

Section 5
Finance

NUMBER 5.1 TREASURER DUTIES

Revision Dates: Fall 2025; Fall 2024; Fall 2018

POLICY

The Treasurer shall perform the duties usual to the office of an organization treasurer and those required by the Constitution and Bylaws and by actions of the Board. The Treasurer serves as the principal financial advisor to the Board and INFORMS, providing timely information while offering guidance and recommendations on financial matters.
The Treasurer is the chair of and the Board Liaison for the Finance and Investment Committees. The Treasurer is the Board Liaison to the Audit Committee.

PROCEDURES

The Treasurer will review the budget, prepared by the staff as assigned by INFORMS Executive Director, share it with the Finance Committee, and ask for their feedback and their recommendation(s). The recommendation(s) given by the Finance Committee shall be shared with the Board, by the Treasurer. The budget will incorporate approved rates for journal subscriptions, meeting registration fees, membership dues, and overhead charges, and should adhere to a format conducive to review by the Finance Committee and the Board.
The Treasurer is responsible for informing, explaining, and making recommendations to the Board on financial matters. The Treasurer provides periodic reports to the Board, including sharing the annual audit findings and annual IRS tax forms.
Other responsibilities of the Treasurer are outlined below.

Review and approve:

- Expenditures of the Executive Director.
- Invoices and contracts that exceed the minimum threshold as outlined in Policy 5.9;
- Donations that exceed the minimum threshold as outlined in Policy 5.12;
- Other items, if stipulated in other policies and procedures.

Monitor INFORMS expenses through:

- Interactions with INFORMS office.
- Periodic financial statements.
- Annual audit report.

Monitor INFORMS investments through:

- Interactions with INFORMS office.
- Periodic investment statements.
- Analysis of Strategic Reserves as a percentage of operating expenses.
- Discussions with the Investment Committee.

Communicate, when needed, with INFORMS members through such means as the INFORMS web site, business meetings, and INFORMS publication(s) received by all members.

Serve as:

- Member of INFORMS Board (responsibilities include counseling the Board and explaining finances).
- Officer of INFORMS Executive Committee.
- Chair of Finance Committee.
- Chair of Investment Committee.
- Board Liaison to Audit Committee.

Perform special studies, as requested by the Board or President, such as:

- Determination of financial impact of proposed projects.
- Potential use of or procedures related to strategic reserves.

Periodically prepare a long-range financial plan:

- Work with INFORMS staff and volunteers as needed to obtain projections of revenue and expenditures.
- Outline key assumptions for the future related to finances.
- Advise on best practices from business and non-profits in characterizing financial health.
- Identify areas where INFORMS needs to develop strategies for greater financial sustainability and/or opportunities for INFORMS to utilize funding for additional strategic directions.

RELATED DOCUMENTS

INFORMS Policies and Procedures Manual, Number 5.2, Finance Committee
INFORMS Policies and Procedures Manual, Number 5.3, Investment Committee
INFORMS Policies and Procedures Manual, Number 5.4, Investment of INFORMS Funds
INFORMS Policies and Procedures Manual, Number 5.6, INFORMS Restricted Reserve
INFORMS Policies and Procedures Manual, Number 5.9, Authorization for Checks and Other Forms of Payment
INFORMS Policies and Procedures Manual, Number 5.13, Financial Assets of Subdivisions
INFORMS Policies and Procedures Manual, Number 5.17, Audit Committee

NUMBER 5.2 FINANCE COMMITTEE

Revision Dates: Fall 2025; Fall 2024; Fall 2018

POLICY

The Finance Committee supports the Treasurer and oversees the financial functions of INFORMS except for the investment of reserves, which is the responsibility of the Investment Committee. The Treasurer is the Chair of and Board Liaison for the Finance Committee.

PROCEDURES

Membership

The voting members of the Finance Committee include the Treasurer, as chair of the Committee, plus four additional INFORMS members, who are nominated by the Treasurer, and approved by the Executive Committee. The Executive Director and the senior staff person responsible for INFORMS financial management serves as ex officio non-voting members of the Committee. Terms begin on January 1, and appointed voting members serve two-year terms that are staggered such that half the members are appointed each year.

Functions

The Finance Committee identifies and deals with financial opportunities or issues of concern to INFORMS. Issues for the Committee may be generated by the Treasurer or by the Board. Areas of concern include but are not limited to: (1) the budget process, (2) the setting of subscription, membership dues, and meetings rates, (3) the monitoring of INFORMS' financial health, and (4) strategic use of investment reserves. Motions initiated by the Committee are submitted to the Board, via the Treasurer.

