

# IEEE FINANCE OPERATIONS MANUAL (FOM) V.45

*Includes approved changes through 25 June 2017*

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## INTRODUCTION

The following procedures affecting the financial matters of the IEEE have been incorporated into this IEEE Finance Operations Manual. In addition, procedures related to investment matters are included in the IEEE Investment Operations Manual. These procedures support the implementation of IEEE policies governing the IEEE organizational units, volunteers, and staff activities with respect to financial and investment matters, as stated in Section 11 of the IEEE Policies. 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 Policies. 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. (IEEE Policies, Section 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. (IEEE Policies, Section 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. (IEEE Policies, Section 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 judgment... 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. (IEEE Policies, Section 11.1 C)***

## FOM.2 – ANNUAL AND INTERIM REPORTING REQUIREMENTS

A. Audited Financial Statements

***Audited IEEE Financial Statements and tax returns will be made available to IEEE members annually. (IEEE Policies, Section 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 and the IEEE's tax returns will be available to IEEE members on the IEEE website.

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. (IEEE Policies, Section 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 Board of Directors 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 the Board of Directors.

4. Staffing Plan

The IEEE 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 IEEE 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 IEEE 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 IEEE Executive Director.

5. General Process

Once FinCom approves the budget process, the IEEE 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. During the development of the budget there will be regular reviews with FinCom. The proposed budget will be reviewed by FinCom during its first meeting after the OU submission deadline. After this review, FinCom will be responsible for any revisions until the budget is approved by the IEEE Board of Directors. Periodic updates will be presented to the IEEE Board of Directors, as appropriate. 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 organizational unit's Treasurer to FinCom in a timely manner. The final budget shall be submitted to the IEEE Board of Directors for approval prior to its 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 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.

The annual budget will be posted on the IEEE Board of Directors budget website and will include the following items:

- An index
- A glossary
- Hyperlink pages to other appropriate pages
- The latest report of the Independent Accountants that appears in the annual report
- IEEE's latest tax return

The following budget information shall be made available to Directors-Elect, Society and Council Presidents and the Vice Chairs of the Member and Geographic Activities Board:

- Responsibility & Functional Budget P&L's (including Society & Council Summary P&L)
- Headcount Schedule w/Staffing Plan
- Capital Budget Summary
- Reformat Summary Schedules
- A glossary
- The latest report of the Independent Accountants that appears in the annual report
- IEEE's latest tax return

## 6. Budget Principles

General:

- a) The IEEE Operations budget will be greater than or equal to zero with no net reduction in overall IEEE reserves.
- b) Individual organizational unit's net budgets (TAB/Societies & Councils (in aggregate), MGAB, 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 Board of Directors.
- c) Spending Rule
  - The IEEE Board of Directors has approved using up to 4.5% of the IEEE Investable Assets (defined as IEEE's Long Term (LT) investment fund) annually. Three percent (3.0%) shall be used to support new & continuing initiatives. Up to one and one half

percent (up to 1.5%) shall be used to provide support for the History Center, Awards, Honors Ceremony and the Fund Raising functions as well as a donation to the IEEE Foundation. The specific percentage (up to 1.5%) shall be recommended by the IEEE Finance Committee and approved by the IEEE Board of Directors as part of the yearly budget process. The amount up to 4.5% will be calculated based on a 3 year rolling average of the IEEE Investable Assets.

- d) Investment income shall not be considered as income in the IEEE Operations Budget:
- Market fluctuation on Investments shall not be considered.
  - Total initiative funding, for budgeting purposes, shall be based on up to 3% of IEEE's investable assets (LT Investment Fund), consistent with the spending rule set forth above.
- 1) Up to 2% of the IEEE investable assets (LT Investment Fund) based on a 3 year rolling average will be available for New Initiative Committee disposition after adjusting for the impact of item two (2) below.
  - 2) 1% of the Organizational Unit Reserves will be available as follows:
    - i. In each year when the IEEE Reserves, as of 31 December of the preceding year, exceed the Lower Reserves Target (per FOM 4.C), each major organizational unit with an otherwise balanced budget, whose reserve to expense ratio exceeds 50%, shall be permitted to budget up to 1% of the three year rolling average of its year-end reserves for inclusion in the subsequent budget cycle.
    - ii. Societies that qualify, as stated above, to spend reserves may spend up to 3% of their reserves, provided the aggregate initiative spending for all Societies/TAB shall not exceed 1% of the sum total of the Societies and TAB reserves.
    - iii. This funding would be intended for OU new initiative activities (activities with a limited expected life of one to three years). Items normally carried within the budget (including items that have been considered operational, such as staffing, existing publications, members services, governance activities, awards, etc.) shall not be funded under this rule. Any multi-year initiative which requires funding in future years will need to re-qualify annually.

The IEEE Board of Directors, at its discretion, may decide to spend more or less. Initiative spending shall not be considered an operational expense.

- e) Provided the IEEE Reserves, as of 31 December of the preceding year, exceed the Lower Reserves Target (per FOM 4.C), each major organizational unit whose reserve to expense ratio for such year exceeds 50% shall be allowed to use up to 50% of its preceding year's operational surplus (excluding investment returns) as part of the forecasting process.

Such expenditures shall be included as part of each major organizational unit's then current annual forecast prior to actually paying or incurring any such expenditures. To permit rapid deployment, inclusion in the forecast may be done by informing the pertinent fiscal analyst/organizational unit of the intent to include the expense in the next formal forecast.

Spending under this rule (as with any spending) remains subject to established IEEE financial and other standard business practices (e.g., contracts, PO's).

This funding would be intended for new initiative activities (activities with a limited expected life of one to three years). Items normally carried within the budget (including items that have been considered operational, such as, staffing, existing publications, member services, governance activities, awards, etc.) shall not be funded under this rule.

In addition, any activities funded under this rule shall be completed during the current year unless provided for in the following year's approved budget.

- f) Funding for EAB, MGAB, Member Operations and the cost to administer member dues, and *IEEE Spectrum* (including *The Institute*), shall not exceed 92.5% of member dues revenue including revenue from Affiliates. The remaining nominal 7.5% shall be used to cover indirect corporate overhead costs. Any funding beyond this amount shall come from the package product revenue stream (if available) that has been assigned by the IEEE Board of Directors to the infrastructure account to cover indirect corporate overhead costs.

