

**IEEE FINANCE OPERATIONS MANUAL (FOM) V. 52**  
***Includes approved changes through 20 November 2023***

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**INTRODUCTION**

IEEE requires long-term financial stability to be successful in its mission and goals. At the same time, financial resources must be available to support current activities. IEEE must always demonstrate appropriate care, transparency, and responsibility with the funds with which it is entrusted. IEEE has a fiduciary responsibility not only to its members and the technical communities that it serves, but as a 501(c)(3), it has a responsibility to the public to deliver on its mission today and well into the future.

The purpose of this document is to provide reasonable, appropriate, and consistent guidelines for handling all of the IEEE finances to achieve the above.

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 shall be developed and approved by the various responsible Committees of IEEE, with oversight 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. (IEEE Bylaws I-300.6)

Operational policies and procedures of the respective organizational units (OUs) 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 on IEEE's website. Note: All dollar amounts in this manual refer to US dollars. (USD = US dollars)

## Related manuals

- IEEE Audit Committee Charter
- IEEE Investment Operations Manual (IOM)
- IEEE Travel and Expense Reimbursement Guidelines

## **FOM.1 – FINANCIAL STABILITY**

The financial stability of the IEEE is based upon, but not limited to, a sound system of internal control and a commitment to prudence in order to ensure short-term and long-term viability. (IEEE Policies, Section 11.1)

### A. Internal Control

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

Internal control comprises all 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 budgeting, 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.

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

### B. Prudent-Person Rule

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

A person who has responsibilities in connection with the administration, investment, or distribution of property or assets of an organization acts in a fiduciary capacity. An individual acting in a fiduciary capacity is charged with meeting the standard of reasonableness and prudence required by the "prudent-person rule."

Under that rule a fiduciary should act in good faith with the same degree of judgment, reasonableness, and care in administering the affairs of the organization as he or she would exercise in his or her own personal affairs or in trust for another.

#### C. Short-Term and Long-Term Outlook

Financial 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 recognizes both historical context and the planned direction with a distinct emphasis on the future. The strategic planning process, budget process, and actual financial performance shall provide the framework for making decisions important to the vitality of the IEEE. (IEEE Policies, Section 11.1 C)

Strategic planning and its process should consider the wide breadth of IEEE financial needs, planning, goals, and processes (including investment strategy, budgets, budget process, and appropriate oversight of wholly owned subsidiaries).

#### D. Risk Management.

***Risk Management. IEEE recognizes that the proper management of risk is a core leadership function that must be practiced throughout IEEE. Enterprise risk management (ERM) is defined as a process that enables the enterprise to visualize, assess, and manage significant risks that may adversely impact the attainment of key organizational objectives. Therefore, an ERM methodology shall be specified for IEEE risk management, and it is the responsibility of IEEE staff and volunteer leaders to identify, assess, and manage risks using the ERM process. The Audit Committee shall oversee IEEE's risk management. (IEEE Policies, Section 11.1 D)***

### FOM.2 – ANNUAL AND INTERIM REPORTING REQUIREMENTS

#### A. Audited Financial Statements

***Audited IEEE Financial Statements and tax returns will be made available to IEEE members annually. (IEEE Policies, Section 11.2.A)***

In accordance with the charter of the Audit Committee, the Audit Committee shall meet annually with the external auditors to review the audited IEEE financial statements of the preceding year and report to the Board of Directors. In compliance with the Bylaws and the New York Not-for-Profit Corporation Law, Section 519(a); the Board of Directors shall present the certified financial statements to the Assembly to be received on behalf of the IEEE membership at a special meeting, which shall take place during the first meeting of the Board of Directors after the external audit has been completed. A copy of the certified financial statement and the IEEE's tax returns will be available to IEEE members on the IEEE website.

## B. Annual Budgets

***Using a process established by the IEEE Finance Committee, an annual budget shall be prepared for the ensuing year, subject to the approval of the Board of Directors. (IEEE Policies, Section 11.2.B.)***

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

### 1. Purpose

The annual budget for the various *OUs* 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 Finance and Administration.

