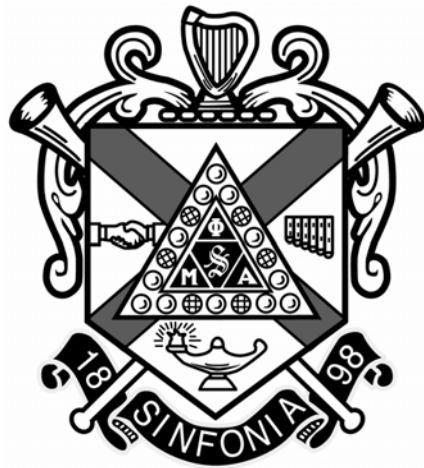


Phi Mu Alpha Sinfonia



Financial Policies and Procedures

REVISION HISTORY

06-22-2005 Debra L. Celuch; added pg 2 as revision history page to document per staff meeting minutes dated 06-15-2005.

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Policy on Reimbursement of Business Expenses

INTRODUCTION

This document establishes the basis for Fraternity reimbursement of travel and other expenses. The purpose of this policy is to provide the Fraternity volunteers/staff with broad guidelines to ensure only reasonable and necessary expenditures for authorized travel and other expenses are incurred, documented, and paid for by the Fraternity in conformity with applicable laws, acceptable practices, and common sense.

The Internal Revenue Service imposes the following requirements on reimbursement of business expenses: 1) there must be a business reason for the expenses; 2) the individual must substantiate the expenses; and 3) the individual must return to the employer or organization any amount advanced in excess of the substantiated expenses.

For travel and other expenses to be paid or reimbursed, they must be properly accounted for on the applicable form, with the business purpose stated and proper supervisory approvals obtained. This form is called "Volunteer/Staff Expense Reimbursement Form."

This policy, including updates, is available on the Fraternity's website at <http://www.sinfonia.org/>.

Exceptions to this policy (not otherwise covered by laws, grants, or contractual commitments) may be made on an individual basis, but require the travelers to obtain written pre-approval from the Executive Director. A copy of the pre-approval must be attached to the pertinent reimbursement form(s).

1. IDENTIFICATION AND RESPONSIBILITIES OF INDIVIDUALS ELIGIBLE FOR REIMBURSEMENT

- 1.1 Identification of Individuals Eligible for Reimbursement.** Those eligible for travel and expense reimbursement from the Fraternity, and therefore are governed by the provisions of this policy, include members of the National Staff, National Executive Committee, other National Committees, Province Governors, Collegiate Province Representatives, and other individuals on a case-by-case basis. Individuals not named above who are not eligible for travel and expense reimbursement include Assistant Collegiate Province Representatives and all members and officers of collegiate chapters and alumni associations, unless they also fall into an eligible category as defined above.
- 1.2 Applicability of Reimbursement.** Expenses will be paid or reimbursed by the Fraternity if they are reasonable, appropriately documented, properly authorized, and within the standards of this policy. Individuals who incur authorized expenses should neither gain nor lose personal funds as a result.
- 1.3 Accidents and Incidents.** Individuals are responsible to follow Fraternity policies as respects to reporting of any accidents or other incidents that may result in a claim to the Fraternity. Failure to promptly report all accidents or incidents may result in disciplinary action.

2. EXPENSE REIMBURSEMENT FORM

- 2.1 Reports and Deadlines.** Requests for reimbursement of expenses must be submitted on completed, signed, and approved Volunteer/Staff Expense Reimbursement Forms, accompanied by the required receipts, within 30 days of completion of the trip for volunteers, or within 2 business days for staff. In all cases, Volunteer/Staff Expense Reimbursement Forms must be submitted in the Fiscal Year

(ending May 31) in which the expenses occurred. All expenses must be documented in order to be eligible for reimbursement (see 12.1). Please use one form per traveler per trip.

