

PMI Houston Inc.

Finance and Accounting Controls and Policies

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Change Control

Description	Date	Source
Creation of Financial Policies	2/17/13	Sharon Greiff
Addition of Section 4. Background Checks and Bonding contents to be added and reviewed before April 2013 Board Meeting	4/1/13	Sharon Greiff
Changes to Reporting (additional report) and signature authority (SVP External and President)	3/5/13	John Gorman
Mileage rate changed to \$.55 per mile	3/5/13	Robert Mills

Acronyms

Description	Acronym
PMIH Authorized Traveler	PAT
Respective Vice President	RVP

Section 1. Background

The Project Management Institution, Houston Chapter, Inc. (hereinafter the “HOUSTON CHAPTER”, or the Houston Chapter of the Project Management Institute (PMIH)) in keeping with Article VIII, Section 3 of the PMIH By-Laws, “Houston Chapter Finance”, has created the PMIH Finance and Accounting Policies to aid in the governing of its finances, to maintain accurate and transparent financial records and protect the assets of the chapter from fraud through the implementation of commonly accepted financial controls and policies.

Unless otherwise noted, exceptions and modifications to the PMIH Finance and Accounting Controls and Policies must be approved by the Board of Directors.

Section 2. Budget

Budgets for the following year for each committee should be created with the help of the VP of Financial Affairs beginning October 1st of the current year. Committees that are having a change in leadership should involve both the current leader and the future leader. Budgets should be created for the following committees (although not limited to the following committees) and may involve further detailed budgets within the committee:

- Programs
- Professional Development
- PMIH Conference
- Finance
- Membership
- Marketing
- President and Leadership
- Ebiz and Technologies
- Communications
- Outreach
- Volunteer Recognition and Outreach

Upon Completion of Budgets, the Vice President of each committee should review the committee's budget with their respective Senior Vice Presidents.

Budgets approved by Senior Vice Presidents should then be sent to the VP of Financial Affairs by December 1st. The VP of Financial Affairs is responsible for the final review and entry of the budgets into Quickbooks.

The PMIH Annual Budget should be approved at the first board meeting of the New Year.

A high level summary of the approved PMIH Annual Budget should be posted to the PMIH website and the membership notified that the budget is available for review.

Budgets can be modified or added to by a Board Member by submitting a Request for Funding one week before a board meeting to the VP of Financial Affairs. Before submitting the request the Board Member should review the request with their respective leader and any other committees that may be affected. The request should include detailed explanation for the need for funding, estimates for the funding and the timing of the funding. The VP of Financial Affairs will add a motion for review and approval to the subsequent meeting if the request is complete and funds are available.

Section 3. Thresholds of Approval and Signature Authority

Signature Authority

The Houston Board of Directors authorizes the President, the VP of Financial Affairs and/or the Senior Vice President External Operations the signature authority to issue checks, drafts, or other orders for the payment of money, notes or other evidences of indebtedness in the name of the Houston Chapter for approved budgeted items.

Signature Authority for The President, Senior Vice President External Operations and the Vice President of Financial Affairs needs to be approved by the Board at the first Board Meeting of the New Year. In addition, a formal resolution needs to be drafted and signed by the Board at that meeting and submitted by the Vice President of Financial Affairs within one week to all financial institutions where PMI Houston has funds. It is the responsibility of each approved signer to complete regulatory requirements for those financial institutions within three weeks of the approval.

All checks and transfers that are ten thousand dollars or more must be signed by both the President and the Vice President of Financial Affairs or Senior Vice President External Operations and the Vice President of Financial Affairs. In the event the VP of Finance is unable to provide their signature, the President and the Senior Vice President External Operations can sign checks (both must sign) over \$10,000 however they must notify the board of the check purpose and the amount of the check.

Thresholds of Approval

At level one, the President, the Senior VP of External Operations and/or Vice President of Financial Affairs may enter into any contract or execute and deliver any instrument in the name and on behalf of, the Houston Chapter in which the monetary sum value is ten thousand dollars (\$10,000) or less. Notification to the Board that such a contract has been signed and digital copy of the instrument must be sent to the Director of Compliance within 48 hours of signing.