### 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 *OUs*, which shall take into account the evolving needs of the IEEE, changing patterns of responsibility, and budgetary constraints. The plan shall be presented to the Board of Directors for approval each year and upon approval be reflected in the annual operating budget of the IEEE.

The IEEE Executive Director may implement changes to the staffing plan during the operating budget year without prior approval provided that (1) the total annualized salaries of all positions and vacancies authorized by the IEEE Executive Director shall not exceed the salary budget in the approved (or amended) operating budget of the IEEE, and (2) that any such changes shall be reported to the Board of Directors at its next regular meeting after the change is approved by the IEEE Executive Director.

## 5. General Process

Once FinCom approves the budget process, the IEEE Executive Director and Staff will start the budgeting process with at least a zero-based bottom line as a target. This process should include proposals for necessary revenue increases and/or expense reductions. During the development of the budget there will be regular reviews with FinCom. The proposed budget will be reviewed by FinCom during its first meeting after the OU submission deadline. After this review, FinCom will be responsible for any revisions until the budget is approved by the IEEE Board of Directors. Periodic updates will be presented to the IEEE Board of Directors, as appropriate. Exceptions to the recommended pricing actions that may be included in the initial budget proposal should be presented for IEEE Board action at their mid-year meeting.

Proposed changes by OUs shall be forwarded by the OU'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 USD5,000 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 2.B.7.a, while an important part of the final budget, are developed using a separate process.

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

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

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

- Responsibility & Functional Budget P&L's (Including Society & Council Summary P&L)
- Headcount Schedule w/Staffing Plan
- Capital Budget Summary
- A glossary

- The latest report of the Independent Accountants that appears in the annual report
- IEEE's latest tax return

## 6. Budget Principles

### General:

- a) The IEEE Operations budget will be greater than or equal to zero with no net reduction in overall IEEE reserves.
- b) Individual organizational unit's net budgets (TAB/Societies & Councils (in aggregate), MGAB, EAB, IEEE USA, and the Standards Association) after absorbing the overhead charges must be greater than or equal to zero. Any exceptions must be approved by the IEEE Board of Directors.
- c) Spending Rule
  - The IEEE Board of Directors has approved using up to 4.5% of the IEEE Investable Assets (defined as IEEE's Long Term (LT) investment fund) annually. Three percent (3.0%) shall be used to support new & continuing initiatives. Up to one and one half percent (up to 1.5%) shall be used to provide support for the History Center, Awards, Honors Ceremony and the Fund Raising functions as well as a donation to the IEEE Foundation. The specific percentage (up to 1.5%) shall be recommended by the IEEE Finance Committee and approved by the IEEE Board of Directors as part of the yearly budget process. The amount up to 4.5% will be calculated based on a 3 year rolling average of the IEEE Investable Assets.
- d) Investment income shall not be considered as income in the IEEE Operations Budget:
  - Market fluctuation on Investments shall not be considered.
  - Total initiative funding, for budgeting purposes, shall be based on up to 3% of IEEE's investable assets (LT Investment Fund), consistent with the spending rule set forth above.
  - 1) Up to 2% of the IEEE Investable Assets 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 each major OU 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 OU with an otherwise balanced budget or better, with a reserve to expense ratio exceeding 50%, shall be permitted to budget up to 1% of the three year rolling average of its year-end reserves for inclusion in the subsequent budget cycle.

- ii. Societies that qualify, as stated above, to spend reserves may spend up to 3% of their reserves, provided the aggregate initiative spending for all Societies/TAB shall not exceed 1% of the sum total of the Societies and TAB reserves.
- iii. This funding would be intended for the major OU's new initiative activities (activities with a limited expected life of one to three years). Items normally carried within the budget (including items that have been considered operational, such as staffing, existing publications, members services, governance activities, awards, etc.) shall not be funded under this rule. Any multi-year initiative which requires funding in future years will need to re-qualify annually.