- 2.2 Contents of Reimbursement Request.** The reimbursement form must contain all pertinent information: travel dates, purpose, destinations, and appropriate authorization signatures.
- 2.3 Signatures of Certification and Approval.** Travelers must sign the forms to certify to the best of their knowledge that the information contained on the Volunteer/Staff Expense Reimbursement Form is accurate and that all claimed expenses were allowable and incurred in the conduct of official Fraternity business.

3. AIR/RAIL TRAVEL

- 3.1 Air/Rail Travel Arrangements.** All air/rail travel must be arranged through the National Headquarters in order to ensure that the lowest coach fare available is obtained. This generally requires 14 to 30 days notice and a non-refundable ticket. Tickets purchased by individuals and then filed for reimbursement may not be reimbursed.
- 3.2 Frequent Flyer Miles.** Volunteers and staff may retain frequent flier miles; however, a volunteer/employee should always travel on the least expensive airline, not the airline with which they have a preference due to a frequent flier account. If a volunteer/employee uses a frequent flier benefit ticket for business travel they cannot be reimbursed for it.
- 3.3 Saturday Night Stay.** When the savings generated by traveling and staying over a Saturday night exceed the cost of extended lodging and meals, the volunteer/employee should make the Saturday night stay if at all possible. Entertainment and other personal expenses incurred by the employee during this period, or at any other time, will not be covered by the Fraternity.

4. CAR RENTAL

- 4.1 Car Rental for Volunteers.** Volunteers generally are not permitted to rent vehicles for Fraternity travel, though exceptions may be pre-approved by the Executive Director. Volunteers who rent vehicles for Fraternity travel are covered only by their own insurance policies (personal auto policy, collision/damage insurance offered by rental company, etc.), and are not covered by the Fraternity's auto rental policy in any way.
- 4.2 Car Rental for Staff.** On occasion, the National Headquarters staff may have need to rent a vehicle, either at a travel destination or on a trip from Evansville to another location. In these cases, the vehicle must be rented in the name of the Fraternity and the driver's name (see 4.4), and the Fraternity's insurance company must be consulted to ensure that the driver is listed as a covered driver on the Fraternity's hired/non-owned auto policy. Travelers will not be reimbursed for specialty rental vehicles (e.g., luxury, sports utility, and convertible).
- 4.3 Law and Rule Compliance.** Travelers must comply with all applicable local, state, federal, or international laws and regulations pertaining to the operation of a motor vehicle. Refer to the Travel Insurance section for important information regarding the purchase of Collision Damage Waiver Insurance for rental vehicles. Rental cars should be returned with the correct amount of gas to avoid costly refueling charges and surcharges.
- 4.4 Identification of Renter.** If a staff member rents a vehicle while working on behalf of the Fraternity, he must rent the vehicle in the name of the Fraternity and his own name. This means that the "Phi Mu Alpha Sinfonia" must appear printed on the rental agreement produced by the rental company. The

Fraternity's Auto Policy will then respond as if the rented vehicle is a "hired, non-owned" vehicle, so the employee must decline liability and collision insurance.

- 4.5 Vehicle Inspection.** It is important to inspect any rented vehicle before driving it. Make sure any dents, scratches or other damage to the vehicle are noted on the rental form. Otherwise, the Fraternity may have to pay for damages for which it was not responsible.
- 4.6 Accident Reporting.** Any employee involved in an automobile accident while using a rental vehicle on Fraternity business must contact the Executive Director as soon as reasonably possible.

5. OTHER TRANSPORTATION

- 5.1 Taxis and Public Transportation.** Travelers should use taxis or public transportation in metropolitan areas to realize greater savings and convenience (e.g., New York, Boston, Washington, D.C., Chicago, etc.).
- 5.2 Reimbursable Ground Transportation.** Reasonable expenditures for local ground transportation to and from airports, railroad stations, hotels, meeting places, and business appointments are reimbursable by the Fraternity. Parking fees and tolls are reimbursable whether a rental or personal car is used. Commuting costs are not reimbursable.

