

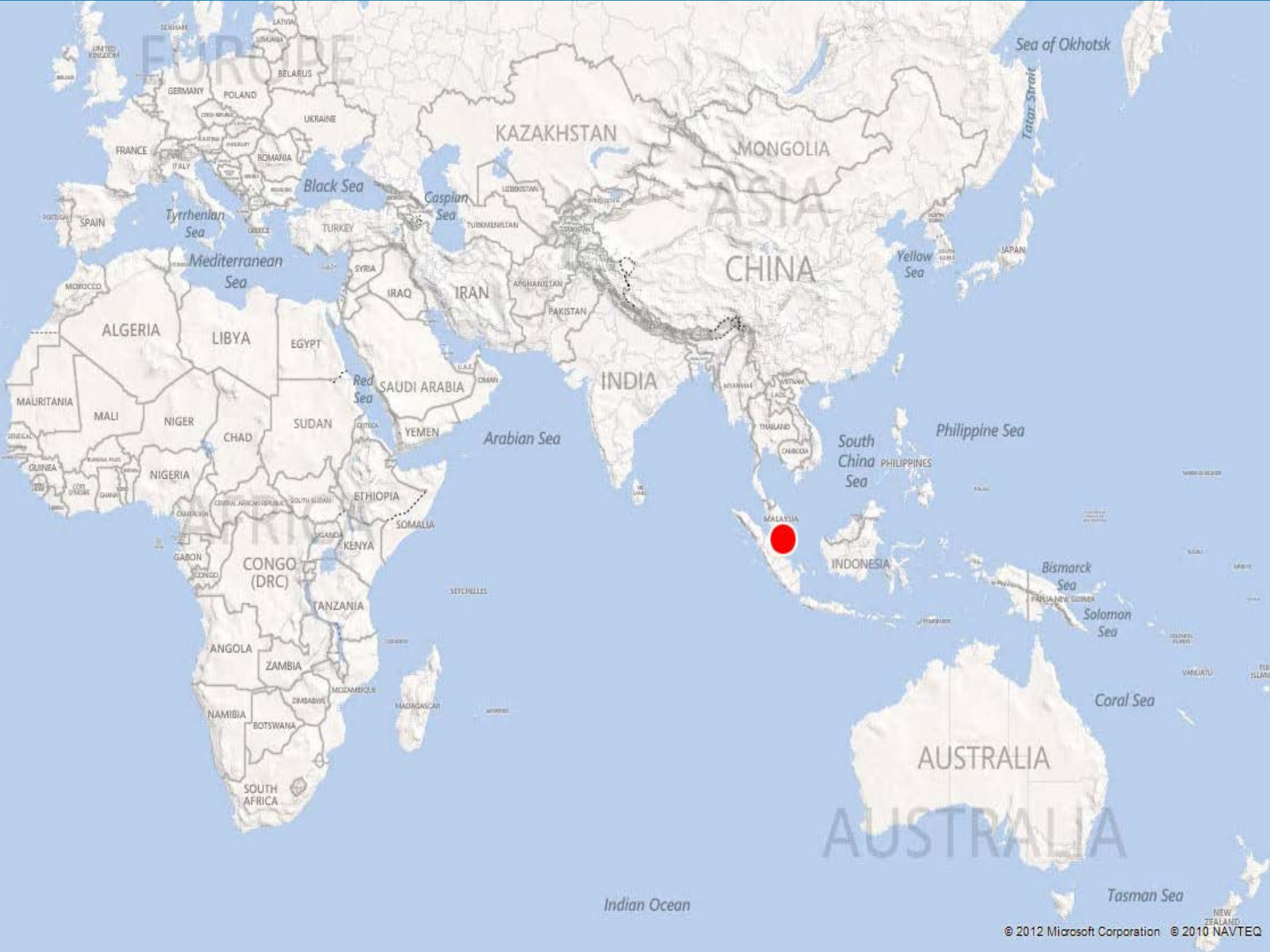
INSPIRING our LEADERS of TOMORROW

Viable Financial Models for Organizational Units

Sections Congress – Amsterdam
22-24 August 2014

Rajnish Gupta, Singapore Section Treasurer
Don Bramlett, IEEE MGA Treasurer

IEEE
SECTIONS
CONGRESS
/// 2014



EUROPE

ASIA

AUSTRALIA

KAZAKHSTAN

MONGOLIA

CHINA

INDIA

AUSTRALIA

Black Sea

Caspian Sea

Tyrrhenian Sea

Mediterranean Sea

Red Sea

Arabian Sea

Yellow Sea

South China Sea

Philippine Sea

Coral Sea

Indian Ocean

Tasman Sea

IEEE SINGAPORE SECTION

Membership: 3049

Fellow members: 28 and Senior members: 389

Number of Chapters: 28

Number of Affinity Groups: 2

Number of Students' Branches: 3

Number of meetings in 2013: 400

Average number of conferences: 15

Singapore Section Executive Committee

Chair	Membership Development Chair
Vice Chair (SIGHT, AG)	Student Activities Chair
Secretary	Educational Activity Chair
Treasurer (Conference Chair)	Professional Activities Chair
Immediate Past Chair (Awards)	E-Communication Chair
Publicity Chair	

Links between Section & Chapters

- General Committee Meetings
- Annual General Meeting
- Annual Dinner
- 4 Subcommittees (Finance; MD; Publicity & Edu Act)
- Collaborative programs

Section's Role

**Retain Existing Members
&
Attract New Members**

Revenue from HQ

**Is the Revenue from HQ Enough
to provide members with
quality services and
privileges?**

Generation of Revenue (HQ)

- **Section annual allowance**

\$2000 (minimum membership of 25 and at least 5 meetings in a year)

- **Membership rebate**

\$4 (Fellow member, Senior Member)

\$3 (Members, Student Member, Associate member)

\$1.50 (Affiliate Member)

- **Section rebate**

\$500 (Financial Report; Meeting Report; Current Officers)

Generation of Revenue (HQ)

➤ **Chapter & Affinity Group rebates**

\$200 (Chapter – minimum membership of 10 and 2 technical activities; Affinity Group – minimum membership of 6 and 2 activities)

➤ **Bonus for timeliness**

10% bonus of total rebate (financial, meeting and officer reporting is done by 15th February)

➤ **Activity bonuses**

