

IEEE FINANCE OPERATIONS MANUAL (FOM) V.27

Includes approved changes through 28 June 2009

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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. (Policy 11.1)

A. Internal Control

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

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

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

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

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

B. Prudent-Person Rule

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

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

C. Short-Term and Long-Term Outlook

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

FOM.2 – ANNUAL AND INTERIM REPORTING REQUIREMENTS

A. Audited Financial Statements

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

In accordance with the charter of the Audit Committee, the Audit Committee shall meet annually with the external auditors to review the audited IEEE financial statements of the preceding year and report to the Board of Directors. In compliance with the Bylaws and the New York Not-for-Profit Corporation Law, Section 519(a); the Board of Directors shall present the certified financial statements to the Assembly to be received on behalf of the IEEE membership at a special meeting, which shall take place either during or immediately following the first meeting of the Board of Directors each year. A copy of the certified financial statement 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. (Policy 11.2.B.)

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

1. Purpose

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

2. Role of the Finance Committee

The IEEE Finance Committee (FinCom) under the direction of the IEEE 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. The proposed budget will be reviewed by FinCom at its May meeting. 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 IEEE Board of Directors shall be provided with an electronic (CD-ROM) copy of the budget, including an index, a glossary, annotations, and references; page numbers next to items for which further information is provided elsewhere, and hyperlink page numbers to the appropriate pages; and include the latest Report of Independent Accountants that appears in the annual report and the IEEE's latest tax returns.

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
- New & Continuing Initiative Summary
- Capital Budget Summary
- Operating Lease Summary
- Reformat Summary Schedules – 1st CD of the year (only)
- Glossary of Terms
- Annual Report
- Tax Return

6. Budget Principles

General:

- a) The IEEE Operations budget must be balanced, meaning that the bottom line will be greater than or equal to zero with no net reduction in overall IEEE reserves.
- 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 to support new & continuing initiatives (3.0%) and to provide for a donation to the IEEE Foundation (up to 1.5%). The donation to the IEEE Foundation will be used to support the History Center, Awards, Honors Ceremony and the Fund Raising functions as set forth in the MOU between the IEEE and the IEEE Foundation. The amount up to 4.5% will be

calculated based on a 3 year rolling average of the IEEE Investable Assets.

- d) Investment income will not be considered as income in the IEEE Operations Budget:
- Market fluctuation on Investments shall not be considered.
 - Total initiative funding, for planning 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.

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).

Items normally carried within the budget (e.g., staff increases) 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, IEEE *Spectrum* (including *The Institute*), and the cost to administer member dues will be provided from member dues revenue. 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, will propose a dues change to adjust the dues for the next year based on the change in the Consumer Price Index (CPI) for the previous year. The dues change item will be prepared by the Finance Committee and submitted to the Board of Directors as a Bylaw revision for consideration at the June meeting based on the following:

IEEE Member Dues and the IEEE-USA Assessment are proposed for adjustment in accordance with the rate of inflation in the United States, based on the Consumer Price Index (CPI) for the preceding calendar year, rounded to the nearest whole dollar. This change is proposed in accordance with established Board Principles and is intended to keep the dues and assessment stable relative to the inflation rate in the United States.

The board item will include the exact proposed dollar change for the IEEE Member dues and the IEEE-USA Assessment, as well as the year the change applies to.

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 20% of gross package product revenue
- "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 as set forth in the table below
 - Indirect Corporate Overhead Costs will be covered by package product revenue; that is up to 20% 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. 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:

Center	Metric
Controllers	Expenses
Admin & Payroll	Headcount
Human Resources	Headcount
Business Admin & Fin Plan	Expenses
Member Services	Transactions
Information Technology	Headcount Headcount Expenses Transactions Servers
• Help Desk	
• Network	
• IT Financial	
• IT Membership	
• IT Direct	
Investment Management Services & Procurement	Expenses