6. USE OF PERSONAL VEHICLES

- 6.1 Mileage Reimbursement.** In most cases, travelers on Fraternity business will use their personal vehicles. In these cases, the traveler is eligible for mileage reimbursement, which recognizes the cost of gas, oil, normal wear and tear, and insurance. The Fraternity reimburses actual mileage at the Fraternity's reimbursement rate, as indicated on the Volunteer/Staff Expense Reimbursement Form.
- 6.2 Eligible Mileage.** The Fraternity will reimburse transportation costs based on mileage on trips made for official Fraternity business. Please note that employees will not be reimbursed for traveling within the Evansville area, except in certain special circumstances as pre-approved by the Executive Director. To obtain reimbursement, a Volunteer/Staff Expense Reimbursement Report form must be completed stating the destination, reason for the trip, and actual mileage traveled. Mileage reimbursement may not exceed the cost of available alternate transportation, i.e., the reimbursement for mileage should not exceed the lowest train or airfare available. In cases where the employee elects to drive rather than travel by plane or train, the lower of the available alternatives will be reimbursed to the employee.
- 6.3 Liability Insurance.** When a volunteer/staff member drives his own car on official Fraternity business, his own insurance policy serves as a "primary" policy for third party liability claims. If a claim arising out of an accident exceeds his policy limits, the Fraternity's policy will cover the accident in excess of his "primary" policy. For example, if a volunteer/staff member carries \$20,000/\$40,000 liability insurance and injures a pedestrian severely resulting in \$100,000 of medical bills, his personal policy would pay the first \$20,000 of the claim, and the Fraternity's policy would respond for the balance of the claim.
- 6.4 Comprehensive/Collision Insurance.** If a personal vehicle is damaged as a result of an accident, whether it is the volunteer's/staff member's fault or not, his comprehensive/collision coverage would respond. The volunteer/staff member is responsible for any deductible amounts under his policy. If he does not carry any collision insurance, then the entire amount of the damage is his responsibility. Neither the Fraternity nor the Fraternity's insurance will pay for any physical damage to a personal vehicle — they are used at the owner's own risk. Mileage reimbursements are designed to include an incremental cost for insurance and deductibles.

6.5 Accident Reporting. Any employee involved in an at-fault accident which results in bodily injury to third party while using a personal vehicle for Fraternity business travel should contact the Executive Director as soon as reasonably possible.

7. LODGING

7.1 Lodging Costs. Lodging costs should be kept to a minimum. The Fraternity normally will only reimburse for single room rates at moderately priced hotels. Requesting the lowest possible rate will generally result in the best savings. While hotel costs vary around the country, a reasonable limit is noted in Section 11 (see 11.1). In major cities, such as Boston, Chicago, New York, Los Angeles, and Washington, D.C., the rate likely will be somewhat higher, but economical options should always be pursued. Combined nightly room and tax rates should be reported on the Volunteer/Staff Expense Reimbursement Form.

7.2 Conference Lodging. If attending a business conference that takes place primarily at a hotel, the Fraternity will reimburse the cost of staying at that hotel.

8. MEALS & ENTERTAINMENT

8.1 Meal Expenses. Reimbursement of meals during trips will be on the basis of actual costs (not on a “per diem” basis) up to reasonable guidelines as noted in Section 11 (see 11.1), with exceptions granted as necessary with supporting explanation. Original, detailed receipts must be attached for all expenses, i.e., when paying by credit card, both the “detailed” initial receipt and final credit card slip (including tip and final total) must be filed. In all cases, the names of the individual(s) whose meal(s) were purchased and the occasion of the meal must be recorded on the receipt.

8.2 Tipping. Acceptable level of tipping servers is approximately 15%.

8.3 Entertainment. Only in unusual circumstances may entertainment expenses be reimbursed. Personal entertainment, such as concerts, movies, sports, etc., are generally not reimbursable unless they occur as part of a workshop or other event where the hosts are not providing this entertainment. In all cases, entertainment is only reimbursable if it is within the bounds of good taste, moderation, and legal requirements; and the cost is within reasonable limits and does not include lavish, excessive, or inappropriate entertainment.