\$200 (Section report minimum 10 meetings out of which 5 should be technical)

\$100 (Subsection report minimum 10 meetings out of which 5 should be technical)

\$75 (Chapter or AG report minimum 6 technical meetings)

All units **MUST** qualify for timely reporting bonus in order to be eligible for an activity bonus.

➤ **Grants & Awards – from Region and MGA**

Generation of Revenue (Self)

- Support **conferences** organized by chapters
- Organize /co-organize **workshops and conferences** with chapter or affinity groups.
- Adhere to **deadlines** set by HQ
- Encourage **advertisements** in the section website
- Seek help from Chapters to **sponsor** Section run activities
- Reach out to companies/hotels to **sponsor** the IEEE events (MBS, Suntech, sponsorship for prizes at AGM)
- Distribution of **administrative charges** among chapters

Services Provided by Section

- To act as liaison between Chapter and Region & HQ
- Provide administrative support and services to Chapters and members
- Give seed money to new chapters to help them organize activities and become self-sustained
- To provide family-oriented services such as free entrance to Night Safari, Singapore Science Centre, Museums, etc
- To form partnership with banks – priority membership with privileges

Services Provided by Section

- To collaborate with local companies with the aim to benefit members:
 - Hotels: Discounted rates for meetings
 - Banks: Priority membership with privileges
 - Organizations: IES, SSIA, etc.
- To financially support students' branches and Affinity Groups for their activities.
- Build relationships with local universities, polytechnics and research organizations.
- Organise Annual Dinner for all members together with AGM

Meeting Title Viable Financial Models for Organizational Units

Don C. Bramlett
PE, SMIEEE

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 - Banking: Concentration Banking, Local Accounts, Signature Cards/Exceptions
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 - Control Environment: Audit Process
- ▶ BEST PRACTICES:
 - Local Financial Controls
- ▶ INSURANCE



