

# **Finance Committee Bylaws & Policies and Procedures**

## **Bylaws**

### **Article II - OFFICERS**

**Section 203 - Treasurer (The selection, bonding, and duties of the Treasurer.)**

### **Article III - COMMITTEES**

**Section 303 – Finance Committee. (The composition, duties, and meetings of the Committee.)**

### **Article V – DISTRICT FINANCES**

#### **A. FUNDS**

Section 501 – Funds. The District shall maintain two funds for the conduct of District business: the Operating Fund and the Foundation Fund.

**Section 502. The Operating Fund. (The existence, funding, and reserves of this fund.)**

**Section 503 – The Foundation Fund. (The existence, support, and deposit for this fund.)**

#### **B. BUDGETS**

Section 511 – Budgets. Separate budgets shall be prepared for the general operations of the District (the “Operating Budget”) and for the Foundation Committee (the “Foundation Committee Budget”).

**Section 512 – The Operating Budget. (The process and items included in this budget.)**

**Section 513 – The Foundation Committee Budget. (The process and items included in this budget.)**

# Policies and Procedures

## Auditor Recommendations

The Finance Committee shall meet at least quarterly. The District Treasurer shall provide the committee with financial statements quarterly. Checks in excess of \$2,500 must have two signatures. The committee's policies authorize four signers: the DG, Treasurer, Assistant Treasurer, and Finance Committee chair. The recipient of the check must not be a signer. Quarterly, one of the three area members of the Finance Committee shall review and reconcile the district accounts, including the checks written and deposited and the bank statements. All members of the Finance committee have read-only access to the District Quickbooks Online accounts. They are able at any time to review the status of District accounts.

## District Treasurer

In addition to posting the District Budget online after it is adopted each year, the sitting District Governor and the District Governor-Elect should provide anyone working with them – including but not limited to Assistant Governors, Committee Chairs, District Trainer, future Assistant Governors and PETS Facilitators - a copy of the approved District Budget (or at least the portion that pertains to them) plus a copy of the reimbursement request form. Individuals seeking reimbursement will then have the general ledger numbers, budgeted amounts they are eligible for, and the form to submit a request. **They must be told that they cannot expect to be reimbursed for more than what was budgeted.** Only the Finance Committee can authorize a reimbursement over the budgeted amount. The District Treasurer is only authorized to pay up to the budgeted amount. All requests for reimbursement must be accompanied by proper receipts and a completed reimbursement request form.

The total mileage, cost, and tolls for each event or club visit must be entered on the reimbursement request form along with any other receipts that need to be submitted to the District Treasurer for reimbursement. The reimbursement form is available on the District Website.

The District Governor or the Finance Committee chair must meet with all AGs and Committee Chairs and review their budget, the Request for Reimbursement Form, and make it clear that they **must submit requests monthly if they incur expenses that need to be reimbursed.** It is up to the incoming District Governor and the Finance Committee chair to determine how this information will be conveyed to the people involved. It should be done as soon as possible, preferably before July first, and can be in person, in a group, via phone conversation, or via email. It is up to the DGE to determine how their AGs will be given this information for attendance at PETS.

## QuickBooks

Since 2009-2010 District 7780 has used QuickBooks to reconcile and track the District's finances and provide information to the auditors and the Finance Committee. The only persons allowed to post transactions or journal entries are the District Treasurer and the Assistant Treasurer. In the event the District Treasurer becomes incapacitated, the sitting District

Governor, in consultation with the Finance Committee Chair, shall appoint a temporary acting treasurer to assume the duties until the regular District Treasurer is able to assume them again.

The District Treasurer should be sure to post income or expenses to accounts that match the names listed on the budget. If the Treasurer is not sure where something is to be posted, he/she should check with the District Governor and the Finance Committee Chair rather than make up a new name.

Any committee or club member should be able to look at the district budget and the district profit and loss (P&L) and be able to match everything up. Everything this committee does should be transparent, as we are dealing with the District's money as well as money from the clubs.

It is recommended that the Finance Chair and members of the Committee review the balance sheet and P&L statement monthly to be sure everything is posted correctly. Once the balance sheet or P&L is brought up in Quickbooks Online for review, clicking on any individual item will show the detail of everything posted to that particular line item.

Once the District Treasurer is ready to submit information to the accounting firm for the annual Financial Review, the sitting DG and Finance Chair should be notified to review the year end on-line statements – balance sheet and P&L statement, and they should notify the Treasurer of any errors or questions within ten days of the date of notification. This will help prevent something from being accidentally posted to the wrong account and project the wrong information to the next year's committee and the district.

