriate metrics from the prior year's budget (such as headcount, number of members, net expense). The metrics will be evaluated annually, in an attempt to make these allocations as equitable as possible.
- Direct core functions are as follows:

a. Controllers	e. Procurement and In-house Investing
b. Payroll	f. Member Services
c. Human Resources	g. Application Processing
d. Financial Planning	h. Information Technology
- Funding for EAB, RAB, Spectrum and the cost to administer member dues will be limited to the maximum % rule that is currently set at 90% of the total revenue from member dues.
 - In accordance with IEEE Bylaw I-108.5, funding for Regions, Sections, Chapters and Student Branches should not be less than 12% of member dues.
- Cost of the indirect core functions will be recovered from all Organizational Units including Societies with the exception of Publications and Spectrum, since they are part of the indirect costs. Allocation will be based on the percent of the total expenses of the Organizational Units and the aggregate expenses of all Societies and Councils, less their conference expenses. TAB will determine allocations to individual Societies and Councils.
- The indirect charge to RAB, EAB, and IEEE USA will be liquidated through member dues and be subject to the maximum % rule.
- The indirect core functions are as follows:

a. Corporate Activities
b. Awards
c. Facilities
d. Meeting Planning Services
e. Mail Services
f. Warehouse/Shipping
g. Corporate Strategy & Communications
h. Executive
i. Legal
j. Strategic Planning/Research
k. Sales & Marketing
l. Information Technology (majority is included above with the direct core functions)
m. Customer Service
n. Financial Services

Adjustment process at year-end based on actual results:

- A positive variance to budget in the direct and indirect core functions as well as in EAB will be used to reduce the indirect allocations to the Standards Association and the TAB Societies/Councils
- A positive variance to budget in TAB/Societies, Standards Association, RAB, and IEEE USA will be reflected in their reserves
- A negative variance to budget in the direct and indirect core functions and in EAB will be offset proportionally against all Organizational Units with reserves
- A negative variance to budget in any organizational unit with reserves (TAB/Societies, Standards Association, IEEE USA, and RAB) will be reflected in their reserves

Investment Returns:

- Returns on investments up to 5% (less the cost of new and continuing initiatives) will be used to further offset the allocations of indirect core functions.
- Investment returns over and above dividends and interest will be returned proportionally to all organizational units with reserves.
- Investment losses will be distributed proportionally to Organizational Units with reserves

7. New Initiatives

a. Definition

A new IEEE Initiative is a potential new and/or different product or program that will provide significant benefit to members, customers and/or the public, or which could have lasting impact on the IEEE's business processes. Initiatives are generally strategic in nature, are not operational necessities at the time of their initiation, and may require significant expenditures perhaps spanning multiple years. Initiatives are projects that cannot be offset by baseline budget reductions.

b. Initiative Approval Process

The Board of Directors must approve new initiatives. Administration of the approval process may be delegated to appropriate IEEE units. For example, the Board of Directors may direct the IEEE Executive Committee to further refine the definition of initiatives and to administer the overall initiative proposal collection and initial ranking process. The IEEE Executive Committee may, in turn, delegate authority to the Major IEEE Boards to identify and rank initiatives within their organizations. The Major Boards shall prepare descriptions for the Board of Directors of the initiative projects that will be administered from within their units.

As a part of the definition of an initiative, financial thresholds may be established by the Board of Directors, such that proposals costing less than the threshold are not subject to the initiative approval procedure. The thresholds may be expressed in absolute dollar amounts and as a percentage of the unit's reserves. Proposals from a given Organizational Unit, each below the threshold, shall be included in the budget, which will have subsequent review and approval. Further, any project with initial cost below the threshold, but with long-term expectations of greater expenditures, shall be reviewed and approved as part of the annual initiative approval procedure.

The IEEE Executive Committee shall establish a uniform format and appropriate forms for submitting initiative proposals. The proposal shall include the: Executive Summary, Detailed Program/Project Description, Business Plan, Milestone Schedule, and Monitoring/Management Plans sections. Each proposal shall contain cost/benefit analyses and fiscal details, covering a period of a minimum of three years. The IEEE Executive Committee shall prepare an annual calendar for the approval process.

Projects that can be funded by appropriate baseline budget reductions within the unit are not classified as initiatives and are, therefore, not subject to initiative review and approval.

c. Progress Reports

Progress reports on each IEEE Corporate level and Major Board new initiative shall be submitted to FinCom upon request.

The Major Boards shall receive quarterly progress reports from their respective units and shall compile a summary report to FinCom quarterly for the collective initiatives from their units. Corporate initiatives will also be reported through the IEEE Executive Director to the FinCom.