IEEE Governance Organization



MEMBERS

Assembly

Board of Directors

PSPB

**Educational
Activities Bd.**

**Standards
Assoc. Board**

**IEEE-USA
Board**

**Member &
Geo Activities**

**Regions &
Sections**

**Technical
Activities**

Tech

**Societies & Tech.
Councils**

MGA and Geo Unit Financial Team

MGA

- MGA Treasurer – Chairs MGA Finance Cmte, member of IEEE Finance Cmte
- MGA Chair
- Managing Director, MGA
- Director, MGA Finance & Admin

- Finance Cmte
- Operations Cmte

Region

- Region Treasurer – participates in calls with MGA Treasurer
- Region Director

- Budget/ Audit/ Finance Committees –to address financial matters

Section

- Section Treasurer – HQ staff communicate to each about IEEE requirements.
- Section Chair

- Finance/ Management/ or Ex-Com to address financial matters

Geographic Organizational Unit (Geo Unit) Budgeting

- ▶ Geo Units – Regions, Sections, Subsections, Councils, Chapters, Affinity Groups, Student Branches, Student Chapters, and Student Affinity Groups
- ▶ IEEE fiscal year is a calendar year
- ▶ Prepare and approve the annual budget of the Geo Unit for the following year in the last quarter of the present year
- ▶ Evaluate projected revenues from IEEE and outside sources and projected expenses for the Geo Unit
- ▶ Provide the Geo Unit budget to IEEE MGA in the first quarter of the new year

Flow of Funds to the Geo Units

MGA Funding

- Member Dues
- Online Products (IEL, Conference Proceedings/Potentials Revenue, Subscriptions)
- IEEE TV Advertising and Donations for Sections Congress in SC Year

Member Dues to MGA

- 12% Dues Allocation for Geo units
- Member Dues funds balance of approved budget

12% of Dues to Geographic Unit Allocations and Rebates

- Region Allocations & Section Rebates
- Student Branches

Section Rebate Program

- ❖ Each Section receives US\$2,000 plus:
 - ❖ \$3 / member (including Students, Associate Grade members)
 - ❖ \$4 / Senior Member & Fellow
 - ❖ \$1.50 / Affiliate
 - ❖ \$200 / eligible Chapter & Affinity Group
 - ❖ \$500 / eligible Subsection
 - ❖ 10% bonus for reporting on time (Feb)
 - ❖ Activity bonus possible
- ❖ Unit & subunits must comply with activity & annual reporting requirements.



Section Rebates and Reserve Rules

- ▶ Rebates: Calculation;
http://www.ieee.org/societies_communities/geo_activities/required_reporting/rebate_schedule.html (PREVIOUS SLIDE)
- ▶ Reserve Spending Rules
 - 1% Rule: 1% of Reserves 3 year average can be used for Projects
 - 50% Rule: 50% of prior year operating surplus can be used in Current Year Forecast
 - MGA has \$5.2 m in reserves and had a 2013 operating surplus of \$1.7m
 - Geo Units have \$23m in reserve and had \$820k in 2013 operating surplus
 - MGA and Geo Units can utilize funds towards initiatives, projects and current year forecast if approved

Additional Funding Sources

- ❖ Region – may have Section Support programs in place.
- ❖ Societies - Each Society has its own programs to support Section / Chapter activities.
- ❖ Workshops / Tutorials / Conferences
- ❖ Other IEEE Units (IEEE-USA, Life Members Committee) & programs
- ❖ External Sources (industry support)



Managing Section Assets

Where is the Money?

- ❖ IEEE Concentration Banking Program
- ❖ Checking / Saving Accounts with local banks
- ❖ Custody Accounts in Regions 8-10
- ❖ IEEE Investment Fund



