

**CENTRAL  
NEW YORK**



**SOCIETY FOR  
HUMAN  
RESOURCE  
MANAGEMENT**

**FINANCIAL POLICIES  
AND  
PROCEDURES**

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## **Financial Policies and Procedures** **Policy Guidelines and Administration**

### **Policy:**

The Central New York Society for Human Resource Management's (CNY-SHRM) *Financial Policies and Procedures* is maintained by its Board of Directors to establish policy and procedural guidelines for the Chapter's Treasury function. The document informs the Chapter's membership of Board approved financial policies and procedures.

### **Administration:**

The policies and procedures described herein are subject to change, in whole or in part, by the CNY-SHRM Board of Directors, without notice.

Throughout this document the phrase "The Chapter" refers to Central New York Society for Human Resource Management.

### **Procedures:**

New or changes to existing policies and/or procedures must be approved by the Chapter's Board of Directors.

The *Financial Policy and Procedures* may be accessed by CNY-SHRM members through the Chapter's web site.

## **Roles and Responsibilities**

### **Treasurer and Financial Consultant**

#### **Treasurer:**

- Pays all invoices/bills by check.
- Makes deposits.
- Maintains and compiles all financial monthly activities and reports including: expenses, deposits and bulk mail activity.
- Annotates all invoices, deposits and bulk mail statement with the appropriate accounting category.
- Receives monthly electronic account statements directly from the financial institution(s) via email or by down loading from the website and prints the statements. The Treasurer will provide to the Vice President the appropriate passwords to access the electronic financial institution(s) account statements.
- Provides information to the financial consultant within the first three days of each month. Package includes: statements from financial institutions, copy of checkbook, paid invoices, validated deposit slips, copy of email from Chapter Administrator listing checks received and bulk mail statements.
- Reviews and verifies the accuracy of the monthly reports received from the financial consultant; notifies the financial consultant of required corrections, when necessary. This includes verifying reconciliation of financial institution statements.
- Monitors performance, discusses issues and makes recommends to the financial consultant, when necessary.
- Presents financial reports to the Board of Directors at monthly meetings.
- Collects and accounts for money at events.
- Administers the “Events No-Show Billing Policy”.
- Compiles the Chapter’s annual budget.
- Chairs the Finance Committee.
- Treasurer and Finance Committee make recommendations for approval to the Board of Directors regarding changes to the treasury function (i.e., reporting, policies and procedures).
- Treasurer and Finance Committee reviews and recommends to the Board for approval an investment advisor to assist the Chapter in managing its investments.
- Treasurer and Finance Committee reviews investment opportunities and make appropriate recommendation(s) to the Board of Directors for approval.

**Financial Consultant:**

- Completes monthly financial reports. Generates monthly reports by reconciling the bank accounts and maintaining a general ledger through the recording of deposits and disbursements. This activity results in the production of various financial statements, financial reports and budget comparisons.
- Reconciles bank accounts. Reconciliation of financial institution statements must include matching each check drawn on CNY SHRM's account to the appropriate invoice and to the emails from the Chapter Administrator to the Treasurer listing payments and invoices received.
- Monthly financial reports will be completed by the Monday before the monthly Board of Directors meeting (normally the second Thursday of each month). The Treasurer notifies the financial consultant of required corrections, when necessary; the financial consultant makes required corrections to the following month's reports.
- Completes annual Federal and New York state tax returns, as applicable.
- Prepares and files the 1099 for any independent contractor; provides required copy to the independent contractor.

## **Internal Controls Over the Chapter's Receipts and Disbursements**

The internal controls outlined below represent the procedures adopted by Central New York Society for Human Resource Management to safeguard its assets and check the accuracy and reliability of its accounting data.

### **Checking and saving accounts:**

- Checking and savings accounts established in the Chapter's name.
- Tax identification number used to establish the Chapter's accounts.
- Authorized check signers include the President, Vice President and Treasurer.
- The Chapter's money should never be kept in any officer's, or any other individual's, personal checking account.
- Two authorizing signatures will be required for all checks in the amount of \$2,000 or above.