9. REIMBURSABLE EXPENSES

9.1 Reimbursable Expenses. If reasonable and necessary, the examples below are payable/reimbursable expenses as defined in this Policy:

- Air and rail travel;
- Car rental;
- Change or cancellation penalties imposed by the airlines if due to unavoidable circumstances (supporting documentation must be supplied with the Volunteer/Staff Expense Reimbursement Form);
- Gasoline for rental vehicles;
- Ground transportation including taxi and metro fares, mileage for personal vehicles, parking fees, and tolls;
- Lodging;
- Meals while on official Fraternity business;
- Miscellaneous (luggage storage and valet);
- Non-employee travel costs (job applicants, consultants, and others);

- Registration and fees for attendance at approved conferences and seminars (prior approval and registration through the National Headquarters is required);
- Taxes associated with transportation, lodging, and meals;
- Tips associated with lodging, meals, and transportation if customary;
- Travel to and from a non-local airport calculated and reimbursed at the rate per mile established by the NEC.

9.2 Audit and Review. Travelers conducting official Fraternity business are expected to exercise the same care in incurring expenses as would a prudent person. Excessive costs, circuitous routes, excess delays, or luxury accommodations and services unnecessary or unjustified in the performance of Fraternity business are not acceptable and will not be reimbursed. Avoid use of hotel direct dial lines, and use mobile phones and phone cards whenever possible. Travelers are responsible for excessive costs and any additional expenses incurred for personal preference or convenience. All expenditures are subject to audit and review.

9.3 Reimbursement Procedures. Reimbursements are made by check, payable to the volunteer/employee or other approved traveler incurring the expenses, and will be mailed directly to the payee's home address, unless other arrangements are made with the National Headquarters.

10. NON-REIMBURSABLE EXPENSES

10.1 Non-Reimbursable Expenses. The following are examples of generally non-reimbursable expenses and should be considered a partial listing:

- Airline club membership fees;
- Alcoholic beverages (with rare exceptions for staff business events) or other controlled substances;
- Annual membership for charge cards;
- Baggage insurance;
- Car wash;
- Clothing;
- Commuting costs to/from home and normal place of business;
- Costs incurred by unreasonable failure to cancel reservations;
- Dependent care;
- Excessive tipping (see 8.2);
- Fees, interest, and/or late charges associated with personal credit cards;
- Fines or tickets resulting from traffic, parking, or other violations;
- Golf or tennis court fees, membership in country, tennis, or golf clubs, or any sporting equipment, except when part of a preauthorized group event;
- Haircuts;
- In-flight headsets;
- Lawn care;
- Life, accident, or flight insurance premiums;
- Lost, broken, or stolen property;
- Luggage or briefcases;
- Maid service;
- Meals when traveling locally on Fraternity business;
- Movies or games (hotel, theater, or rentals);
- Newspaper and magazines;
- Pet care;
- Prepaid long-distance telephone cards; and
- Expenses that have been or will be paid or reimbursed by an outside source.

11. REASONABLE GUIDELINES ON SPENDING

11.1. Reasonable Guidelines on Spending. The following are general guidelines which should be considered as maximum reasonable limits of reimbursable expenses. Exceptions to these guidelines may be approved by the Executive Director based on justifying documentation submitted with a Volunteer/Staff Expense Reimbursement Form.

Expense Item	Reasonable Spending Guidelines
Meals	\$31 per day (\$6 breakfast, \$10 lunch, \$15 dinner)
Hotel	\$80 per night plus tax
Photocopies	\$0.08 per page (no color copies, which tend to cost approx. \$1 per page)
Telephone	\$0.07 per minute (use free night/weekend cell phone minutes, when possible)

12. PAYMENT METHODS

Following are the various methods of payment for reimbursable expenses. Payment types may have restrictions on their use.