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

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

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

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

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

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

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

- In accordance with IEEE Bylaw I-108.5, funding for Regions, Sections, Chapters, Affinity Groups and Student Branches should not be less than 12% of member dues.
- Funding for the remaining budgeted expenses in Member and Geographic Activities after accounting for IEEE Bylaw I-108.5 shall be based on MGAB's approved net budget subject to the above.
- Funding for EAB shall be based on EAB's approved net budget subject to the above.
- The member dues component for Educational Activities funding shall be approximately 17% of total IEEE Member dues each budget year.
- Funding for IEEE Spectrum (Including the Institute) shall be approximately 20% of total IEEE Member dues each budget year and remain constant until the next budget cycle.

g) IEEE Member Dues and the IEEE-USA Assessment

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

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

Definitions

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

- **“Corporate Overhead”** consists of **direct** corporate overhead costs and **indirect** corporate overhead costs
  - **Direct Corporate Overhead** costs will be assigned to each organizational unit based on the approved metric or algorithm as set forth in the table below
  - **Indirect Corporate Overhead** costs will be covered by package product revenue; that is, up to 31% of package product revenue has been assigned to the Infrastructure Account by the IEEE Board of Directors to be used to offset indirect corporate overhead costs. Additionally, the IEEE Board of Directors has established an Infrastructure Reserve Account to be used by Corporate to fund large IEEE projects.
  - **“Direct Corporate Overhead Costs”** are costs that are assigned based on an agreed upon metric or algorithm. The services related to these assigned costs are structured as shared services to gain ease of operation or economies of scale. The list of cost centers included in this category is as follows:

**Direct Corporate Overhead Cost Centers:**

<b>Center</b>	<b>Metric</b>
<b>Payroll</b>	<b>Headcount</b>
<b>Human Resources</b>	<b>Headcount</b>
<b>Corporate Accounting</b>	<b>Expenses</b>
<b>Accounts Payable</b>	<b>Expenses</b>
<b>Accounts Receivable and Credit &amp; Collections</b>	<b>Expenses</b>
<b>Financial Planning &amp; Analysis</b>	<b>Expenses</b>
<b>Tax</b>	<b>Expenses</b>
<b>Internal Auditing</b>	<b>Expenses</b>
<b>Strategic Sourcing</b>	<b>Expenses</b>
<b>Finance &amp; Administration</b>	<b>Expenses</b>

- **Indirect Corporate Overhead Costs** 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
- Fellow Committee
- MGA Corp Projects
- Executive
- Legal and Compliance
- Information Technology
- IEEE Business Platform (IBP)
- Treasury

- IEEE Global Operations
- NextGen Banking ongoing support
- NextGen Expense Reporting ongoing support
- NextGen Finance ongoing support
- Business Finance Solutions\*
- Facilities\*

\*The areas listed, as part of the budget process are allocated out to the supporting OU's. If during the year, particularly at year-end there are residual dollars remaining they will be included in the Indirect Corporate O/H calculation.

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

## **Products and Services**

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

#### **Center**

- Member Discounts
- Global Sales
- Customer Operations
- Other Investments
- Digital Branding and Corporate Communications
- Business & Data Related Services
- Contingency
- Unallocated

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

### **Center**

- Publications Operations

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

### **Center**

- Member Operations/Dues
- Member and Geographic Activities
- Geographical
- Educational Activities
- IEEE Media, IEEE Spectrum & The Institute

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

- A positive variance to budget in the corporate overhead departments as well as in EAB (excluding the ABET and IEEE Expert Now reserves) will be used to grow the Infrastructure Reserve Fund. Conversely, a negative variance will reduce the Infrastructure Reserve Fund.
- The operational result, positive or negative, of any major OU with reserves (TAB, 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.
- Investment Returns:
  - Investment Returns including Dividends and Interest will be used to offset the cost of new and continuing initiatives and the donation to the IEEE Foundation up to the spending rule amount.
  - Investment returns over and above the spending rule will be returned proportionally to all OUs 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 deducted proportionally from the reserves of all OUs 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 OU 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 organization units shall submit forecasts on a scheduled basis as requested by the IEEE Finance Committee. These forecasts shall be used to identify opportunities and risks to achieving the budgeted targets. (IEEE Policies, Section 11.2.C)***

Senior Management is required to prepare monthly (from February through November) forecasts or updates of revenues and expenses against budget and explain any significant variances. The Finance Committee reviews the forecasts and reports results, on a monthly basis, to the IEEE Board of Directors. The forecasts shall also be reviewed at each Board of Directors meeting.

