



# **Finance Policies**

**2023**

**Change Control Record**

<b>Date:</b>	<b>File Name:</b>	<b>Comments:</b>
2015		Original approved by Board.
11/2017		Updated by Financial Policy Committee
11/2017		Approved by BoD pending VP Finance Review – MM could not find evidence of this approval in meeting minutes
10/2019		Updated to clarify travel expenses
1/2020	PMI-LA Finance Policy 2020	Updated to clarify policies, best practices/future state, and procedures and reduce redundancies
1/2021	PMI-LA Finance Policy 2021	Updated to clarify policies, tighten financial controls, correct table of contents, and include Zelle as acceptable method of payment.
1/2022	PMI-LA Finance Policy 2022	No changes
12/2023	PMI-LA Finance Policy 2023	<ul style="list-style-type: none"> <li>• Corporate officer titles corrected</li> <li>• Updated to clarify payment collection methods</li> <li>• Revised Appendix A for Credit Cards – VP of Finance holds the Credit Card and should not approve same transactions.</li> <li>• Removed section 2.3.5.5 (exclusions for expense reports); updated Appendix B for comprehensive list of exclusions.</li> <li>• Removed required for VP of department to submit a rebalanced budget in lieu of board vote for expenses over approved budget.</li> </ul>

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## **1. INTRODUCTION**

It is PMI-LA's policy to conduct its business with honesty and integrity and in accordance with the highest ethical standards. Financial policies provide guidelines for how PMI-LA ensures financial decisions and actions are made to support the Chapter's service to its members.

It is PMI-LA's policy to maintain good fiscal controls to ensure appropriate fiduciary oversight of funds on behalf of members.

It is PMI-LA's policy to maintain good accounting records based on Generally Accepted Accounting Principles (GAAP) for non-profit organizations. Accurate accounting and financial reporting are integral to providing the necessary information for budgeting, planning and management responsibilities.

The fiscal year of the Chapter is the calendar year.

The corporate officers are the President, Vice President of Operations/President-Elect and Vice President of Finance.

### **1.1. SCOPE OF DOCUMENT**

The scope of this document includes but is not limited to policies and best practices for receiving and recording payments (accounts receivables), making and recording payments (accounts payable), creating a budget, record keeping, and investing the chapter's assets. It is used for running the financial operations of the chapter.

### **1.2. TARGET AUDIENCE**

The primary target audience for this document is the PMI-LA Board of Directors (BOD). All members of the BOD have a duty to reasonably monitor and enforce these financial policies and procedures for the benefit of PMI-LA members. In addition, there are other PMI-LA volunteers who may use these policies and best practices under the direction of the BOD.

## **2. FINANCIAL OPERATIONS**

The VP of Finance shall be responsible for creating, managing, and monitoring accounting processes and systems to enable the Chapter to achieve the goal of compliance with Generally Accepted Accounting Principles (GAAP) and ASC 958.

The VP of Finance shall retain qualified accounting and auditing counsel to present annually to the Board on regulatory changes that will impact PMI-LA chapter accounting and financial reporting policies and procedures.

Regarding significant issues – please refer to annual audit below.

## **2.1. CHAPTER ACCOUNTING SYSTEMS**

PMI-LA uses QuickBooks Online Plus as its accounting system. Alternate software may be used to maintain the PMI-LA Chapter's accounting system as approved by the Board of Directors.

### **2.1.1. UNIFIED CHART OF ACCOUNTS**

A Chart of Accounts shall be maintained as the basis for tracking Chapter revenue and expense transactions.

## **2.2. REVENUE**

### **2.2.1. ACCEPTABLE PAYMENTS**

No cash is accepted at any Chapter events. Any and all payments received by the chapter for event registration, participation, training, merchandise, or any other item or service (except chapter membership) must be made to PMI-LA electronically on the website, through electronic funds transfer, or via electronic payment of PayPal invoice issued by PMI-LA.