1. In preparation for the Fall Board of Directors meeting, the Finance Committee acts as an intermediary between INFORMS' departments and the Board with respect to the review of the following year's budget. The process is initiated by the staff, with support from their Vice Presidents and Committee Chairs submitting budget requests. These requests contribute to a preliminary budget that is prepared by the staff that is then presented to the Finance Committee for approval. The Finance Committee reviews this budget and may make suggestions for changes. Once a version of the preliminary budget that is acceptable to the Finance Committee has been reached, the Committee submits it to the Board with a recommendation. In the rare situation that the staff and the Finance Committee cannot develop a budget that is acceptable to both parties, the Board will review the preliminary budget(s) with information shared by both parties. The Board has ultimate authority over the budget.

2. At its regular meetings, the Finance Committee reviews recent financial statements provided by the staff, identifies any exceptions and significant trends, and where necessary the Treasurer brings them to the attention of the Executive Committee and/or the Board.

3. The Finance Committee periodically reviews the dollar amounts in the Restricted Reserve and the Working Capital/Operating Accounts, and when necessary, recommends adjustments to the Treasurer and the Investment Committee.

4. The Finance Committee may be asked to provide input, analysis, or recommendations related to the financial impacts of proposed projects or strategic initiatives.

Meetings

Meetings of the Committee consist of a quarterly meeting (e.g., a conference call), and other meetings as requested by the Chair.

RELATED DOCUMENTS

INFORMS Policies and Procedures Manual, Number 2.1, General Committee Procedures
INFORMS Policies and Procedures Manual, Number 5.3, Investment Committee
INFORMS Policies and Procedures Manual, Number 5.4, Investment of INFORMS Funds
INFORMS Policies and Procedures Manual, Number 5.5, Working Capital/Operating Accounts
INFORMS Policies and Procedures Manual, Number 5.8, INFORMS Restricted Reserve

NUMBER 5.3 INVESTMENT COMMITTEE

Revision Dates: Fall 2024; May 2000

POLICY

The Investment Committee oversees the investments in the Restricted Reserve and Working Capital/Operating Accounts of INFORMS. The Treasurer is the Chair of and Board Liaison for the Investment Committee.

PROCEDURES

Membership

The voting members of the Investment Committee include the Treasurer, as chair of the Committee, plus four additional INFORMS members nominated by the Treasurer approved by the Executive Committee. The Executive Director and the senior staff person(s) responsible for overall INFORMS financial management serves as ex officio non-voting members of the Committee. Terms begin on January 1, and appointed voting members serve four-year terms staggered such that one member is appointed each year.

Functions

The Treasurer provides periodic updates to the Investment Committee on the current and future financial picture, enabling them to make informed decisions regarding investments.
The Investment Committee 1) recommends investment policies to the Board for the INFORMS Restricted Reserve and Working Capital/Operating Accounts, 2) recommends to the Board the hiring or retention of an investment advisor for the Restricted Reserve, 3) monitors the investment performance of the Restricted Reserve, and 4) reports and recommends to the Board on other investment matters of importance to INFORMS.

Meetings

Meetings of the Committee are called by the Chair at least quarterly and as required.

RELATED DOCUMENTS

INFORMS Policies and Procedures Manual, Number 2.1, General Committee Procedures
INFORMS Policies and Procedures Manual, Number 5.4, Investment of INFORMS Funds
INFORMS Policies and Procedures Manual, Number 5.5, Working Capital/Operating Accounts
INFORMS Policies and Procedures Manual, Number 5.6, INFORMS Restricted Reserve

NUMBER 5.4 INVESTMENT OF INFORMS FUNDS

Revision Dates: Fall 2024; Fall 2018

POLICY

For the purposes of managing investment risk and optimizing investment returns within acceptable risk parameters, the funds held by INFORMS are divided into two separate investment accounts, which are named the "Working Capital/Operating Account" and the "INFORMS Restricted Reserve."

PROCEDURES

1. The following procedures ensure that the investment policies and procedures are consistent with the current mission of INFORMS and accurately reflect current financial conditions:
   a. The investment policies and procedures will be reviewed annually by the Investment Committee.
   b. Recommendations for any revisions or modification will be made by the Investment Committee to the Board for the Board's approval.

