Key Components for Region/Chapter Financial Policy and Procedure
Adopted September 2009

Background

Currently there are over 40 bank accounts (that we know of) operating under CEFPI's federal Employment Identification Number (EIN). We are constantly learning that new accounts are being opened without our knowledge, raising concern about CEFPI's legal and fiscal liabilities. Technically, under the law, these accounts are not legally established because the corporate registered secretary (which is the Executive Director) is the only authorizing individual to allow third party usage of our EIN for opening bank accounts. There is currently no standard as to how or why checks can be written and there no internal controls for the handling of funds at the Region and Chapter level. An audit conducted nearly 5 years ago identified this issue but it was never addressed. At that time, our legal counsel had advised the sitting Board of Directors to take immediate measures to remedy this. There has been no action taken by either the staff or the Board of Directors. Moreover, there are no procedures or policies written to address the conduct of Region and Chapter events that generate revenue, i.e. conferences. The following recommendations offer some options that will rectify most of the concerns raised by our legal counsel, external auditors, and staff.

Policy

Guidance: In addition to researching best practices for association management, CEFPI has received qualified professional financial advice from credentialed (CPA) experts in financial management and not-for-profit association management. The following policy provisions are to address the growing concern from our independent auditors, attorneys, and management staff about the state of CEFPI Region and Chapter financial accounting practices. With regard to Region/Chapter banking and financial structure, Regions and Chapters have a choice between Option I and Option II, which are identified below.

Option I

- In this option, Regions and Chapters will not maintain a locally held bank account.
- All funds in will be held in the CEFPI official corporate bank account – those within the 50 U.S. States
- All funds in Canadian institutions will be held in banks account established in Canada.
- Australasia funds and any future funds earned and/or obtained in other countries will reside in established bank accounts in those respective countries.
• Australian Region member countries will incorporate under the laws of the respective country with CEFPI being the wholly owned parent.
• CEFPI Headquarters will conduct collection and distribution of funds.
  o Payments from sponsorships, booth sales, etc., will be forwarded to CEFPI (or instruct payee to pay directly to CEFPI).
  o CEFPI will collect, at officers’ direction, any proceeds from registrations and other events that involve credit card receipts and other financial instruments.
  o Region/Chapter officers will direct and authorize distribution of funds directly to payees from the CEFPI HQ. (Refer to Region/Chapter Financial Internal Controls and Procedures for defined procedure)
  o Treasurers will receive periodic reports of funds that are accounted for in their Region/Chapter and will be required to reconcile and report them to their respective leadership bodies.
• Access to funds: CEFPI HQ has developed a procedure within Generally Accepted Accounting Principles that will ensure reasonable access to Region/Chapter funds for authorized purposes. All checks will be distributed to payees designated by Region/Chapter officers. CEFPI will provide deposits, credit references, and will pay all bills related to events, conferences, meetings, reimbursements, etc. (refer to Region/Chapter Financial Internal Controls)
• Budgets: All revenue generating events conducted by Regions and Chapters must have an authorized budget developed and authorized by the Region and Chapter Board of Directors. CEFPI will provide, through a procedure, a standardized budget format stating revenue forecasts and expense line items. It will be expected that the local level Board of Directors periodically review and adjust the budget as the event approaches.

**Option II**

• Regions and Chapters with an annual budget of $25,000 or more will be set up and incorporated as wholly owned subsidiaries with separate corporate identities and separate Tax I.D. numbers.
• Bylaws would ensure compliance with parent corporate bylaws and final approval of changes would rest with the CEFPI Board of Directors.
• Each Region and Chapter will be able to set up bank accounts, enter into contracts, and establish credit as an individual for liability reasons but still maintain the identity and purchasing leverage as the parent.
• Regions and Chapters would not be rolled into the final audit of CEFPI nor would financial liability be extended beyond that corporate identity.
• Operations would be the same as they are now, except treasurers and officers would no longer have a reporting requirement for audit or reconciliation reasons.
• HQ will facilitate the filing of corporate papers but treasurers would be required to submit annual reports and/or tax returns at the Region/Chapter level.

• Australian funds and any future funds earned and/or obtained in countries outside the U.S. will reside in established bank accounts in those respective countries.

• Australasia Region, Canada chapters, and any future entities outside the U.S. will incorporate under the laws of that country with CEFPI being the wholly owned parent.

• Regions and Chapters with budgets up to $25,000 would roll into the CEFPI corporate financial system (Option I).
  o The CEFPI Headquarters will conduct collection and distribution of funds.
  o Payments from sponsorships, booth sales, etc., traditionally collected at the local level, will be forwarded to CEFPI (or instruct payee to pay directly to CEFPI).
  o CEFPI will collect, at officers’ direction, any proceeds from registrations and other events that involve credit card receipts and other financial instruments.
  o Region/Chapter officers will direct and authorize distribution of funds directly to payees from the CEFPI HQ. Treasurers will receive periodic reports of funds that are accounted for in their Region/Chapter and will be required to reconcile and report them to their respective leadership bodies.
  o Access to funds: CEFPI HQ has developed a procedure within Generally Accepted Accounting Principles that will ensure reasonable access to Region/Chapter funds for authorized purposes. All checks will be distributed to payees designated by Region/Chapter officers. CEFPI will provide deposits, credit references, and will pay all bills related to events, conferences, meetings, reimbursements, etc.

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