At level two, in which the monetary sum value greater than ten thousand dollars (\$10,000), notification to the Board that such a contract will be entered into will be sent 72 hours before signing. In addition, the contract must be reviewed by approved legal counsel (a lawyer or CPA) before signing. The exception for legal review is in the instance that the contract is a recurring contract with the same Vendor and with the same, limitations and provisions. An example of this would be the contract for the PMIH Annual Conference for facilities and meals. Level two contracts must be signed by two of the following officers; President, Vice President of Financial Affairs and Senior Vice President External Operations. A digital copy of the instrument must be sent to the Director of Compliance within 48 hours of signing.

In addition, the PMI Board of Directors may authorize other agents of the Houston Chapter to enter into any contract, or execute and deliver any instrument, in the name and on behalf of the Houston

Chapter. Such authority must be approved by the PMI Board of directors and must be expressly granted in writing prior to the execution of the contract or instrument.

Section 4. Background Checks / Bonding

The events and member services provided by the Houston Chapter of PMI are planned and implemented by elected or appointed volunteer leaders. We have a legal, ethical and fiduciary responsibility to our membership to ensure that these leaders are appropriately vetted for their position. The Chapter will conduct background checks on all elected and appointed officers and leaders and acquire bonding for individuals that have access to chapter funds. In addition if volunteers have exposure to children in events or as part of outreach activities background checks will also need to be performed.

Roles requiring Background Checks:

Role	Criminal	Credit	Bonding
Elected or appointed leadership team	Yes	No	No
Has access to utilize Chapter funds (bank accounts, investments, merchant accounts, credit/debit cards, Quickbooks) etc.	Yes	Yes	Yes
Handles money for the Chapter (including event reconciliation, deposits, petty cash).	Yes	Yes	No
Exposure to children in events or outreach activities	Yes	No	No

Where multiple categories apply to a role, the most stringent checks would apply.

Conducting Background Checks:

- The Past President is responsible for conducting the background checks.
- Each officer or identified role will be asked to provide all personal information as may be required to conduct a background check.
- Background checks and credit checks will be performed each year during the month of December. (except for newly appointed Board Members or new Finance volunteers.

- Background checks and credit checks will be performed before a new board member is appointed or a new finance member has access to chapter funds.
- Failure to provide the required personal information will be grounds for disqualification.
- The background check process must comply with the Fair Credit Reporting Act (FCRA) including the ability to protest the decision. If someone wishes to challenge the final disposition, they must do so within 30 days.

Interpretation and Use of Background Checks:

- If a background check is returned with identified items of concern, the SLT will evaluate the report and determine final disposition.
- The background check results must never be evaluated by the subject of said report.
- Background checks are to be handled in a secure manner to protect the privacy of the individual.
- The actual details of the results are not to be disclosed to anyone who is not involved with the final evaluation and disposition.

Storage or Background Check Information

The Chapter will not store the specific reports or query results of background checks. Only the final disposition will be filed on sharepoint maintained by the Past President. Any paper copies of results will be destroyed.

Section 5. Financial Reporting

On a monthly basis the Vice President of Financial Affairs will provide the following reports to the Board of Directors:

- Reconciliation Statement for all banks accounts
- Chapter Income Statement
- Chapter Balance Sheet
- Committee Profit and Loss Budget vs Actual Monthly Report
- PMIH Profit and Loss budget vs Actual Month, QTD and yearly Report

An Annual Report of balance, income and reserves will be provided to membership by the VP of Finance by March 31st of the next year.

A Weekly report of PMIH Conference attendance, revenue and expenditures will be provided to the board beginning 4 months previous to the event.

1099 Misc. reports will be produced and sent to recipients according to IRS guidelines and deadlines.

Annual Tax filing will be performed and submitted by an independent CPA by May 1st. A copy must be sent to Region 6 Coordinator by May 31st.

Section 6. Financial / Internal Review

A Financial Review must be performed by an independent accountant every “even” year or change of the Vice President of Financial Affairs by February 28th.

An Internal Review should be performed annually by an internal committee comprised of the VP of Financial Affairs, the Director of Compliance, two board members, a board advisor and three qualified volunteers from PMIH membership. The review should:

- Verify all balances
- Review transactions
- Review adherence to procedures and policies
- Recommend changes to existing procedures and policies

Section 7. Separation of Duties

It is the VP of Financial Affairs responsibility to recruit volunteers so that there is a reasonable separation of duties to ensure that the management of the cash and assets of the PMIH organization is transparent and does not represent a conflict of interest.

Refer to PMI Houston Roles and Responsibilities document for detailed explanation of each committee members duties.