12.1 Personal Charge Card or Cash. Travel expenses for volunteers must be paid with a personal charge card or cash. Under no circumstances shall a volunteer be granted a Corporate Credit Card. For reimbursement, please submit these expenses with receipts on the Expense Reimbursement Form section. National Headquarters Staff members may purchase items with a personal charge card or cash, as long as such expenses are previously approved by the Executive Director.

12.2 Corporate Credit Card. National Staff use of Corporate Credit Cards is governed by the Policy on Corporate Credit Cards.

12.3 Travel Advances. Volunteers are not eligible for cash advances. Staff travelers are eligible for reasonable cash advances for business trips, subject to the prior approval of the Executive Director. A staff member must return remaining funds with a thorough accounting of all expenses (with receipts) within 2 business days of the return from the trip.

13. DOCUMENTATION

13.1 Forms of Documentation. Individuals incurring reimbursable expenses are required to substantiate all payments by submitting dated original receipts with the proper form and explanations.

Expense Item	Required Documentation
Air or Rail	Original passenger coupon or E-ticket receipt, plus itinerary (documented by Staff, since all air/rail tickets must be purchased by the National Headquarters).
Hotel	Original itemized bill including final settlement.
Car Rental	Original agreement including final settlement.
Meals	Original credit card or cash register receipt for expenditures plus notation of business purpose, discussion topic, and guests present, regardless of amount.
All Other	Original credit card or cash register receipt for expenditures plus notation of business purpose.

13.2 Multiple-Party Reimbursement. If an expense is partially covered by an organization other than the Fraternity, duplicate copies of the receipts may be submitted by attaching a copy of the request for reimbursement submitted to the other organization.

13.3 Lost Receipts. An individual incurring expenses who loses a required receipt should seek a duplicate or faxed copy from the originator. When an acceptable duplicate cannot be obtained, the volunteer/employee must submit a signed statement explaining that the expenses were incurred in connection with Fraternity business and are accurately stated on the proper form, and that reimbursement of the expenses has not been nor will be paid from any other source.

13.4 Required Information. Expenses will be reimbursed only if incurred during the conduct of authorized business activities. All of the following information must be supplied for reimbursement:

- The date, amount and business purpose of the activity;
- Identification of all those in attendance;
- The business relationship(s) of the person(s) attending;
- The establishment where the activity took place; and
- The appropriate approval signature.

If the above information is not supplied, the IRS may require that the expenses be added to the traveler's taxable income regardless of amount.

14. SPOUSE/FAMILY/PARTNER ACCOMPANIMENT

14.1 Eligibility of Spouse/Family/Partner Expense Reimbursement. The Fraternity will not process travel advances, authorizations, prepaid expense requests, or payment/reimbursement of travel expenses for spouses or family members who accompany Fraternity volunteers or staff on Fraternity business, except in those unusual circumstances which require their presence. The Executive Director must approve any unusual circumstance in advance in writing. Should a spouse or dependent be approved to accompany an employee on Fraternity business, reporting of expenses must follow this policy.

14.2 Personal Accompaniment. When a spouse or family member(s) for personal reasons accompanies a traveler, the Fraternity will only reimburse the traveler for those expenses which would have been incurred if traveling alone.

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Editorial Revision, 5/4/2005