- **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
 - Corporate Strategy & Communication
 - Executive
 - Legal Fees
 - IEEE Research
 - Information Technology:
 - Common Development
 - Data Operations
 - Financial Services
 - IEEE Web
- **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 Financial Advantage Program and Membership 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 by choice such as MPS and Travel Services or activities such as the Financial Advantage 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
Financial Advantage	•	•	+
Sales & Marketing		•	-
Customer Service	•	•	+
Investment Fund/Other (interest)		•	-
Travel Services	•	•	-
Meetings Planning Services	•	•	-
Conference Management Services	•	•	-
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.
- 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:
 - 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. (Policy 11.2.C)

Senior Management, including the Technical Activities Staff, is required to prepare monthly (from February through November) forecasts of revenues and expenses against budget and explain any

significant variances. The Finance Committee reviews the forecasts and reports results, on a monthly basis, to the IEEE Board of Directors. The forecasts shall also be reviewed at each 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. (Policy 11.2.D)

1. Internal – Monthly reports on the performance of the IEEE Investment Fund shall be provided by the IEEE Treasury Department to the participating IEEE units.
2. External – Monthly and quarterly investment reports shall be provided to the Investment Committee and to the IEEE investment performance measurement consultant.
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 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 Staff Director, Financial Services as a signator thereon,
 - 3) Meeting Reports for the prior year,
 - 4) Roster of the current year's unit officers.

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

2. Use of Funds; Required Audits

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

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 USD100,000 shall be audited by a professional independent outside source. An outside certified public accounting firm can be selected by the organizational unit to perform the audit, or the unit may elect to have the

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

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

3. Acceptance of Contributions

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

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

4. Contributions from IEEE

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

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

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

Requests for permission to contribute IEEE funds allocated to IEEE organizational units including, Societies, Technical Councils, Geographic Units, and Conferences, in excess of USD5,000, shall be addressed to the 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.

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 administrative bodies and IEEE FinCom and approval from the IEEE Board of Directors.

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

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. (Policy 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 . (Policy 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. (Policy 11.3.A.2)

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

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

3. Bank Account Signatures

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

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

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

4. Capital Procurement Policy

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

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

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

5. Requirements Outside the U.S.

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

6. Receivables

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

7. Affinity Groups

An affinity group is a local unit of a larger IEEE organizational unit or standing committee, established by petition to the parent organizational unit, to fulfill the purposes of the IEEE. "Parent Organizational Unit" refers to a unit, usually a Section or standing committee of the IEEE. The following groups have been acknowledged by 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. (Policy 11.3.B)

1. Accrual Method

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

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

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

Definitions

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

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

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

FOM.4 - EXPENDITURE OF RESERVES

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

A. Custodial Responsibility of IEEE Reserves

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

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

B. Investment Returns from IEEE Reserves

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

All IEEE Reserves 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. (Policy 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. (Policy 11.4.D)

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

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

FOM.5 – INSURANCE COVERAGE

A. General Liability

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

IEEE maintains General Liability and Property Damage Insurance (*general liability policy*), which is extended to cover its Sections, Regions, Societies, Technical Councils, Chapters, Student Branches, and Sponsored and Co-Sponsored Conferences. IEEE Volunteers are included as additional insureds under IEEE's general liability policy, while acting within the scope of their duly authorized duties on standing and special committees.

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

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

Where shuttle buses are used at conferences or other IEEE activities, the conference or activity Chair shall obtain a certificate of insurance from the bus company, and, whenever possible, have the bus company name IEEE as an additional insured. The certificate of insurance should be forwarded to the

IEEE Insurance Department for review at least 30 days prior to the event. IEEE's general liability policy does not extend coverage for shuttle buses.

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

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

B. Fidelity Bonding

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

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

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

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

FOM.6 – BUSINESS EXPENSE REPORTING

Travel Policy and Funds. It is IEEE policy to reimburse reasonable, authorized travel expenses incurred in connection with the conduct of IEEE business. 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 foreign or United States 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. Guidelines and procedures for reimbursement, required receipts and related limitations shall be specified in the IEEE Finance Operations Manual. (Policy 11.6.A)

For volunteer travel reimbursed by IEEE, business class fares are permissible, if budgeted by the organizational unit, and if the flying time is over eight consecutive hours for a single segment or over eight hours flying time where a layover is required. In all cases individuals are encouraged to

purchase upgradeable coach class fares and use miles to upgrade to business class. Permission to travel business class for medical reasons may be granted by the IEEE President. (Policy 11.6.B)

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 reimbursement will be limited to the items listed below.

