Viable Financial Models for Organizational Units

Sections Congress – Amsterdam
22-24 August 2014

Rajnish Gupta, Singapore Section Treasurer
Don Bramlett, IEEE MGA Treasurer
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
<table>
<thead>
<tr>
<th>Chair</th>
<th>Membership Development Chair</th>
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</thead>
<tbody>
<tr>
<td>Vice Chair (SIGHT, AG)</td>
<td>Student Activities Chair</td>
</tr>
<tr>
<td>Secretary</td>
<td>Educational Activity Chair</td>
</tr>
<tr>
<td>Treasurer (Conference Chair)</td>
<td>Professional Activities Chair</td>
</tr>
<tr>
<td>Immediate Past Chair (Awards)</td>
<td>E-Communication Chair</td>
</tr>
<tr>
<td>Publicity Chair</td>
<td></td>
</tr>
</tbody>
</table>
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
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)
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 technically)
$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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- MGA and Geo Unit Working Relationship
- FINANCE: Tools and Techniques
  - Budgets, Rebates, Reserves, Spending Rules
  - Banking: Concentration Banking, Local Accounts, Signature Cards/Exceptions
  - Reporting: Transaction Reporting using Net Suite
  - Compliance: COI/POBC Submittals
  - Control Environment: Audit Process
- BEST PRACTICES:
  - Local Financial Controls
- INSURANCE
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
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](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 Units (Geographic, Conferences) deposit their funds into the IEEE Concentration Banking Program...bank partners are **Wells Fargo/JP Morgan**

Checks are written against the CB accounts

CB Card (**JP Morgan or Wells Fargo**) is offered to participating units operating in countries where available

Funds are swept, and invested short-term by Treasury Ops.

**Web-based reporting system for Volunteers developed and hosted by IEEE**

**Concentration Banking Reporting System (CBRS)**
- Transaction files are transmitted to IEEE on a daily basis...reported at the unit level through CBRS.
IEEE Concentration Banking Program
...participation as of Q2 2014

578 Regions, Sections, Chapters
488 Conferences
19 Standards working groups
### CBRS REPORT FOR IEEE Atlanta Section

**For**

**October 2013**

<table>
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<tr>
<th>Account:</th>
<th>300300</th>
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#### IEEE Atlanta Section

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<th>Project Code:</th>
<th>R3005</th>
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<table>
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<tr>
<th>Currency:</th>
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### ACCOUNT SUMMARY

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<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Opening Balance</td>
<td>67,097.15</td>
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<tr>
<td>Paypal Gross Activity</td>
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<tr>
<td>Deposits</td>
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<tr>
<td>Interest Paid</td>
<td>14.89</td>
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<td>Paypal Fees Activity</td>
<td>(111.56)</td>
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<tr>
<td>IEEE CB Card</td>
<td>(505.02)</td>
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<tr>
<td>Checks Paid</td>
<td>(27,330.84)</td>
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<tr>
<td>IEEE Transfers</td>
<td>(3,388.88)</td>
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</table>

<table>
<thead>
<tr>
<th>Closing Balance:</th>
<th>40,327.64</th>
</tr>
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</table>

| Interest Rate:    | 0.27%     |
| Interest Earned:  | 13.56     |

#### ACCOUNT DETAIL

<table>
<thead>
<tr>
<th>Date</th>
<th>Transaction Type</th>
<th>Check Number</th>
<th>Sub Group</th>
<th>Daily Opening Balance</th>
<th>Change</th>
<th>Daily Closing Balance</th>
</tr>
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<tbody>
<tr>
<td>01-OCT-13</td>
<td>Paypal Activity</td>
<td></td>
<td>Paypal Gross Activity</td>
<td>67,097.15</td>
<td>15.00</td>
<td>67,112.15</td>
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<tr>
<td>01-OCT-13</td>
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<td>Paypal Gross Activity</td>
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<td>(0.83)</td>
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<td>Paypal Gross Activity</td>
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<td>01-OCT-13</td>
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<tr>
<td>01-OCT-13</td>
<td>Paypal Activity</td>
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<td>Paypal Fees Activity</td>
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<td>(0.03)</td>
<td>67,148.68</td>
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**Created On:** 14-NOV-13
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.
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:

<table>
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<tr>
<th>Name</th>
<th>Name</th>
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</table>

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

**Supporting Schedules and Reports**
- Schedule of payments to individuals
  - 1099
  - Contributions (new for 2010)
- For Local Acc’ts
- Acc’t Disclosure
- Signature Card/Exemption (R7-10)

**Business Process (by 31 Jan)**
- COI
- POBC

**Banking (available mid-Jan)**
- Concentration Banking/Custody Acc’ts
- Local Bank Acc’ts
- IEEE Investment
- Non-IEEE Investment
- Cash

**Financial Report**
- Net Suite Database updated
- For Local Acc’t’s
- Year-end statement
- Updated Signature Card

**Rebate for Unit Operations**
- Financial Report
- Current Officers
- Meeting Activity
- Reporting to be received
  - by mid Feb for 10% incentive bonus
  - no later than 31 March to receive rebate

**Compliance (begins Jan through year)**
- Registration or Regulatory actions reported
- Audit requirements (over $250K)
- Additional reviews
- Capital assets
- Local bank accounts not reported

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**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)
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](mailto: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://www.ieee.org/treasurers)

- IEEE Policy Manual
  - [http://www.ieee.org/policies](http://www.ieee.org/policies)
  - Section 11 addresses financial management issues to be addressed by Chairs & Treasurers

  - [financial-report@ieee.org](mailto:financial-report@ieee.org)
END: Questions, Contacts

QUESTIONS and CONTACTS:

Don Bramlett  MGA Treasurer
d.bramlett@ieee.org

Larry Bolsch  MGA Financial Support
l.bolsch@ieee.org
QUESTIONS