### **Controls over checks and cash received:**

- All checks are to be made payable to "CNY-SHRM".
- All checks must be deposited and may not be cashed by an individual, including members of the Executive Board, Board or SHRM organization.
- Mail is sent to the Chapter's post office box; mail opened by the Chapter Administrator.
- Mail received by the Chapter Administrator from a banking institution will be forwarded unopened to the Treasurer.
- The Chapter Administrator sends an email to the treasurer with Excel spreadsheet listing the checks and invoices received, on the day that the mail is opened.
- A copy of the email is included in the package sent to the financial consultant at the end of the month.
- The Chapter Deposit stamp must be kept in a secure, locked location by the Treasurer, with access available only to the President, Vice President and Treasurer.
- Checks are to be endorsed by the treasurer when received by using the Chapter's stamp "For Deposit Only, CNY SHRM" with the account number.
- Deposits are to be made within two (2) business days upon receipt by the Treasurer.
- Photocopies of check(s) received and deposited are retained by the treasurer.
- Validated deposit slips are attached to the corresponding copies of the checks.
- Deposits are recorded by the treasurer in the Chapter's checkbook.
- All validated deposit slips and copies of check are retained in a folder created for the month's activities.

### **Controls over disbursements:**

- Supporting documentation, such as an invoice, receipts or letter, is required for a check to be issued.
- All payments are made by check.
- All checks are recorded in the Chapter's checkbook at the time the check is issued.
- A photocopy of the check is attached to the supporting documentation.

**Controls over disbursements continued:**

- The document is marked “Paid” to avoid duplication of payment, dated and reference the check number. The appropriate line item is noted for the financial consultant to ensure correct allocation.
- All documentation is filed in the folder for the month’s activities after issuance of the checks.

**Bank Statement and Reconciliations:**

- Within three (3) business days of the month’s closing, the treasurer accesses the bank statement on-line, prints a copy and forwards to the financial consultant along with other documentation for the month’s activities.
- The financial consultant reconciles the bank statement on a monthly basis and notifies the treasurer of any differences.

**Retention of Records:**

- All financial records and reports will be retained for seven (7) years.
- Financial records and reports will be retained by the Treasurer while in position; past records and reports will be retained by the Chapter Administrator.

**Credit Card Payment at Time of Event:**

- The Chapter will accept credit card payments (Master Card, Visa) for events.
- A separate checking account has been established for processing credit card transactions.
- Attendees must present a credit card at the event which will be imprinted on the sales receipt.
- CNY-SHRM, date of the event, transaction date and dollar amount will be included on the sales receipt.
- The card holder will sign the sales receipt to authorize payment.
- The card holder will receive the customer copy of the sales receipt (last copy).
- The Chapter will retain the top two copies of the sales receipt.
- Bank issued instructions will be followed for processing and/or voiding credit card payments.
- Authorization is required for each transaction by calling the authorization center.
- Authorization and reference numbers will be noted on the sales receipt.
- The transaction must be called into the authorization center in order for the Chapter’s bank account to be credited.
- The bank account will be credited in two (2) business days for the full amount of the charge.
- Fees will be deducted from the account approximately the 10<sup>th</sup> business day of the following month.
- Sales receipts will be retained by the Treasurer for one (1) year from the date of transaction.
- Sales receipts will be filed by the Treasurer by date in a locked, secured file cabinet and/or office.

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**Events No-Show Billing Policy**

- Members or non-members that do not attend an event, and have registered, will be billed for their non-attendance unless they have cancelled their registration within the deadline. The deadline for events may vary and is at the discretion of CNY-SHRM.
- The Secretary will send the invoice/letter to the member or non-member indicating the amount owed to the Chapter within a week of the program.
- If payment has not been received from the member/non-member by the next month's event, a second notice will be prepared by the Treasurer to hand to the individual at the registration table for the next meeting. The notice will be in a sealed envelope.
- If the member/non-member does not attend the next month's event, the prepared second notice will be mailed by the Treasurer to the individual.
- If payment has not been received by the member/non-member in response to the second notice, the third notice will be a phone call from a member of the Finance Committee to remind them of the outstanding bill and request payment at the next event or by mail.
- After the second notice sent, no member/non-member will be permitted to register for a future event until all events no-show billings are paid.