Post Audits shall be submitted to FinCom within 3 months for each IEEE initiative after completion of the initiative.

d. Changes in Approved New Initiatives

If a Major Board has a budgeted surplus and its operations are not adversely affected, the Major Boards may modify previously approved new initiatives. Major Boards shall review and approve changes in previously approved initiatives within their units, without Board of Directors approval, if the Major Board's operations are not adversely affected. However, changes to the budget by the Major Boards must be reported to the IEEE Board of Directors.

C. Forecasts

IEEE Major Boards, Societies and Technical Councils, and the staff organizations shall submit forecasts on a scheduled basis as requested by the IEEE Finance Committee. These forecasts shall be used to identify opportunities and risks to achieving the budgeted targets. (Policy 11.2.C)

Senior Management, including the Technical Activities Staff, is required to prepare monthly (from February through November) forecasts of revenues and expenses against budget and explain any significant variances. The Finance Committee reviews the forecasts and reports results, on a monthly basis, to the IEEE Board of Directors. The forecasts shall also be reviewed at each Executive Committee meeting.

D. Investment Reporting

Reports on investments in the IEEE Investment Fund shall be provided to the appropriate IEEE Organizational Units in a format and on a schedule approved by the IEEE Finance Committee. (Policy 11.2.D)

1. Internal – Monthly reports on the performance of the IEEE Investment Fund shall be provided by the IEEE Treasury Department to the participating IEEE units. .
2. External – Monthly and quarterly investment reports shall be provided to the Investment Committee and to the IEEE investment performance measurement consultant.

E. IEEE Unit Reporting (Including Societies, Technical Councils, Geographic Units, and Conferences)

Societies, Technical Councils, Geographic Units, and Conferences are subject to the same financial policies and procedures as the remainder of the IEEE. Additional policies also apply, due to the unique nature of these units. The policies and procedures within Section 11.3 of the Financial Operations Manual shall supercede the operational policies and procedures prepared by the respective units, however such units may institute more restrictive procedures if deemed necessary or appropriate.

1. Financial Planning and Reporting

Financial policies, regarding budget preparation and reporting of financial operations, apply equally to all IEEE Organizational Units. These activities may, however, be conducted by appropriate Sections or Regions on behalf of Student Branches and/or Student Branch Chapters but must be reported to the appropriate IEEE Staff.

(a) Financial Reports of IEEE Organizational Units, including Societies, Technical Councils, Geographic Units, and Conferences (as appropriate) must be submitted to the appropriate IEEE staff on a calendar year basis. IEEE must report on assets, and the earnings thereon, in the United States to the U.S. Internal Revenue Service on a uniform basis.

IEEE sponsored and co-sponsored conferences are required to close their bank accounts, distribute surplus, repay loans, submit final financial reports to the IEEE Conference Services Department and have their conference audited within twelve months (within 6 months is desired) following the date of the conference.

(b) Rebates to the IEEE Geographical Units will be issued only when all of the following have been received:

- (1) Geographic Unit Financial Statements,
- (2) Local bank account signature cards with the IEEE Staff Director, Financial Services as a signator thereon,
- (3) Meeting Reports for the prior year,
- (4) Roster of the current year's unit officers.

Per the Instructions for Preparing IEEE Geographic Unit Annual Financial Reports (IEEE form L50s), Geographic Units must prepare and submit annual financial reports, as of 31 December of the prior year, to the IEEE Tax Compliance & Administration office by the third Friday in February of the current year.

2. Use of Funds; Required Audits

(a) Rights of units to obligate budgeted funds. (see Policy 11.2.E.1(a))

All IEEE Organizational Units shall have the right to obligate their budgeted funds for all purposes necessary to promote their approved objectives. No IEEE Organizational Unit, nor any representative thereof, shall have authority to contract debts for, pledge the credit of, or in any way bind the IEEE with respect to any matter or activity not approved by the IEEE Board of Directors or its designee.

Procedures related to procurement and contract negotiation, approval, and execution shall be contained in the IEEE Finance Operations Manual. (Policy 11.2.E.1(a))

The designated officer or representative of units thereof may approve such obligations and commitments, provided they are within the terms of a properly approved budget. Only authorized IEEE staff may execute any contract over USD25,000, as defined under the procedures for Contract and Purchase Orders. See FOM 8

All assets are the sole property of IEEE. IEEE funds may be used only for IEEE educational and scientific purposes. Examples of unacceptable uses are found in the IEEE Finance Operations Manual. (Policy 11.2.E.1(b))

(b) Money on hand in the IEEE Societies, Technical Councils, Geographic Units, and Conferences is the sole property of IEEE. The only exceptions are conferences co-sponsored with non-IEEE entities. Any Society, Technical Council, Geographic Unit, and Conference funds, wherever held, may not be used for:

(1) Payments of any kind for the preparation or presentation of papers, whether to an individual or Organizational Unit, speaker, or author of paper, except for reasonable travel expenses. This policy shall not apply, however, to compensation for lectures or other IEEE-sponsored educational activities where a fee (or tuition) is charged.

