

# IPTI

## Near Term Operational Procedures

### Effective March 3, 2008

In October 2007, ASME CFO Michael Weis, Ken Hunt (Managing Director, Finance) and Ray Scanlon (Finance Manager, Institutes) conducted an internal audit of IPTI Operations in Houston. In January 2008, ASME's Audit Firm, Marks Paneth, conducted a separate, independent evaluation and assessment of internal controls, policies and procedures on IPTI Operations.

The final report and findings clearly identify significant procedural and process deficiencies related to IPTI Operations. These will be combined with current ASME policies and procedures in the development of a more detailed operations manual.

In summary, ASME-IPTI must strengthen internal controls surrounding activities of this site, including providing financial training, closer and more timely financial supervision and instilling a sense of stronger accountability in non-financial personnel.

There are an estimated 30 recommendations in the report, many related to process and procedures. The following recommendations are to be implemented immediately:

1) **Finance Support.** The Manager, Finance & Administration, should further oversee the accounting function of IPTI on a more consistent basis. This includes training to IPTI personnel.

2) **Bank Accounts.** Create one new impressed account to be opened locally through ASME's main bank, JPMorgan Chase - The account will require two signatures on the checks. Two IPTI personnel will be authorized signers on the account, along with the standard check signers for ASME. The account will be set up to sweep any amounts over a \$3,000 impressed fund into the ASME main bank account.

- a. Ken Hunt to establish new account. The 3 accounts will be suspended pending clearance of outstanding checks on Bus Adv Checking account. Ray Scanlon will ensure checks are cleared.
- b. Manny will surrender bank cards to Mike Weis immediately.
- c. Any bank transaction requires proper documentation. All advances must have double approval before issuance, and need to be reconciled to receipts through established travel reimbursement procedures
- d. Manual checks be used only when absolutely necessary and that the stubs be filled out completely.

3) **Approvals.** Approval of all forms of payment including invoices, travel reimbursement forms, and others must have two signatures: one from the originator, and; a sign-off by the reviewer. The IPTI Managing Director must review the Meetings Managers activities. Besides financial matters, this includes reviewing the terms of contracts negotiated by the Meetings Manager. All expense reports and check requests must have proper documentation and support and require approval by MD Institutes. All must be processed in NJ.

Signing authority limits– Managing Director \$10k and Meetings Manager \$2k.

4) **Travel** – All staff and volunteers must complete travel reimbursement forms with proper support and documentation. Reimbursements will be processed in NJ only.

Travel advance forms are filled out completely, including the signature of the recipient of the travel advance. MD IPTI will review staff and volunteer travel forms and submit to MD Institutes for approval. MD Institutes will forward to NJ Finance for processing. In addition, ASME adheres to its policy to require documentation of proper approval (EMC recommended) of all air travel. In addition, new IRS rules for the 2008 (Fiscal 2009) Form 990 require that a breakdown of plane

travel between first class and other be displayed on the Form 990. Records need to be maintained in that manner in the future.

ASME adheres to its policy regarding spouse travel and disallows requests for reimbursement for unauthorized spouse travel expenses. It should be noted that spouse travel reimbursements are taxable income to the spouse and the new IRS Form 990 will require this activity be disclosed.

5) **IPTI Board** review financial information such as budget to actual, explanations of significant variances between budgeted and actual information, financial forecasts, etc. and then document their review of the financial information in the board minutes.

The Board's approval of the scholarships and awards is documented in the Board or Committee minutes and such approval be attached to the requests for checks to be sent to the winners.

6) **Check Log**. A complete check log must be maintained and that access to the excel file be limited to only the Administrative Assistant, so that authorized signers (the Executive Director and Professional Development Manager) can not edit the check log.

The standard check request form must have a voucher number and include a spot for the requester to sign the form. This will provide more efficient tracking of the request after it is sent to the NJ accounting office and approval by the authorized signer.

7) **Conferences and Events**. As the conference fees are the largest source of revenue for IPTI, we recommend that IPTI require formal close out reports for the OTC and OMAE conferences, which will detail the revenues and expenses incurred during the conferences. This will aid IPTI in reviewing to ensure that only allowable expenses are charged against the gross revenue. The close out reports should be signed by all parties involved.

IPTI provide a summary of the revenue and expenses incurred during an event, with the detail attached, to the Meetings Manager and Event Committee of the Board. We also recommend that the Meetings Manager and the Event Committee document their review and approval of the final event report.