**CENTRAL NEW YORK – SOCIETY FOR HUMAN RESOURCE  
MANAGEMENT  
Investment Policy**

**PURPOSE**

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The purpose of this Investment Policy Statement (IPS) is to assist the Central New York Chapter of the Society for Human Resource Management (CNY-SHRM) in effectively supervising, monitoring and evaluating its investment portfolio.

**BACKGROUND**

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This IPS has been prepared for CNY-SHRM. The assets covered by this IPS will include monies set aside in an investment account whose purpose is for long-term growth of capital.

Assets not covered by this IPS include CNY-SHRM accounts as follows:

- (1) Savings account
- (2) Checking account
- (3) Scholarship Fund
- (4) Reserve account

**STATEMENT OF OBJECTIVES FOR RESERVE ACCOUNT (Short-Term)**

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The objective of the investment policy is to provide short-term investments for the Chapter while maintaining the financial integrity. Investments are to be based on prudent and conservative risk-taking.

General Guidelines:

- The Chapter will maintain a checking account balance sufficient to cover normal operating expenses and a savings account balance to cover short-term expenses.
- The Chapter will maintain a money market account, or similar low-risk account, for the purpose of scholarship.
- The treasurer and Finance Committee evaluates the Chapter's financial situation and cash flow needs when developing investment recommendations (for Board of Director approval).

**STATEMENT OF OBJECTIVES FOR RESERVE ACCOUNT (Short-Term)**  
**Continued**

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- All investments must be made for the exclusive purpose of benefiting the members.
- The Chapter will work towards accumulating non-operational investments that are at least 50% of the Chapter's annual budgeted operating expense.
- Investment recommendations and reallocation of funds must be approved by the Chapter's Board of Directors. No investments will be made without Board approval.

**Investment Options:**

- The Chapter will invest in bank certificate of deposits and/or low risk/high grade investments such as bonds, fixed income investments or equivalent mutual funds with a Morningstar overall rating of at least four (4) stars, or equivalent rating by another service.
- The Chapter will not invest more than \$100,000 in any one institution since the Federal Deposit Insurance Corporation (FDIC) only insures \$100,000 per financial institution.

**Fiduciary Responsibility:**

The Board of Directors is responsible for:

- approval of all investments;
- monitoring the performance of current investments on a quarterly basis;
- reallocation of funds and making corrective actions, as deemed necessary.

## **STATEMENT OF OBJECTIVES FOR INVESTMENT ACCOUNT (Long-Term)**

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This IPS describes the prudent investment process the CNY-SHRM Board of Directors has deemed appropriate for CNY-SHRM's situation. CNY-SHRM desires to maximize returns within prudent levels of risk and to meet the following stated investment objective:

- Long-term growth of capital

### ***Time Horizon***

The investment guidelines are based upon an investment horizon of greater than five years; therefore interim fluctuations should be viewed with appropriate perspective. Short-term liquidity requirements are anticipated and expected, so investment recommendations should be made accordingly.

### ***Risk Tolerances***

CNY-SHRM recognizes and acknowledges some risk must be assumed in order to achieve long-term investment objectives, and that there are uncertainties and complexities associated with contemporary investment markets.

In establishing the risk tolerances for this IPS, CNY-SHRM's ability to withstand short and intermediate term variability was considered. Its prospects for the future, current financial condition and several other factors suggest collectively some interim fluctuations in market value and rates of return may be tolerated in order to achieve the longer-term objectives.

### ***Expected Return***

In general, CNY-SHRM would like the assets to earn at least a targeted return that exceeds the Consumer Price Index by 3%, and/or perform in line with the investments appropriate benchmark over a pre-determined time period.