2. The following procedures are used to determine the dollar amounts to be placed in the INFORMS Restricted Reserve.

   a. The Finance Committee reviews the dollar amounts in the Restricted Reserve and the Working Capital/Operating Accounts, and when necessary, recommends adjustments to the Treasurer, subject to the policy stated in INFORMS Policies and Procedures Manual, Number 5.6, INFORMS Restricted Reserve.
   b. The Treasurer may act on recommendation of the Finance Committee regarding the dollar amounts placed in the Restricted Reserve and in the Working/Capital/Operating Accounts, subject to the policy stated in INFORMS Policies and Procedures Manual, Number 5.6, INFORMS Restricted Reserve.

3. To ensure that the fiduciary responsibilities of the Board and the Investment Committee are met, INFORMS will have a professional Investment Advisor for the Restricted Reserve account.

   a. The Investment Advisor is selected by the INFORMS Board. The Investment Committee is responsible for reviewing the performance of the current Investment Advisor, and if necessary, making a recommendation to the Board regarding retaining or replacing the Investment Advisor.
   b. The Treasurer reviews the contract with which the Investment Advisor is engaged.
   c. The Investment Advisor selects specific investments for the Restricted Reserve and allocates the Restricted Reserve assets among these investments subject to the policies and procedures specified in this Section and in Number 5.8.

RELATED DOCUMENTS

INFORMS Policies and Procedures Manual, Number 5.3, Investment Committee
INFORMS Policies and Procedures Manual, Number 5.5, Working Capital/Operating Accounts
INFORMS Policies and Procedures Manual, Number 5.6, INFORMS Restricted Reserve

NUMBER 5.5 WORKING CAPITAL / OPERATING ACCOUNTS

Revision Dates: Fall 2024; Fall 2018

OBJECTIVES

The purpose of the Working Capital / Operating Accounts is to provide sufficient cash to meet the financial obligations of INFORMS in a timely manner. These accounts consist of (1) INFORMS' current (operating) checking account, and (2) INFORMS' Working Capital Accounts. The remainder of this document applies only to the Working Capital Accounts.

The investment objectives of the Working Capital Accounts are:

1. Preservation of capital.
2. Maintenance of a sufficient level of liquidity to meet foreseeable cash flow requirements.
3. Optimization of investment returns, subject to the two previous objectives.

PROCEDURES

The INFORMS Working Capital Accounts may be invested only as follows:

1. Checking accounts in U.S. federally insured banks and savings and loans.
2. Money market funds that invest in U.S. government backed securities.
3. Federally insured certificates of deposit.
4. Direct obligations of the U.S. government, its agencies, and instrumentalities.
5. Repurchase agreements in conjunction with bank sweep accounts collateralized by U.S. government obligations.

It is desirable that working capital accounts be federally insured to the extent possible. The Finance and Investment Committees should be consulted periodically to assess the balance between risk management and ease of accounting processes to make appropriate recommendations.

RESTRICTION

Investments for the Working Capital Accounts are limited to fixed-income instruments having a duration (or average duration, in the case of funds) of three years or less.

INCOMING TRANSFERS

The Executive Director and the Director of Finance have the authority to transfer funds between the INFORMS operating checking account and the Working Capital Accounts. The Executive Director is also authorized to establish automatic transfers to manage risk and maximize interest earnings on

available funds.

WITHDRAWALS

The Finance Committee will periodically review the size of the Working Capital Accounts and may recommend changes in size to the Treasurer.

RELATED DOCUMENTS

INFORMS Policies and Procedures Manual, Number 5.3, Investment Committee

INFORMS Policies and Procedures Manual, Number 5.4, Investment of INFORMS Funds

INFORMS Policies and Procedures Manual, Number 5.6, INFORMS Restricted Reserve

NUMBER 5.6 INFORMS RESTRICTED RESERVE

Revision Dates: Fall 2024; Spring 2022; Fall 2014

POLICY

INFORMS funds over and above those funds needed for operational cash management will be invested in financial instruments suitable for institutional investment. These funds are referred to as the Restricted Reserve. The purposes of the Restricted Reserve are to provide (1) a financial safety net for use in the event of a major emergency, (2) a productive repository in which to accumulate funds for new INFORMS initiatives, and (3) an endowment to support selected INFORMS activities. Therefore, it is the policy of INFORMS to have the Restricted Reserve continuously invested in a manner that is expected to lead to sufficient growth in the Reserve to maintain it at or above a specified target percentage of annual expenses, even if those expenses grow. In order to meet this goal, a portion of the Restricted Reserve is typically invested in equities. Although the value of such equities can decline significantly, investing in equities is expected to generate a higher long-term average return as compared to fixed income investments, and hence require less diversion of current operating funds to maintain a prudent reserve level over the long term.