(2) A single award by an Organizational Unit carrying a monetary value exceeding USD2,000, exclusive of scholarships and other approved awards for students. Awards above USD2,000 must be approved by the Awards Board.

(3) Electioneering of any kind for any IEEE office.

(4) Electioneering of any kind for any municipal, county, state or federal office.

(5) Commercial promotional activities.

(6) Donations of a philanthropic nature, including scholarships, unless authorized in advance by the IEEE Executive Committee.

(7) Personal or commercial loans of any kind for any purpose.

(8) Purchase of real estate, without prior authorization from the IEEE Executive Committee.

(9) Investment of surplus funds in any investment vehicle other than the IEEE Investment Fund.

(c) Should a reasonable and urgent need arise for a waiver of any of the prohibitions listed above, with the exception of item 2. (b)(9), a request for such waiver may be submitted by the Organizational Unit through the Director to the IEEE Executive Committee. Pending the decision of the IEEE Executive Committee on the request for waiver, no action contrary to the policy stated above may be taken by the unit.

(d) IEEE sponsored and co-sponsored activity audits.

All IEEE sponsored activities conducted by any IEEE Organizational Unit, which individually or collectively generates revenue or expense in excess of an amount specified in the IEEE Finance Operations Manual, shall be audited by a professional independent outside source. Activities involving less than the amount specified may be audited.

Joint conferences sponsored and conducted by IEEE and non-IEEE entities, as defined in the Policy and Procedures Manual, Section 10, are required to be audited if the IEEE is the primary (lead) sponsor. The primary lead sponsor shall be determined in the Memorandum of Understanding (MOU) for the conference. (Policy 11.2.E.1(c))

IEEE sponsored activities conducted by any Organizational Unit, which individually or collectively generate revenue or expense in excess of USD100,000 shall be audited by a professional independent outside source. An outside certified public accounting firm can

be selected by the Organizational Unit to perform the audit, or the unit may elect to have the IEEE Operations Audit Department perform or arrange for the audit to be performed. The selection of such auditors should avoid any conflict of interest with members of the activity. Audit fees will be paid by the IEEE sponsored activities.

Activities involving less than USD100,000 of revenue or expenses will be audited on a rotational basis. IEEE's Operations Audit Department will schedule and arrange with RAB and TAB for the audits of these activities. For those activities not scheduled for an Operations Audit review in a given year, an audit shall be conducted by a committee, composed of individuals who have no direct or indirect responsibility for the financial transactions of the meeting. If IEEE is not the lead sponsor, the audit is still encouraged. In the event the non-IEEE entities do not agree to the audit fee, the IEEE Organizational Unit sponsoring the event will fund the audit, and Operations Audit will reduce its fee by half.

3. Acceptance of Contributions

IEEE Organizational Units may accept contributions on behalf of IEEE, and such contributions shall be the sole property of IEEE. Contributions in excess of an amount specified in the IEEE Finance Operations Manual must be reported to the appropriate IEEE staff to facilitate the preparation of appropriate tax reporting documentation and acknowledgements. (Policy 11.2.E.2.)

Contributions made to IEEE Organizational Units in excess of USD250 shall be reported to the IEEE Development Office, in order that appropriate acknowledgements may be sent and records kept.

4. Contributions from IEEE

Direct or indirect contributions of IEEE funds by any IEEE Organizational Units to any organization or individual may be made only with prior permission of the IEEE Executive Committee. (Policy 11.2.E.3(a))

Approval of contributions under an amount specified in the IEEE Finance Operations Manual may be delegated by the IEEE Executive Committee to the appropriate Vice President or Major Board President. (Policy 11.2.E.3(b))

No contribution from IEEE funds allocated to IEEE Organizational Units including Societies, Technical Councils, Geographical Units, and Conferences shall be approved for any purpose other than to further the objectives of the IEEE, as stated in the IEEE Constitution, Article I, Section 2.

This procedure shall apply to any contribution of any IEEE asset held by any IEEE Organizational Units including Societies, Technical Councils, Geographic Units, and Conferences, including money, securities, and the interest, dividends or other earnings on these assets. This policy shall also apply to funds loaned by the IEEE Organizational Units including Societies, Technical Councils, Geographic Unit, and Conferences on behalf of IEEE to non-IEEE entities.