- In accordance with IEEE Bylaw I-108.5, funding for Regions, Sections, Chapters, Affinity Groups and Student Branches should not be less than 12% of member dues.
- Funding for the remaining budgeted expenses in Member and Geographic Activities after accounting for IEEE Bylaw I-108.5 shall be based on MGAB's approved net budget subject to the above.
- Funding for EAB shall be based on EAB's approved net budget subject to the above.
- Funding for *IEEE Spectrum* (including *The Institute*) shall be based on the average number of members served from the last full year (n-2) times the most recent *IEEE Spectrum* cost per member approved rate times the Member Growth Rate used for the current year budget projection for membership growth subject to the above.
  - The *IEEE Spectrum* cost per member rate would increase or decrease based on documented and accepted changes to *IEEE Spectrum's* cost structure during the budget process.
  - The rate, once approved, would remain constant until the next budget cycle.
  - Actual revenue received by *IEEE Spectrum* would then be based on the actual number of members served during the year.

- g) IEEE Member Dues and the IEEE-USA Assessment

Each year the IEEE Finance Committee, as part of the budgeting process, shall consider whether or not to propose a new base for the dues algorithm specified in the Bylaws. A dues change item may be prepared by the Finance Committee and submitted to the Board of Directors as a bylaw revision for consideration at the June meeting. The Finance Committee shall notify the Board of Directors whether or not it intends to propose a re-basing of the algorithm at least 30 days prior to the June Board of Directors meeting.

- h) Infrastructure costs in any given budget year will be recovered from the various organizational units as detailed below.

#### Definitions

- **“Infrastructure costs”** are defined as the sum of the direct, indirect corporate overhead costs, and products and services related costs and revenue that is not assigned directly to an OU.
- **“Infrastructure Account”**
  - Will cover all indirect infrastructure expenses
    - Will be funded by up to 31% of gross package product revenue. Initially starting at no more than 29.5% and increasing no more than 0.5% annually (i.e. to 30%).
    - Gross Package Product revenue is an aggregation of Intellectual Property content that is sold primarily to institutional customers.
    - IEEE Finance Committee will maintain a complete list of included products and add new products as appropriate as part of the budgeting process.
    - The IEEE Finance Committee at the beginning of the budgeting process will review prior year results and recommend to the IEEE Board of Directors the percentage to be used for budgeting purposes as part of the budgeting guidelines.

- **“Infrastructure Reserve”**
  - Initially funded at \$10M through loans - \$2M each from TAB and MGAB reserves and \$6M by equal percentage from all reserve-bearing entities.
  - The Infrastructure Reserve will be permitted to grow to \$20M, after which further growth will go to pay back the initial \$10M loans.
  - After loan pay-back, the Infrastructure Reserve will be capped at \$30M
- **“Corporate Overhead”** consists of **direct** corporate overhead costs and **indirect** corporate overhead costs
  - **Direct Corporate Overhead** costs will be assigned to each organizational unit based on the approved metric or algorithm as set forth in the table below
  - **Indirect Corporate Overhead** costs will be covered by package product revenue; that is, up to 31% of package product revenue has been assigned to the Infrastructure Account by the IEEE Board of Directors to be used to offset indirect corporate overhead costs. Additionally, the IEEE Board of Directors has established an Infrastructure Reserve Account to be used by Corporate to fund large projects such as the past BMS project.
  - **“Direct Corporate Overhead Costs”** (previously referred to as direct core functions charges or direct infrastructure charges) are costs that are assigned based on an agreed upon metric or algorithm. The services related to these assigned costs are structured as shared services to gain ease of operation or economies of scale. The list of cost centers included in this category is as follows:

**Direct Corporate Overhead Cost Centers:**

<b>Center</b>	<b>Metric</b>
<b>Admin &amp; Payroll</b>	<b>Headcount</b>
<b>Human Resources</b>	<b>Headcount</b>
<b>Controllers</b>	<b>Expenses</b>
<b>Financial Planning</b>	<b>Expenses</b>
<b>Tax Management</b>	<b>Expenses</b>
<b>Internal Audit</b>	<b>Expenses</b>
<b>Strategic Sourcing</b>	<b>Expenses</b>
<b>Finance &amp; Administration</b>	<b>Expenses</b>

- **Indirect Corporate Overhead Costs** (previously referred to as indirect core functions charges or indirect infrastructure charges) are costs related to operations that cannot be distributed based on some metric. These costs are to be funded from the Infrastructure Account. The list of cost centers included in this category is listed below:

**Indirect Corporate Overhead Cost Centers**

- Corporate Activities
- Facilities/Mail Svcs/Warehouse/Shipping
- Fellows Activities
- Executive
- Legal & Corporate Compliance
- Business Finance Solutions
- Information Technology
- IBP
- Financial Services

- IEEE Global Operations
- **Products and Services related Costs and Revenues** result from activities that the IEEE chooses to sponsor. These costs can be distributed directly or indirectly to organizational units receiving the benefit depending on the nature of the product or service being provided. Activities such as the Member Discounts Program deliver a net surplus to the IEEE. These surpluses are used to reduce the overall indirect corporate overhead costs.
  - **Corporate Provided Products & Services** are primarily corporate-wide services that are provided centrally either internally such as Business & Data Related Services or external activities such as the Member Discounts Program, etc. that the Institute has decided are important to sponsor.
  - **Publication Related Products & Services** are the remaining costs related to our publishing operations that are not covered by page charges. Also included here are activities such as the IEEE Press and the IEEE Web. Generally at least on a budget basis, the publication net should be close to breakeven excluding the IEEE Web costs.
  - **Membership Related Products & Services** summarizes member dues and the three main areas that are supported from dues – Member and Geographic Activities, Educational Activities and *IEEE Spectrum* and *The Institute*.

### Products and Services

In the following tables, Net denotes income, either from revenue generation or from recovery of direct expenses. Net denotes either positive (+) surpluses, which reduces infrastructure costs, or negative (-) surpluses, which increases infrastructure costs. The total net from Products and Services is a positive surplus to the IEEE. These indicators are for information only, and are not to be used as budgeting or forecasting guidelines.