Section 8. Expense/Invoice Submission, Approval and Payment

Expense Reports / Invoices

All expense reimbursement requests are made in the form of a detailed expense report, this includes any expenses directly billed to the PMIH. All expenses with the exception of mileage and tolls expenses **must** be accompanied with electronic copies of invoices or receipts. Meals **must** have the DETAILED receipt if reimbursement is to be approved. In addition, committee meeting meals reimbursement requests will also need to include minutes of the meeting. To expedite reimbursement of expenses, completed expense reports must be emailed to AccountsPayable@pmihouston.org to coordinate approval of expenses reports within 14 (fourteen) working days following the ending day of the meeting, event, or travel period.

Invoices from Vendors should be submitted within two weeks of the expense.

The Vice President, SVP or President will be responsible for approving expense reports or invoices within three days of notification from accountspayable@pmihouston.org. The approver may decide on the following three actions:

- Approved – the approver will need to change the Status to Approved, and make a note in the Approval Comments field that should include the date, "Approved" and their name and a brief description of the expense.
- Under Review - If the approver finds that they have additional questions about the request it is **THEIR** responsibility (not the Finance Committee) to contact the individual or business. The status should be changed to Under Review and a note in the Approval Comments field that should include the date, what is being investigated and the approvers name. We will contact the approver if the status of the item has not changed in one week.
- Rejected – the approver should change the Status to Rejected, and make a note in the Approval Comments field that should include the date, a full description as to why the item is rejected and the approvers name and then click on the OK button. It is the approvers responsibility to contact the business or individual and explain to them why the request was rejected. The finance team will move this item into archives - they will NOT contact the business or individual.

Approval cannot be delegated to non-board members. If an approver is not available to approve expenses or invoices they should notify who they report to that they will be unavailable and that senior board member may approve the expense/invoice on their behalf.

It is the goal of PMIH is to provide the reimbursement of authorized expenses and invoices incurred as quickly as possible. Therefore PMIH will reimburse all authorized and approved expenses within 10 to 15 days after receipt of an approved expense report reimbursement request or invoice

Section 9. Attendance and Approval for Conferences

PMIH wants to encourage ongoing and effective leadership by the Board of Director (BoD) Members through frequent meetings and conferences which occur throughout the business year. Attendance at these functions is critical for the BoD Member in particular.

Based upon the budgeted funds available, it is the policy of PMIH to reimburse ONLY those members of the Board of Directors who are pre-approved for travel by their RVP, in keeping with Article IV, Section 1 of the PMIH By-Laws, and based upon the following prioritization scheme. If the traveler has not been approved in the annual budget and they are not traveling as a substitute then a request MUST be made to their RVP and the VP of Finance two months prior to the event. In addition, proposed attendees must submit an attendance justification to the President 6 weeks prior to the event.

Attendance For Leadership Conferences and special education events

Priority 1: President

Priority 2: Senior Vice President of External Operations, Senior Vice President of Internal Operations

Priority 3: Vice Presidents of the current Board of Directors and Past President

Priority 4: Directors at Large, Director(s), Members at Large, Other Past Presidents (not currently BoD active), and/or key volunteers.

For Leadership Conferences and special education events

Priority 1: PMIH Conference

Priority 2: Region 6 Leadership Conference

Priority 3: North American Leadership Meeting

Priority 4: EMEA or South American Leadership Meeting

Section 10. Travel Policy

PMIH BoD members and other pre-approved PMIH members shall be reimbursed for their actual, necessary expenses unless stated with specific budgetary guidelines in attending leadership, regional, and board meetings, approved marketing events, road shows, and conferences. Directors who are also officers or board members of PMIH and who are compensated for travel expenses as such shall receive no compensation as directors. Other directors shall receive such compensation as may be established by resolution of the Board of Directors.

Responsibility of Traveler

A **PMIH Authorized Traveler (PAT)** on PMIH business has the responsibility to act prudently and to only incur travel expenses, which are necessary, reasonable, and appropriate, for which documentation is available. PATs are required to obtain prior written authorization for travel from their respective Vice President, and may not authorize their own travel nor approve their own expense reimbursements. The PAT is responsible for prompt submission of travel-related expenses, and accounting for any advances received, and for maintaining any PMIH issued corporate credit card accounts in good standing. See Section 6.

