

Virginia SHRM State Council

Financial Guidelines

As adopted on July 27, 2018

It is the policy and practice of the Virginia SHRM State Council “State Council” “VASHRM” “Council” to meet its fiduciary duties overall, and in day-to-day financial transactions, in a responsible, professional, accurate, and consistent manner. The Guidelines presented in this document will help ensure this result. The Executive Committee, with the delegated and/or expressed consent of the Governing Body, will execute this responsibility and approve exceptions to the same, by simple majority of either party, as appropriate.

Executive Committee

- Per State Council by-laws, the Executive Committee is appointed by the “Governing Body” defined to mean all of the voting members of State Council.
- The Executive Committee has the authority to act on behalf of the Governing Body in between [regular] meetings except in certain circumstances.
- Per Article VIII of the by-laws, if an Executive Committee is established, the committee will include the State Director (President), State Director-Elect (Vice President), Secretary, Treasurer, Membership Director and any other voting member of the Governing Body appointed to the Executive Committee by the Governing Body.

Accountability/Delegation of Authority

- The Executive Committee is accountable to the Council’s Governing Body for the financial management of all Virginia SHRM activities. The Council may delegate the day-to-day operations to the Officers.
- Pursuant to its job description, the Treasurer is authorized to conduct the day-to-day management of receiving funds, paying bills, maintaining and reconciling all bank accounts and the accounting functions related to financial matters of State Council. The Treasurer has authority to make payments, with no dollar limit, on all approved expenses, expenses within the parameters of the approved budget or expenses related to a current signed contract.
- No State Council officer, director, chairperson, committee member or State Council member may sign or authorize any type of contract, credit application or financial commitment that binds the Council to make payments, acquire goods or services or to incur any liability with a financial value greater than \$5,000 without being granted prior approval from the President on behalf of the Executive Committee.
- Expenditures or contract values greater than \$5,000 require legal review, Executive Committee approval and the President’s signature. Copies of all contracts are kept with the Treasurer.
- The Executive Committee must approve any use of the Investment Brokerage account (reserve funds).

Email Request for Payments

- Due to increased use of email scams to VASHRM members appearing to be legitimate requests for payment or have money wired, email requests alone will not be sufficient to initiate a

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payment. Any person receiving an email request must follow up with a phone call to the alleged sender verifying the authenticity of the email and request proper documentation before issuing payment.

Budget

- To ensure that planned activities minimize the risk of financial jeopardy and are consistent with approved priorities and long-term goals, the State Council operates with an Annual Budget.
- The State Council’s fiscal year is January 1-December 31.
- At the January State Council meeting, the annual State Council budget for the current year will be presented for approval. This timeframe allows prior year reconciliations to be completed and income/expense reports to be run in order to prepare the annual budget. Because there could be a couple weeks of “carryover spending” from one fiscal year into the next, the resolution approving the budget will state affirmatively that “the budget will remain in effect until the next budget is approved by State Council.”
- State Council officers will vet the proposed budget during 4th quarter prior to being submitted for approval to the full State Council in January.

State Conference

- Purpose of the State Conference is to enhance the stated Mission, Vision and Values of Virginia SHRM and : (1) to promote the development of HR professionals in Virginia and (2) generate a net income from the conference to cover State Council expenses. Any additional income will be targeted for State Council budget needs and objectives.
- A State Conference budget will be developed and presented at the January State Council meeting, which will be approximately 16 months prior to the conference (e.g., the budget for the April 2019 conference is approved in January 2018).
- Expenses for the conference are typically budgeted not to exceed the expected income from attendee registrations.
- Income from sponsors/exhibitors will be considered above and beyond the conference expenses and are typically budgeted to cover projected State Council expenses in the following year. Any additional income will be considered for distribution to local chapters as set forth in the section “State Conference Net Proceeds Distribution Formula” later in this document.
- The designated State Conference Chair or Co-Chairs will determine their committee needs and establish their Committee Chairs. To provide some continually and succession planning, they may solicit assistance from prior conference committee members, State Council members and new volunteers. The State Council Treasurer will be a member of the Conference Committee overseeing the conference budget and monetary matters of the conference. The President and Vice President will serve on the Conference Committee in an advisory role to the Conference Chair/Co-Chairs.

State Conference Subsidy Structure

POSITION	Discount off conference registration	Discount off conference lodging	COMMENTS
Conference Co-Chairs	100%	100%	
Conference Committee Chair/Co-Chairs	100%	100%	
State Council President (at time of conference)	100%	100%	Conference advisory role

State Council Vice President (at time of conference)	100%	100%	Conference advisory role
Immediate Past President (at time of conference)	50%	25%	Only with specified duties at conference
Immediate Past Conference Chair/Co-chairs	50%	25%	
Social Media Director (at time of conference)	50 - 100%	NA	Depends on extent of Social Media effort
SHRM Foundation Director(s) (at time of conference)	50%	NA	Organize and run silent auction + raffle
Emerging Professionals Director (at time of conference)	50%	NA	Only if organizing/hosting event
Membership Director (at time of conference)	50%	NA	Only if organizing/hosting event
State Council Conference Director (at time of conference)	50%	NA	Only with specified duties at conference
State Council members not listed above (at time of conference)	20%	NA	Only if they volunteer at the conference
Conference keynote speakers	TBD by conference committee		
Other conference speakers	TBD by conference committee		