## D. Investment Reporting

***Reports on investments in the IEEE Investment Fund shall be provided to the appropriate IEEE Organizational Units in a format and on a schedule approved by the IEEE Finance Committee. (IEEE Policies, Section 11.2.D)***

1. Internal – Monthly reports on the performance of the IEEE Investment Fund shall be provided by the IEEE Treasury Department to the participating IEEE units.
2. External – Monthly and quarterly investment reports shall be provided to the Investment Committee and to the IEEE investment performance measurement consultant.
3. Reports of IEEE Investment Fund performance shall include the expenses of the Fund, including both the internal and external expenses, the expense ratio, and the gains or losses after the expenses are deducted from the assets. The expenses charged to infrastructure costs shall also be included in the report.

E. IEEE Unit Reporting (Including, but not limited to, Societies, Technical Councils, Geographic Units, and Conferences)

All IEEE are subject to the same financial policies and procedures. Additional policies also apply, due to the unique nature of these units. The policies and procedures within IEEE Policies Section 11.3 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 OUs. 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 OUs, including Societies, Technical Councils, Geographic Units, and Conferences (as appropriate) must be submitted to the appropriate IEEE staff on a calendar year basis. IEEE must report on assets, and the earnings thereon, in the United States to the U.S. Internal Revenue Service on a uniform basis.

IEEE sponsored and co-sponsored conferences are required to close their bank accounts, distribute surplus, repay loans, submit final financial reports to the IEEE Conference Services Department and have their conference audited within twelve months (within 6 months is desired) following the date of the conference.

- (b) Rebates to the IEEE Geographical Units will be issued only when all of the following have been received:
- 1) Geographic Unit Financial Statements,
  - 2) Local bank account signature cards with the IEEE Senior Director, Financial Services as a signatory thereon,
  - 3) Meeting Reports for the prior year,
  - 4) Roster of the current year's unit officers.

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

2. Use of Funds; Required Audits

- (a) Rights of units to obligate budgeted funds. (see IEEE Policies, Section 11.2.E.1(a))

The designated officer or representative of units thereof may approve such obligations and commitments, provided they are within the terms of a properly approved budget. Only authorized IEEE staff may execute any contract over USD25,000, as defined under the procedures for Contract and Purchase Orders. See FOM 9.

- (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 activities conducted by any OU, which individually or collectively generate revenue or expense in excess of USD250,000 shall be audited by a fully qualified, independent, professional auditor. The audit shall be performed by a Certified Public Accountant, Chartered Accountant or equivalent source approved by the IEEE Internal Audit Department. Alternatively, the activity chair may engage the IEEE Internal Audit Department to arrange for

and/or perform the audit. The selection of such auditors should avoid any conflict of interest with members of the activity. Audit fees will be paid by the IEEE sponsored activities.

Activities involving less than USD250,000 of revenue or expenses will be audited on a rotational basis. The IEEE Internal Audit Department will schedule and arrange with MGAB and TAB for the audits of these activities. 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 OU sponsoring the event will fund the audit, and IEEE Internal Audit will reduce its fee by half. For those activities not scheduled for an IEEE Internal Audit review in a given year, an audit shall be conducted by a committee, composed of individuals who have no direct or indirect responsibility for the financial transactions of the meeting. An audit that identifies any issues or findings shall be sent to the IEEE Internal Audit Department for review and action.

### 3. Acceptance of Contributions

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

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

### 4. Financial Assistance to Local Student Branches

IEEE funds allocated to Societies, Technical Councils, Conferences, and Geographic Units may be used to supplement the operation of Student Branches.