Treasury Operations

IEEE Concentration Banking Program

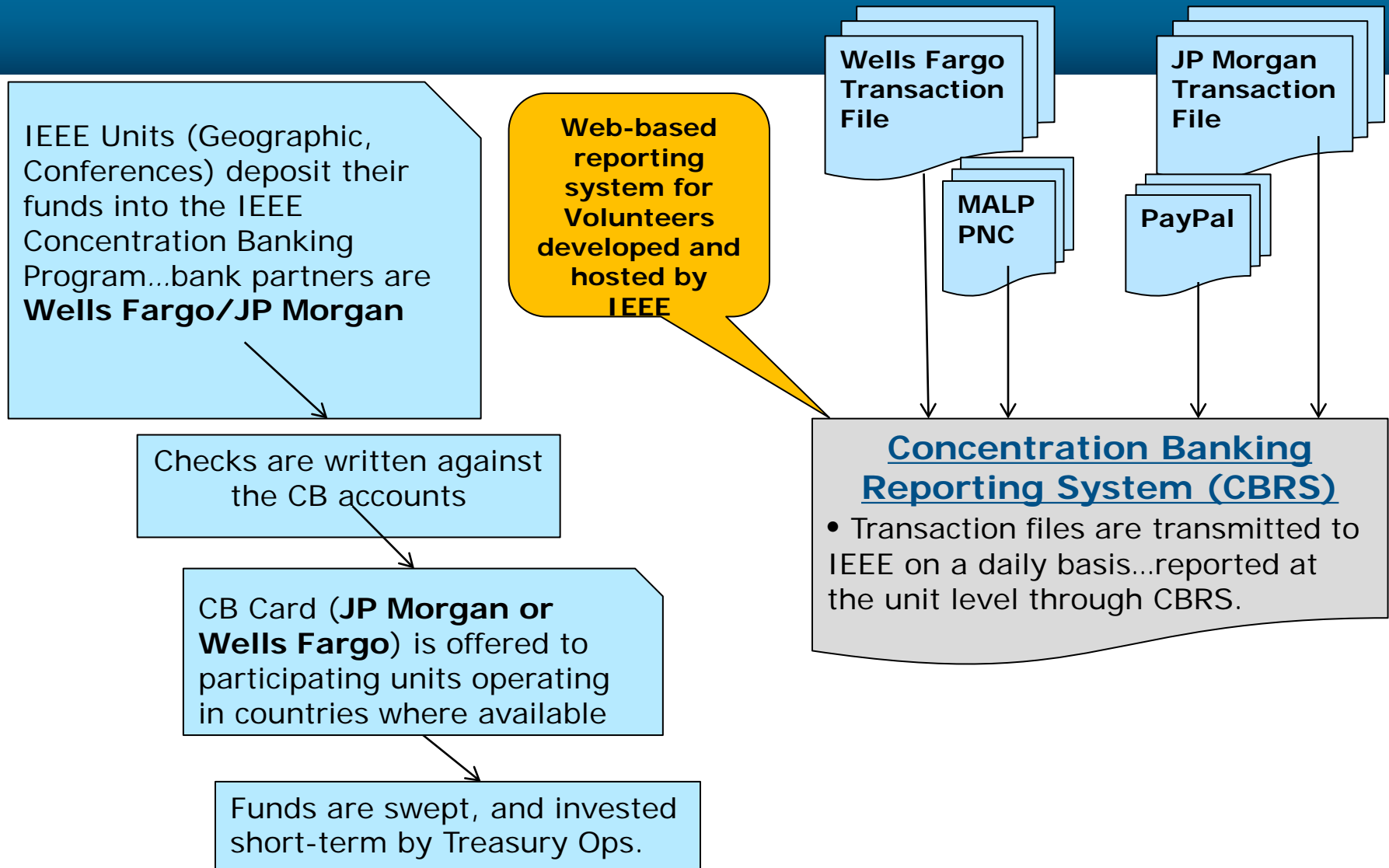
- \$U.S. and \$CAD denominated, Oracle-based business checking account
- Centralized service provider for over 1,000 accounts—IEEE is the Bank!
- CB Card is available to Units with a CB Account
- Web-based credit card processing platform through integration of v.Tools/PayPal, and Merchant Account Lending Program (MALP)
- Web-based reporting through CBRS (Concentration Banking Reporting System)
- Interest paid on daily balances

Treasury Operations

IEEE Concentration Banking Program Benefits

- ❖ Local unit retains control of funds.
- ❖ No monthly service charges or “per-check” fees.
- ❖ 6-month CD rate paid on daily account balances.
- ❖ Access monthly statements & cancelled checks online
- ❖ Custody accounts maintained for non-US units.
- ❖ VALUE and BENEFIT: Units are not required to submit bank statements with their annual financial report (L-50) for these accounts as HQ has view access to the statements.