1. Transportation Reimbursement:

- a) For flights where the flying time is less than eight hours with or without layovers, the most economical airfare should be used. Therefore all persons traveling on IEEE business shall be required to book non-refundable, economy class, coach fare tickets when possible. IEEE assumes you will select the lowest possible fare, regardless of carrier. Any persons seeking to book higher-grade seats on economy flights, or full coach fares, must contact their organizational unit's Treasurer prior to booking for approval.

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.

In accordance with IEEE Policy 11.6.B, for volunteer travel reimbursed by IEEE, business class fares are permissible, if budgeted by the organizational unit, and if the flying time is over eight consecutive hours for a single segment or over eight hours flying time where a layover is required. Business class is defined as an intermediate class above economy class but below first-class. In all cases 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. If first-class is the only available class other than economy class, reimbursement shall occur only when all criteria to travel business class have been met and permission is granted by the IEEE President.

All reimbursed first-class fares shall be reported to the IEEE Audit Committee.

Travel by other means (e.g., train or rental car), reimbursement will be the actual cost unless the cost exceed the comparable airline fare in which case approval by the organizational units VP is needed.

It is mandatory that Staff make travel arrangements through the IEEE's corporate travel agency, World Travel, Inc.. Due to market segment pricing outside of the U.S., IEEE Staff residing outside of the U.S. are recommended to utilize the IEEE's corporate travel agency, World Travel, Inc. when the cost is comparable to those which can be obtained within their country of residence. It is encouraged that travel arrangements be made through the IEEE's corporate travel agency, World Travel, Inc for volunteer members.

- 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) 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.
- c) 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 Policy 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

Original receipts must be submitted for any single expenditure in excess of US\$25.00. However, where the expenses are being shared with another organization and IEEE is requested to reimburse only a portion of the expenses, legible photocopies are acceptable.

6. Approval Process

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

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 U.S. (federal, state or local) or non-U.S. (at each governmental level) charitable solicitation and donation laws.

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

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

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

A. Purpose

The purpose of the above policy and this procedure is to keep IEEE departments and units informed of other department and unit appeals to the membership, corporations, foundations and other funding sources, and to prevent conflicting, 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 the IEEE by ensuring compliance with United States federal 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 funder'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 gifts, 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. 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 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 G of this Section.
- Indirect Cost – The term indirect costs, as used in FOM.7, is a policy as it relates to 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 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.

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. This Office shall be informed, in writing, of any fundraising activities at least 60 days in advance of such activities. IEEE organizational units contacting

potential donors for the intent of soliciting funds shall post their fund-raising projects on the Fundraising Development Calendar prior to any solicitation.

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

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

IEEE members shall follow IEEE Policies and procedures regarding the use of the IEEE letterhead and logo for all 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 Development Office 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.

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 of at least US\$5,000. 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. Grants Proposal Submission Procedures

The IEEE Development Office is the primary office to support and coordinate grants and cooperative agreements applied for, and received by, the IEEE. Prior to submission to the granting agency, the Principal Investigator shall forward the proposal to the IEEE Development Office. This Office shall review the grant proposal for completeness and consistency with the IEEE mission. The IEEE Development Office shall obtain the required approval based upon the Table as provided in Section G of FOM.7.

Proposals shall be handled in the order in which they are submitted.

F. Non-approval of a Grant Proposal

In the event that a grant proposal is not approved for submission by the IEEE Development Office, the grant proposal shall be returned to the Principal Investigator with an indication of the reasons for non-approval.

G. Grant Proposal Approval Limits and Execution

Volunteer/Staff Function	Grant Proposal Approval Limits
Development & Grants Officer	<US\$25,000
Member, Management Council	<US\$100,000
Staff Executive – Business Administration	<US\$250,000
IEEE Board of Directors / Alternate approval process	≥US\$250,000

Upon receipt of the appropriate approval, the IEEE Development & Grants Officer shall execute and submit grant proposals in amounts under US\$500,000.