Requests for permission to contribute IEEE funds allocated to IEEE Organizational Units including, Societies, Technical Councils, Geographic Units, and Conferences, in excess of USD5,000, shall be addressed to the Executive Committee. Each request shall contain the following information:

- (a) purpose of the proposed contribution;
- (b) amount and source of the funds to be contributed;

- (c) name, location and other pertinent information concerning the grantee organization or individual; and
- (d) a statement of the reciprocal benefits to be enjoyed by the IEEE and the grantee.

For contributions in an amount of USD5,000 or less, the same process described above shall be followed, except requests for permission shall be addressed to the appropriate Major Board Vice President or President, as such authority has been delegated by the Executive Committee.

In the case of a contribution to an organization or individual to be selected after permission is granted (as in the case of scholarships, fellowships, grants-in-aid, etc.) the qualifications to be met by the grantee, when selected, shall be stated.

Permission to make contributions on a recurring or continuing basis (such as educational awards and scholarships) requires approval by the Executive Committee or by a designated Major Board authorized by the Board of Directors.

5. Financial Assistance to Local Student Branches

IEEE funds allocated to Societies, Technical Councils, Conferences, and Geographic Units may be used to supplement the operation of Student Branches.

FOM.3 – ASSET/LIABILITY MANAGEMENT

Adherence to the policies in this section regarding Asset/Liability Management shall be the same inside and outside of the United States, except where local laws and regulations prohibit compliance. This compliance outside the United States should be to the maximum extent possible. (Policy 11.3)

A. Asset Management

1. Investments

IEEE funds may be invested only in the IEEE Investment Fund. (Policy 11.3.A.1)

IEEE Organizational Units that have funds to invest, must place them in the IEEE Investment Fund.

2. Banking

To the maximum extent possible IEEE Geographic Units and IEEE Conferences are encouraged to participate in the IEEE Concentration Banking Program, which shall be defined in the IEEE Finance Operations Manual. All other IEEE Organizational Units shall conduct their banking through central IEEE treasury processes. (Policy 11.3.A.2)

IEEE Organizational Units* are encouraged to use Concentration Banking accounts as their only bank accounts. Concentration Banking provides a bank account that allows unlimited check writing with no monthly or “per check” fees and pays a higher interest rate than traditional bank accounts. The unit’s Treasurer has complete control over the management of the activity in the bank account. Upon submission of bank signature cards for the Concentration Bank account, a checkbook, deposit tickets and an endorsement stamp will be provided. An initial deposit must be made in the account before checks are written. Monthly

bank statements, detailing all activity, will be provided to all conferences and geographic units enrolled in the program.

* IEEE Organizational Units include Regions, Sections, Chapters, Branches, Conferences, Societies, Technical and Geographic Councils, and all other related groups.

3. Bank Account Signatures

All IEEE Geographic Units and Conference bank accounts must have the IEEE Staff Director, Financial Services as a signator thereon. Procedures for handling bank account signatures shall be maintained in the IEEE Finance Operations Manual. (Policy 11.3.A.3)

All Geographic Unit and Conference bank accounts shall have signature cards with at least two volunteer signatures, one volunteer as the primary signatory and one additional volunteer as an alternate. In addition, the IEEE Staff Director, Financial Services shall be designated as an alternate signatory.

Signature card administration will be managed through the IEEE Operations Center. This process will provide assurance of the availability of the IEEE funds allocated to the unit.

4. Capital Procurement Policy

Procedures for the purchase and disposition of capital items shall be maintained in the IEEE Finance Operations Manual. (Policy 11.3.A.4)

The procurement of capital items, including equipment, furniture, property, etc., with a value in excess of USD1,500, is contingent upon its approval in the IEEE Organizational Unit's annual budget. The actual purchase of such capital items must be approved by the person with the appropriate level of signing authority. Purchases must then be processed through the IEEE Corporate Purchasing Department.

The IEEE Controller's Office must be notified of purchases and disposition of capital items directly or through the unit's annual report so that the IEEE's property records reflect the value of all IEEE capital assets.

5. Requirements Outside the U.S.

Adherence to IEEE Policies regarding Asset Management will be the same outside of the United States, except where local laws and regulations prohibit compliance. Where there is a legal conflict, the objective of the IEEE Policy must still be observed. For example, Australian Government regulations require all signers to banking accounts to prove their identity by personal presentation of a current valid passport or driver's license. To comply with IEEE Policy, the IEEE Staff Director of Financial Services would need to fly to Australia to add his signature to the bank account. Since this is not practical, another officer of the IEEE Organizational Unit should be added as a signer to the bank account. The IEEE Controller's Office shall be notified when local laws and regulations prohibit or make impractical compliance with IEEE Policy.

6. Receivables

IEEE shall record a receivable on its books for amounts due from members, customers, and others for goods delivered and services rendered. Unless longer terms have been agreed upon, outstanding receivables shall be reserved as uncollectable after six (6) months.