IEEE Concentration Banking Program



IEEE Concentration Banking Program ...participation as of Q2 2014



578
Regions,
Sections,
Chapters



488
Conferences



19
Standards
working
groups

Supplemental Information Sample CB Account Bank Statement



**CBRS REPORT FOR IEEE Atlanta Section
For October 2013**

Account: 300300

IEEE Atlanta Section

Project Code: R3005

Currency: USD

ACCOUNT SUMMARY

Opening Balance:	67,097.15
Paypal Gross Activity	3,552.00
Deposits	1,000.00
Interest Paid	14.89
Paypal Fees Activity	(111.56)
IEEE CB Card	(505.02)
Checks Paid	(27,330.94)
IEEE Transfers	(3,388.88)

Closing Balance: 40,327.64

Interest Rate:	.27%
Interest Earned:	13.56

ACCOUNT DETAIL

Date	Transaction Type	Check Number	Sub Group	Daily Opening Balance	Change	Daily Closing Balance
01-OCT-13	Paypal Activity		Paypal Gross Activity	67,097.15	15.00	67,112.15
01-OCT-13	Paypal Activity		Paypal Fees Activity	67,112.15	(0.63)	67,111.52
01-OCT-13	Paypal Activity		Paypal Gross Activity	67,111.52	23.00	67,134.52
01-OCT-13	Paypal Activity		Paypal Fees Activity	67,134.52	(0.81)	67,133.71
01-OCT-13	Paypal Activity		Paypal Gross Activity	67,133.71	15.00	67,148.71
01-OCT-13	Paypal Activity		Paypal Fees Activity	67,148.71	(0.63)	67,148.08

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Geo Unit Local Bank Accounts

- ❖ Must be opened in the legal name “Institute of Electrical and Electronics Engineers, Incorporated - Section (or Chapter)”.
- ❖ Accounts must never be opened in the name of an individual.
- ❖ IEEE policy specifies that 2 local volunteers must be authorized signers on each account plus the IEEE Staff Director, Financial Services as an alternate signatory.
- ❖ Exemptions can be filed with MGA where local laws do not allow for IEEE Staff Director to be named on accounts.
- ❖ Units submit signature/bank account card, signed by all authorized unit officers to the IEEE Member & Geographic Activities Department.
- ❖ IEEE MGA Staff will secure the signature of Staff Director.
- ❖ Financial Services will forward the card directly to the bank, with copies to the authorized signers.

Signature Card Policy

- IEEE Policy 11.3.A.3
 - All IEEE Geographic Units and IEEE Conference bank accounts must have the IEEE Senior Director-Financial Services as an authorized signer thereon.
 - Procedures for handling bank account signatures shall be maintained in the FOM.
- IEEE Finance Operations Manual (FOM 3.3 Bank Account Signatures)
 - Senior Director - Financial Services + at least 2 Volunteer signers; 1 Volunteer as the primary signer, and 1 additional Volunteer as an alternate.
 - Signature card administration will be managed through the IEEE Operations Center.
 - IEEE Organizational units are encouraged to use Concentration Banking accounts as their only bank account.
 - Audits are required for all 10 Regions and for those Sections with \$250K or more in revenue or expenses. 1 Random Section is selected by Region below the threshold.
- Also noted in the MGA Operations Manual.

Supplemental Information: Bank Account Waiver Request - Geo Units

IEEE BANK ACCOUNT SIGNATURE EXEMPTION FORM

Unit Name: _____

Treasurer Name: _____

Country: _____

Our Unit requests an exemption from the IEEE Policy which requires that the IEEE Staff Director of Financial Services have signature authority on our Unit's bank account(s). We understand that the reason for the exemption cannot be arbitrary but that exemptions will be granted where local banking laws prohibit or impede the application of the policy.

In lieu of the IEEE Staff Director of Financial Services' signature, we will ensure that at least three (3) volunteer officers have legal access to Section funds in event of an emergency.