#### Corporate Provided Products and Services (spread by indirect algorithm):

Center	Revenue	Expense	Net
Member Discounts	•	•	+
Global Sales		•	-
Customer Operations		•	-
Interest Expense Center		•	-
Digital Marketing & Communications		•	-
Business & Data Related Services		•	-
Meetings & Conference Management	•	•	+ or -
Contingency		•	-

#### Publication Related Products and Services (spread by indirect algorithm):

Center	Revenue	Expense	Net
Publication Operations	•	•	+/-



**Membership Related Products and Services (spread by indirect algorithm):**

Center	Revenue	Expense	Net
Member Dues	•	•	+
Member and Geographic Activities	•	•	0
Geographical Units	•	•	0
Educational Activities	•	•	0
IEEE Media, <i>IEEE Spectrum</i> & <i>The Institute</i>	•	•	+/-

Indirect corporate overhead costs less the net from products and services will be funded from the Infrastructure Account.

i) Adjustment process at year-end based on actual results:

- A positive variance to budget in the corporate overhead departments as well as in EAB (excluding the ABET and IEEE Expert Now reserves) will be used to grow the Infrastructure Reserve Fund. Conversely, a negative variance will reduce the Infrastructure Reserve Fund.
- A positive variance to budget in TAB/Societies, Standards Association, MGAB, and IEEE USA will be reflected in their reserves
- A negative variance to budget in the corporate overhead departments and in EAB will reduce the Infrastructure Reserve Fund.
- A negative variance to budget in any organizational unit with reserves (TAB/Societies, Standards Association, IEEE USA, and MGAB) will be reflected in its reserves.
- Investment Returns:
  - Investment Returns including Dividends and Interest will be used to offset the cost of new and continuing initiatives and the donation to the IEEE Foundation up to the spending rule amount.
  - Investment returns over and above the spending rule will be returned proportionally to all organizational units with reserves including the Infrastructure Reserve Fund until the \$30M cap is achieved.
  - Investment losses plus the cost of new and continuing initiatives and the donation to the IEEE Foundation will be distributed proportionally to all organizational units with reserves including the Infrastructure Reserve Fund.

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.

b) Initiative Approval Process

The Board of Directors must approve new initiatives. Administration of the approval process has been delegated to the New Initiatives Committee (NIC).

As a part of the initiative approval process, 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 process. Proposals from a given *organizational unit*, each below the threshold, shall be included in the budget process.

NIC shall establish a uniform format and appropriate forms for submitting initiative proposals. NIC shall establish a process for initiative review, selection, monitoring, reporting and initiative post mortem.

Refer to the New Initiatives Ops Manual (NIOM) for specific procedures.

#### 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. (IEEE Policies, Section 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 Board of Directors 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. (IEEE Policies, Section 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.
3. Reports of IEEE Investment Fund performance shall include the expenses of the Fund, including both the internal and external expenses, the expense ratio, and the gains or losses after the expenses are deducted from the assets. The expenses charged to infrastructure costs shall also be included in the report.

#### E. IEEE Unit Reporting (Including, but not limited to, 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 supersede 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 Senior 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 IEEE Policies, Section 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.

- (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 government office.
  - 5) Commercial promotional activities.
  - 6) Donations of a philanthropic nature, including scholarships, unless authorized in advance by the IEEE Board of Directors.
  - 7) Personal or commercial loans of any kind for any purpose.
  - 8) Lease or purchase of real estate, without prior authorization from the IEEE Board of Directors.

- 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 Board of Directors. Pending the decision of the IEEE Board of Directors 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.

IEEE sponsored activities conducted by any organizational unit, which individually or collectively generate revenue or expense in excess of USD250,000 shall be audited by a fully qualified, independent, professional auditor. The audit shall be performed by a Certified Public Accountant, Chartered Accountant or equivalent source approved by the IEEE Internal Audit Department. Alternatively, the activity chair may engage the IEEE Internal Audit Department to arrange for and/or perform the audit. 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 USD250,000 of revenue or expenses will be audited on a rotational basis. The IEEE Internal Audit Department will schedule and arrange with MGAB and TAB for the audits of these activities. For those activities not scheduled for an IEEE Internal 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 IEEE Internal 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. (IEEE Policies, Section 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 Board of Directors. (IEEE Policies, Section 11.2.E.3(a))***

***Approval of contributions under an amount which shall be specified in the IEEE Finance Operations Manual may be delegated by the IEEE Board of Directors to the appropriate Vice President or Major Board President. (IEEE Policies, Section 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.

Any contribution, including a contribution for disaster relief as defined in IEEE Policies Section 11.8 – IEEE Contributions to Disaster Relief Policy, made to a US Section 501(c)(3) tax-exempt nonprofit organization shall be used in furtherance of that organization’s exempt purposes and also in furtherance of IEEE’s educational and scientific purposes. Contributions to other organizations that are not US Section 501(c)(3) tax-exempt nonprofit organizations shall be made only pursuant to a written restricted gift agreement between IEEE and the recipient organization.

This procedure shall apply to any contribution of any IEEE asset held by any IEEE organizational units including, but not limited to, 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 any IEEE organizational units including, but not limited to, 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, but not limited to, Societies, Technical Councils, Geographic Units, and Conferences, in excess of USD25,000, shall be addressed to the appropriate Major Board and then forwarded to the IEEE Board of Directors for approval. 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.

All requests for permission to contribute funds, including those in support of disaster relief as defined in IEEE Policies Section 11.8 - IEEE Contributions to Disaster Relief Policy, shall require the completion and submission to the IEEE Treasurer of an IEEE Contribution Proposal Form. The form shall be made available on the IEEE Website.

Contributions may take the form of (i) funds, equipment, or services that further and promote scientific or technological knowledge and education (e.g., computers), or (ii) grants that are tied directly to such purposes (e.g., scholarships, support of a library, equipping a classroom, and/or supporting infrastructure).

IEEE Institute-level awards to be funded by an IEEE organizational unit, or one of its sub-units (i.e., Societies, Geographic Units, etc.) shall be funded on an annual basis and budgeted for yearly. In extraordinary situations, units may seek to make a donation to the IEEE Foundation for supporting an award in perpetuity. Such proposed donations require the sequential endorsement by the OU governing bodies and IEEE FinCom and approval from the IEEE Board of Directors.

For contributions in an amount of USD25,000 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 Board of Directors.

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 Board of Directors, or by a designated Major Board authorized by the Board of Directors.