7. Affinity Groups

An affinity group is a local unit of a larger IEEE Organizational Unit or standing committee, established by petition to the parent organizational unit, to fulfill the purposes of the IEEE. "Parent Organizational Unit" refers to a unit, usually a Section or standing committee of the IEEE. The following groups have been acknowledged by RAB as parent organizational units, as defined above and described in their charters: Graduates of the Last Decade, Women in Engineering, and Consultants Network. Financial activity of and assets allocated to Affinity Groups shall be reported to the Organizational Unit(s) under whose supervision they reside.

B. Accounting Method

Accounting methods shall be specified in the IEEE Finance Operations Manual. (Policy 11.3.B)

1. Accrual Method

In preparing its financial statements, IEEE uses estimates and assumptions that affect the reported amounts of liabilities and disclosure of contingent liabilities, in conformance with generally accepted accounting principles. Actual results could differ from those estimates. Total Assets less Total Liabilities results in Net Assets or Reserves. Liabilities include such items as Accounts Payable, Accrued Liabilities and Loans Payable.

IEEE utilizes the accrual method of accounting. It is IEEE policy to accrue significant items during the year, if possible. At year-end unbilled items, above an agreed upon threshold, shall be accrued as a matter of course.

All contracts, agreements, pledges, and Memorandums of Understanding create liabilities for IEEE. Such items, above USD25,000, shall be reviewed by subject matter experts prior to final approval and execution. This procedure is described in detail in FOM.8.

Definitions

Accounts Payable are balances owed to others for goods, supplies, or services purchased on account. They arise because of the time lag between the receipt of services or acquisition of title to assets and the payment therefore.

Accrued Liabilities are balances due for services rendered or materials received for which payment has not been made. During each year, the Accounting Department shall accrue for significant items. At year-end, unbilled items above an agreed threshold shall be accrued.

Loans Payable are written promises by IEEE to pay a certain sum of money on a specified future date and may arise from sales, financing, or other transactions.

FOM.4 - EXPENDITURE OF RESERVES

IEEE Reserves are defined as the total unrestricted accumulated surpluses of all IEEE Organizational Units. The IEEE Board of Directors has fiduciary responsibility for, and the right to direct and control, all IEEE Reserves. (Policy 11.4)

A. Custodial Responsibility of IEEE Reserves

Each IEEE Organizational Unit that generates revenue, or is authorized by the IEEE Board of Directors to receive assessments or a portion of IEEE dues, may have custodial responsibility for a portion of IEEE Reserves, to the extent determined from time to time by the Board of Directors. (Policy 11.4.A)

The Reserves allocated to each IEEE Organizational Unit are the portion of IEEE Reserves that originate from surpluses generated by the unit less their proportionate share of reserves that may be required by the Board of Directors. Reporting of the reserves will be included in the year end reports.

B. Investment Returns from IEEE Reserves

Investment returns from Reserves may be allocated by the IEEE Board of Directors to the IEEE Organizational Units with custodial responsibility for reserves. (Policy 11.4.B)

All IEEE Reserves must be invested in the IEEE Investment Fund.

All investment returns from Reserves may be allocated to the units with reserves. The distribution to each unit will be proportional to the unit's share of total IEEE reserves.

C. Recommended Levels for IEEE Reserves

It is the policy of IEEE to maintain the highest credit rating possible, and accordingly it shall maintain reserve levels to achieve this objective. (Policy 11.4.C)

The minimum recommended goal is to have IEEE Reserves at least equal to one half of the total budgeted yearly expenditures.

D. Spending Rules

IEEE Organizational Units may establish budgets that expend portions of the Reserves under their custodial responsibility, subject to the appropriate approvals as specified in the IEEE Finance Operations Manual. (Policy 11.4.D)

Any IEEE Organizational Unit may establish budgets that expend portions of the Reserves under its custodial responsibility subject to the approval of the unit to which it reports and approval by the IEEE Board of Directors as part of the overall budget approval process.

Emergency unbudgeted expenditure of IEEE Reserves must be communicated to the IEEE Treasurer immediately upon knowledge by the unit of the necessity to make the expenditure.

FOM.5 – INSURANCE COVERAGE

A. General Liability

It is IEEE policy to provide general liability insurance, including coverage for property damage and bodily injury, to cover IEEE Organizational Units. (Policy 11.5.A)

IEEE maintains General Liability and Property Damage Insurance (*general liability policy*), which is extended to cover its Sections, Regions, Societies, Technical Councils, Chapters, Student Branches, and Sponsored and Co-Sponsored Conferences. IEEE Volunteers are included as

additional insureds under IEEE's general liability policy, while acting within the scope of their duly authorized duties on standing and special committees.

