



SOCIETY FOR FOREIGN AFFAIRS

Established 2016

DELTA PHI EPSILON SOCIETY FOR FOREIGN AFFAIRS FINANCIAL MANAGEMENT POLICY

DRAFTED APRIL 2, 2016
APPROVED JANUARY 7, 2017

INTRODUCTION. In order to ensure sound financial management, accountability to the general public and members of the Delta Phi Epsilon Society for Foreign Affairs (the “Society”), and protect against fraud, malfeasance, and misfeasance generally, the Society’s board of directors (“Executive Council”) adopts the following policies:

R1. BASIS OF ACCOUNTING. The Society uses Generally Accepted Accounting Principles (“GAAP”). In accordance with GAAP, financial records will be maintained according to an accrual basis.

R2. FISCAL YEAR. The Society’s fiscal year shall end on December 31 of each year.

R3. SUMMARY OF DUTIES. In general, the society’s cash management functions consist of the following activities:

- (1). Receipt of accounts, such as member dues, donations, or program fees;
- (2). Maintenance of accounts receivable records;
- (3). Disbursements of funds;
- (4). Approval of purchase orders;
- (5). Receipt of vendor invoices;
- (6). Maintenance of accounts payable records;
- (7). Reconciliation of monthly receipts and disbursements;
- (8). Receipt of monthly bank statements and notices of unusual items, such as insufficient funds; and
- (9). Review of bank statements for proper collateralization.

To ensure transparency and accountability, these activities must be divided among the directors, officers, and employees.

R4. SEGREGATION OF DUTIES. Responsibility for maintaining records of accounts receivable and accounts payable will be divided between the Treasurer and Secretary. The Secretary will be responsible for maintaining records of accounts payable, including vendor

invoices. The Treasurer will maintain records for accounts receivable. The two directors will compare records and reconcile financial statements on a quarterly basis.

R5. APPROVAL OF LARGE-DOLLAR EXPENDITURES. Purchase orders, disbursements, and other expenses valued at \$201 or more require the approval of two directors before any funds are released. By default, large-dollar expenditures require the joint approval of the Treasurer and Secretary. In the event either of these directors is unavailable, the Vice President will have approval authority. If the Vice President is unavailable or already substituting for another director, then the President will have approval authority.

R6. PETTY CASH RULE. To facilitate the timely resolution of routine transactions, expenditures valued at \$200 or less are exempt from R3. These transactions may be approved by the Executive Director or by the President, Vice President, Treasurer, or Secretary.

R7. FINANCIAL REPORTING. Annual financial reports shall be drafted by the Treasurer in consultation with the Executive Council and senior staff. These reports shall contain the Society's financial statements, a narrative of the year's activities, and projections for the coming year. Upon approval by the Executive Council, the annual report will be circulated among the Society's members and made available to the public.

R8. AUDITING. An annual independent audit will be supervised by the Audit Committee of the Executive Council. As set out in the Society's Charter, this committee shall be composed of volunteer members of the Society. To preserve independence and accountability, the President, Vice President, Treasurer, and Secretary may not serve on the committee.

Once approved by the committee, a draft audit report will be presented to the Executive Council for a 60-day review period. At the end of that period, the audit report and the Executive Council's statement on the audit will be circulated among the Society's members and made available to the public.

R9. VIOLATIONS AND DISCIPLINE. Knowing or willful failure by a director to adhere to this Policy may be grounds for discipline as determined by the Executive Council. Options for discipline include, but are not limited to:

- Suspension from Society activities;
- Suspension from the Executive Council, in the case of directors and officers;
- A recommendation to the Society membership to remove the director or officer from the Executive Council;
- Termination of Society membership; or
- Such other measures as may be warranted by the circumstances and nature of the violation.

The Executive Council shall report any violations and disciplinary actions related to this policy to the Society Membership in a prompt and timely manner.