Also reference IEEE Policies, Section 11.8 - IEEE Contributions to Disaster Relief Policy

## 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 apply equally throughout the entire world, except where local laws and regulations prohibit compliance. Compliance outside the United States shall be to the maximum extent possible. (IEEE Policies, Section 11.3)***

#### A. Asset Management

##### 1. Investments

***IEEE funds may be invested only in the IEEE Investment Fund.***

***The primary objective of IEEE's investment policy shall be the protection of IEEE's (inflation adjusted) assets. In a manner consistent with the primary objective, the secondary objective shall be to maximize the total return on the IEEE Investment Fund's assets.***

***IEEE investment assets shall be separated into an Operational Cash Fund and a Long-Term Investment Fund. The Operational Cash Fund shall provide for the cash needs of the Institute, as determined each year based on projected cash flows plus a contingency. The Operational Cash Fund shall be invested only in secure short-term instruments focused on preservation and availability of the cash. The Long-Term Investment Fund shall be well diversified and invested in a conservative fashion to satisfy the primary objective of protection of assets while providing growth over the long term through total return.***

***Investment Business Continuity Plan. If there is a 15% decline in the level of IEEE's investment assets because of deterioration in the investment and financial markets, then the Investment Committee, along with the IEEE President, and other key participants so designated by the President (e.g. IEEE's Investment Managers) would hold an emergency meeting to discuss topics including: reasons for the deterioration, probability of further asset erosion, and if warranted, a tactical re-allocation of the assets.***

***If decline in the level of IEEE's investment assets because of deterioration in the investment and financial markets approaches the 25% - 30% range, then the IEEE Treasurer, along with the Board and representatives of the Investment Committee, will call for an emergency (without the 5-day notice) telephonic special meeting of the Board of Directors . (IEEE Policies, Section 11.3.A.1.)***

Please refer to the IEEE Investment Operations Manual (IOM) for further detail and clarification.

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. (IEEE Policies, Section 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 Senior Director, Financial Services as a signator thereon. Procedures for handling bank account signatures shall be maintained in the IEEE Finance Operations Manual. (IEEE Policies, Section 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 Senior 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. (IEEE Policies, Section 11.3.A.4)***

The procurement of capital items, including equipment, furniture, property, etc., with a value in excess of USD5,000, 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 Strategic Sourcing 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 Senior 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 MGAB as parent organizational units, as defined above and described in their charters: Graduates of the Last Decade, Life Members Committee, 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. (IEEE Policies, Section 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. (IEEE Policies, Section 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. (IEEE Policies, Section 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. (IEEE Policies, Section 11.4.B)***

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

All investment returns from Reserves may be allocated to the organizational units with reserves. The distribution to each organizational unit shall 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. (IEEE Policies, Section 11.4.C)***

A reserves level range (Lower and Upper Reserves Targets) shall be proposed by the IEEE FinCom each year and presented for approval by the IEEE Board of Directors at the first regularly scheduled Board meeting of each year.

The Lower and Upper Reserves Targets shall be determined based on the Total Reserves Risk as assessed by the IEEE FinCom. The Total Reserves Risk shall be developed in consultation with all IEEE major organizational units and IEEE Staff.

Total Reserves Risk shall be defined as the sum of all reasonably potential reductions in IEEE Reserves based on a comprehensive review of IEEE's business risk. The IEEE FinCom shall annually determine the process for reviewing the Total Reserves Risk and consider if an exhaustive review is needed. It is anticipated an exhaustive review will be done once every three years.

The Lower Reserves Target shall be 70% of the Total Reserves Risk and the Upper Reserves Target shall be 100% of the Total Reserves Risk. The Targets shall be set as fixed dollar amounts.

The IEEE FinCom shall monitor the status of the Actual Reserves Level as a part of the Treasurer's Monthly Financial Reporting Package. The Actual Reserves Level is the reported market value of the IEEE Reserves minus forecasted reserves spending plus the forecasted operations surplus or deficit, as the case may be.

If the Actual Reserves fall below the Lower Reserves Target, the IEEE Treasurer shall notify the IEEE President and convene a meeting of the IEEE FinCom within two weeks. Notification of the situation and recommendations (if any) from the IEEE FinCom shall be forwarded to the IEEE Board of Directors within two weeks of the IEEE FinCom meeting.

The IEEE Treasurer may, at any time, request the IEEE FinCom to review the Total Reserves Risk or the Lower and Upper Reserves Targets. Any changes shall be approved by IEEE Board of Directors.

#### 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. (IEEE Policies, Section 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**

***It is IEEE policy to maintain property and liability insurance coverage to protect the IEEE, its organizational units, employees, volunteers, and subsidiary entities against risk arising from IEEE business operations. (IEEE Policies, Section 11.5)***

IEEE's Corporate Insurance Program is managed by the IEEE Office of Risk and Insurance Management Services and consists of the following types of insurance coverage:

- Business Property
- Commercial General Liability
- Umbrella / Excess Liability
- Business Auto Liability
- Comprehensive Business Crime
- Workers' Compensation & Employers' Liability
- Directors' & Officers' Liability
- Fiduciary Liability
- Professional Errors & Omissions Liability
- Global Travel Accident / Medical Expense
- Other individual insurance policies as may be deemed appropriate

The Property Insurance provides replacement coverage for IEEE buildings and contents against such perils as theft, fire, wind, earthquake, flood, etc. It does not cover personal articles belonging to employees or Volunteers. Each property loss claim is subject to a policy deductible.

The liability insurance is maintained to protect IEEE in the event a claim is made against IEEE and/or its volunteers. IEEE volunteers are included as additional insureds while acting within the scope of their duly authorized duties on standing and special committees.

IEEE's insurance coverage does not provide coverage for third party organizations that are co-sponsoring an IEEE activity, exhibit, meeting, or conference. The co-sponsoring entity should maintain its own insurance coverage at its own expense.

At times IEEE may be required to provide evidence of its insurance coverage in the form of a Certificate of Insurance. Certificates of Insurance must be requested through the IEEE Office of Risk and Insurance Management Services. All claims and incidents that could give rise to an insurance claim must be immediately reported to the IEEE Office of Risk and Insurance Management Services.

Summary of Insurance

The following is a brief informational summary of coverage provided under the Corporate Insurance Program. This information is not intended to reflect all terms, conditions, and exclusions of the insurance policies and does not amend, alter, or extend coverage afforded under the actual policies.

Business Property - provides replacement coverage for IEEE owned and leased property.

Commercial General Liability - provides coverage in the event IEEE is found legally liable for third party bodily injury or damage to the property of others.

Umbrella / Excess Liability - provides additional amounts of insurance in excess of other underlying primary liability insurance policies.

Business Auto Liability - provides insurance coverage for bodily injury or property damage losses caused by an auto accident and resulting from the ownership, maintenance, or use of a covered auto. Consult the Office of Risk and Insurance Management Services to determine how coverage applies when utilizing personal or rental vehicles on authorized IEEE business travel.

Comprehensive Business Crime - provides coverage for loss of money, securities, and inventory resulting from a variety of criminal acts, such as employee / volunteer theft, robbery, forgery, extortion and computer fraud. The IEEE Business Crime insurance does not provide coverage for theft by third-party services providers (e.g. A Conference Registration Company).