Upon receipt of the appropriate approval, the IEEE Development & Grants Officer shall transmit to the Manager, IEEE Procurement grant proposals in amounts of US\$500,000.00 for execution and submission.

H. Alternate Approval Process

Grant proposals, in excess of US\$250,000, 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.

I. Grant Award Procedures

All grants and/or cooperative agreements received in response to grant proposals shall be forwarded to the IEEE Development Office for processing, administration, and record retention. All pertinent information shall be entered into the grants database. A copy of the grant document, along with instructions for administering the grant, shall be provided to the Principal Investigator.

A copy of grants valued at US\$25,000 or above shall be forwarded to IEEE Contract Administration for inclusion in its database. IEEE Contract Administration will not need to obtain an approval, as the grant proposal was approved prior to submission to the granting agency. IEEE Contract Administration shall execute grants per the granting agencies specific requirements.

In the years that IEEE expends a cumulative total of US\$500,000 or more for U.S. Federal financial assistance awards (including grants, cooperative agreements, and cost reimbursement contracts), an audit in accordance with OMB Circular A-133 shall be conducted.

FOM.8 – CONTRACTS AND PURCHASE ORDERS

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

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

A. Process for Approvals and Execution of Contracts and Commitments

Contracts, agreements, and Memoranda of Understanding and other commitments with a contract value of USD25,000 or greater (as defined above) shall be reviewed by subject matter experts prior to final approval and execution. IEEE organizational units shall give preliminary approval to all contracts and commitments.

However, contracts and commitments in excess of USD25,000 shall be executed (i.e., physically signed) only by authorized IEEE staff executives at the Operations Center in Piscataway, primarily within the IEEE's Purchasing function, which now reports to a Staff Director with a primary responsibility for Procurement and Contract Administration. IEEE organizational units may negotiate contracts and commitments, with a value of USD25,000 or above based on need, but shall not give final approval or execute any such contracts or commitments.

Organizational unit approvals shall be indicated on the Contract Transmittal Form and sent to the Procurement Department in Piscataway for review and final approval. Once reviewed and approved,

the contract or commitment shall be executed by the authorized IEEE staff executive and sent to the vendor/contractor, and a memo shall be sent to the originating organizational unit advising of the action. A copy of the contract or commitment shall also be provided. Fax transmittal of all documents is recommended. A dedicated fax machine shall be provided in Piscataway for this purpose.

B. Control Limits

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

C. Contracts Not Approved and Executed

Contracts or commitments which do not receive final Procurement Department approval and execution shall be returned to the originator with an indication of any issues determined by the Procurement Department and/or IEEE's outside counsel to be addressed.

D. Approval and Execution Authority (USD)

Volunteer/Staff Function	Approval Authority	Final Approval and Execution*** Authority
Conference Chairs	<250,000*	<25,000*
Region/Section Chairs	<250,000*	<25,000*
Society Presidents	<250,000*	<25,000*
Member, Management Council	<250,000	<25,000
Member, Management Council and Designated Volunteer Officer	<1,500,000	N/A
Member, Management Council (for conference hotel, caterer and convention center contracts)	<1,500,000	<25,000
Board of Directors / Alternate Approval Process	Unlimited	N/A
Manager, Procurement	<25,000	<500,000
Staff Director Investment & Procurement	<50,000	<3,000,000
Staff Executive – Business Administration	<250,000	<5,000,000
Staff Executive – Business Administration and Designated Volunteer Officer	<1,500,000	N/A
IEEE Executive Director	<250,000	<10,000,000
IEEE Executive Director and Designated Volunteer Officer	<1,500,000	N/A
Treasurer and IEEE Executive Director (Jointly)	Unlimited**	<25,000,000
President and IEEE Executive Director (Jointly)	Unlimited**	Unlimited

*But not greater than the total Conference budget or total annual organizational unit budget.