Policy on Corporate Credit Cards

1. Possession of Fraternity corporate credit cards is limited to members of the National Headquarters Staff. Under no circumstances may a National Officer or any other non-staff member be granted a corporate credit card.
2. Detailed receipts (meaning one that lists exactly the items purchased) are required for all transactions, including those where the total credit card charge is on a separate receipt (e.g. restaurants). In the latter case, the occasion and names of the attendees must be recorded somewhere on the receipt. Acceptable level of tipping servers approximately 15%. All receipts must be submitted to the Controller within 2 business days of the date of the transaction or return from the business trip.
3.
 - a. When preparing the credit card statement for payment, the Controller will determine which, if any, charges do not have accompanying receipts, and will notify simultaneously by email all individuals possessing corporate credit cards of the cardholder identity, retailers, and dollar amounts for each undocumented charge.
 - b. The person responsible for making the undocumented purchases must prepare a printed, signed memo (with subject line "Description of Undocumented Credit Card Usage") providing all known details of the expense, such as the specific items purchased, the names of those at the meal (if a meal expense), the reason for the purchase, the budget line to which it should be assigned, etc. This printed, signed description must be submitted to the Controller and all individuals possessing corporate credit cards by the close of the next business day after notification of missing receipts. This signed description will be attached to the credit card statement by the Controller.
4. Cases when the Executive Director (ED) must be notified immediately:
 - a. Any staff member notices a pattern of violation of the Fraternity's financial policies by any staff member *other than* the ED.
 - b. Any staff member has concerns or doubts regarding the appropriateness/accuracy of a "Description of Undocumented Credit Card Usage" memo submitted by any staff member *other than* the ED.
 - c. Any staff member has reason to suspect other financial impropriety or irresponsibility demonstrated by any staff member *other than* the ED as it relates to this policy, any other policy, or generally accepted accounting principles.
5. Cases when the National President and National Treasurer must be notified immediately:
 - a. Any staff member notices a pattern of violation of this policy and the existing credit card usage policy and/or staff reimbursement policy by the ED.
 - b. Any staff member has concerns or doubts regarding the appropriateness/accuracy of the "Description of Undocumented Credit Card Usage" memo submitted by the ED.
 - c. Any staff member has concerns regarding a lack of objection by the ED to another staff member's "Description of Undocumented Credit Card Usage" memo when there is reason to suspect inappropriate/inaccurate information contained therein.
 - d. Any staff member has reason to suspect other financial impropriety or irresponsibility demonstrated by the ED as it relates to this policy, any other policy, or generally accepted accounting principles.
6. Once receipts have been attached to the credit card statement in accordance with the above provisions, the Controller will appropriate expenses to the appropriate budgetary category and prepare the check for remittance.
7. When the ED and Controller receive the check for signature, they must review the credit card statement and initial each budgetary category appropriation to ensure accuracy.

8. At the end of each month, copies will be sent to the National President and National Treasurer if requested.
9. Credit card balances must be paid in full every month and no later than five days before their listed due dates to avoid late fees and finance charges.

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Procedure for Accounts Payable

1. Administrative Coordinator receives bill, stamps bill as received, and submits to Financial office for payment.
2. Controller looks over bill for irregularities, etc. If there are questions, the Executive Director (ED) is consulted and provides direction.
3. Controller catalogs bills based on due dates.
4. Bills are entered into the accounting software.
5. Controller prints checks, verifies all checks have been printed correctly and posts the checks into the accounting software.
6. Controller obtains signatures from the Executive Director (ED).
7. Controller prepares mailing labels from the National Database in cases where checks are being sent to chapters, committeemen, Province Governors, or Collegiate Province Representatives.
8. Controller prepares checks, and sends check and one stub through US Mail or other appropriate carrier and catalogs the other stub with the bill in the Fraternity's financial archives.
9. Bills are to paid and mailed **NO LATER** than five (5) days before their listed due date to avoid late fees and finance charges.

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Procedure for Receipt of Merchandise at the National Headquarters

1. Merchandise is received and Controller is notified.
2. The Controller is instructed to prepare an inventory update form and a “receipt of merchandise” form.
3. With the Controller present, the Shipping Clerk (SC) and / or an office assistant inspects and counts the inventory. Both parties then list the actual physical counts and initial the forms.
4. The merchandise is placed into the appropriate inventory room and location.
5. When invoice for the merchandise is received, the Controller verifies that the totals listed reflect the actual amount shipped and received. If everything is correct, the bill is paid according to the Procedure for Accounts Payable and the merchandise inventory counts and cost-of-goods sold information are updated in the accounting software.

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