Required Level of Restricted Reserve

The INFORMS Board will consider the reserves of the organization to be in part a necessary hedge against adverse changes in our financial position. To provide this important hedge and safety net, the Board will endeavor to maintain the level of the Restricted Reserve above a target threshold of seventy-five percent of current annual operating expenses. To assess the condition of the Reserve in a manner that accounts for year-to-year volatility in returns, a three-year moving average of the Reserve balance will be compared to the current year's operating expenses. If the three-year moving average of the Restricted Reserve falls below the target threshold, then the Board will approve a plan to bring the Reserve back above this threshold. When the Reserve goes above the target threshold, the Board should treat surpluses as a hedge against the next downturn in the market or as a potential investment process for the future. Thus, the driving policy of the reserves is that they serve to meet financial crisis, fund a new initiative in the short-term, investment in future endeavors, or support an endowed activity. If the level of the Restricted Reserve exceeds 150% of a three-year moving average, the Board is encouraged to thoughtfully explore options for utilizing these funds in a safe and calculated manner that aligns with our mission.

Changes to Policies

Because of the long-term nature of the investments in the Restricted Reserve, it is INFORMS policy that changes to the governing policies for the Reserve should only be made after careful and extended consideration.

Investment Objectives and Constraints

The investment objective for the Restricted Reserve is to maximize long-term return without exposure to undue risk. The primary concern is long-term appreciation of the assets, with a secondary, but still significant, emphasis on consistency of total return on the portfolio.

Investment Guidelines

The following investments and investment activities are prohibited:

1. Private placements;
2. Letter stock;
3. Derivatives. However, to the extent that mutual funds are used as investments the mutual funds may buy or sell derivatives for the purposes of decreasing portfolio risk;
4. Commodities or commodity contracts;
5. Short sales;
6. Margin transactions; and
7. Any speculative investment activities.

Diversification and Target Asset Mix (Definition included below.)

Individual stocks are subject to a maximum seven percent commitment at cost or ten percent commitment of the Restricted Reserve's market value for an individual security and twenty percent for a particular industry.

Individual bonds not guaranteed by the U.S. Government, or its agencies or instrumentalities are subject to a maximum ten percent commitment at cost.

The Reserve Fund is composed of the asset classes listed in the table below. The target allocations are the desired allocations for each asset class. The minimum allocations and maximum allocations are to allow for normal market fluctuations. It is the responsibility of the Investment Advisor to remain within the range specified for each asset class. The Investment Advisor will re-balance the portfolio according to the target allocations and current market outlook. Any contributions or withdrawals from the Fund will be made in a manner that re-balances according to the minimum and maximum allocations.

Strategy / Asset (Table updated Spring 2022)	Target Allocation	Minimum Allocation	Maximum Allocation
CASH		0%	5%
EQUITY	60%	50%	70%
International Equity		15%	25%
Developed Markets Large Cap		10%	20%
Developed Markets Small Cap		0%	5%
Emerging Markets		0%	10%
US Equity		35%	50%
Large Cap Core		20%	40%
Mid Cap Core		5%	15%
Small Cap Core		0%	10%
REITs		0%	5%
FIXED INCOME	40%	30%	50%
International Fixed Income		0%	5%
US Fixed Income Taxable		30%	50%
High-Yield Bonds		0%	10%
Intermediate-Term Bonds		0%	35%
Short-Term Bonds		0%	35%
TIPs		0%	5%

The investments in the equity asset classes will be maintained at risk levels roughly equivalent to the averages for the sectors of the market represented, with the objective of exceeding the performance of selected nationally recognized indices, as specified below in the Procedures section. Performance will be measured for at least the latest quarter, year to date, the last three years, and since inception. Performance may also be compared to subcategories, such as professional societies or other non-profits. Mutual funds conforming to the policy guidelines may be used to implement the equity investment program. Investments in fixed income securities will be managed actively to pursue opportunities presented by changes in interest rates, credit ratings, and maturity premiums.

Any non-cash gifts received by INFORMS that do not conform to the table above, such as individual stocks or mutual funds, will be sold or put up for sale within 30 days of receipt and reinvested in order to conform unless an exception was made in the donor agreement.

However, if the market value of a non-cash donation exceeds ten percent of the current value of INFORMS' Restricted Reserve, then the 30-day time limit is waived and within thirty days, the Investment Committee, in consultation with our investment advisor, will make a recommendation to the Executive Committee regarding disposition of the gift.