The IEEE members that have access to the account(s) are:

Name

Name

Name

Name

Name

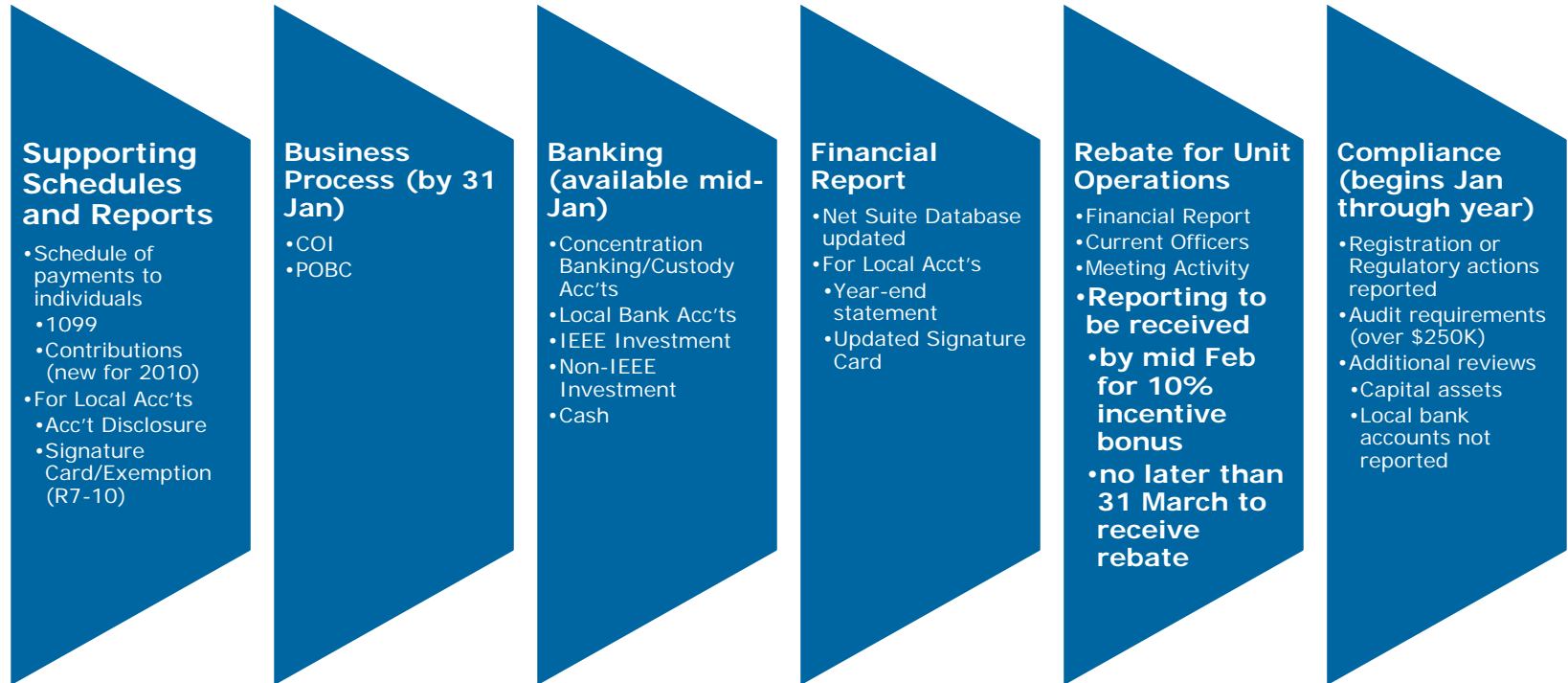
Name

The reason (s) for this exemption request is (please give a brief and specific description):

Rationale for Geographic Unit reporting?

- ❖ IEEE wants to ensure that the corporation, its organizational units & unit officers are protected
- ❖ To do this, we must ensure that all IEEE Organizational Units are empowered & expected to follow a set of sound financial practices
- ❖ A Volunteer & Staff team in MGA developed and implemented a series of best business practices that are used in many organizations worldwide
- ❖ These practices were presented at SC'05, although many of the practices may have already been a part of the Sections' on-going financial management processes
- ❖ Consolidated Financial Statements are prepared with Geo Unit Data and Audits are performed by both IEEE external auditors and IEEE Internal Audit Department

Annual Reporting Process & Timeline



Key Deliverables:

1. COI/POBC (Conflict of Interest and Principles of Business Conduct)– **31 January**
2. Net Suite Financial Reports – **31 March**
3. Audits required by **30 June** for Units with Rev or Exp Over \$250K and all Region Offices and Randomly Selected units