Leadership Conference

- Attendance costs for all State Council officers, functional directors, SHRM staff, Past Presidents, and board members from each local chapter are borne by the State Council. For the past several years, State Council has paid for up to 5 board members from each chapter to attend the conference. Attendance costs covers the meeting aspect of the conference (registration, presenters, materials, conference-provided meals). Lodging costs are the responsibility of the attendee.
- Additional local chapter board members are welcome to attend at a discounted rate to be determined based on available funds and costs associated with the selected conference site.
- No-shows or cancellations after the deadline will be billed to the attendee's chapter or the attendee for the cost of conference-provided meals unless a substitute is made.

Webinars

- Reasonable costs for State Council developed webinars and similar events, publications, podcasts, etc. approved by the Executive Committee will be paid from operating funds if not previously budgeted.

Sponsorships/Website Ads

- In addition to the State Council magazine, *HR Today*, and conference sponsors, Virginia SHRM may seek corporate/website sponsorships, the proceeds of which are intended to offset State Council expenses (budgeted or new initiative expenditures) appropriately approved by the Executive Committee.

SHRM Foundation Contributions

- Contributions come from the various fund raising projects coordinated by the SHRM Foundation Director(s) throughout the year.
- The amount of the annual contribution made by the State Council to the SHRM Foundation has, in the past, consisted of the sum of these collected monies on a purely pass-through basis.
- Beginning in 2019, State Council intends to make a separate stand-alone contribution to be determined either by taking a percentage of the conference net proceeds or a flat dollar amount each year as a contribution to the SHRM Foundation. Such amount will be proposed in the annual budget presented for approval.
- Individual State Council and chapter board members will be encouraged to contribute in the name of either or both entities, to both highlight and encourage chapter members and others to follow the example set by the boards.

Legacy Scholarship

- State Council sponsors an annual scholarship for HR certification through the SHRM Foundation.

SHRM Membership Income

- SHRM provides annually a predetermined amount to State Council based on the number of SHRM members in the state. That income is used to offset State Council annual operating expenses, including the annual leadership conference.

SHRM Certification Income

- Certification Income is a result of the development of the new SHRM certifications and SHRM's effort to promote the new certifications. Any income received from SHRM for the number of certified members in the state is currently tagged for special projects. A portion of this income may be added annually to the State Council operating budget, as deemed appropriate by the Executive Committee. Funds from this source should be considered as unbudgeted due to the uncertain nature of the continuation of this funding stream by SHRM.

State Council Magazine

- Income as a result of advertising in the semi-annual magazine is used toward State Council annual operating expenses and/or any other spending decisions made by the Executive Committee; it is frequently re-invested into purchasing additional editorial content pages in the magazine.

Brokerage Account/Investment Income

- State Council has an investment account designed to serve as a reserve for unforeseen circumstances. The account is invested conservatively as recommended by the account manager and ultimately determined by the Executive Committee (currently delegated to the Treasurer).
- State Council has committed to maintaining a balance in the reserve account equal to 60-75% of the total annual operating budget (to include the State Conference budget), the amount of which will be reviewed on an annual basis.
- The State Council Treasurer will provide periodic reports to the Executive Committee of account activity, typically on a quarterly basis.
- Officers, as listed with the Virginia State Corporation Commission (SCC), are required to be listed on the account. The Treasurer will update any changes to the officer roster and will facilitate the revisions with the SCC.

State Council Credit Cards

- State Council credit cards are issued to the President, Vice President and Treasurer for State Council expenses.
- All State Council credit card transaction receipts are given to the Treasurer for processing.

Checking Account

- State Council maintains a business checking account for Council use. Authorized signers on the account include the President, Vice President and Treasurer. Only one signature is needed on checks. Authorized signers can write checks for any approved amount.
- All requests for reimbursement or payment to vendors require documentation, receipts or invoices prior to payment being made.

State Council Meeting Income

- If a sponsor is identified for a State Council meeting, the sponsor contribution is used to offset the cost of the meeting (food, beverages, supplies and/or meeting space). This may/may not pass through Virginia SHRM's budget, but should be noted under "receivables."

Virginia SHRM Scholarship Expense

- Virginia SHRM State Council has in the past offered \$1,000 in scholarship money that can be divided into two scholarships or given as one scholarship for certification or education; this assistance has been provided to chapters and to individuals.
- In the future, State Council may consider more scholarship offerings, including attendance at the Virginia SHRM State Conference. For example, in 2019 the number and amounts of these scholarships will be a minimum of four \$500 scholarships.
- The Executive Committee shall make a recommendation of the amount on an annual basis.