## **FOM.3 – ASSET/LIABILITY MANAGEMENT**

Adherence to the policies in this section regarding Asset/Liability Management shall apply equally throughout the entire world, except where local laws and regulations prohibit compliance. Compliance outside the United States shall be to the maximum extent possible. (IEEE Policies, Section 11.3)

### A. Asset Management

#### 1. Investments

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

IEEE OUs that have funds to invest must place them in the IEEE Long Term Investment Fund unless an alternative use of funds is authorized by the IEEE Board of Directors.

## 2. Banking

**To the maximum extent possible IEEE Geographic Units and IEEE Conferences are encouraged to participate in the IEEE Concentration Banking Program, which shall be defined in the IEEE Finance Operations Manual. All other IEEE organizational units shall conduct their banking through central IEEE treasury processes. (IEEE Policies, Section 11.3.A.2)**

IEEE OUs\* 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 reports, detailing all activity, will be available to all units to download in pdf or Excel once the monthly close is complete.

\* IEEE OUs include Regions, Sections, Chapters, Branches, Conferences, Geographic Councils, Standards Working Groups, and all other related groups.

## 3. Bank Account Signatures

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

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

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

## 4. Capital Procurement Policy

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

The procurement of capital items, including equipment, furniture, property, etc., with a value in excess of USD5,000, is contingent upon its approval in the IEEE organizational unit's annual budget. The actual purchase of such capital items must be approved by the person with the appropriate level of signing authority. Purchases must then be processed through the IEEE Strategic Sourcing department.

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

#### 5. Requirements Outside the U.S.

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

#### 6. Receivables

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

#### 7. Affinity Groups

An affinity group is a local unit of a larger IEEE organizational unit or standing committee, established by petition to the parent organizational unit, to fulfill the purposes of the IEEE. "Parent Organizational Unit" refers to a unit, usually a Section or standing committee of the IEEE. The following groups have been acknowledged by MGAB as parent OUs, as defined above and described in their Affinity Group charters (currently IEEE Young Professionals, Life Members Committee, Women in Engineering, and Consultants Network). Financial activity of and assets allocated to Affinity Groups shall be reported to the organizational unit(s) under whose supervision they reside.

### B. Accounting Method

#### **Accounting methods shall be specified in the IEEE Finance Operations Manual. (IEEE Policies, Section 11.3.B)**

##### 1. Accrual Method

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

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

All contracts, agreements, pledges, and Memorandums of Understanding create liabilities for IEEE. Such items, above USD25,000, shall be reviewed by subject matter experts prior to final approval and execution. This procedure is described in detail in FOM.9.

#### 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 thereof.

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

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

#### **FOM.4 – EXPENDITURE OF RESERVES**

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

##### A. Custodial Responsibility of IEEE Reserves

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

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

##### B. Investment Returns from IEEE Reserves

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

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

All investment returns from Reserves may be allocated to the OUs with reserves. The distribution to each organizational unit shall be proportional to the unit's share of total IEEE Reserves.

#### C. Recommended Levels for IEEE Reserves

***It is the policy of IEEE to maintain the highest credit rating possible, and accordingly it shall maintain reserve levels to achieve this objective. (IEEE Policies, Section 11.4.C)***

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

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

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

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

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

If the Actual Reserves fall below the Lower Reserves Target, the IEEE Treasurer shall notify the IEEE President and convene a meeting of the IEEE FinCom within two weeks. Notification of the situation and recommendations (if any) from the IEEE FinCom shall be forwarded to the IEEE Board of Directors within two weeks of the IEEE FinCom meeting. The IEEE Treasurer may, at any time, request the IEEE FinCom to review the Total Reserves Risk or the Lower and Upper Reserves Targets. Any changes shall be approved by IEEE Board of Directors.

#### D. Spending Rules

***IEEE Organizational Units may establish budgets that expend portions of the Reserves under their custodial responsibility, subject to the appropriate approvals as specified in the IEEE Finance Operations Manual. (IEEE Policies, Section 11.4.D)***

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

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

## **FOM.5 – INSURANCE COVERAGE**

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

IEEE's Corporate Insurance Program is managed by the IEEE Office of Risk and Insurance Management Services.

