

## FINANCE POLICIES

<u>Category</u>	<u>Policy</u>
1	
2	
3 I. Administrative	A. Administrative Policies Objectives
4 Policies	B. Bonding of Executive Director
5	C. Check Depositing Policy
6	D. Check Writing Policy
7	E. Invoice Approval and Payment Policy
8	F. Pricing Policy
9	G. Records Management Policy
10	H. Sales Tax for Wisconsin Residents
11	I. Tax Preparation
12	J. Tracking of Office Purchases
13	K. Travel Reimbursement Policy
14	
15 II. Asset Management	A. Asset Management Policies Objective
16 Policies	B. Long-Range Goals for the Section's Assets
17	C. Asset Management Procedures
18	D. Asset Management Policies
19	
20 III. Audit Policies	A. Audit Policy Objective
21	B. External Audit Procedures
22	C. Peer Audit
23	D. Monthly Review of Financial Statements
24	E. Review of Financial Statements
25	F. Year-end Financial Report to the Members
26	
27 IV. Budget Development,	A. Budget Development, Analysis, Recommendation and
28 Analysis, Recommendation	Approval Policies Objectives
29 and Approval Policies	B. Budget Development Procedures
30	C. Budget Analysis and Recommendation Procedures
31	D. Budget Approval Procedures
32	E. Non-Budgeted Approval Procedures
33	
34 V. Contract Policies	A. Contract Review Responsibility
35	B. Contract Approval Process
36	
37 VI. Employee Bonuses	A. Procedure for Determining Bonuses
38	
39 VII. Finance Committee Policies	A. Finance Committee Responsibilities
40	B. Fall Review of Membership Dues
41	C. Finance Committee Members
42	D. Annual Finance Committee Meeting
43	
44 VIII. Finance Policies Revision	A. Review of Policies
45 Process	B. Revision/Deletion Recommendations

# FINANCE POLICIES

## I. ADMINISTRATIVE POLICIES

### A. Administrative Policies Objectives:

- i. Provide clear directions to the Section's Staff to facilitate effective and efficient administration of the financial aspects of the Section.
- ii. Enable the Section's Staff to enhance the Finance Committee's ability to perform its responsibilities.
- iii. Enable the Section's Staff to enhance the Board of Directors' ability to achieve the Section's Vision, which is as follows:

#### Orthopaedic Section's Vision Statement Updated October 2004

The Orthopaedic Section is the leader in advancing orthopedic physical therapy practice through the professional development and increased involvement of its members. The Section leads through dynamic and innovative education, practice, and research initiatives while maintaining fiscal accountability and professionalism.

### B. Bonding of Executive Director:

- i. The Executive Director of the Orthopaedic Section will be bonded for \$50,000.

### C. Check Depositing Policy:

- i. The Executive Associate opens the mail each day. Any checks received are given to the Project Assistant and she enters these into the online "check log" document. The checks are then distributed to the appropriate staff member for coding according to the budget. Once this is done, the checks are returned to the Executive Associate, and they are deposited in the bank. A copy of all checks deposited is made and given to the Project Assistant who then marks them as deposited in the "check log" document. The deposit copy is then returned to the Executive Associate, and from this copy she enters the deposit into the accounting computer. The Executive Associate also attaches the deposit receipt to the deposit copy.
- ii. Deposits that are not credited to the Section by the bank will require the Section Staff to: 1) Follow up with bank periodically to determine if the check has cleared, 2) Follow up with check writer to determine the source of the problem, 3) If 4 months have passed and the check has not been credited to the bank and the check is less than \$100.00, write off the check, 4) If 4 months have passed and the check has not been credited to the bank and the check is greater than \$100.00, send to collections and continue to follow up with check writer and the bank.

## FINANCE POLICIES

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3 D. Check Writing Policy:  
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- 5 i. No checks will be written for non-budgeted and non-Board of Directors approved  
6 items.  
7 ii. No checks will be written out to cash.  
8 iii. Stop payment will be made on all uncashed checks after 120 days.  
9 iv. All fees charged to the Section for checks that bounce will be passed on to the  
10 check writer.  
11 v. Authorized check writers are the President, Treasurer and the Executive Director.  
12 vi. All checks written over \$15,000 require two authorized signatures.  
13

14  
15 E. Invoice Approval and Payment Policy:  
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- 17 i. Each employee who receives and is responsible for approving invoices should  
18 initial and date the invoice to fix responsibility.  
19  
20

