

## **SOCIETY POLICY**

### **CUSTODIAN AND OPERATING FUNDS TECHNICAL DIVISIONS, RESEARCH COMMITTEES, SECTIONS AND OTHER SOCIETY ACTIVITIES**

#### **I. GENERAL**

- A. An ASME activity is defined as a division, research committee, section or other member unit.
- B. Custodian Funds are defined as sums of money raised by an ASME activity for approved activities or projects and maintained by the Treasurer of the Society in the general accounting of the Society. The procurement of such funds is to be by methods consistent with character, professional standing and best interest of the Society. Authority for the use of these funds remains with the appropriate ASME activity.
- C. Operating Funds are defined as sums of money similar in source and usage to Custodian Funds but maintained separately by an ASME activity with banks or other recognized local financial institutions. The names and addresses of the financial institutions in which Operating Funds accounts are maintained must be reported annually, in the month of July, to the Committee on Finance and Investment with the names of those individuals authorized to make withdrawals.
- D. All expenditures from Custodian and Operating Funds shall be made for purposes of the Society in accordance with Society Policies. Prior to the engagement of any individual on a regular and continuing basis to perform services for a unit of the Society, the proposed action is to be submitted to the Executive Director for approval.
- E. The Assistant Treasurer shall render to the chair of each ASME activity which has a Custodian Fund, a financial statement of its fund at the close of every month in which any change in the amount of the fund has occurred.

#### **II. TECHNICAL DIVISIONS**

- A. A technical division that wishes to expand its activities beyond those provided by appropriations from the Society through the use of monies which it procures by efforts independent of the general activities of the Society, must obtain approval of the Knowledge and Community's Technical Communities Operating Board with concurrence of the Committee on Finance and Investment for establishment of any new Custodian Fund or Operating Fund in the books of the Society.

- B. A technical division whose activities are such that it is necessary for expenditures to be made directly by the technical division and which has an approved budget under paragraph II.E. may request, in addition to its Custodian Fund, approval from the Committee on Finance and Investment to establish an Operating Fund.
- C. All monies received and expended by a technical division are to be included in the annual financial report of the Society. All income and expenditures are to flow through to the financial statements in the following manner:
- I. All monies received are to be deposited in a Custodian Fund account recorded in the books of the Society.
  2. All expenditures are to be made from this Custodian Fund account upon the written request of two members of the Society authorized by the executive committee of the technical division. Technical group Directors may approve expenditures in amounts not to exceed \$2000 after obtaining approval by telephone or otherwise from two authorized members of the technical division executive committee. Copies of such approved invoices shall be sent to these members for their records;  
or
  3. Alternatively, after establishing a Custodian Fund account, a technical division Operating Fund may be established at a level based upon the size of the approved technical division budget and specified in the request for approval of establishment of the Operating Fund. The original sum will be withdrawn from its Custodian Fund. The Operating Fund is to be reimbursed up to the approval level from the Custodian Fund upon submission of paid invoices. Receipts are to be deposited in the Custodian Account in the books of the Society;  
or
  4. Alternatively, a technical division authorized to establish an Operating Fund may deposit money directly into the Operating Fund accounts and submit an annual financial statement prepared by a Certified Public Accountant in a format acceptable to the Society's auditors. This statement must be submitted not later than July 25 for the fiscal year ended June 30.
- D. If the Society is put to additional expense by the activity of a technical division, the General Fund of the Society is to be reimbursed to an extent to be determined by the Board of Governors acting upon the advice of the Committee on Finance and Investment who shall request the advice of the technical community's operating board directing the division.
- E. When an activity of a technical division involves total annual expenditures of \$100,000 or more, the division must prepare an itemized Budget and

submit it to the Committee on Finance and Investment for review and recommendation to the Board of Governors during the next year for approval prior to any commitments for the subsequent year.

- F. If, as a result of the division's activities, a special publication is made available for sale by the Society, the price to be paid by the Society into the Custodian Fund or Operating Fund which has borne the expense of the publication is to be determined by the Board of Governors acting upon the advice of the Committee on Finance and Investment who shall request the advice of the technical group operating board directing the sponsoring technical division.
- G. In the event of the discharge or dissolution of a technical division which has a Custodian Fund, Operating Funds, or both, the disposition of any balance remaining in such Funds shall, upon recommendation of the Committee on Finance and Investment, be determined by the Board of Governors.

### **III. RESEARCH COMMITTEES**

- A. Due to the nature of the Research Committees activities their Custodian Fund accounts are to be maintained in the books of the Society with all receipts and expenditures flowing through to the Society's financial statements.
- B. Expenditures are to be made from the Custodian Fund upon the written approval of two authorized members of the Research Committee and the ASME Director, Research.

Alternatively, the Director, Research may approve expenditures, in amounts not to exceed \$2000, after obtaining approval by telephone from two authorized members of the Research Committee. Copies of such approved invoices shall be sent to these two members for their records.