Additional Compliance & Control Requirements

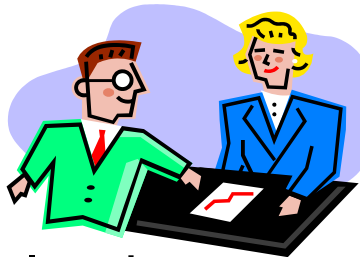
- COI / POBC required: Conflict of Interest / Principles of Business Conduct. Submit during reporting cycle
- Bank Account Balance Confirmations – requested by Internal and or External Auditors for independent balance verification (balance sheet)
- Monthly and Year End Bank Statements for Financial Statement validation / verification
- Audit Process (see next slide)

Annual Financial Audit to Protect Volunteers

- ❖ IEEE Policy Section 11 and Financial Operations Manual (FOM) FOM 2.E1&2, require that geographic units conduct local audits on an annual basis – may be audited as part of External Audit as well
- ❖ Units that have \$250K or more in revenue or expense are required to have an Independent Audit conducted for their financial activities.
- ❖ Random Audits are performed & all 10 Region Offices are audited annually
- ❖ Bank Balances will be confirmed independently by IEEE Audit Firm
- ❖ On Line Financial Reporting used via Net Suite
- ❖ Various Compliance Documents collected from each Unit Leadership Team
- ❖ Audits recommended in case of Leadership Transition

Good Practices: Review Monthly Account Activity

- ❖ Section Chair & Treasurer should periodically review the original monthly statements of account & compare to recent financial report
 - ❖ Treasurers should be reconciling account activity each month
- ❖ Chair / Treasurer should receive a reminder from IEEE Member & Geographic Activities Department in mid-November



- ❖ Why?
 - ❖ Good practice for all unit leaders to review account activity.
 - ❖ Emphasizes that more than one person has oversight of the financial records

Good Practices: Review Unit Expenses

- ❖ Treasurer presents the Section / Chapter check register to the Section Executive Committee on a periodic basis for review
 - ❖ Should be done at least 2 times per year
 - ❖ Check register includes: name, date, amount, budget line & purpose for each transaction (for example, expense reimbursement, services provided, etc.)

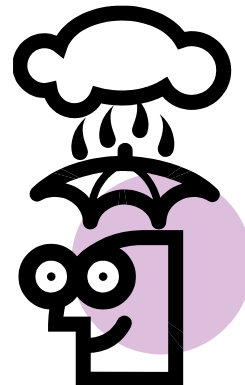
- ❖ Why?
 - ❖ Independent review of expenses
 - ❖ Ensures Section Executive Committee is informed & approves unit expenses



Corporate Insurance Program

Types of coverage maintained:

- Property
- Business Automobile Liability
- General Liability
- Workers' Compensation
- Umbrella & Excess Liability
- Fiduciary Liability
- Global Travel Accident
- Business Crime
- Specialty Errors & Omissions
- Media Errors & Omissions
- Directors' & Officers' Liability
- Employment Practices Liability
- Difference in Conditions



Corporate and Liability Insurance

- ❖ General Insurance – Certificate Required
 - ❖ Serves as evidence for the 3rd party we are engaged with
 - ❖ Prepared by IEEE Insurance staff – 1-3 day process time
 - ❖ Name, address, event, description etc will be needed
- ❖ Liability - Coverage is extended to IEEE's Organizational Units, and to sponsored and co-sponsored activities.
- ❖ Provides coverage in the event of liability due to bodily injury, personal injury, or damage to the property of others.
- ❖ Volunteers are included as additional insured while acting within scope of authorized duties.
- ❖ Contact ieeeinsurance@ieee.org or +1.732.562.5541

Assistance is Available

- ❖ IEEE Treasurers' Handbook and Center for Leadership Excellence
 - ❖ <http://www.ieee.org/treasurers>
 - ❖ <http://ieee-elearning.org/outreach/course/view.php?id=82>

- ❖ IEEE Policy Manual
 - ❖ <http://www.ieee.org/policies>
 - ❖ Section 11 addresses financial management issues to be addressed by Chairs & Treasurers

- ❖ IEEE Financial Operations Manual
 - ❖ <http://www.ieee.org/documents/finopsmanual.pdf>
 - ❖ financial-report@ieee.org

END: Questions, Contacts

QUESTIONS and CONTACTS:

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QUESTIONS