21 F. Pricing Policy:  
22

- 23 i. Pricing for products or services will follow current APTA guidelines, which are as  
24 follows: Staff is responsible for developing consistent fees for products and  
25 services developed by the Section. When products or services are provided as a  
26 benefit of belonging to the Section, staff should restrict these items from  
27 nonmembers or charge a fee, except for those Section-endorsed products or  
28 services that because of Federal or State regulations prohibit a discounted member  
29 rate structure. The Section shall price nonmember resale items deemed critical to  
30 the practice of physical therapy at a level to serve as an incentive for the  
31 nonmember (eligible for membership) to join. The nonmember price for products  
32 and services shall be at least 40% greater than the member price.  
33  
34 ii. Pricing for products, services and registration fees shall be determined by taking  
35 into account total anticipated costs, including direct costs (fixed and variable),  
36 salaries, and allocables.  
37

38 G. Records Management Policy:  
39

- 40 i. Certain records/documents will be kept as specified below:  
41  
42 a. Meeting minutes are kept forever.  
43 b. Tax returns are kept forever.  
44 c. Fixed asset records are kept until the Section no longer has the item.  
45 d. Accounts payable records are kept for seven (7) years.  
46 e. Monthly financial statements are kept for seven (7) years.  
47 f. Electronic storage for records is appropriate where applicable.

# FINANCE POLICIES

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3 H. Sales Tax for Wisconsin Residents:  
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- 5 i. Sales tax must be collected from all Wisconsin residents who buy promotional  
6 items or register for a home study course. Tax must be submitted to the state of  
7 Wisconsin at the end of each year.  
8  
9

10 I. Tax Preparation  
11

- 12 i. An outside accounting firm prepares federal tax returns yearly. They must be  
13 completed and filed by the corporate filing date of May 15. If this is not possible,  
14 the accounting firm must file an extension.  
15  
16

17 J. Tracking of Office Purchases:  
18

- 19 i. Detailed information on all office purchases will be recorded on a tracking sheet.  
20 Procedure:  
21 a. Record quantity ordered  
22 b. Record item ordered  
23 c. Record person who ordered the item  
24 d. Record date ordered  
25 e. Record date received  
26 f. Record cost per item  
27 g. Record total cost of order  
28 h. Record check number when paid  
29 i. One person will order the item, a different person will verify receipt  
30  
31

32 K. Travel Reimbursement Policy:  
33

- 34 i. Reimbursement for budgeted travel by the Section staff, members, invited  
35 speakers or consultants will be made as follows: Hotel reimbursement will not  
36 exceed the single room rate at the convention hotel(s). Airfare reimbursement is  
37 based on coach fare of \$470.00. Anything above this amount requires approval by  
38 the Executive Director. Mileage reimbursement will follow the APTA guideline.  
39 Per Diem is limited to \$50 per day (\$10 - breakfast, \$15 - lunch, \$25 - dinner).  
40 All reimbursements for expenses need to be submitted within 60 days. Requests  
41 for reimbursement after 60 days will need approval by the Orthopaedic Section  
42 Board of Directors. All reimbursement requests that are over these guidelines  
43 must be approved by the Board of Directors.  
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# FINANCE POLICIES

## II. ASSET MANAGEMENT POLICIES

### A. Asset Management Policies Objective:

- i. The Finance Committee is responsible for making recommendations to the Board of Directors on the optimal management strategies for the Section's assets (i.e., personnel, real estate investments, stock and bond investment funds, and intellectual property) that enable the Section to accomplish its Vision.

### B. Long-Range Financial Goals for the Section's Assets:

- i. Maintain a reserve fund that is equal to 50% of the Section's annual operating budget plus the sum of the SIG encumbered funds.
- ii. Build stock investments for the research endowment fund that annually generate \$100,000 in dividends and capital gains.
- iii. Develop real estate assets that annually provide \$100,000 in net rental income

### C. Asset Management Procedures:

- i. The Executive Director provides the Treasurer monthly, quarterly, and annual information (e.g., financial statements, balance sheets, audit reports) related to the Section's assets.
- ii. The Executive Director provides the Finance Committee summary financial statements related to the Section's assets, including investment fund account values and percent change for the current year to July 31, previous year, previous 3 years, previous 5 years, inception to date.
- iii. The Finance Committee analyzes this information and develops financial plans and goals related to the Section's assets.
- iv. These financial plans and goals are provided to the Board of Directors as recommendations. Boards of Directors' approved financial plans are implemented as appropriate by the Executive Director and the outcome of the financial plans are monitored by the Finance Committee.