- C. The Center for Research and Technology Development shall strive to operate all of its research projects on a financially self-supporting basis. Accordingly, the budgets associated with new project proposals shall seek full compensation for all anticipated direct costs for the proposed project including staff time, fringe benefits and travel. Additionally, such proposals shall include an assessment for the indirect costs associated with conducting such projects (e.g., postage, rent, phone, proposal development, fund raising, and staff training). The amount of this assessment shall be determined through negotiations with ASME's cognizant federal agency. Charges for staff salaries and indirect costs shall accrue to the General Fund of the Society.

To assure that the Society's research projects are reasonably priced, the Board on Research and Technology Development shall be authorized to offer partial cost sharing with potential users of the Center's services.

- D. If, as a result of activities, a special publication is made available for sale by the Society, the price to be paid by the Society into the Custodian Fund which has borne the expense of the publication is to be determined by the Board of Governors acting upon the advice of the Committee on Finance and Investment who shall request the advice of the Board directing the sponsoring research Committee.
- E. When monies which are being collected for a specific research project are insufficient to initiate the activity, the monies collected are to be returned to the donors in full at their option. In the event that there is an excess of monies after completion of a project, the disposition of the excess is to be determined by the Board on Research and Technology Development.

#### **IV. SECTIONS**

- A. Receipt and Disbursement of Funds
  - 1. Monies from the General Fund are disbursed to sections, subsections, groups and technical chapters by appropriations in accordance with Society Policy P-2.8. In addition, monies may be solicited for special local activities in accordance with Society Policy P-5.3.
  - 2. These Society organizations receiving and/or disbursing funds may account for the money in an annual financial statement prepared on forms available from headquarters. The due date of the financial statement is September 30 for the Society's fiscal year ending June 30. The section is responsible to insure that the financial activities of any subsection, local group, or technical chapter affiliated with it are accounted for in its financial statement submission.
  - 3. Appropriations received from the ASME General Fund must be accounted for separately from monies derived from local activities.
- B. All monies received and disbursed by a section and its affiliates are to be included in the annual financial report of the Society. Where appearing hereafter, the word "section" includes its affiliated subsections, local groups and technical chapters. The presentation of the financial activities will flow through to the financial statements in one of the following manners:
  - 1. For a section with (a) no money received or expended other than from ASME appropriations or (b) a section whose receipts or expenditures from other than the ASME appropriations totals less than \$15,000:

An annual financial statement shall be prepared on the approved ASME forms and audited by two members of the section's auditing committee who are not members of the section's executive committee.

2. For a section whose receipts or expenditures from other than ASME appropriations totals \$15,000 or more:

- a. An Operating Fund shall be established at a level based upon the size of the total budget approved by the section executive committee. All excess money over the approved Operating Fund balance is to be deposited in a Custodian Fund account and recorded in the books of the Society.

The Operating Fund is to be maintained in a manner similar to an impress or petty cash fund. The Operating Fund is to be reimbursed up to the approved level from the Custodian Fund account upon submission of authorized paid invoices. All receipts are to be deposited in the custodian account in the books of the Society.

An annual financial statement prepared on the approved ASME forms and audited by two members of the section's auditing committee who are not members of the section's executive committee must be submitted.

or

- b. Alternatively, a section authorized to establish an Operating Fund shall deposit money directly to the Operating Fund account and shall submit an annual financial statement prepared by a Certified Public Accountant in a format acceptable to the Society's auditors. This statement must be submitted not later than September 30 for the administrative section year ended June 30.

3. When an activity of a section involves total annual expenditures of \$100,000 or more, the activity must prepare an itemized budget and submit it to the Committee on Finance and Investment, for recommendation to the Board of Governors during the next year for approval prior to any commitments for the subsequent year.

C. In the event of the dissolution of a section or its affiliates which has a Custodian or Operating Fund, or both, any balance remaining in such Funds shall, upon recommendation of the Committee on Finance and Investment, be disposed of as determined by the Board of Governors.

D. The names and addresses of the financial institutions in which section funds (or their affiliates) are maintained must be reported annually with the section's annual financial statement with the names of those individuals authorized to make withdrawals.

**V. OTHER SOCIETY ACTIVITIES**

- A. All monies received and disbursed by other Society activities not covered elsewhere in this Policy must also be included in the annual financial report of the Society.
- B. Other Society activities shall establish Custodian and/or Operating Funds in the same manner as set forth for sections as included in IV.B.2 and must submit an annual financial statement prepared on an approved ASME form and audited by two members of the other Society activity who are not members of its governing body.
- C. The names and addresses of the financial institutions in which funds are maintained must be reported annually with the annual financial statement with the names of those individuals authorized to make withdrawals.

Responsibility: Committee on Finance and Investment

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