Workers' Compensation & Employers' Liability - provides coverage for employee job-related injuries resulting from an accident or occupational disease, and conforms to statutory requirements. All job-related injuries and accidents should immediately be reported to the employee's supervisor and the IEEE Benefits Department.

Directors' & Officers' Liability - provides coverage for the liability caused by errors and omissions committed by directors and officers while acting within the scope of their duly authorized duties as directors and officers.

Fiduciary Liability - provides coverage for the liability of a person who acts as a fiduciary for the Employee Benefits Plans.

Professional Errors & Omissions Liability - provides coverage for the liability arising out of IEEE publishing and standards development activities.

Global Travel Accident / Medical Expense - provides coverage for accident and illness medical expenses incurred outside the home country, transportation expenses associated with medical evacuation and repatriation, indemnity in event of accidental death or dismemberment, and worldwide travel and medical assistance services. Coverage applies to employees and IEEE volunteers.

For additional information, contact the IEEE Office of Risk and Insurance Management Services.

## **FOM.6 – BUSINESS EXPENSE REPORTING**

***Travel Policy and Funds. It is IEEE policy to provide for, or reimburse, reasonable, authorized travel expenses incurred in connection with the conduct of IEEE business. All persons traveling on IEEE business for whom IEEE pays or reimburses transportation expenses shall travel economically by booking economy class flights well in advance and shopping for low-cost business class train fares and low-cost rental car rates. Guidelines and procedures for reimbursement, required receipts and related limitations, beyond those described in this policy, shall be specified in the IEEE Finance Operations Manual.***

***IEEE does not reimburse for the travel expenses of spouses or travel companions as an***

**entitlement. Airfare, hotel, and incidental costs of spouses or travel companions are never covered but it is recognized that there are occasions where the demand on volunteer time in particular, requires travel with a spouse or companion which may result in some meal costs being expensed. Since the purpose of the business trip is already deemed necessary and the only incremental cost is the spouse/companion meals, expensing the meals is acceptable as long as the cost is reasonable and the practice is not perceived as an entitlement. Spouse/companion costs for purely social gatherings must be reimbursed on the staff or volunteer person's expense report as a reduction of reimbursed expenses.**

**A. IEEE President's Travel Reimbursement Policy. Due to the extensive travel required by the IEEE President, it is IEEE policy to also (i) reimburse the IEEE President for reasonable, budgeted travel expenses for his/her spouse or other travel companion when accompanying the IEEE President on IEEE business, and (ii) pay to the IEEE President a cash gross-up payment to cover any United States, or other country, federal, state or local income taxes applicable to the aggregate value of (x) the spouse or other travel companion travel expense reimbursement, plus (y) the cash gross-up payment.**

**B. Airfare. All persons traveling on IEEE business who are seeking reimbursement for airfare or for which airfare is provided for them by IEEE, shall book only the most economical airfare, i.e., non-refundable, economy-class, coach-fare tickets; provided, however, the reimbursement or purchase by IEEE of business class fares shall be permitted only (i) when the flying time is over eight consecutive hours for a single segment or over eight hours flying time where a layover is required, (ii) when it is budgeted by the organizational unit, and (iii) with permission of the major organizational unit Vice President or President or in the case of Staff, the IEEE Executive Director. Individuals are encouraged to purchase upgradeable coach class fares and use miles or coupons to upgrade to business class.**

**Permission to travel business class for medical reasons may be granted by the IEEE President. (IEEE Policies, Section 11.6)**

A. Travel Budgeting and Reimbursement

It is recognized that travel by IEEE 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 and Committee.

Travel expense provided by the IEEE, which may be reimbursed or paid directly by IEEE, shall be limited to the items listed below.

1. Transportation Reimbursement:

This policy intends to establish adequate parameters for volunteers and staff so that they may comply with the spirit of the travel policy in the many varied situations that occur in practice.

- a) Airfare. In accordance with IEEE Policies, Section 11.6.B, all persons traveling on IEEE business who seek reimbursement for airfare or for which airfare is provided for them by IEEE, shall travel economically by booking economy class flights well in advance. Persons seeking to book higher-grade seats on economy flights, or full coach fares, must contact their major organizational unit's Vice President or President for approval prior to booking.
  - Reimbursement or purchase by IEEE for business class fares shall be permitted only (i) when the flying time is over eight consecutive hours for a single segment or over eight hours flying time where a layover is required, and (ii) when budgeted by the organizational unit. For business-class travel in compliance with the preceding conditions, individuals are encouraged to purchase upgradeable coach class fares and use miles or coupons to upgrade to business class. Business class is defined as an intermediate class

above economy class but below first-class. Permission to travel business class for medical reasons may be granted by the IEEE President.

- Reimbursement or purchase by IEEE of first-class fares shall be made only when extenuating circumstances warrant the expense to IEEE and only when (i) all criteria for business class travel have been met, (ii) it is the only class of service offered on the aircraft other than economy class, and (iii) permission has been granted by the IEEE President. On aircraft where three classes of seating are offered, (i.e., coach, business and first), the unavailability of seats in business class (the intermediate class) shall not be cause to purchase a higher-grade ticket.

All first-class fares reimbursed or provided by IEEE, and the justification and circumstances associated with the purchase, shall be reported to the IEEE Audit Committee.

IEEE Staff shall make travel arrangements through IEEE's corporate travel agency, World Travel, Inc. except when (i) it is more cost effective to purchase fares directly from the carrier, thereby avoiding additional purchase fees, or (ii) for IEEE Staff residing outside of the U.S., it is more cost effective to purchase fares within their country of residence.

Volunteers are encouraged to make travel arrangements through the IEEE's corporate travel agency, World Travel, Inc. whenever the purchase of fares through World Travel, Inc. is the most cost effective.

- b) 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 one's personal automobile Liability Insurance; Collision/Comprehensive coverage does not apply to one's own vehicle.
- c) Tolls and parking will be reimbursed.
- d) Necessary taxi or other ground transportation will be reimbursed.

TAXI/SHUTTLE/LIMOUSINES: Use taxis with caution if other alternatives are available. The use of hotel courtesy transportation is encouraged. In the NY/NJ area, the use of our preferred vendors should always be utilized.

- e) IEEE will not reimburse passengers in private aircraft nor assume liability for them.
- f) IEEE will reimburse penalties assessed by airlines on airfare when traveling on authorized IEEE business under reasonable circumstances.
- g) 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.

Car rental should be used only when it provides overall time and price advantages. It is recommended that you not use car rentals where traffic rules are uncomfortable or where renters may be subjected to incarceration in case of an accident. It is recommended that rentals be booked through IEEE's corporate travel agency, World Travel, Inc., unless lower rates are otherwise available. Midsize or smaller cars should be rented unless 3 or more are sharing a car or transporting sizable equipment. Refuel rental cars prior to returning.