### D. Asset Management Policies:

- i. The Section's checking account balance should provide sufficient funds to sustain the Section's operations for the upcoming three months.
- ii. Liabilities, such as the Section's equity line of credit balance, should be paid off prior to depositing funds in the Section's reserve fund.
- iii. The balance of the reserve fund should, ideally be approximately 50% of one year's operating expenses plus the sum of the SIG encumbered funds. The mutual fund investment strategy of the reserve fund should be approximately 80% stocks and 20% bonds at the discretion of the broker.

## FINANCE POLICIES

- iv. When the balances of the Section's checking account and reserve fund are sufficient, funds may be allocated to the Section's research endowment fund. The investment strategy of the Section's research endowment fund should be approximately 70% stocks and 30% bonds at the discretion of the broker.
- v. The investment broker used for the Section's reserve fund should be different than the investment broker used for the Section's research endowment fund.

### III. AUDIT POLICIES

#### A. Audit Policy Objective:

- i. An external audit is conducted every year at the Orthopaedic Section office beginning in the month of December.

#### B. External Audit Procedures:

- i. The Section hires an accounting firm to conduct the audit.
- ii. Deadline for completion of the audit is May 15.
- iii. A copy of the audited financial statements are provided to the Orthopaedic Section office, Finance Committee, Board of Directors, and APTA.
- iv. Results of the audit shall be reported to the general membership in *Orthopaedic Physical Therapy Practice* (e.g., in the Fall issue).
- v. The performance and cost effectiveness of the accounting firm that conducts the Section's audit is continually reviewed by the Finance Committee and the Board of Directors.
- vi. The Finance Committee's recommendation for the accounting firm and the audit expenses appear in the annual budget provided to the Board of Directors.

#### C. Peer Audit:

- i. A peer review audit is conducted every year by a Finance Committee Member before its annual meeting. The audit may include a review of income, expenses, contracts, and procedures. Data gathered is discussed with the remainder of the Finance Committee and Section Staff during the remaining two days of the annual Finance Committee meeting and documented in the annual Finance Committee Meeting minutes.

#### D. Monthly Review of Financial Statements:

- i. The Section Treasurer will be sent the following via fax or mail each month: Bank statements, account register, and account reconciliation.
- ii. The Treasurer will sign and date a form each month verifying that he/she has reviewed the above information and fax or mail this form back to the Section office for filing.

## FINANCE POLICIES

1 E. Review of Financial Statements:  
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- 3 i. All summary income statements, expense summaries, and balance statements are  
4 sent to the Board of Directors, Committee Chairs, and SIG Presidents twice a  
5 year. These statements will typically be sent via electronic mail or posted on a  
6 secure portion of the Section's website.  
7

8 F. Year-end Financial Report to the Members:  
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- 10 i. Year-end financial reports, in graphic format, will be published in *Orthopaedic*  
11 *Physical Therapy Practice*.  
12

13  
14 **IV. BUDGET DEVELOPMENT, ANALYSIS, RECOMMENDATION AND APPROVAL**  
15 **POLICIES**  
16

17 A. Budget Development, Analysis, Recommendation and Approval Policies Objectives:  
18

- 19 i. All Committees and Special Interest Groups that require financial assistance to  
20 operate will formally request funds according to uniform, equitable procedures.  
21 ii. The Finance Committee is responsible for analyzing the Section's available  
22 resources and providing a recommendation to the Board of Directors, in the form  
23 of a budget and action items, on the optimal utilization of the available resources  
24 to accomplish the Section's Vision, Mission and current Strategic Plan objectives.  
25  
26 iii. The Board of Directors is responsible for the final approval of the annual budget.  
27

28 B. Budget Development Procedures:  
29

- 30 i. All funding requests need to be received by the Section office on or before June 1  
31 prior to the year for which the funds are requested.  
32 ii. Committee Chairs, Special Interest Group Presidents or his/her designee (such as  
33 the SIG Treasurer), and Section staff are responsible for providing the funding  
34 requests to the Section office.  
35 iii. All funding requests must utilize the template (line item Excel spreadsheet)  
36 provided by the Section office.  
37 iv. If a funding request is not received from a Committee or Special Interest Group by  
38 June 1, the Section office will use the standard annual funding request for that  
39 Committee or SIG.  
40 v. Funding requests received after June 1 will not be processed in time to be included  
41 in the Finance Committee's meeting notebook and thus, will not be able to receive  
42 full consideration by the Finance Committee for the upcoming year's budget.  
43 vi. Standard Annual Funding Requests for Committees and SIGs are available from  
44 the Section office.  
45  
46

## FINANCE POLICIES

1           vii.    Additional Budget Items:

2           a.    President's Stipend

3                   A stipend of \$10,000.00 per year is provided for the current Orthopaedic  
4                   Section President. This is to be tied to a commitment by this officer to  
5                   dedicate approximately 8 hours per week, of which up to four regularly  
6                   scheduled hours must occur during regular Monday to Friday business  
7                   hours. One quarter of this stipend (\$2,500) is paid quarterly.