### **2.2.2. COLLECTION OF EVENT FEES**

The PMI-LA Chapter conducts various activities (such as chapter meetings, membership events, exam preparation courses, workshops, boot camps, and seminars) for its members on a periodic basis.

#### **2.2.2.1. EVENTS WHERE THE CHAPTER COLLECTS THE PAYMENT**

Any event managed by the chapter must allow for online registration and payment via the chapter website.

#### **2.2.2.2. EVENTS WHERE A THIRD-PARTY PARTNER COLLECTS THE PAYMENT**

Any event managed by a third-party is not restricted to the payment guidelines of the chapter.

### **2.2.3. FUNDRAISING**

The PMI-LA Chapter may receive contributions in the form of pledges (i.e., promise to pay in the future), cash, real property, and other tangible assets. These contributions may be restricted or unrestricted as to how the funds are spent.

All restricted non-cash contributions must be accepted by the Board with a valuation by a qualified third-party.

### **2.2.4. REVENUES FROM SALES OF SPONSORSHIP, ADVERTISING, AND OTHER MARKETING ACTIVITIES**

Sales agreements and ads between PMI-LA and Sponsors must be approved by the VP of Finance or the President.

## **2.3. DISBURSEMENTS**

### **2.3.1. OVERVIEW**

PMI-LA disburses funds for the payment of goods and services provided by vendors for the PMI-LA Chapter's benefit as well as volunteer expense reimbursements. The chapter does not provide any cash advances.

Purchases must be pre-approved in the PMI-LA Chapter's annual budget by the Board of Directors or by special vote by the majority of the Board of Directors.

No vendor, no matter the amount, will be paid unless there is a current year W-9 fully executed on file with the VP of Finance.

Any and all partnerships and ventures PMI-LA enters require a contract or memorandum of understanding. (Ref. Join Venture Policy)

All disbursements are made from PMI-LA's primary checking account or chapter credit card(s) maintained at the PMI-LA Chapter's designated financial institution.

### **2.3.2. INITIATION OF CASH OBLIGATION**

All written contracts between PMI-LA and any vendor or other provider of goods or services to PMI-LA or its membership shall be reviewed and approved by the Chapter's President, VP of Finance, and VP of the department.

See Authorization Matrix in Appendix A.

### **2.3.3. REFUNDS**

Any expenses incurred because a volunteer or participant chooses not to attend an event will not be reimbursed. Exemptions may be reviewed on a case-by-case basis and must be approved by the VP of Finance.

### **2.3.4. DISBURSEMENT AUTHORIZATION LIMITS**

See Appendix A – Authorization Matrix.

### **2.3.5. EXPENSE REIMBURSEMENTS TO VOLUNTEERS**

All expense reimbursement requests will be for legitimate and budgeted Chapter business purpose, be filed timely (generally, within 30 days of purchase or event), have proper supporting documentation, and be submitted through the Chapter-approved expense reimbursement system.

No one can approve their own expense report.

Expense reports submitted by the VP of Finance must be approved by a different corporate officer, typically the President.

Expense reimbursements will be made within one calendar month of final approval of a compliant expense report and accompanying support.

Expenses must meet the following requirements for approval:

- a. Authorized: All expenses must be authorized. Authorized expenses are included in the approved Chapter budget or are presented to the Board to vote on and approve the expense separately.
- b. Accurate: Expense code, transaction amount, and other expense details must be correct.
- c. Timely: All expenses must be submitted with complete supporting documentation within 30 days of purchase or event to be considered for reimbursement. Late expenses must be approved by Board vote.
- d. Supported: All expenses require appropriate support:
  - a. Receipt(s)
    - i. Date and location
    - ii. Amount of expenditure
    - iii. Itemized
    - iv. Readable
  - b. Attendee lists – required for event, food, travel, and/or entertainment-related expenses
    - i. Person(s) entertained, company and title
    - ii. Amount paid/due per attendee (for events)

#### **2.3.5.1. AUTOMOBILE EXPENSE**

Chapter volunteers will be reimbursed at the federal standard mileage rate plus parking and tolls only for activity outside of or that exceeds the regular, expected execution of his/her volunteer commitments. Mileage, etc. will not be reimbursed for travel that is part of a volunteer's regular activities or chapter participation.

