

SECOORA Fiscal Operating Policy  
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1. Introduction

This policy provides information and guidance, consistent with the SECOORA Articles of Incorporation, Bylaws, and Internal Revenue Service regulations concerning the administration of SECOORA finances. Compliance with IRS regulations is mandatory for SECOORA to maintain its tax-exempt status. This policy shall be reviewed, on an as-needed basis, to insure compliance by responsible officers and for modification as may be appropriate in the interest of the RA. Note that “SECOORA” and “The RA” are used interchangeably in this policy. Sections stating “As delineated in the bylaws” are drawn directly from the bylaws, and reflect the language of the bylaws.

SECOORA, the Southeast Coastal Ocean Observing Regional Association, is a dues-supported, membership organization. Activities as well as strategic initiatives are governed by a Board of Directors, with administrative and managerial functions performed by paid staff.

Overall responsibility for the financial affairs of SECOORA rests with the Board of Directors and Executive Director, as does management oversight responsibility. Accordingly, the information and guidance in this policy prescribes procedures for general recurring activities and events. In accordance with the bylaws, the corporation has a finance committee. The Finance and Audit (F&A) Committee shall consist of the Treasurer and Board-approved members.

2. Exempt Status

SECOORA is chartered under the provisions of the South Carolina Nonprofit Corporation Act of 1994. As defined in Section 501 (c)(3) of the Internal Revenue Service (IRS) Code, which provides the basis for SECOORA’s federal income tax exempt status, SECOORA is operated exclusively for scientific and educational purposes.

In accordance with both South Carolina Law and the IRS code no part of the earnings from all sources shall be to the benefit of any private individual or elected SECOORA officials with the exception of bona fide payments for services to employees of SECOORA. No

SECOORA funds may be used to participate in any political campaign on behalf of or in opposition to any candidate for public office.

Unrestricted funds—funds accrued without stipulations, such as nonfederal monies from membership dues-- may be used for lobbying purposes. In accordance with IRS code: lobbying is attempting to influence legislation. Legislation includes action by Congress, any state legislature, any local council, or similar governing body, with respect to acts, bills, resolutions, or similar items (such as legislative confirmation of appointive office), or by the public in referendum, ballot initiative, constitutional amendment, or similar procedure. It does not include actions by executive, judicial, or administrative bodies. An organization will be regarded as attempting to influence legislation if it contacts, or urges the public to contact, members or employees of a legislative body for the purpose of proposing, supporting, or opposing legislation, or if the organization advocates the adoption or rejection of legislation. Care and restraint must be given in dedicating funds to lobbying purposes. IRS code states that: “a 501(c)(3) organization may engage in some lobbying, but too much lobbying activity risks loss of tax-exempt status”.

### 3. Fiscal Year Definition

The bylaws specify: The fiscal year of the RA shall end on the last day of June in each year unless the Board of Directors shall determine otherwise. The SECOORA fiscal year is July 1 through June 30, per the organization’s bylaws.

### 4. Annual Operating Budget

#### A. Approval Process

A draft copy of the annual operating budget shall be prepared by the Treasurer and Executive Director and shall be submitted to the Board of Directors and members at the annual May Members meeting. The approved provisional budget goes into effect on July 1.

#### B. Changes to the SECOORA Operating Budget

The F&A Committee defines significant changes to the budget as those whichever is greater \$10,000 or 10% of any budget category.

Changes in staff, contractors, funding sources, strategic plans or other unanticipated events during the year may necessitate amending the SECOORA Annual budget. Changes within a given budget line, up to \$10,000, may be made at the discretion of the Executive Director and, if applicable, within the prescribed guidelines of the funding agency. Changes to a given budget line greater than \$10,000 require approval from the F&A Committee. For time sensitive matters, the Executive Committee may approve changes in lieu of the F&A Committee, however, when this is done, the F&A Committee will be informed of such changes in a timely manner. The Treasurer shall inform the Board of changes to the operating budget at Board meetings.

### 5. F&A Committee Procedures

#### A. Schedule for Meetings

The F&A Committee shall meet quarterly via conference call. If appropriate, matters can be handled via email between or in lieu of conference calls.

B. Changes to a Funding-Agency Approved (i.e. Grant) Budget

i. SECOORA Policy: A change in a budget award total of 10% or more requires review by the F&A Committee and a recommendation to the Executive Committee if appropriate. For time sensitive matters, the Executive Committee may act on behalf of the F&A Committee.

ii. NOAA Policy: Creation of a new direct cost line item category or transfers between cost line categories within an approved NOAA budget for costs allowable under the applicable cost principles will not require prior approval from the NOAA Grants Officer, unless the new direct cost category exceeds 10% of the total federal share of the award and/or if the cumulative budget transfer threshold of DOC Financial Assistance Standard Terms and Condition A.04.b will be exceeded with the creation of the new line item. Condition A.04.b states "For awards in which the Federal share of the project exceeds \$100,000, transfers of funds among direct cost categories must be approved in writing by the Grants Officer when the cumulative amount of such direct cost transfers exceed 10 percent of the total Federal and non-Federal funds authorized by the Grants Officer".

iii. Other grants and funding sources: Any changes to funding-agency approved budgets will comply with all applicable agency policies and regulations, and the appropriate approvals for such changes will be formally made to the appropriate federal agencies by the Executive Director on behalf of the Board according to their requirements.