## 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.

- a) Meetings and Conference Management, shall, for all meetings they book, identify a nominal hotel for that specific meeting. All attendees should use this hotel.
- b) All reimbursable room nights shall be charged directly to the IEEE master bill where one exists. Errors and requests for exceptions shall be referred to the appropriate Major Board Chair or Management Council Representative.
- c) Hotels used for non-meeting travel should be moderate cost hotels, and it is recommended that the IEEE's corporate travel agency, World Travel, Inc. should handle the booking. The IEEE's corporate travel agency, World Travel, Inc. has access to a worldwide network of discounted hotels registered with the agency. Prior to booking of hotel, it is recommended that you contact the IEEE's corporate travel agency, World Travel, Inc. to obtain a list of moderately priced hotels for your destination city. Criteria for room upgrades to suites or executive floor/business class rooms is that the upgrade is provided at no additional cost.
- d) IEEE Board of Directors Meetings: To assist the Board of Directors when selecting a site for the IEEE Board of Directors Meeting Series, the presentation of sites submitted for approval should include the following items:
  - *Always contain a minimum cost site for comparison purposes*
  - *At least three sites with the corresponding financial implications*
  - *A staff recommendation of one of the sites*

Reference IEEE Policies, Section 9.18 – Board of Directors Meetings.

## 3. Food and Beverage

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

For the purpose of this procedure, volunteer and staff individual daily meal and beverage expenses are limited to US\$100. This is not to be interpreted as a per diem amount; receipts are required for expenditures over US\$25.00. Expenses beyond these values require a written explanation on the traveler's expense report.

Group meal/beverage expenses incurred in conjunction with a meeting or conference where room costs and morning/afternoon breaks are included may exceed this value but must not include extravagances.

## 4. Miscellaneous

- a) Necessary telephone charges will be reimbursed.
- b) Reasonable porter fees and gratuities will be reimbursed.
- c) 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

Receipts must be submitted for any single expenditure in excess of US\$25.00. Original, photocopied or electronic receipts are acceptable.

#### 6. Signature Requirements

In addition to the submission of paper expense reports containing original handwritten signatures, the following are acceptable forms of signed expense reports:

- a) Submission of expense reports through systems using userid/password authentication like systems using IEEE Web Accounts for access;
- b) Fax or scanned copies of a signature as applied to an expense report;
- c) Submission of expense reports signed using signatures based on public/private key Digital Certificate technology that authenticates the submitter.

#### 7. 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.

Each organizational unit Treasurer shall provide annually to the IEEE FinCom the methodology for dealing with high cost travel issues at the beginning of each year. The IEEE Treasurer will then provide this information to the IEEE Board of Directors.

It is the responsibility of IEEE 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 charitable solicitation and donation laws, U.S. and elsewhere (at each governmental level).***

***The coordination and specific procedures pertaining to fundraising activities and contributions, and the submission of proposals and receipt of grants shall be specified in the IEEE Finance Operations Manual. (IEEE Policies, Section 11.7)***

#### A. Purpose

The purpose of the above policy and this procedure is to keep IEEE departments and organizational units informed of other department and organizational unit appeals to the membership, corporations, foundations, government agencies and other funding sources, and to prevent conflicting, duplicate, or excessive fundraising efforts that may work to the detriment of IEEE. It is designed to protect donors by providing thoughtful, coordinated solicitations; to protect IEEE by ensuring compliance with government regulations and related funding grant requirements, as well as charitable solicitation and donation laws; and to provide support to the fundraising 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 fundraising 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 Fundraising Policy as well as in any other areas of the IEEE Policies that refer to use of IEEE resources.

## C. Definitions

- Charitable Contribution – The United States 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 United States IRS to receive gifts.
- Cooperative Agreement – An award similar to a grant, but in which the awarding agency's staff may be actively involved in proposal preparation, and anticipates having substantial involvement in research activities once the award has been made.
- Fundraising Solicitation – The direct or indirect request for charitable contributions, monies, or other items of value by, in the name of, or for the benefit of the IEEE.
- Grant – A type of financial assistance awarded for the conduct of research or other program as specified in the grant proposal. Grants can be awarded by private or government funding sources. A grant, as opposed to a cooperative agreement, is used whenever the awarding agency anticipates no substantial programmatic involvement with the recipient during the performance of the activities.
- Grant Proposal – An application for private or governmental funding that contains all information necessary to describe project plans, staff capabilities, and funds requested. Proposals must be approved, executed, and submitted according to the table in Section J of this Section.
- Indirect Cost – The term indirect costs, as used in FOM.7, is a policy as it relates to government sponsored grants and which is calculated based on the OMB Circular A-122 issued by the U.S. Federal Government. The rate is calculated once per year and is used where applicable.
- IEEE organizational units – are subsets of the entire IEEE membership which includes, but is not limited to Regions, Sections, Chapters, Branches, Conferences, Societies, Technical Councils, Geographic Councils, and all other IEEE related groups. (See Bylaw I-107.1)
- Principal Investigator – The individual responsible for the conduct of research, or other program activity, as described in a proposal for an award. The Principal Investigator is responsible for all programmatic and administrative aspects of a project or program typically associated with a government grant.
- Preliminary Proposals/Letters of Inquiry – A communication with a granting agency designed to determine agency's level of interest in the proposed research or program. Communication does not commit IEEE to proposed activity.

## D. Contribution Procedures

The IEEE Development Office is the primary office to support and coordinate fundraising activities for IEEE organizational units, members, and staff worldwide.

All 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.
- Donors shall have the options to limit the use of their personal information to IEEE's internal use and to have their names removed from IEEE's mailing list; and
- IEEE's policy with respect to the privacy of donor information shall be reflected in its solicitation materials and on its website.

IEEE members shall follow IEEE Policies and procedures regarding the use of the IEEE letterhead and logo for all fundraising 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. Verification shall be made with the IEEE Tax Department that the IEEE is registered, and approved, prior to solicitation for charitable contributions.

IEEE will formally acknowledge cumulative contributions to the IEEE of US\$250 or more. The IEEE Development Office is available to assist with the acknowledgement of contributions.

In order to preserve the intention of the donor and to make clear the time frame of annual and multi-year gifts, gift agreements shall be created for charitable contributions in accordance with FOM.8 or for any amount when the contribution includes specific designations, restrictions or conditions not otherwise documented. The format for the gift agreement may be obtained from the IEEE Development Office.