8           b.    Board Administrative Expense

9                   Funds available to the Board for approved expense items.

10          c.    Benevolent Giving Objective

11                   Funds from the Section's checking account or investment accounts may be  
12                   allocated for non-Section organizations, such as research foundations,  
13                   scholarship funds, or political action committees, whose activities are  
14                   consistent with the Section's current strategic plan. The long-range  
15                   financial goal for the Section is that funds for benevolent giving will be  
16                   generated from profits from endowment funds and real estate investments  
17                   to ensure that annual contributions to the selected organizations can be  
18                   made.

19          d.    Benevolent Giving Procedures

- 20                   • All requests for donations will be reviewed by the Finance Committee
- 21                   during its annual meeting.
- 22                   • Recommendations for benevolent giving will be made in the annual
- 23                   budget provided to the Board of Directors.

24  
25  
26          C.    Budget Analysis and Recommendation Procedures:

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28          i.    In July and early August, the Executive Director is responsible for creating a draft  
29               budget.

30          ii.   The Finance Committee analyzes this draft budget prior to and during its annual  
31               meeting, which takes place in late August of each year.

32          iii.   During the annual Finance Committee meeting, a budget and associated  
33               recommendations will be forwarded to the Board of Directors.

34  
35  
36          D.    Budget Approval Procedures

37  
38          i.    The recommended annual budget from the Finance Committee is reviewed,  
39               modified, and approved by the Board of Directors at the Fall Board of Directors  
40               meeting.

## FINANCE POLICIES

- 1 E. Non Budgeted Approval Procedures  
2  
3 i. Funding requests greater than \$5,000.00 that are not specified in the annual budget  
4 require Treasurer and/or Finance Committee review prior to Board of Directors  
5 approval.  
6 ii. Requests that require funds that are *not* specified in the annual budget *and* that  
7 require funds to be withdrawn from the Section's stock and bond investment funds  
8 or equity line of credit, must first be reviewed by the Finance Committee.  
9  
10

### 11 V. CONTRACT POLICIES

#### 12 A. Contract Review Responsibility

- 13  
14  
15 i. The Board of Directors will oversee the Section's current contracts in cooperation  
16 with the Executive Director. The Finance Committee will review a sampling of  
17 the Section's contracts each year at its annual meeting and will advise the Board if  
18 there is any action to be taken.  
19 ii. All potential contracts that have fiscal implications will go through the normal  
20 budget development, analysis, recommendation and approval process. (See  
21 Section IV)  
22

#### 23 B. Contract Approval Process

- 24  
25 i. The Treasurer and Executive Director shall review all agreements/contracts  
26 involving banking, investments, or contractual arrangements.  
27 ii. All finalized agreements/contracts must be in writing and originate from the  
28 Orthopaedic Section office.  
29 iii. The Board of Directors must approve all agreements/contracts greater than  
30 \$15,000.00.  
31 iv. The President and one member of the Board of Directors will sign all contracts  
32 that have fiscal implications greater than \$15,000.00.  
33  
34

### 35 VI. EMPLOYEE BONUSES

#### 36 A. Procedure for Determining Bonuses

37  
38  
39 Annually at the Fall Meeting, the Board of Directors will consider an amount for  
40 employee bonuses based on Section revenues and liabilities. A percentage of this bonus  
41 amount will be considered by the Board for the Executive Director based on  
42 performance. A percentage of the balance will be considered by the Executive Director  
43 for the rest of the staff based on performance.  
44  
45  
46

# FINANCE POLICIES

## VII. FINANCE COMMITTEE POLICIES

### A. Finance Committee Responsibilities:

- i. Make fiscal recommendations to the Orthopaedic Section's Board of Directors, which ensure the Section's ability to provide the following essential benefits to its members:
  - a. Opportunities for obtaining the highest quality orthopaedic physical therapy professional education
  - b. Promotion of high standards of orthopaedic physical therapy practice to payers and policy makers
  - c. Facilitate ongoing contribution to the evidence of orthopaedic physical therapy in the scientific literature
- ii. Finance Committee Members must participate in the Finance Committee Meeting, which is held in late August each year.
- iii. Finance Committee Members also may participate in one or more conference call meetings during the year. Finance Committee Members who attend CSM may also participate in a meeting during the conference. The number of meetings, other than the Annual Meeting in August, depends on the number of financial issues that develop with the Section's business of that particular year.
- iv. One Finance Committee member, in addition to the Treasurer, will be invited to attend the Fall Board of Directors Meeting, when funds are available. Typically, each Finance Committee Member will attend one Fall Board of Directors Meeting during his/her three-year term.