### **Bills, Requests for Reimbursement and monies collected**

All reimbursement requests and all monies collected for District events must be turned over to the Treasurer within 60 days of the event or the expense. All end-of-year monies and bills **MUST** be turned in to the Treasurer by July 31. Requests for reimbursement not turned in within 60 days of the expense or event will be considered a "donation to the District." These policies must be communicated to all Rotarians.

### **Requests for Un-budgeted Funds**

The Finance Committee occasionally receives requests for funds that are not part of the approved budget. In order for the Finance Committee to make informed decisions, it needs to have all proper information prior to deciding on such a request. All requests for un-budgeted funds must be submitted to the Finance Chair in writing, explaining the total amount requested, the cost breakdown or budget, the purpose or reason for the funds, how it will benefit the District and or clubs, references as to where more information can be obtained, if applicable, who is making the request and when the funds are needed. The Finance Chair will then forward this information on to the Committee, so members are prepared to vote at the next meeting. Verbal "on the spot" requests for funds to be provided immediately without proper presentation of information to the Committee does not allow the Committee the proper time to review the request, do any research if necessary, or come prepared with an questions members may have before making a decision.

There will be times when funds are requested to replace a District owned item or to change a process already in place that affects the District and Clubs. Replacing a District item because it

is lost or no longer functional is a "cost of doing business" but still should require the information concerning cost, the reason why and who is responsible for taking care of it. This information should be sent to the Finance Chair at least one week prior to the Committee meeting so it can be placed on the agenda. In cases where a district-related change of process is taking place, more information should be provided as such changes often not only affect the District, but also the clubs.

### **Reallocation of Approved Budgeted Funds**

Occasionally, there are requests to reallocate funds from one category to another in the approved budget. These requests, like requests to replace a District-owned item, should be presented to the Finance Chair so they may be placed on the agenda one week before the next committee meeting. As these funds are already part of the approved budget, they do not require a written request unless their transfer will have an impact on the clubs or the overall District.

### **District Accounts**

The District maintains a savings account and a checkbook for all financial District 7780 transactions, except that a separate account is maintained for funds coming under the jurisdiction of the Foundation Committee. All non-Foundation monies and checks are processed through this account. The Treasurer transfers money between the savings and checking accounts as necessary. With only one checking account, the district has control of the district funds and knows exactly where they are.

### **District Governor-Elect Proposed Budget**

It is recommended that the DGE submit his or her proposed budget to the District Budget & Finance Committee in December to allow the committee ample time to review it and make any recommended changes. The Committee must approve the proposed budget prior to March 1st so that the DGE may provide it to the presidents-elect at PETS. The Finance Committee shall present the recommended budget for approval by presidents-elect at the District Training Assembly. Only the presidents-elect are allowed to vote on the recommended budget.

It is recommended that the current DGN meet with the current DGE to discuss any monies that the DGN will need the following year as DGE.

The DGE should submit his or her budget to the Finance Committee at least one week prior to the committee meeting when it will be reviewed. It is recommended that changes in the proposed budget be highlighted to make it easier for the committee and the presidents-elect to see where items have been increased, decreased or eliminated.

### **District Reserves**

The District Reserves prevent the District Finance Committee from having to go back to the clubs to collect extra money in the event that a District Conference or other major District event loses money. Most district events are self-sustaining – income covers expenses - but occasionally an event will lose money for a variety of reasons. Among the possible reasons for a shortfall: contracted minimums were not met, poor attendance, economic factors, or overlapping scheduled events. All future DGs are encouraged to be very diligent when signing

contracts committing the District. Whenever possible, future DGs should bring any contract committing the District to expenditures of more than \$10,000 to the committee for review. The Finance Committee chair should assure that any such review is done as quickly as possible without waiting for a regularly scheduled committee meeting. The Committee has to keep in mind that the reserves have to be maintained because there is always a chance of a loss happening during any Rotary year. Any funds not used from the budget in any one year which enables the District to show a net income become part of the overall reserves.

### **Foundation Reserves**

The Foundation Reserves must be used to promote the Rotary Foundation. The amount collected from the Foundation assessment each year may be spent by that year's District Governor in consultation with the District Foundation Chair for this purpose. If in any year the District Governor and Foundation Chair wish to spend an amount larger than that which has been collected that year using money from the Foundation Reserves, they must bring their proposal to the Finance Committee for approval.

### **Committee Recommendations**

The Finance Committee may vote to override the above policies in emergencies, extenuating circumstances, or due to changes in the economy. However, it may not deviate from policies based on recommendations by the auditors or set by District Bylaws. (Auditor recommendations are generally based on IRS rules or for the Committee's and District's protection.) The DG, DGE, and DGN should be informed of any deviation of the Committee's policies.

Any time changes are made to these Policies and Procedures, the updating shall include the date the changes were made. Copies of these Policies and Procedures must be given to all new Finance Committee members each year.

**As Amended by the Finance Committee and ratified by email vote March 26, 2019**