

# U.S. MASTERS SWIMMING

## FINANCIAL POLICY

### 1.0 General Policy Statement

U.S. Masters Swimming (USMS) is dedicated to ensuring that all financial operations are conducted under the highest standards of integrity and ethics and in compliance with strict internal controls to safeguard the organization's assets and provide a strong financial foundation. USMS operates on a calendar year, and all financial records are maintained on an accrual basis. USMS will strive to reach a goal of maintaining unrestricted net assets of a minimum of half of its annual operating expenditures budget.

This policy defines the roles and responsibilities for handling the financial assets and the consequences of violation of the policy or underlying procedures. It should be used in conjunction with other policies including but not limited to the Executive Limitations Policy and the Investment Policy. It is also supported by the underlying Financial Operating Guidelines (FOG) and Accounting & Controls Procedure Manual maintained by and available from the Finance Committee.

### 2.0 Responsibilities

The Executive Director, Finance Committee, Board of Directors, Treasurer, Controller, the House of Delegates, the LMSCs, and other USMS members shall work together as a team to assure compliance with this policy. These administrative units shall perform, manage, oversee and/or review the following roles: Budgeting, Receipt of Monies, Disbursements & Reimbursements, Vendor selection & handling, Risk management (insurance), Investments, Property & Equipment, Financial Reporting, Development costs (website, etc.), and Audit functions.

Stewardship of property and funds is the primary goal. USMS members and those chosen as leaders are trusted to behave responsibly and use good judgment to conserve organizational resources. Vice Presidents and Committee chairs are responsible for the resources assigned to their areas and are empowered to resolve issues concerning their proper use. Generally, use of USMS equipment such as computers, copiers and fax machines in the conduct of an outside activity is not appropriate. The goal is to avoid inherent or perceived conflicts and to ensure objectivity and consistency in managing all financial aspects of USMS.

The accuracy and reliability of financial reports is of utmost importance to the business operations of the organization. At all times, staff shall record, allocate, and charge costs accurately and maintain supporting documentation as required by established policies and procedures.

Internal controls provide the keystone of sound business practices. These controls include adequate segregation of duties, diligent application of preventive and detective control systems, and conscientious compliance with authorization, reporting, and other established processes. Internal controls are critical to ensuring efficient operations, responsible financial management, accurate financial reporting, careful protection of assets, and satisfactory compliance with applicable laws and regulations.

### **3.0 Roles**

The primary functions of each member of this team effort to comply with this Financial Policy are outlined below. The Financial Operating Guidelines and Accounting & Controls Procedure Manual expand upon this Policy and provide more specific procedures to ensure proper execution and control of activities.

#### **3.0.1 Executive Director**

As the chief operating officer his/her key financial functions are as follows:

- Be responsible for working with the Controller and with information collected from staff and committees and to compile the preliminary detailed annual operating budget. Once the detailed budget has been prepared he/she will review it with the Treasurer and submit a final proposed budget to the Finance Committee.
- Be responsible for updating the annual detailed budget and submit the budget update to the Finance Committee for review & recommendation to the Board for approval.
- Work with the Controller and national office staff in the oversight of their financial activities including the segregation of duties for the proper handling of day-to-day transactions.
- Work with the Controller to facilitate an independent annual audit of the organization's financial activities by a CPA firm recommended by the Audit Committee and approved by the Board of Directors.
- Work with the Compensation and Benefits Committee to submit line item salaries and benefits for review. This committee has approval rights for recommending total corporation salary and benefits for the budget process, but not for individual staff or contractor salaries.

#### **3.0.2 Finance Committee**

There shall be a committee of the Board responsible for reviewing and recommending to the Board the organization's annual operating and capital budgets. Throughout the year the Committee shall oversee the financial performance of the organization in these areas. The Finance Committee shall be responsible for overseeing the management of the organization's marketable securities, investment securities and short-term investments. The Finance Committee shall also be responsible for overseeing the reliability and integrity of the organization's financial statements, enterprise risk management and compliance with regulatory requirements.