Any questions regarding IEEE fundraising activities should be directed to the IEEE Development Office.

#### E. Authorization to Solicit Charitable Contributions

IEEE organizational units planning to solicit charitable contributions from individuals, corporations, and/or organizations shall request approval prior to commencing the fundraising activity. The request to solicit shall explain the scope of the solicitation activity including (1) purpose for which the contributions are being sought and how it relates to the IEEE mission, (2) sources to be canvassed, (3) the appeal methodology to be employed and promotional materials to be used, (4) timing and frequency of the appeals, (5) estimated costs and source of funding, and (6) estimated revenues.

Requests to solicit shall be routed for approval based upon the total amount to be raised as follows:

<u>Volunteer or Staff Function</u>	<u>Total Amount to be Raised</u>
<u>In accordance approval table outlined in FOM.8.C</u>	<u>&lt;\$10,000,000</u>
<u>IEEE Board of Directors</u>	<u>&gt;\$10,000,000</u>

Solicitation requests that require more than 40 hours a year of IEEE Development Office staff time and/or the establishment of an IEEE Foundation managed fund shall additionally require the approval of the IEEE Foundation Board of Directors.

IEEE organizational units are strongly encouraged to copy the IEEE Development Office on requests to solicit especially if the amounts to be raised are US\$100,000 or more. The IEEE Development Office is available to provide IEEE organizational units with consultative guidance on fundraising best practices.

#### F. Procedure for IEEE OU Funding of Awards by Creating an Award Fund in the Foundation

In order for an IEEE OU to make a donation to the Foundation to set a fund for a specific award, a minimum of a 50% matching contribution from an outside entity shall be received by the OU prior to the

OU donation being sent to the Foundation (50% matching contribution means an amount equal to or greater than the IEEE OU donation).

The award fund in the Foundation that consists of both the OU and external donor contributions shall be initially funded at a value of at least 25 times the intended award to ensure award continuity.

OUs wishing to set up an award in the Foundation with an OU contribution shall first meet the 50% reserve requirement (see FOM.2.B.6.d&e)

OU donations to a Foundation awards fund shall come from the OUs current operational surplus to their current year's budget, or from their 50% previous year's operational surplus, and not from their reserves.

G. Creation of a fund for a specific award in the Foundation when either the OU or external donor cannot fully fund the award at a single time

Donations from the OU (and donor(s)) shall be placed into a set-aside reserve within the sponsoring OU's reserves with the intention that, when the amount thus collected meets the 25 times the value of the award requirement, it will be taken from the set-aside reserve and given to the Foundation to create the award fund. The total award requirement of 25 times the value of the award shall be collected within a three-year period from both parties, or the set-aside reserve reverts to the OU's normal reserve and the funds from the donor(s) shall be returned to the donor.

#### H. Grants Proposal Submission Procedures

IEEE Government Sponsored Programs Office is the primary office to support and coordinate applications for grants and cooperative agreements from private and government sources with IEEE as the grantee.

Prior to submission to the granting agency, the Principal Investigator shall forward the grant proposal and budget to the IEEE Government Sponsored Programs Office. This Office shall review the grant proposal and budget for completeness, consistency with the IEEE mission, granting agency regulations and requirements, and funding priorities of the granting agency as outlined in the Request for Proposal. Complete proposals shall be routed for approval for submission to the funding agency according to FOM.7.J.

Submission of a preliminary proposal/letter of inquiry shall also be handled by the IEEE Government Sponsored Programs Office. Prior to submission, this Office shall assess the material to ensure completeness and consistency with the IEEE mission, granting agency requirements and regulations, and funding priorities of the granting agency as outlined in the Request for Proposal. As the preliminary proposal/letter of inquiry is not binding, no approval beyond the IEEE Government Sponsored Programs Office is required for submission. Approval will be sought if a grant proposal is to be submitted.

Letters in support of external organization's proposals for government sponsored programs or projects, which are not binding and where no funds will be allocated to IEEE, need no approval beyond the IEEE Government Sponsored Programs Office. Binding agreements that require IEEE to contribute to the Scope of Work of a government sponsored program or project, such as Letters of Commitment, Memorandums of Understanding, and Sub-Award Agreements from external organizations are subject to the same government grant proposal approval procedures as proposals generated by the IEEE.

Applications with the IEEE Foundation as the grantee are the responsibility of the IEEE Development Office and are subject to policies and procedures of the IEEE Foundation. The IEEE Government Sponsored Programs Office and the IEEE Development Office shall coordinate their efforts.

#### I. Non-approval of a Grant Proposal

In the event that a grant proposal is not approved for submission, the grant proposal shall be returned to the IEEE organizational unit with an indication of the reasons for non-approval.

#### J. Grant Proposal Approval

Volunteer/Staff Function	Grant Proposal Approval Limits
Government Sponsored Programs Office	<US\$25,000
Member(s), Management Council	<US\$250,000
Chief Financial Officer and Designated Volunteer Officer (defined FOM 8.E)	<US\$1,500,000
IEEE Board of Directors / Alternate approval process	>US\$1,500,000

Upon receipt of the appropriate approval, the staff member designated by the IEEE Executive Director shall execute and submit grant proposals to the funding agency.

#### K. Alternate Approval Process for Grant Proposals

Grant proposals, in excess of US\$1,500,000, which require the approval of the IEEE Board of Directors, and that have a submission deadline prior to the next scheduled meeting of the IEEE Board of Directors may be approved for submission by the IEEE Executive Director and one of the following individuals: the IEEE Treasurer, President, President-Elect or Past President. Action taken shall be reported to the IEEE Board of Directors at its next regularly scheduled meeting.

#### L. Grant Award Procedures

Copies of grants and/or cooperative agreements awarded in response to grant proposals shall be forwarded to the IEEE Controller's Office for processing, administration, and record retention. A copy of the grant document, along with instructions for administering the grant, shall be provided to the Principal Investigator (PI).

The IEEE Government Sponsored Programs Office in conjunction with the IEEE Controller's Office shall execute grants per the granting agencies specific requirements.

Modifications to grant awards, including scope of work, budget amendments, no-cost extensions and other similar changes, must be requested by the PI. Approval and submission of award modification requests to granting agencies will be overseen by the IEEE Government Sponsored Programs Office.

In the years that IEEE expends the cumulative total for U.S. Federal financial assistance awards (including grants, cooperative agreements, and cost reimbursement contracts) prescribed in the US OMB Circular A-133, an audit in accordance with OMB Circular A-133 shall be conducted.