### B. Fall Review of Membership Dues

- i. The APTA requires each Section to review amount of membership dues annually. The Finance Committee will review the amount for the Section's membership dues at its annual meeting each August and a recommendation will be made to the Board of Directors. The Board of Directors will perform its annual review of dues amount at its Fall Board of Directors' meeting. If the decision is to keep the dues at the current amount, then this decision will be reported to the APTA, when requested, typically during June of each year. If the decision is to change the current dues amount, then the process to change the dues amount will be initiated.

### C. Finance Committee Members

- i. The Finance Committee has four members. The chair of the Finance Committee is the Treasurer of the Section. The Treasurer is elected by the Section

## FINANCE POLICIES

1 Membership for a three-year term. The other Finance Committee Members are  
2 appointed by the Board of Directors for a three-year term. A member can be  
3 appointed for a maximum of two terms. The terms are staggered so that a new  
4 Finance Committee Member is appointed or re-appointed every year.

- 5
- 6 ii. Potential Finance Committee members are recruited by the Section office.  
7 Nomination forms (including self-nominations) are accepted by the Section office  
8 at any time.
- 9
- 10 iii. Recommendations for a Section member to be appointed or re-appointed to the  
11 Finance Committee are made by the current Finance Committee during the August  
12 Meeting. Recommendations can also be made by any Section member. After  
13 reviewing the nominations and recommendations, the Board of Directors appoints  
14 a member during the Fall Board of Directors' Meeting.
- 15
- 16 iv. Included in the standard letter that goes out to all potential finance committee  
17 members is a statement that Finance Committee Members are expected to run for  
18 and serve if elected as Treasurer of the Section if asked to do so by the Section's  
19 Nominating Committee.
- 20
- 21 v. Nominees for Treasurer shall have served on the Finance Committee for no less  
22 than one (1) year from the time they would assume the office of Treasurer.  
23 Exceptions to this can be considered by mutual agreement between the Finance  
24 Committee, Nominating Committee, and the Board of Directors.
- 25
- 26 vi. The terms for all appointed Finance Committee members, as well as for the  
27 Treasurer, begin following completion of the CSM Section Business Meeting.
- 28
- 29 vii. Finance Committee members who have served his/her term(s) and are rotating off  
30 the Committee should receive a thank you-for-serving letter from the current  
31 Section President, an un-framed certificate of appreciation, and a promotional  
32 item from the Section.
- 33
- 34

### 35 D. Annual Finance Committee Meeting

- 36
- 37 i. This two-day meeting is held in late August. During this meeting, the Finance  
38 Committee reviews the Section's financial plans, policies, operations,  
39 investments, and contracts. Another major task of this meeting is to review the  
40 Section's current and projected income and expenses and finalize a budget for the  
41 upcoming year for the Board of Directors to approve or modify during their fall  
42 meeting.
- 43
- 44 ii. Finance Committee meeting notebooks will be sent no later than one week prior to  
45 the meeting.
- 46

## FINANCE POLICIES

- 1           iii.     Finance Committee meetings will be taped at the discretion of the Section's
- 2                     Executive Director.
- 3
- 4           iv.     Minutes from all Finance Committee meetings will be reviewed and approved by
- 5                     the Finance Committee prior to sending them to the Board of Directors. The
- 6                     Treasurer will present the recommendations of the Finance Committee to the
- 7                     Board of Directors. Finance Committee minutes are approved or amended by the
- 8                     Board of Directors.
- 9
- 10          v.     In addition, action items generated during that meeting will be made to staff.
- 11
- 12
- 13

### **VIII. FINANCE POLICIES REVISION PROCESS**

#### A.     Review of Policies

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- 18           i.     The Finance Committee, Section staff and the Board of Directors will review the
- 19                     current Finance Policies on an ongoing basis.
- 20

#### B.     Revision/Deletion Recommendations

- 21
- 22
- 23
- 24           i.     Any recommendations for revisions or deletions to the current Finance Policies
- 25                     will be made by the Finance Committee during its August Meeting. These
- 26                     proposed revisions or deletions will be provided to the Board of Directors for
- 27                     consideration and potential approval during its Fall Board of Director's Meeting.