The program and event related to the mileage charge must be documented on the expense report.

#### **2.3.5.2. ENTERTAINMENT AND BUSINESS MEALS**

Volunteers will be reimbursed for all entertainment and business meals that are incurred while conducting PMI-LA Chapter business. The expense must be reasonable as determined by the VP of Finance.

#### **2.3.5.3. TRAVEL EXPENSES**

Volunteers will only be reimbursed for the cost of their own travel, and will not be reimbursed because they choose not to attend an event after making arrangements, except with Board Approval.

Airfare: Travelers are expected to travel Economy Class on all flights taking advantage of discounted or super saver fares whenever possible.



Vehicles: Unless specifically approved in advance, all travelers renting cars should rent compact-size autos. The traveler will be reimbursed for the cost of taxis, shuttles, or public transportation.

Mileage and Parking: Travelers will be reimbursed the least expensive of the following: a) transport to the airport via taxi, shuttle, and/or public transportation or b) mileage to and from the airport including parking.

#### **2.3.5.4. TRAINING AND CONTINUING EDUCATION**

PMI-LA is vitally interested in the development of its volunteer staff and encourages them to attend training courses, conferences and seminars. When authorized by the Board of Directors, volunteers may attend courses, conferences, or seminars related to his/her volunteer commitment, and the PMI-LA Chapter will absorb the costs relating to attendance in compliance with PMI-LA policies.

#### **2.3.5.5. EXPENSES NOT COVERED**

See Appendix B for expenses that will not be reimbursed.

### **2.4. BUDGET**

A budget for the corporation shall be created and approved annually at the beginning of the term by the Board of Directors. The budget governs all expenditures. Any expenditure over budget will not be paid until it has been authorized by a vote of the Board. The budget may be updated periodically, including re-balanced department budgets, by a vote of the Board and recorded in meeting minutes.

## **3. TREASURY PROCESSES AND CONTROLS**

All bank and investment accounts of the PMI-LA Chapter are controlled by current officers of the Chapter and at minimum the VP Finance and the President are signatories, with the exception of the non-operating savings account.

Only the VP Finance and the President are authorized to open or close cash or investment accounts for the Chapter and only upon approval from the Board of Directors and documentation in the BOD meeting minutes.

Total balance in the accounts for each bank must be kept under the FDIC insurance limit.

Chapter funds may only be deposited into or transferred between chapter-owned accounts and financial vehicles. Transfers between accounts within the same department shall be reported to the Board as part of the quarterly financial report and shall not exceed the pre-approved total value within a department without Board approval.

### **3.1. OPERATING ACCOUNTS**

Three members of the board of directors are bank signatories, authorized to make transactions and decisions regarding the operating accounts. These members are the President, VP Operations/President-Elect, and VP of Finance.

#### **3.1.1. CREDIT CARD ACCOUNTS**

The primary chapter credit card will be maintained under the name of the current PMI-LA VP of Finance.

The Board of Directors delegates to the card holder the signature authorization for making purchases that are pre-approved by the PMI-LA BoD.

##### **3.1.1.1. AUTHORITY AND RESPONSIBILITIES**

The card holder acts as individual purchasing agent of PMI-LA and may not lend or share the card. The card holder has personal responsibility regarding non-compliant or fraudulent activity incurred on the card, and he/she must keep the card secure and the card number confidential.

The card holder must observe all PMI-LA policies and procedures related to purchases, as well as all government laws and regulations (state and federal) that apply to the commercial transactions placed via the chapter credit card.

All transactions are subject to review by the PMI-LA Board of Directors, as well as by other internal and external auditors, for compliance with sound business practices, PMI-LA policies and procedures, and any applicable laws and regulations.