#### **FOM.8 – CONTRACT APPROVAL**

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

For purposes of these procedures, contract value is defined by adding the maximum annual amount of receipts and expenditures, under the scope of work(s) for the given contract or arrangement, for all the years the contract will be in effect. (e.g., USD 100,000 projected receipts + USD 100,000 projected expenditures = USD 200,000 total contract value)

For purposes of these procedures, Memoranda of Understanding do not include Memoranda of Understandings between two or more units related to conferences, as described in IEEE Policies, Sections 10.1.4 and 10.1.5 that are handled through IEEE Conference Services.

#### A. Process for Approvals and Execution of Contracts and Commitments

Any contractual relationship valued at USD 5,000 or less will be subject to purchase order using a purchase order (PO) template approved by the Legal and Compliance Department. For contracts, agreements and other commitments valued above USD 5,000 and an amount less than USD 250,000, approved IEEE contract templates shall be used. Any variation from the text of the applicable contract template must be reviewed and approved by an IEEE Legal and Compliance Department Lawyer. If legal counsel is representing the other party to the contract, a Legal and Compliance Department lawyer must represent IEEE regardless of the level of the monetary commitment. Signing authority for these contracts shall be based on the IEEE Expenditure Authorization which is maintained by the Controller's Office.

Contracts and commitments with a total value of USD 250,000 or greater, require representation by an IEEE Legal Department lawyer from inception of an original business arrangement through final approval and execution. Contracts and commitments with a contract value of USD 5,000 or greater shall be executed (i.e., physically signed) only by authorized IEEE staff and volunteers as detailed in Section C below.

Contract organizational unit approvals are acquired through an electronic contract requisition workflow approval process. Organizational unit approved contract requisitions shall be reviewed, finally approved, and executed by authorized staff and volunteers then sent to the vendor/contractor.

#### B. Legal Review

No legal review is required for purchase order commitments of USD 5,000 or less.

Prior to the commencement of any legal review, a Contract Request/Review Form must be completed.

The use of the IEEE contract templates (approved by the IEEE Legal and Compliance Department) is strongly preferred for all contracts valued above USD 5,000, as it reduces the need for a comprehensive legal review. A comprehensive legal review is not required for contracts valued between USD 5,000 and USD 250,000 if an approved IEEE contract template has been used and no modifications to the legal provisions have been proposed by the contracting parties.

Any contract or commitment with a value at or above USD 5,000 which does not strictly adhere to the appropriate IEEE contract template shall be subject to review, and approval by the IEEE Legal and Compliance Department before execution. The level of IEEE Legal and Compliance involvement will vary dependent on the assigned lawyer's assessment of potential liability and significance of such contract to IEEE.

C. Contractual Value for Approval and Execution (USD)

Volunteer or Staff Function	Approval and Execution <sup>1</sup> Authority
Conference Chairs or VP of Conferences	<25,000 <sup>2</sup>
Region/Section Chairs	<25,000 <sup>2</sup>
Society Presidents	<25,000 <sup>2</sup>
Designated Volunteer Officer <sup>3</sup>	<250,000
Management Council Representative for the applicable Organizational Unit or his/her designee	<1,000,000
Volunteer under IEEE Power of Attorney	As indicated on the Power of Attorney issued in accordance with Authorized USD limits
Director, Strategic Sourcing	<5,000
Controller	<3,000,000 <sup>4</sup>
Chief Financial Officer (CFO)	<5,000,000
IEEE President, Treasurer or Executive Director	<10,000,000 <sup>5</sup>
Treasurer and IEEE Executive Director (Jointly) or Treasurer and CFO (Jointly)	<25,000,000 <sup>5</sup>
President and IEEE Executive Director (Jointly) or President and CFO (Jointly)	Unlimited <sup>5</sup>

<sup>1</sup> "Execution" is the signing of the contract by IEEE's authorized volunteer/staff as noted in the chart above following legal review and approval, completion of the requisition process and the IPR process if applicable.

<sup>2</sup> But not greater than the total approved Conference budget or total annual organizational unit budget.

<sup>3</sup> See Designated Volunteer Officer Table in Section D.

<sup>4</sup> On a monthly basis, a report of all requisitions that were approved will be provided to the CFO for his review.

<sup>5</sup> Any contractual arrangement equal to or greater than USD 10,000,000 must be approved by the IEEE Board of Directors prior to execution.

D. Designated Volunteer Officers for Each Organizational Unit

<u>Organizational Unit</u>	<u>Designated Volunteer Officer</u>
Finance Department	Audit Chair
Educational Activities	VP Educational Activities
Member and Geographical Activities	VP Member & Geo. Act.
Publications	VP Publications
Standards	President IEEE Standards Association
Technical Activities	VP Technical Activities
IEEE-USA	President IEEE-USA

E. Competitive Bidding

Competitive bidding is required for contracts and commodity orders valued at or above USD 250,000 unless a compelling business reason is proposed to and agreed to by the CFO and /or Treasurer which would exempt the contractual arrangement from such process. Examples of compelling business reasons include situations where a vendor is the sole provider of a product or service and situations where the costs associated with changing vendors would be very high.

Conference hotel, caterer and convention center contracts are exempt from this requirement.

Strategic Sourcing authorized staff and volunteer subject matter experts shall jointly administer and document the bidding process. The staff and volunteers shall make the vendor selection based on a number of requirements, including but not limited to professional qualifications, experience, past reliability, past performance, and price. Once finalized, all correspondence shall be electronically filed for central record retention. The rationale for the vendor selection shall be documented to the CFO and/or Treasurer.

#### **FOM.9 - SALES REBATES TO ORGANIZATIONAL UNITS**

Rebates of US\$3.5k shall be credited to a Society when a current online Society non member institutional product subscription (e.g. the IEEE Computer Society Digital Library) upgrades to a larger institutional package sale of the IEEE/IET Electronic Library (IEL), the IEEE All Society Periodicals Package (ASPP) or the IEEE Prepaid Order Plan (POP or POP ALL). Rebates shall also be paid to IEEE-SA when an IEEE Standards Online (ISOL) subscriber with a subscription worth US\$3.5k or more upgrades directly to an IEL, ASPP, or POP/POP ALL package.

Note: Society non member online institutional products eligible for this rebate include the IEEE Computer Society Digital Library/CSDL, IEEE Computer Society Periodicals Package or an IEEE Standards Online (ISOL) subscriber with a subscription worth US\$3.5k or more. In order to receive a rebate, a rebate form must be submitted by the Organizational Unit to IEEE Sales and Marketing within 12 months of the upgrade sale.