Responsibility of the Respective Vice President (RVP), Director, or Committee Chair

Authority and responsibility for approval and control of travel by PMIH BoD members rests with the RVP, Sr. Vice President (RSVP), or the PMIH President. Approval and control of Sr. Vice Presidents' travel rest with the President, and vice versa. In certain circumstances in the absence of the RVP, the approving authority designation may be changed, in writing, indicating such delegation. Delegating approving authority to anyone below the PAT's RVP is not permitted.

Prior authorization granted by the RVP or director ensures that:

- Adequate funds will be available.
- The intent of the trip is PMIH-related business.
- By approving actual reimbursements, the RVP or approving authority is ensuring compliance with guidelines, specifically:
 - The travel expense was incurred during authorized pre-approved PMIH business.
 - The information contained on the travel expense voucher and in the attached documentation is accurate and in accordance with policies and guidelines.
 - The expenditure is charged to the proper account, which has adequate and appropriate funds available.

Approval Process

Expense reimbursements will be based on actual, necessary expenses for authorized and reasonable travel, hotel, meal and incidental expenses (M&IE) directly related to PMIH BoD Member meetings,

events and PMIH conferences. Travel budgets must be approved in advance by the Financial Affairs Budget Committee, or sub-committees as delegated by the VP of Financial Affairs.

Generally, no reimbursement for travel, hotel, and meal expenses is paid on one day, non-overnight trips by auto. However, travel costs for one-day automobile trips in excess of 100 miles will be approved if budgeted funds are available. Additional same-day expenses may be approved when appropriate to do so. Such approval is at the discretion of the BoD officer(s) responsible for approving all travel expenses.

No expense purchases should occur until the traveler has been recognized as a PAT and has been approved and received approval notification from their RVP and the Vice President of Financial Affairs.

Airline Travel

Domestic Travel

Domestic air travel is defined as travel within the United States, its territories and possessions (Guam, Puerto Rico, and the U.S. Virgin Islands), Canada and Mexico.

It is the responsibility of each Board member to make arrangements for their travel and are expected to use the most economical and logical mode of transportation available. This includes incurring no higher expense than the rate for the most direct and logical traveled route.

Domestic and international airline travel is restricted to paid coach class travel. PATs are expected to book the lowest-priced airfare rates unless scheduling or a medical condition necessitates other arrangements. PMIH will usually not reimburse upgrades to Business and First Class seating. PATs must pay for any incremental differences. (Note: This restriction does not preclude any Director from utilizing a frequent flyer program for upgrades.)

- Only airfare that is necessary to conduct PMIH business is reimbursable. Personal side airfares should be broken out on expense reports to clearly show which is PMIH related travel and which is not.
- PATs are encouraged to book airfares as far ahead of departure date as possible once travel plans are firm.
- Making airline reservations 21 days in advance and booking over a Saturday night can save up to 70%. A Saturday night stay over is encouraged if there is a net savings when additional costs for lodging and meals are factored. PATs must document the savings for a Saturday night stay over

Non-Refundable Tickets/Cancellations

If it is necessary to cancel a trip the PAT should ask the issuing agency or airline about the terms and conditions that apply for future trips. Personal use of any portion of a PMIH purchased/reimbursed ticket is not allowed.

Penalties imposed as a result of canceling a ticket or fees assessed for reissuing a non-refundable ticket may be reimbursed to the PAT if:

- extenuating circumstances are documented in writing
- approved by the RVP and the Vice President of Financial Affairs
- Changes for re-issuing a non-refundable ticket are reimbursable where properly documented

Other travel

Expenses for trains, taxis, buses and shuttles will be reimbursed at cost. When available, shuttles should be utilized over taxis, and/or ride sharing practiced.

Auto rental costs will be reimbursed for auto rental directly related to PMIH business meetings when pre-approved. Auto rental should only be exercised when absolutely necessary and no other, less expensive, alternative exists. Auto rentals should be shared when possible, (i.e., one car should be rented per four Board members).

Rental Guidelines

When necessary, PATs will utilize rental cars for board related functions. When a travel request is made, and a rental car is requested, the request will be reviewed for necessity. Automobiles may only be rented when public transportation and taxis are impractical, more expensive, or not available. One main item to keep in mind when requesting a rental car, is the location of the travel function as the rates vary based on location. You should always check several sources (i.e. Travelocity, Orbitz, or Priceline specific rental care companies, etc) for rates and availability. Please read the fine print on exceptionally low rates, as there may be numerous fees involved. For the most part, you should be able to find a mid-size car for around \$30-40, per day. Free upgrades are often available, you just have to ask. PMIH will not provide insurance* coverage on the rent car. PATs should not pre-pay for gas unless they can justify the extra expense.