This insurance coverage is maintained by IEEE to protect its financial interest in the event of a claim in which IEEE is found to be liable.

Generally, liability for bodily injury excludes, among other things, injury to, or death of, any person(s) as a result of practicing for, or participating in, any athletic event or sports contest.

Where shuttle buses are used at conferences or other IEEE activities, the conference or activity Chair shall obtain a certificate of insurance from the bus company, and, whenever possible, have the bus company name IEEE as an additional insured. The certificate of insurance should be forwarded to the IEEE Insurance Department for review at least 30 days prior to the event. IEEE's general liability policy does not extend coverage for shuttle buses.

Any exhibit, meeting, or conference that is sponsored jointly with any other organization, and/or for which a separate corporation is formed, must secure its own insurance coverage, at its own expense, unless otherwise agreed to in writing by IEEE. IEEE's insurance coverage does not provide coverage for third parties.

In the event that an IEEE conference or Organizational Unit is required to furnish evidence of insurance (i.e., a certificate of insurance), and/or to name a third party as an additional insured under IEEE's general liability policy, then that conference, or unit should contact the IEEE Insurance Department to review the requirements.

B. Fidelity Bonding

Fidelity Bonding coverage shall be provided for those individuals (staff and volunteers) who have access to funds for IEEE activities and/or Organizational Units. (Policy 11.5.B)

The IEEE fidelity bond coverage applies only to IEEE funds under the exclusive control of IEEE Staff or Volunteers. The coverage is not applicable to non-IEEE funds held jointly by IEEE and any other organization. For this reason, IEEE Volunteers who have access to funds held jointly by several organizations should be covered by a separate fidelity bond policy, which may be arranged for locally by the organization. If difficulty is encountered in securing separate fidelity bond coverage, assistance may be requested from the IEEE Insurance Department. Such requests should be made at least 60 days prior to the date for which the coverage will be required. The IEEE Insurance Office cannot guarantee that fidelity bond coverage can be obtained.

C. Medical Policy for Volunteers and Staff When Traveling Outside Country of Permanent Residence

The IEEE travel medical policy is designed to provide IEEE Volunteers and Staff with medical protection equal to 80% of reasonable and customary charges for medical expenses incurred while traveling on IEEE business outside of the individual's country of permanent residence. In the event that an individual (i.e. Volunteer or Staff member) requires immediate medical attention as the result of either contracting an illness or disease, or suffering an injury, and the individual's personal or employer-sponsored medical coverage (available from all sources) is not sufficient to pay the associated expenses, the IEEE will pay the expenses up to the 80% limit. Pre-existing conditions will be covered unless it is deemed that the individual traveled for the primary purpose of obtaining medical treatment. Coverage begins when Volunteers or Staff members leave their country of permanent residence on authorized IEEE business travel (defined as travel that is paid for by IEEE), and ends upon return to that same country.

FOM.6 – BUSINESS EXPENSE REPORTING

It is IEEE policy to reimburse reasonable, authorized travel expenses. Guidelines and procedures for reimbursement, required receipts and related limitations shall be specified in the IEEE Finance Operations Manual. (Policy 11.6)

A. Travel Budgeting and Reimbursement

It is recognized that travel by staff of the IEEE and by volunteer members of its Boards and Committees is necessary for many of the essential activities of the IEEE; therefore, funds shall be budgeted explicitly to cover travel expenses for each Board or Committee.

Travel expense reimbursement will be limited to the items listed below.

1. Transportation Reimbursement:

- (1) Most economical airfare should be used. Business class fare is permitted on flights that exceed 6 hours in duration and is approved by the Organizational Units VP. If travel is by other means (e.g., train or rental car), reimbursement will be the actual cost. It is mandatory that Staff make travel arrangements through IEEE Travel Services. It is encouraged that transportation arrangements be made through IEEE Travel Services for volunteer members.
- (2) IEEE will reimburse personal car mileage at the current approved rate authorized by the U.S. Internal Revenue Service. Only one person in a private vehicle may make a claim for reimbursement. IEEE Business Automobile Liability Insurance is in excess of the employee's personal automobile Liability Insurance; Collision/Comprehensive coverage does not apply to an employee's vehicle.
- (3) Tolls and parking will be reimbursed.
- (4) Necessary taxi or other ground transportation will be reimbursed.
- (5) IEEE will not reimburse passengers in private aircraft nor assume liability for them.
- (6) IEEE will reimburse penalties assessed by airlines on personal airfare when traveling on authorized IEEE business under reasonable circumstances.
- (7) Car rentals should only be undertaken when alternative economic public transportation is unavailable or impractical. IEEE Business Automobile Liability Insurance (Collision / Comprehensive Liability) is primary on rented automobiles, and coverage purchased through the rental company is not necessary and will not be reimbursed.