6. Financial Reports

SECOORA utilizes accrual based accounting. Consequently, Monthly Finance reports are likely to change as invoices are processed and expenses are posted to the date of occurrence. SECOORA will implement a two-stage reporting process to insure timely and accurate information is available.

A. Preliminary Monthly Reports:

SECOORA's provisional monthly financial reports, including detailed and summary Monthly Finance reports, will be produced within 30 days of month end by SECOORA accounting personnel.

B. Final Quarterly Reports

The SECOORA accounting staff will provide monthly reports quarterly at the Finance and Audit Committee meetings.

C. Other Reports

Additional financial reports and/or financial statements will be provided by SECOORA staff for review by the F&A Committee as deemed necessary by the F&A Committee. These reports shall be prepared by SECOORA accounting personnel and maintained on file. The Treasurer, with support from SECOORA accounting personnel will provide financial status reports to the Board of Directors at all scheduled meetings.

7. Compensation and Reimbursements

A. Directors Expenses

The Directors may be paid their expenses, if any, for attendance at each meeting of the Board of Directors but shall not be further compensated for attendance at any meeting of the Board of Directors or receive a stated salary as Director.

#### B. Payroll

Pay periods extend from the 1st through the 15<sup>th</sup> of the month and the 16<sup>th</sup> through the end of the month. Pay dates will be the last day of each pay period. If a pay date falls on a Saturday or Sunday, the pay date will be the prior Friday.

#### 8. Dues

Dues for membership authorized in the by-laws shall be set and regularly reviewed by the Board of Directors. Revenues generated from membership dues are considered unrestricted, nonfederal funds unless expressly designated otherwise by the member. Members will be asked to designate the funds used to pay for membership dues as either Federal or nonfederal funds.

#### 9. Insurance

The Executive Director shall ensure that the corporation has adequate tort liability and employee fraud insurance coverage.

#### 10. Expenditure Limits and Controls (Including credit card use)

##### A. Expenditures of \$100 or less

The staff is authorized for expenditures up to \$100 without prior approval of the Executive Director.

##### B. Expenditures between \$100 and \$5000

Prior to incurring any expense above \$100, the staff will request written approval from the Executive Director, who shall respond within 3 business days.

##### C. Expenditures over \$5000

i. Any expenditure over \$5000 requires approval of the Executive Director and the Board of Directors Chairperson. The Business Manager will forward such expenditure requests to the Executive Director and Chairperson, requesting approval within 5 business days.

ii. The Bookkeeper processes all payments from the checking account, including those over \$5,000. The Executive Director and Business Manager receive automatic alerts from the bank (currently BB&T) for all expenditures over \$5,000 as one control. Additionally, during one of the monthly Administration meetings, the Business Manager and the Executive Director will review the previous month's statement.

#### 11. Invoice Review Process

A. The Business Manager initially accepts and reviews each invoice and checks expenses against the relevant approved budget.

B. The Executive Director must approve any invoice over \$100 at one of two monthly administration meetings.

C. For invoices over \$5000, the Executive Director and the Board of Directors Chairperson will review and approve/disapprove within 5 business days.

D. After an invoice is approved, the Business Manager will initiate a draw via ASAP if the invoice is for expenses associated with federal grants directly awarded to SECOORA. Otherwise, SECOORA accounting staff will request reimbursement from the funding agency. Once the funds are in the SECOORA bank account, the Bookkeeper will process a check for payment of the invoice. If the expense is small, SECOORA may proceed with payment prior to receiving reimbursement from the funding agency.

E. Once the approval process is complete the Bookkeeper is responsible for executing transactions. In the event that the Bookkeeper is not available the Business Manager, and Executive Director have the authority to pay invoices.

#### 12. SECOORA Reimbursement Process

A. The Bookkeeper creates SECOORA reimbursement requests on a monthly basis.

B. These reimbursements are reviewed by the Executive Director and/or Business Manager at one of two monthly administration meetings and then are sent to the appropriate funding agency.

C. The Business Manager deposits all reimbursement checks.

#### 13. Disbursement Tracking

The Bookkeeper maintains monthly check registers and deposits. Approvals are tracked by accounting codes when invoices are reviewed/approved at the bimonthly administration meetings.

#### 14. Quarterly IRS Tax Statement Filing

The Bookkeeper will submit SECOORA's IRS tax statements for the end of each quarter.

#### 15. Quarterly Unemployment Coverage Filing

The Bookkeeper will submit quarterly earning statements to the South Carolina Department of Employment and Workforce.