** Under the Alternate Board of Directors Approval Process set forth in H below.

***"Execution" is the final signing of the contract by IEEE's designee as noted above.

E. Authorized Management Council Members and Designated Volunteer Officers for Each Organizational Unit

<u>Organizational Unit</u>	<u>Management Council</u>	<u>Designated Volunteer Officer</u>
Executive Office	Executive Director	Treasurer or President
Business Administration	Staff Executive	Treasurer or President
Corporate Strategy and Communications	Staff Executive	Treasurer or President
Human Resources	Staff Director	EBCC Chair
Information Technology	Staff Executive	ITTC Chair
Educational Activities	Managing Director	VP Educational Activities
Member and Geographical Activities	Managing Director	VP Member & Geo. Act.
Publications	Staff Executive	VP Publications
Standards	Managing Director	President IEEE Standards Association
Technical Activities	Managing Director	VP Technical Activities
IEEE-USA	Managing Director	President IEEE-USA

F. Designated Volunteer Officer Approval Process

Conference hotel, caterer and convention center contracts with a value of USD1,500,000 and greater shall be authorized by the Designated Volunteer Officers specified in E above prior to final approval by the Board of Directors.

Contracts with a value from USD250,000 to less than USD1,500,000 shall be approved by the designated Management Council member and Designated Volunteer Officer specified in E above. Contracts with a value of USD1,500,000 or greater shall be authorized by the Designated Volunteer Officer specified in E above prior to final approval by the Board of Directors.

All purchase orders, contracts, agreements, Memoranda of Understanding and other commitments with a value of USD250,000 and greater shall be included in the report provided at each BoD meeting.

G. Board of Directors Approval Process

All purchase orders, contracts, agreements, Memoranda of Understanding and other commitments with a value of USD1,500,000 or greater shall be approved in advance by the Board of Directors (BoD). Approximately one month before each scheduled BoD meeting, the Procurement Department shall submit to the Corporate Activities Department a summary of all such purchase orders, contracts and other commitments requiring the BoD's approval. The "BoD Contract/Purchase Order Approval Request Form" shall be submitted by the organizational unit to the Procurement Department by the deadline specified by the Procurement Department. Approval of the Designated Volunteer Officer specified in E above shall be made prior to each submission to the BoD.

H. Alternate Board of Directors Approval Process

The IEEE Executive Director and IEEE Treasurer acting jointly shall be authorized to approve contracts and commitments with a business deadline prior to the next scheduled meeting of the Board of Directors. In the absence of either the IEEE Executive Director or IEEE Treasurer, either the IEEE President, IEEE President-Elect or the IEEE Past President may act in his/her place. The Procurement Department shall submit a summary with the contract information via email to the above authorized individuals for approval. Approval by the Designated Volunteer Officer specified in E above shall also be required prior to submission.

I. Competitive Bidding

Competitive bidding is required for contracts and commodity orders valued at or above USD 250,000.

Conference hotel, caterer and convention center contracts are exempt from this requirement; however, it is "best business practice" to follow a competitive bidding process for all contracts/orders.

Staff and volunteer subject matter experts shall administer the bidding process. Subject matter experts shall document and recommend the vendor selection based on the requirements, past reliability, past performance, and price. Procurement staff shall maintain the authority to escalate any supplier selection and price justification to the Board either directly or by the alternate process. Once finalized, all correspondence shall be electronically filed for central record retention.

FOM.9 - SALES REBATES TO ORGANIZATIONAL UNITS

Rebates of 20% of the initial price and 15% of the renewal price shall be credited to organizational units that are the procuring cause of the new or renewal license of IEEE Enterprise, the IEEE Electronic Library (IEL), All Society Periodical Package (ASPP), and Prepaid Order Plan (POP). When an organizational unit and IEEE staff are jointly the procuring cause of a new license, 14% of the initial price shall be credited to the organizational unit and a 6% commission shall be paid to staff.

During 2005 and 2006, when an organizational unit is the procuring cause of a new IEL license in IHS' territory, a \$3,500 rebate shall be credited to the organizational unit.