2. Lodging

Single room occupancy will be reimbursed, limited to the night of and/or the night prior to the meeting. It will be permissible in special circumstances to stay an additional night(s) to obtain a less expensive airfare that will offset the additional lodging costs.

3. Food and Beverage

Reasonable food and beverage expense will be reimbursed, provided names of individuals and purpose of meeting are supplied and approved.

4. Miscellaneous

- (1) Necessary telephone charges will be reimbursed.
- (2) Reasonable porter fees and gratuities will be reimbursed.
- (3) Personal emergency medical insurance will be provided for members of the Board of Directors when traveling on IEEE business outside their country of residence.

5. Receipts

Original receipts must be submitted for any single expenditure in excess of USD25.00. However, where the expenses are being shared with another organization and IEEE is requested to reimburse only a portion of the expenses, legible photocopies are acceptable.

6. Approval Process

Travel-related business expense reports, with accompanying receipts, should be submitted to authorized individuals with signing authority for the unit (a listing of such individuals shall be maintained in the IEEE Controller's office). In addition, the Major Boards shall establish written procedures for approval of travel related business expenses for committee expenses, regional activities, conferences, etc.

It is the responsibility of IEEE staff members and volunteers who authorize reimbursement for hired consultants to make such individuals or organizations aware of the guidelines stipulated in Policy Statement 11.6 and this manual, prior to arranging travel plans and to reach a satisfactory understanding with such consultants.

FOM.7 – FUND-RAISING: GRANTS AND CONTRIBUTIONS

It is the policy of IEEE to comply with all applicable U.S. (federal, state or local) or non-U.S. (at each governmental level) charitable solicitation and donation laws.

Fund-raising projects and initiatives of, for, and between IEEE Organizational Units, members, and staff worldwide, and with the IEEE Foundation, Inc. shall be coordinated as specified in the IEEE Finance Operations Manual.

IEEE shall coordinate the submission of grant proposals, over an amount specified in the IEEE Finance Operations Manual, for and between all IEEE Organizational Units, members, and staff worldwide.

The specific procedures pertaining to fund-raising activities, grants and contributions shall be contained in the IEEE Finance Operations Manual. (Policy 11.7)

A. Purpose

The purpose of the above policy and this procedure is to keep IEEE departments and units informed of other department and unit appeals to the membership, corporations, foundations and other funding sources, and to prevent conflicting, duplicative, or excessive fund-raising efforts that may work to the detriment of IEEE. It is designed to protect donors by providing thoughtful, coordinated solicitations; to protect the IEEE by ensuring compliance with charitable solicitation and donation laws; and to provide support to the fund-raising and grant seeking efforts of IEEE units.

B. Scope

This procedure applies to all staff and the entire membership of IEEE throughout the world and is consistent with the policy of the IEEE Foundation, Inc. Any member, staff member, or volunteer who wishes to conduct any type of fund-raising project or initiative in the name of, or for the benefit of, any IEEE department, Organizational Unit, or group shall follow the procedures established in this IEEE Fund-Raising Policy as well as in any other areas of the IEEE Policy and Procedures manual that refer to use of IEEE resources.

C. Definitions

- **Charitable contribution** – The Internal Revenue Service defines a payment as a gift with the following criteria: the contributor must intend the payment to be a gift; that the contribution must be in excess of the value of any benefit the donor received in return; and the recipient organization must be qualified by the IRS to receive gifts.
- **Fund-raising solicitation** - The direct or indirect request for gifts, moneys, or other items of value by, in the name of, or for the benefit of the IEEE.
- **Grant** – A legally binding contract with a granting organization to receive funds to be applied towards a particular program or project associated with IEEE.
- **Grant solicitation** – The solicitation of funds or property from private foundations, corporations, United States government agencies, or other government agencies or ministries.
- **Indirect cost policy** as it relates to grants is calculated based on the OMB Circular A-122 issued by the U.S. Federal Government. The rate is calculated once a year and is used where applicable.
- **IEEE Organizational Units** include Regions, Sections, Chapters, Branches, Conferences, Societies, Technical Councils, Geographic Councils, and all other IEEE related groups.

The IEEE Development Office is the primary office to support and coordinate fund-raising activities for IEEE Organizational Units, members, and staff worldwide. The Director of Development shall be informed in writing of any fund-raising activities at least 60 days in advance of such activities. IEEE Organizational Units contacting potential donors for the intent of soliciting funds shall post their fund-raising projects on the Fund-Raising Development Calendar prior to any solicitation.