Student Chapter Support

- Virginia SHRM intends to provide one or more Student Chapter events and opportunities annually.
- State Council will provide a level of financial support for these events and opportunities. The amount of this support will generally be pre-determined and approved in the annual operating budget.

Honoraria & Speaker Gifts

- State Council recognizes speakers and members for their volunteer service and work with occasional small token items of appreciation/gift cards.

Fees

- State Council pays credit card fees as required by credit issuers.
- In addition, there are professional fees, such as the annual filing with the State Corporation Commission, accounting/tax preparation and legal fees in advocacy efforts that are pursued by State Council, and related efforts.

Insurance for Board

- State Council pays for liability insurance (Directors and Officers).
- The State Council may consider indemnification of officers and directors to the fullest extent permitted by law if such is not provided through insurance.

State Conference Net Proceeds Distribution Formula

- State Council relies on all chapters to promote, attend and volunteer at the Annual VASHRM State Conference. At year-end, the Treasurer will run an income/expense report for the conference to determine the net proceeds from the conference. The calculation and formula below is used to determine the amount of net conference proceeds to distribute to chapters.
- The State Council annual budget will be funded to meet its expenses first.
- Recommended distribution will be made to chapters based on 3 criteria:

1. Local chapter participation in state council (at least one representative at no less than three state council meetings in the prior year)

2. # of chapter members attending conference

3. # of SHRM members in chapter using the most recent SHRM membership report of the conference year

- Proceeds distribution formula:

$$\frac{\# \text{ Chapter conference attendees}}{\# \text{ Chapter-affiliated conference attendees}} \times \frac{\text{distribution amount}}{3} +$$

$$\frac{\# \text{ SHRM chapter members}}{\# \text{ Affiliated SHRM members}} \times \frac{\text{distribution amount}}{3} +$$

$$\frac{1}{\# \text{ local chapters}} \times \text{distribution amount} = \text{CHAPTER'S PROCEEDS}$$

- The total distribution amount will be determined in December after the Treasurer pays all the year's expenses and calculates remaining income. A recommendation is made to the Executive Committee for approval.
- Once the total distribution amount is approved, the amount payable to each chapter is determined by the formula. SHRM member numbers are obtained from SHRM, using the most recent numbers available. Conference attendee numbers are obtained from the registration system report.
- In the past, it has been the practice to issue checks at the Leadership Conference for any proceeds to be shared from the conference which concluded in the previous calendar year. (Distribution in January 2019 for net proceeds from 2018 Conference.)
- Beginning in 2018, to encourage member certification chapters may be given an amount to be determined for each certified member (SHRM and HRCI); this would be in addition to current SHRM monies provided to chapters for certified members. This amount and the availability of funds will be reviewed on an annual basis by the Executive Committee and proposed for the annual operating budget.

Administration Expenses

- Expenses include office supplies, telephone and conference call services, postage and shipping, survey services, and website maintenance.

Travel & Conference Expense for State Council Members

- State Council will cover the reasonable and documented bona fide costs of doing business incurred by its officers and members including those who travel on pre-approved State Council business. For example, the President may offer hospitality (in the form of hosting and paying for one meal for all state council and chapter members attending as a group) at official SHRM conferences (VLS, national conference and exposition, regional business council meeting, etc.).
- The President or other officers who are designated and/or authorized may pay for the cost of the meal for everyone as long as official State Council business was conducted and the expense is in line with State Council guidelines on reasonableness and fiduciary responsibility.
- Members who use their personal car for pre-approved official State Council business can request mileage reimbursement, except to attend quarterly State Council meetings or the annual conferences, which are specifically excluded per the guideline below. The reimbursement rate is based on the IRS rate for non-profits/charities.
- Those entrusted with the obligation to commit State Council funds should treat the money with a fiduciary mindset and understand that Virginia SHRM State Council is a non-profit organization. In all cases, waste, fraud, and abuse of Virginia SHRM funds, or the mishandling of Virginia SHRM funds that could lead to the perception of waste, fraud, or abuse should be avoided.
- Any expenses incurred by State Council officers other than the President will be reviewed and approved by the Treasurer and the President; any expenses incurred by the President will be reviewed and approved by the Treasurer and Vice President.
- Any dispute will be reviewed, and decided, by the Executive Committee, minus the aggrieved party, and including the Immediate Past President. (The intent is to ensure an odd number of individuals hearing/deciding any appeal.)

Travel for State Council members to attend State Council meetings

- State Council members who live more than 150 miles from a State Council quarterly meeting location, and who are not otherwise receiving reimbursement from their employers, may request reimbursement for one night's lodging up to \$120.
- Members are not reimbursed for mileage for travel to quarterly state council meetings or state council conferences.

Conflicts of Interest Policy

- Virginia SHRM State Council has an approved Conflicts of Interest policy. Its purpose is to protect the State Council's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of VASHRM or might result in a possible excess benefit transaction. This policy is intended to supplement, but not replace, any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Miscellaneous Expense

- Virginia SHRM State Council has occasional small expenses, such as for condolence and sickness within State Council.