IEEE shall maintain property insurance to provide replacement coverage for IEEE buildings and contents against such perils as theft, fire, wind, earthquake, flood, etc. It does not cover personal articles belonging to employees or volunteers. Each property loss claim is subject to a policy deductible.

IEEE shall maintain liability insurance to protect IEEE in the event a claim is made against IEEE and/or its volunteers. IEEE volunteers are included as additional insureds while acting within the scope of their duly authorized duties on committees and other IEEE sanctioned activities.

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

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

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

IEEE shall maintain the following coverage:

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

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

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

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

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

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

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

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

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

Cyber Risk Liability – provides coverage for network security, privacy liability, and expenses associated with an IT security incident or event.

Conference Cancellation – provides coverage for the additional expenses or lost revenue resulting from cancellation of an event due to circumstances beyond the control of the sponsor. Examples of such disruptions include natural disasters, property damage to a venue, labor strikes, and other unforeseen causes of event cancellation.

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

IEEE may maintain other Individual insurance policies as deemed appropriate.

For additional information, contact the IEEE Office of Risk and Insurance Management Services at [orims@ieee.org](mailto:orims@ieee.org).

## **FOM.6 – TRAVEL AND EXPENSE REIMBURSEMENT**

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

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

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

***Individuals are encouraged to purchase upgradeable coach class fares and use miles or coupons to upgrade to business class.***

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

### **A. Reporting Travel Expenses**

It is recognized that travel by IEEE volunteer members of its Boards and Committees and Staff 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 is provided by the IEEE, which may be reimbursed or paid directly by IEEE, in accordance with the [Travel and Expense Reimbursement Guidelines](#). This document contains information, including but not limited to, covered expenses, timeliness of reporting, reimbursement processing, international travel, and details of the submission process.

#### B. Approvals

Major Boards shall establish written procedures for approval of travel-related business expenses for committee expenses, regional activities, conferences, etc.

Each organizational unit shall document its methodology for dealing with travel issues.

### **FOM.7 – FUND-RAISING: GRANTS AND CONTRIBUTIONS**

***IEEE may solicit and accept voluntary contributions and grants in support of its purposes and objectives. It is the policy of IEEE to comply with all applicable charitable solicitation and donation laws, U.S. and elsewhere (at each governmental level).***

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

#### A. Purpose

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

#### B. Scope

This procedure applies to all staff and the entire membership of IEEE throughout the world and is consistent with the policy of the IEEE Foundation, Inc. Any IEEE OU, 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. There are independent related organizations, such as the IEEE Foundation and the IEEE Canadian Foundation, which raise funds on behalf of and in the name of IEEE. The IEEE Development Office maintains the list of independent organizations that have such a relationship with IEEE.

## C. Definitions

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

## D. Contribution Procedures

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

All IEEE OUs 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 shall not receive percentage based compensation or a commission;
- All donor and prospect information created by, or on behalf of, the IEEE is the property of the IEEE and shall not be transferred or utilized except on behalf of the IEEE or the IEEE Foundation, Inc; and
- Fundraisers and program managers are required to ensure that contributions are used in accordance with the donors' intentions.
- Donors shall have the options to limit the use of their personal information to IEEE's internal use and to have their names removed from IEEE's mailing list; and
- IEEE's policy with respect to the privacy of donor information shall be reflected in its solicitation materials and on its website.

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

IEEE shall comply with all applicable laws and regulations. Registration to solicit charitable contributions is required by most states within the continental U.S. Verification shall be made with the IEEE Tax Department that the IEEE is registered, and approved, prior to solicitation for charitable contributions.

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

In order to preserve the intention of the donor and to make clear the time frame of annual and multi-year gifts, gift agreements shall be created for charitable contributions in accordance with FOM.9 or for any amount when the contribution includes specific designations, restrictions or conditions not otherwise documented. The format for the gift agreement may be obtained from the IEEE Development Office.