In addition to complying with all other IEEE Policies and Procedures relating to Financial Matters of the IEEE, prior to submitting grant proposals in excess of USD25,000 to funding sources, a Grant Proposal Notice shall be submitted to the Development Office's Grants Administrator. The Grants Administrator is available to assist all IEEE members and units in identifying viable funding for IEEE activities from foundations, United States government agencies or other government agencies or ministries, preparing compelling proposals for funding and follow-up grant reporting.

IEEE Organizational Units and members shall adhere to the highest ethical standards in raising funds for IEEE, including, but not limited to, the following:

- Staff participating in fundraising efforts will work for a salary or fee, but may not receive percentage based compensation or a commission;
- All donor and prospect information created by, or on behalf of, the IEEE is the property of the IEEE and shall not be transferred or utilized except on behalf of the IEEE or the IEEE Foundation, Inc; and
- Fundraisers and program managers are required to ensure that contributions are used in accordance with the donors' intentions.

IEEE members shall follow IEEE Policies and Procedures regarding the use of the IEEE letterhead and logo for all fund-raising projects.

IEEE will comply with all applicable U.S. (federal, state, or local) or non-U.S. (at each governmental level) charitable solicitation and donation laws. Registration to solicit charitable contributions is required by most states within the continental U.S. Please verify with the IEEE Development Office that the IEEE is registered and approved, prior to soliciting for charitable contributions.

IEEE will formally acknowledge cumulative contributions to the IEEE of USD250 or more.

In order to preserve the intention of the donor and to make clear the time frame of annual and multi-year gifts, letters of intent shall be created for charitable contributions of at least USD5,000. The format for the letter of intent may be obtained from the Development Office.

Any questions regarding IEEE fund-raising activities should be directed to the IEEE Director of Development.

FOM.8 – CONTRACTS AND PURCHASE ORDERS

Procedures related to procurement and contract negotiations, approval and execution shall be contained in the IEEE Financial Operations Manual. (Policy 11.2.E.1(a))

For purposes of these procedures, contract value is defined by adding the maximum annual amount of receipts or expenditures, under the given contract or arrangement, for all the contract years.

A. Process for Approvals

Contracts, agreements and Memorandums of Understanding with a contract value of USD25,000 or greater (as defined below), shall be reviewed by subject matter experts prior to final approval and execution. IEEE units will initially “approve” contracts.

However, contracts in excess of USD25,000 will be “executed” by authorized staff executives at the Operations Center in Piscataway, primarily within the IEEE’s Purchasing function, which now reports to a Staff Director with a primary responsibility for Procurement and Contract Administration. IEEE Organizational Units may negotiate contracts, with a value of USD25,000 or above, based on need but shall not give final approval or “execute” contracts.

Unit approvals will be indicated on the Contract Transmittal Form and sent to the Procurement Department in Piscataway for review and final approval. Once reviewed and approved, the contract will be executed and sent to the vendor/contractor, and a memo will be sent to the originating unit advising of the action. A contract copy will be provided. Fax transmittal of all documents is recommended. A dedicated fax will be provided in Piscataway for this purpose.

B. Control Limits

Any contract with value limits above USD25,000 will be subject to Procurement Department final review/execution processes. While any contract up to USD25,000 in value may be executed locally, a copy must be sent to the Procurement Department for central record retention. A database shall be established to provide detailed vendor history and information, when requested. This database will be particularly useful for volunteers at the Conference level when negotiating hotel contracts.

C. Inability to Execute

The contract will be returned to the originator with an indication of any issues determined by the Procurement Department and/or IEEE’s outside counsel.

D. Approval Limits and Execution Limits (USD)

Volunteer/Staff Function	\$ Limit for Approval	\$ Limit for Execution
Conference Chairs	<250,000*	<25,000*
Region/Section Chairs	<250,000**	<25,000**
Society Presidents	<250,000**	<25,000**
Executive Committee	>250,000	N/A
Member, Management Council	<100,000	<25,000
Manager, Procurement	--	<500,000
Staff Director Investment & Procurement	--	<3,000,000
Staff Executive – Business Administration	<250,000	<5,000,000
Executive Director	<250,000	<10,000,000
Treasurer and Executive Director (Jointly)	-----	<25,000,000
President and Executive Director (Jointly)	-----	Unlimited

*But not greater than the total Conference budget.

**But not greater than the total annual unit budget.

E. Alternate ExCom Approval

For any contract in excess of \$250K, with a business deadline prior to the next scheduled meeting of the Executive Committee, a procedure has been approved to authorize the Executive Director and either the Treasurer or the IEEE President or the IEEE President-Elect or the IEEE Past President to approve contracts. A prior review of the contract must be conducted by subject matter experts, including legal counsel where applicable and action reported to the Executive committee at its next formal meeting.