The board will coordinate punitive measures to any card holder who fails to comply with PMI-LA policies and regulations. This may include, but will not be limited to, revoking the card.

##### **3.1.1.2. AUTOMATIC PAYMENTS**

Automatic payments for PMI-LA expenses may be set up with a chapter credit card, subject to the following guidelines:

- a. The payments must be deemed necessary and pre-approved by the VP of Finance.
- b. A list of all automatic payments must be maintained that includes the supplier's name and contact information, the service or other purpose of the payment, and the frequency and approximate amount of the payment.
- c. All automatic payments shall be reconciled monthly and re-authorized as needed (but at least annually).
- d. Approval for automatic/recurring transactions exceeding the \$1,000 single-signer limit must be kept on file.

### 3.1.1.3. EXCLUSIONS

The chapter credit card may NOT be used for the following categories of purchases:

- a) Personal Expenses (purchases that are not made on behalf of PMI-LA or for use by PMI-LA).
- b) Any transactions that could include personal expenses (such as event refreshments, meals, etc.).
- c) Hazardous Materials (which may include chemicals, compressed gases, radioactive materials, nucleotides, peptides, growth media, controlled substances, restriction enzymes, or biological organisms, as defined by federal and state regulations).
- d) Cash advances.

## 3.2. NON-OPERATING ACCOUNTS

The purpose of the Non-Operating Account(s) is to serve as the official reserve fund for the chapter. It is established with the express use of reviving the chapter after catastrophic financial loss.

The Board of Directors does not have access to this account(s). This protects the chapter in the event of embezzlement or bad financial decisions from the current officers.

One to two Trustees are selected by the BOD as signatories for the Non-Operating account(s) as needed on an annual basis. One of these Trustees must send financial statements to the VP of Finance upon request. If one of these trustees must abdicate the responsibility, the BOD may select a replacement. There is no limit to how many years a Trustee may be a signatory.

## 3.3. MANAGEMENT OF ACCOUNTS

The VP of Finance will have access to and responsibility for all financial accounts for the Chapter, with statement access for the Non-Operating Account(s).

### 3.3.1. GENERAL FINANCE RESERVES

A General Financial Reserve of 200% of the previous year's approved actual expenditures of the corporation shall be maintained on an ongoing basis; one year minimum in the Operating accounts; one year minimum in the Non-Operating accounts.

### 3.3.2. SPECIFIC FINANCIAL RESERVES

The Board may elect to create one or more separate, additional "Specific Financial Reserves" for a designated purpose that is for the benefit of the members.

#### 3.3.2.1. DISSOLUTION OF THE CHAPTER

Should the chapter be dissolved, PMI Staff and the current Region 7 Mentor will work with the existing board and trustees to put all funds into the central checking account as per the following:

“Should the PMI-LA Chapter dissolve for any reason, after the payment of just, reasonable and supported debts, consistent with applicable legal requirements, the assets of the PMI-LA Chapter shall be distributed for use in furtherance of the purposes of the corporation set forth in Article II of the PMI-LA Articles of Incorporation to a nonprofit fund, foundation, or a corporation which has established its tax-exempt status.”

### **3.3.3. INVESTMENTS**

Certificates of Deposit are the only form of investment in which the PMI-LA Chapter will engage.

If the BOD votes to purchase additional CDs, the amount is documented in the minutes, and the VP of Finance coordinates the transfer of funds into the appropriate Non-Operating account in coordination with the two designated Trustees.

Each CD shall be set to add interest to the principle and compound monthly, adding to the value of the CD at every renewal period.

### **3.4. INSURANCE FOR CORPORATE FUNDS**

Corporate insurance is purchased through and managed by Global PMI on an annual basis. Corporate insurance shall be budgeted and maintained by the VP of Finance as determined by the Board of Directors, which may include but is not limited to General Liability Insurance, Officers and Directors Insurance, etc.