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

#### E. Authorization to Solicit Charitable Contributions

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

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

Volunteer or Staff Function	Total Amount to be Raised
In accordance approval table outlined in FOM.9.H	<\$10,000,000
IEEE Board of Directors	>\$10,000,000

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

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

#### F. Grants Proposal Submission Procedures

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

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

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

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

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

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

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

#### H. Grant Proposal Approval

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

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

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

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

#### J. Grant Award Procedures

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

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

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

## **FOM.8 – IEEE CONTRIBUTIONS AND GRANTS TO EXTERNAL ORGANIZATIONS**

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

***Approval of contributions under an amount which shall be specified in the IEEE Finance Operations Manual may be delegated by the IEEE Board of Directors to the appropriate Vice President or Major Board President. (IEEE Policies, Section 11.2.E.3(b))***

### **A. Contributions from IEEE**

No contribution from IEEE funds allocated to IEEE OUs 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. (See section B for donations to The IEEE Foundation).

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

This procedure shall apply to any contribution of any IEEE asset held by any IEEE OUs including, but not limited to, Societies, Technical Councils, Geographic Units, and Conferences, including money, securities, and the interest, dividends or other earnings on these assets. This policy shall also apply to funds loaned by any IEEE OUs including, but not limited to, Societies, Technical Councils, Geographic Unit, and Conferences on behalf of IEEE to non-IEEE entities.

Requests for permission to contribute IEEE funds allocated to IEEE OUs including, but not limited to, Societies, Technical Councils, Geographic Units, and Conferences, in excess of USD25,000, shall be addressed to the appropriate Major Board and then forwarded to the IEEE Board of Directors for approval. Each request shall contain the following information:

- a. purpose of the proposed contribution;
- b. amount and source of the funds to be contributed;
- c. name, location and other pertinent information concerning the grantee organization or individual; and
- d. a statement of the reciprocal benefits to be enjoyed by the IEEE and the grantee.

All requests for permission to contribute funds, including those in support of disaster relief as defined in IEEE Policies Section 11.8 – IEEE Contributions to Disaster Relief

Policy, shall require the completion and submission to the IEEE Treasurer of an IEEE Contribution Proposal Form. The form shall be made available on the IEEE Website.

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

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

For contributions in an amount of USD25,000 or less, the same process described above shall be followed, except requests for permission shall be addressed to the appropriate Major Board Vice President or President, as such authority has been delegated by the Board of Directors.

In the case of a contribution to an organization or individual to be selected after permission is granted (as in the case of scholarships, fellowships, grants-in-aid, etc.) the qualifications to be met by the grantee, when selected, shall be stated.

Permission to make contributions on a recurring or continuing basis (such as educational awards and scholarships) requires approval by the Board of Directors, or by a designated Major Board authorized by the Board of Directors.

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

## B. Donating to the IEEE Foundation

In order for an IEEE OU to make a donation to the IEEE Foundation to set a fund for a specific award, a minimum of a 50% matching contribution from an outside entity shall be received by the OU prior to the OU donation being sent to the IEEE Foundation (50% matching contribution means an amount equal to or greater than the IEEE OU donation).

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

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

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

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

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

## **FOM.9 – CONTRACT APPROVAL**

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

The FOM.9 defines types of contractual services and outlines procedures to be followed. The definitions below are intended to provide a common vocabulary to use in relation to contracts.