It is understood that a return in excess of the CPI or benchmark will help to: (1) retain principal value; (2) retain purchasing power; (3) allow for excess proceeds to be set aside for future CNY-SHRM day-to-day accounts (checking and savings); and Board Approved Projects and Events.

## **STATEMENT OF OBJECTIVES FOR INVESTMENT ACCOUNT (Long-Term) Continued**

### **Asset Class Preferences**

CNY-SHRM understands long-term investment performance, in large part, is primarily a function of asset class mix. Therefore, the invested dollars should be spread out amongst a number of different asset classes which may represent the entire capital markets. A combination of investments that provides the greatest return with the least amount of risk.

### ***Review of Investment Allocation***

On an annual basis the investment allocations should be reviewed to see if reallocation is necessary.

### ***Liquidity***

The Board of Directors has the ability to add or redeem funds from the investment account as deemed appropriate.

## **DUTIES AND RESPONSIBILITIES**

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### ***Investment Advisor***

The Board of Directors of CNY-SHRM has retained an objective, third-party Advisor to assist them in managing the investments. The Advisor will be responsible for guiding CNY-SHRM through a disciplined and rigorous investment process. The primary responsibilities of the Advisor are:

1. Provide sufficient asset classes with different and distinct risk/return profiles so CNY-SHRM can prudently diversify the Portfolio.
2. Prudently select and propose for review various investment options.
3. Control and account for all investment expenses.
4. Monitor and supervise all investment options.
5. Avoid prohibited transactions and conflicts of interest.
6. Provide monthly/regular financial statements and accounting of investment activity and balances.
7. Annual review with the Board of Directors.

The Advisor will review with the Finance Committee at least annually all costs associated with the management of the Portfolio's investment program, including:

1. Expense ratios of each investment option against the appropriate peer group.
2. Custody fees: The holding of the assets, collection of the income and disbursement of payments.
3. Management fees or the overall account.

## **INVESTMENT SELECTION**

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The Advisor can apply the following due diligence criteria in selecting each investment option.

1. *Performance relative to benchmarks:* The product's performance should be evaluated against an appropriate benchmark, for 1-, 3- and 5-year cumulative periods.
2. *Minimum track record:* The product's inception date should be greater than three years.
3. *Expense ratios/fees:* The product's fees should be reasonable, and comparable to other investments in its peer group, however, the internal expenses of each of the individual investments should not exceed 1% on an annual basis.

## **CONTROL PROCEDURES**

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### ***Performance Objectives***

CNY-SHRM acknowledges fluctuating rates of return characterize the securities markets, recognizing that short-term fluctuations may cause variations in performance.

The performance of the investments will be monitored on an ongoing basis by the Finance Committee, to be presented to the CNY-SHRM Board of Directors during their routine meetings. It is at the Board's discretion to take corrective action by replacing an investment if they deem it appropriate at any time, or through a presentation by the Finance Committee for review and decision by the Board.

On a timely basis, but not less than annually, the Advisor will meet with the Board of Directors to review whether each investment continues to conform to the search criteria outlined in the previous section.

Investment performance will be evaluated in terms of an appropriate market index and/or the relevant peer group, as well as comparison to a “blended benchmark” which accurately reflects the investments overall allocation.

### ***Monitoring the Investments***

The decision to retain or terminate an investment cannot be made by the Finance Committee, but recommendation will be presented to the Board for review and decision. An investment may be subject to change and a thorough review and analysis of the investment may be conducted, when:

1. The investment performs below median for its appropriate benchmark over a 1-, 3- and/or 5-year cumulative period.
2. There is a change in the professionals managing the portfolio.
3. There is an indication the manager is deviating from his/her stated style and/or strategy.
4. There is an increase in the product’s fees and expenses.
5. Any extraordinary event occurs that may interfere with the investments ability to fulfill their role in the future.

## **INVESTMENT POLICY REVIEW**

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The Finance Committee will review this IPS at least annually to determine whether stated investment objectives are still relevant and the continued feasibility of achieving the same, at which time any such changes or amendments will be presented to the Board of Directors for review and decision.