### **3.5. FIXED ASSETS**

#### **3.5.1. FIXED ASSETS ADDITIONS**

See contracts, budgets, and procurement sections above.

#### **3.5.2. FIXED ASSETS DISPOSALS**

Disposals of fixed assets must be initiated by a Board member and approved by the VP Finance on a Fixed Asset Disposal form, prior to disposal or removal from the fixed asset spreadsheet.

### **3.6. FINANCIAL SERVICES**

All financial services provided by external parties shall be set up in the name of the corporation, not in the name of the individual initiating or administering the service.

## **4. FINANCIAL RECORDS**

### **4.1. MAINTENANCE OF FINANCIAL RECORDS**

Financial records shall be prepared and maintained by the VP of Finance and may be assisted by the Finance Team.

Financial records will be securely stored in a central location accessible to the necessary board members for a period of 7 years. A digital copy of bank records shall be made before hard copies are disposed.

## **4.2. FINANCIAL STATEMENTS**

### **4.2.1. FINANCIAL STATEMENT PREPARATION**

Quarterly financial reports will be issued to the Board.

The Board of Directors meets at least quarterly to review the financial statements with the VP of Finance. The Board of Directors meeting minutes reflect the review and approval of the financial statements. If any changes are required as a result of the meeting, the changes are made by the Finance Team and VP of Finance and a final draft is provided to the Board of Directors to review and approve the changes.

Annual financial reports will be reported to the Chapter at the January meeting.

### **4.2.2. COMMITMENTS AND CONTINGENCIES**

#### **4.2.2.1. CONTRACT APPROVAL**

See authorization matrix (Appendix A).

#### **4.2.2.2. DEBT AGREEMENTS**

PMI-LA shall not enter into any debt agreements.

#### **4.2.2.3. BOARD AUTHORITY**

No employee, agent, independent contractor, or other representative of the organization shall bind the organization to any contract involving a financial commitment of the organization except upon the authorization of the Board of Directors or in the approved budget.

## **4.3. BANK RECORDS**

Bank records may be viewed by any chapter member upon receipt of a written request to the President or VP of Finance.

Copies of the bank records shall only be distributed under the supervision of the VP of Finance.

## **4.4. TAX RECORDS**

Federal and state income tax records shall be filed by the President or VP of Finance according to the applicable rule of law.

Federal tax exemption status shall be accomplished by the President or VP of Finance through the group filing performed by Project Management Institute, Inc. as needed by applicable rule of law.

State tax exemption status shall be accomplished by the President or the VP of Finance as required by the State of California.

Federal and state income tax records shall be filed by the VP of Finance with the Project Management Institute, Inc. as required by the PMI Charter.

The Statement of Incorporation shall be updated as required with the State of California, including the payment of applicable fees, by the President or the VP of Finance on behalf of the corporation.

If necessary, employment tax payments and filings will be made by the President or the VP of Finance for any employees or contractors of the corporation, as required by law.

## **5. FINANCE TEAM AND COMMITTEES**

### **5.1. VICE PRESIDENT OF FINANCE**

The Vice President of Finance is an elected member of the PMI-LA Chapter Board of Directors. The VP Finance performs financial activities on behalf of the chapter in accordance with the by-laws.

### **5.2. ASSOCIATE VICE PRESIDENT OF FINANCE**

The AVP Finance is appointed by the VP Finance to perform financial operations duties and maintain the separation of duties as required by GAAP.

### **5.3. FINANCE TEAM**

A Finance Team supports the VP Finance to fulfill their responsibility to oversee the Chapter's financial strategy and performance.

The Finance Team includes the following members: VP Finance, Associate VP Finance, and others as assigned by VP Finance.

The Finance Team has no independent authority to commit the resources of the Chapter or to transact business on behalf of the Chapter without prior authorization from the VP Finance, the Chapter President, or the Board.

#### **5.3.1. ADDITIONAL EXPENSES AND FUNDING**

All expenses for the team shall be funded from within the budget of the VP of Finance.