- PATs will be reimbursed for the rental of a compact, economy, or mid-sized car, unless a specific business, physical, or medical reason, which must be explained on the travel expense voucher, necessitates another class of rental.
- Reimbursable items include the daily rental fee, gasoline charges, tolls, and parking.
- Non-reimbursable expenses include, but are not limited to, collision damage and liability insurance premiums,* tickets, fines, traffic violations, and car repairs.

*Note. PATs are solely responsible for additional insurance fees. Member should check with his personal auto insurance to determine if coverage for rental car is provided by his/her personal auto insurance.

Privately Owned Vehicle (POV) Mileage Reimbursement Rates and Guidelines

PMIH will reimburse PATs the approved mileage rate. This mileage rate covers all automobile expenses such as fuel, maintenance, towing, repairs, tires, depreciation, and insurance.

The reimbursement rate is currently \$0.55 per mile (3/5/13) for authorized use of a Board member's personal car. (Note: This rate only applies to board members based in the United States. Should BoD members reside outside of the United States they should request the applicable mileage rate for their location, if available. In no circumstances will this rate exceed the U.S. rate.)

- In addition to the standard mileage allowance, necessary and reasonable charges for the following automobile-related expenses are allowed: tolls, parking, and fees for ferries, bridges, tunnels, etc.
- Non-reimbursable expenses include: car repairs, towing, storage, traffic violations, fines, and/or citations.
- No reimbursements are allowed for any costs or damage to the vehicle or vehicle contents caused by accident, vandals, theft or natural phenomenon.
- If two or more PATs travel in the same vehicle, only the PAT who owns the vehicle can be reimbursed.

Personal Automobile Insurance

PMIH does not provide insurance coverage for PATs operating a privately owned vehicle. The owner/driver is solely responsible for automobile insurance coverage. The owner/driver will be responsible for any damage caused to third party property and any damage to the PAT's own vehicle, regardless of fault.

Meals and Incidental Expenses (M&IE)

M&IE will be reimbursed on actual and reasonable expenditures. Receipts are required for all meals and the amount should not exceed the meal per diem rate per the IRS guidelines. There will be no reimbursement for meals that are expensed when meals are provided at PMIH business functions, except when pre-approved for dietary requirement purposes. In addition if the conference, function or hotel provides meals PMIH will not reimburse for additional meals during that time

Meals will be covered on the day of travel 1 day before the meeting but will not be covered on travel days 1 day after the meeting, unless otherwise pre-approved by the Officers responsible for approving expenses. Board members extending their stay before or after the board meeting should expense meals based on their expected travel days, the days they would have traveled had the stay not been extended.

If you would prefer to expense the meals on your actual travel day, please request that with your estimates.

Please refer to the M&IE Rates established by the federal government as it pertains to the location and the meal when you travel.

When dining with other PMIH BoD Member members, the board member who pays for the meal must itemize who was at the meal, if all are not paying separately.

Tips

Reasonable amounts spent on tips are acceptable, normally 15% of the net bill. *One dollar per bag is generally acceptable for airline porters and hotel staff. (Note: While tipping is a generally accepted practice, in many countries the service charges are included in the price of the meals. When traveling Internationally, board members should seek guidance on local tipping practices.)

* These tips are guidelines, let common sense be your guide

Hotel

The lowest possible hotel rates should be obtained when staying at a hotel on PMIH business. Group rates are normally available at user group functions and should be utilized.

Non-Reimbursable Expenditures

Alcohol

With the exception listed below, Alcohol will not be reimbursed at group meetings or meetings of other types:

Alcohol, within reason (2 drink maximum per PMI Houston attendee per dinner), will be reimbursed for:

1. Leadership Meetings - (PMI Houston attendees only)
2. PMI Annual Volunteer recognition event
3. PMI Annual PMIH Conference volunteer recognition event
4. PMI Annual Board of Directors dinner

Entertainment

Personal entertainment expenses are non-reimbursable.

Miscellaneous

Costs incurred for personal entertainment, laundry, telephone, business gifts, cellular phones, postage, and Visa/passport/inoculation fees incurred while on/or as a result of PMIH business **WILL NOT BE** reimbursed unless prior approval is sought **and granted**.