The Finance Committee shall include the Treasurer and voting board members so that at least three quarters of the committee consists of members of the House of Delegates who are not members of the Board of Directors. The Treasurer will be ex officio. The chair of the committee shall be one of the non-USMS Board members and be appointed by the President. The Finance Committee shall have a minimum of 12 voting members. The key financial functions of the committee are as follows:

- Develop policies and procedures pertaining to the financial affairs of the organization.
- In conjunction with the executive director, review and make appropriate amendments to the proposed budget. With the exception of individual salaries, the Finance Committee may request specific information on all line items presented in the budget by staff and committees.

- Upon completion of their review the committee shall submit their version of a detailed budget to the Board of Directors for review, amendment and approval. They also will assist in presenting the final budget recommendation to the House of Delegates.
- Evaluate over budget requests as they relate to maintenance of a necessary USMS function, or inhibiting or preventing performance.
- Review and recommend the capital budget to the Board.
- Establish an Audit Committee consisting of at least three non-Board members and one Board member each of whom has financial expertise and is familiar with the financial statements of the organization and risk management. The Audit Committee shall conduct its affairs in accordance with a charter that shall be approved by the Board. Its primary role will be to select the CPA firm that will conduct the annual audit of the organization's financial activities.
- Establish guidelines for the management of the organization's reserve funds, marketable securities, investment securities and short-term investments and codify them in FOG.
- Review the Risk Management activities of the organization including the national office's efforts in securing appropriate insurance.
- Review detailed financial and operational periodic reports prepared as specified in FOG.
- Recommend remedial action to the Board and management if financial results stray significantly from the budgets.
- Oversee the adherence to all FOG requirements for all organizational financial activity.

### **3.0.3 Board of Directors**

The Board of Directors has the ultimate fiduciary responsibility and shall act in the organization's best financial interest.

### **3.0.4 Treasurer**

The Treasurer is the functional liaison between the Executive Director, Controller, Board of Directors, Finance Committee, and Benefits and Compensation Committee. His/her key financial functions include:

- Work with the Executive Director and the Controller on the budgets to assure that they are delivered to the Board in proper form and prepared in accordance with the Financial Policy and the Strategic Plan.
- Implement the investment of the organization's liquid assets.
- Assist the Controller in the day-to-day transaction activity as required under FOG.
- Maintain the financial service relationships for the organization.
- Work closely with the CPA firm conducting the annual audit of the organization's financial activities.
- Act as one of the authorized signers, along with the president, for the organization.

### **3.0.5 Controller**

The Controller's primary functions are to maintain the financial records for the organization and to ensure proper control & integrity of all financial transactions. In this capacity his/her key functions include:

- Work with the other national office staff to oversee the handling of the day-to-day transaction activity.

- Ensure proper financial controls are in place and followed throughout the organization.
- Assure proper recording of all accounting entries.
- Provide accurate financial reports as required under FOG or upon request from management or the Board.
- Maintain all financial records for the organization.
- Provide the outside CPA firm with all the necessary information to conduct the annual audit of the organization's financial activities and preparation of the annual tax returns.

### **3.0.6 House of Delegates**

The House of Delegates has an oversight responsibility to ensure the assets of the organization are being spent wisely. As a result, the House of Delegates has final approval authority for the annual operating budget.

### **4.0 Violation of this Policy**

Violation of this policy has the potential to put the organization in an untenable position or, worst case, in violation of the law. Any member of the USMS community having knowledge of violation of this policy should contact the President, the Treasurer, the Controller, or the Chair of the Finance Committee. Employees who violate this policy will be disciplined by USMS. Such discipline may result in termination of employment. USMS members who violate this policy may be subject to forfeiting their membership.

### **5.0 Policy Clarifications and Updates**

Policy clarification and updates are available from the Finance Committee Chair or the Treasurer.