### **5.4. INDEPENDENT AUDIT OR REVIEW**

The VP of Finance will ensure an independent financial audit or review will be performed at least every three years. The independent auditor will present its report to the board by the end of the fiscal year.

The independent auditor will be supported by the VP of Finance, the AVP of Finance, the members of the Finance Team and by the immediate prior year VP of Finance.

In intervening years, the Finance Team will perform a risk-based self-audit.



## Finance Policies

### For BoD, Trustees & Key Volunteers

**Approved by 2023 Board: March 5, 2023**

The VP of Finance and/or Board of Directors has the authority to recommend and budget for more frequent independent audits.

The Finance Team will perform self-audits of key reports and disclosures and will implement internal monitoring controls.

## 6. APPENDIX

### APPENDIX A: AUTHORIZATION MATRIX

Type	Included in Approved Budget?	Approval	Signature after budget and approvals
Contracts Less than \$10,000	Required	Approval in writing by VP Finance and VP of the department	VP of Department or VP Finance
Contracts \$10,000 or more	Required	Approval by Board and documented in meeting minutes or summary of ballot	Chapter President and VP Finance
Manual or Electronic Payment (check via Bill Pay or transfer via Zelle), less than \$1,000	Required	Documented approval by VP Finance and VP of the department	VP Finance
Manual or Electronic Payment (check via Bill Pay or transfer via Zelle), \$1,000 or more	Required	Documented approval by VP Finance, VP of the department, and Chapter President	VP Finance
Chapter Credit Card Payment	Required	Documented approval by VP of the department	Chapter President
VP Finance Expense Reimbursement via manual check, check via Bill Pay, or Zelle	Generally	Included in budget or approved by separate action of the Board and documented  Approval in writing by Chapter President	Chapter President



**APPENDIX B: EXAMPLES OF VOLUNTEER EXPENSES THAT WILL NOT BE REIMBURSED**

Automobile Expenses	<ul style="list-style-type: none"> <li>a) Parking tickets, fines or fees</li> <li>b) Gas fill-up when mileage is covered</li> <li>c) Wear and tear of vehicle</li> <li>d) Mileage or auto rentals for normal business activities (excludes conference travel required by PMI-LA) such as to attend chapter events, team trainings, or completing operational tasks of your board position (bank, post office)</li> </ul>
Entertainment / Business Meals	<ul style="list-style-type: none"> <li>a) Meals when provided by the Chapter or hosted event; excluding considerations for special dietary restrictions</li> <li>b) Personal Alcoholic beverages outside of chapter funded events</li> <li>c) Personal entertainment expenses (concerts, shows, sporting events, etc.)</li> <li>d) Tips on receipts in excess of 15%</li> </ul>
Travel	<ul style="list-style-type: none"> <li>a) Upgrades for flights or hotels</li> <li>b) Incidentals</li> <li>c) Costs for additional person(s) joining the volunteer</li> </ul>
Continuing Education	<ul style="list-style-type: none"> <li>a) Fines or fees for cancelations unless requested by PMI-LA</li> </ul>
Travel related to special activities that fall outside of or exceeds expected execution of a volunteer’s commitment(s)	<ul style="list-style-type: none"> <li>a) Travel to represent the Chapter or to perform presentations at third-party sites on behalf of the Chapter.</li> <li>b) Travel to PMI Global Events and LIM meetings not authorized by the BoD</li> <li>c) Travel to meetings with partners, vendors, sponsors, or exhibitors (i.e., for the purpose of negotiating contracts, etc.).</li> </ul>
Other Personal Expenses	<ul style="list-style-type: none"> <li>a) Personal expenses while traveling (i.e., gym fees, dry cleaning, movie rentals)</li> <li>b) Credit card membership fees</li> <li>c) Late charges on personal credit cards</li> <li>d) Telecommunications: Home internet access, land lines, cell phones, etc.</li> </ul>