### **A. Definitions**

- 1) Contract - An agreement enforceable by law between two or more parties that creates an obligation to perform (or not perform) a particular action.
- 2) Contract Value - Approvals and execution processes are dependent on the contract's total value. IEEE contracts are often complex so the monetary value may not be apparent. Clarification of contract valuation is located in the Contract section of the Legal & Compliance website.
- 3) Technology Related Goods and Services - includes, but is not limited to, annual technology support and maintenance; SaaS (software as a service) agreements; click through services; storage and technical services; cloud services; computer hardware, software and supplies (including computer/server buy-outs); tech-related consulting; finance-management related technology; mobile app; security; subscriptions; telecommunications; virtual platform; or website creation, hosting and maintenance.
- 4) Memorandum of Understanding - A memorandum of understanding is an agreement between two or more parties outlined in a formal document. It is not legally binding but signals the willingness of the parties to move forward with a contract. For purposes of these procedures, contracts do not include Memoranda of Understandings between two or more IEEE units related to conferences, as described in IEEE Policies, Sections 10.1.4 and 10.1.5 that are handled through IEEE Conference Services.
- 5) High Risk - Transactions involving data privacy, government-affiliated entities, working with minors, high financial exposure or obligations, contracts where the initial term is greater than 5 years, etc.

## B. IEEE Contract Management System

All contracts, agreements and MOUs (excludes MOU's housed in IEEE Conference Exchange (ICX), regardless of dollar value, shall be processed via the IEEE Contract Management System (IEEE CMS).

## C. Contract Templates

IEEE contract and MOU templates are available on the Legal & Compliance web site and shall be used to protect IEEE.

<https://legal.ieee.org/contracts/contract-templates>

Contracts that are not prepared using IEEE approved templates are known as "Third Party Agreements" or "Third Party Paper." These include but are not limited to; clickwrap acknowledgements, website terms & conditions whether referenced on a website or in an invoice, order form, quote, etc.

## D. Contracts That Require Legal Review

Contracts meeting any of the following require legal review

1. total value greater than USD 25,000
2. involve personally identifiable information ("PII"), e.g., individuals' names, emails, phone numbers, addresses, or other related information
3. High Risk
4. not on an IEEE contract template, or
5. any counterparty revisions to IEEE's standard language in the contract template
6. Agreements and MOUs that create liability for IEEE and/or include binding contractual terms.

## E. Other Required Approvals

### 1) IEEE Suppliers

- a) Prior to providing any goods or services to IEEE, suppliers shall be registered and approved by means of the Supplier Management System.
- b) This process is managed by the Strategic Sourcing Department and is supported and administered by staff. The Supplier Management System shall be the primary repository for supplier tax and other business related information. Further clarification is documented on the Strategic Sourcing website section of the IEEE intranet.

### 2) Technology Related

- a) Contracts that involve the purchase of Technology Related Goods and Services (as defined in FOM 9, Section A) require approval by the IT Tech Standardization and Management team. For questions please contact: [ittsm@ieee.org](mailto:ittsm@ieee.org).

b) Contracts that involve PII require approval by IT Security.

### 3) Independent Contractors

a) Any individual, sole proprietor, or single owner LLC, shall be reviewed and approved as an independent contractor by the IEEE Tax Management department prior to the start of services and contract execution.

### 4) Purchase Orders

a) Purchase Orders are required for all purchases of goods and services with a total aggregate value of USD 1,000 and over as a part of internal controls.

b) This process is managed by the Strategic Sourcing Department and supported and administered by staff. Further clarification is documented on the Strategic Sourcing website section of the IEEE intranet.

## F. Vetting Suppliers

IEEE screens individuals and entities against publicly available databases globally to ensure that those vendors we choose as an organization do not have any potential legal or reputational risks. New suppliers will be vetted as they are submitted through the Supplier Portal. When considering a transaction with any third party not already in or not being submitted via the Supplier Portal, vetting will continue to be required. Volunteers and staff should follow the process outlined on the Vetting page of the L&C website at <https://legal.ieee.org/compliance/ofac/vetting>.

## G. Competitive Bidding

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

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

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

## H. Contract Approval

1. Any contractual arrangement equal to or greater than USD 10,000,000 shall be approved by the IEEE Board of Directors prior to execution.
2. "Execution" is the signing of the contract by IEEE's authorized volunteer/staff as noted in the chart below following approval in the CMS, legal review and approval.
3. Contracts shall be executed (i.e., physically or electronically signed) only by authorized IEEE staff and volunteers as follows:

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

## I. Designated Volunteer Officers

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

### **FOM.10 – SALES REBATES TO ORGANIZATIONAL UNITS**

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

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