Definitions

The following definitions apply for the purposes of this Section:

U.S. Equity Large Capitalization Stocks: A portfolio of stocks composed primarily of U.S.- based companies having a market capitalization, on average, exceeding a minimum value determined by the Investment Committee and INFORMS' Investment Advisor and whose primary shares trade on a major U.S. exchange. (Market Capitalization = Market Price × Number of Shares Outstanding).

U.S. Equity Mid Capitalization Stocks: A portfolio of stocks composed primarily of U.S.-based companies having a market capitalization, on average, between Large and Small Capitalization Stocks, as determined by the Investment Committee and INFORMS' Investment Advisor.

U.S. Equity Small Capitalization Stocks: A portfolio of stocks composed primarily of U.S.-based companies having a market capitalization, on average, of less than a maximum value determined by the Investment Committee and INFORMS' Investment Advisor.

International Equity: A portfolio comprised primarily of stocks of non-U.S. based companies, the primary shares of which are traded on exchanges outside the United States. American Depository Receipts are considered International Stocks.

Real Estate Investment Trusts (REITS): A portfolio comprised of companies that own, operate, or finances income-generating real estate.

U.S. Government/Corporate Intermediate Bonds: A portfolio consisting primarily of fixed income securities denominated in U.S. dollars issued by the U.S. Government or U.S. corporations having a weighted average maturity of less than 10 years. This portfolio can include Treasury Inflation Protected Securities (TIPS).

High Yield Corporate Bonds: A portfolio consisting primarily of bonds issued by U.S. corporations, with the majority of the bonds rated below BBB/Baa.

PROCEDURES

INFORMS will always have a professional portfolio advisor (hereafter called the "Investment Advisor") assisting in overseeing the Restricted Reserve. This Advisor will invest the assets in the Restricted Reserve subject to the policies stated above.

1. The INFORMS Restricted Reserve performance will be reported by the Investment Advisor on at

least a quarterly basis. The Investment Advisor will compare the Returns against a benchmark of nationally recognized indices, such as but not limited to:

a. U.S. large capitalization stocks: Russell 1000 Index.
b. U.S small capitalization stocks: Russell 2000 Index
c. International stocks: Morgan Stanley Capital International Europe, Australasia, Far East Index (MSCIEAFE)
d. U.S government/corporate intermediate bonds: Lehman Brothers Intermediate Government/Corporate Bond Index
e. High yield bonds: Merrill Lynch High Yield Master
f. Overall: A weighted average of the above indices, with the weights set equal to the specified target allocations for each asset class.

2. The quarterly reports of Restricted Reserve investment performance will show results for at least the latest quarter, year to date, the last three years, and since inception.

3. Withdrawals from the Restricted Reserve require approval by the INFORMS Board at two Board meetings with an election of new Board members in-between. Should the second Board vote not occur within two years of the first vote to withdraw funds from the Restricted Reserve, the motion fails and then a new approval requiring the two different Boards to vote for withdrawal must take place. Such withdrawals can be made only with the written authorization of the Executive Director and Treasurer. In the event that one or both of these is unable to sign, the signature(s) of the President or President-Elect may be substituted. Such withdrawals can be made only by wire transfer to an INFORMS account that has previously been specified in writing by the President and Treasurer. In the event that the authorized withdrawal amount is not transferred fully from the Restricted Reserve, such authorization to do so will become null and void two years from the date of the second Board vote. In such a case, a new authorization following the policies and procedures must take place before any funds are released from the Restricted Reserve.

4. If the President and the Executive Director jointly agree there is an emergency financial situation, then a single Board may approve a one-time, limited, withdrawal.

5. Annually, and normally before the fall meeting, the Treasurer will calculate the Restricted Reserve's three-year moving average market value as a percentage of one year's operating expenses. If the resulting percentage is in the range of seventy-five percent or above, the Board will be informed without special caution. If the percentage is in the range of sixty-five to seventy-five percent, the Board will be notified with special caution, indicating a prospective need for definite remedial action. If the percentage is below sixty-five percent, the Board will be notified with a call for an immediate plan of action to return the Restricted Reserve to a value that reaches the acceptable target threshold.

RELATED DOCUMENTS

INFORMS Policies and Procedures Manual, Number 5.3, Investment Committee
INFORMS Policies and Procedures Manual, Number 5.4, Investment of INFORMS Funds
INFORMS Policies and Procedures Manual, Number 5.5, Working Capital/Operating Accounts
INFORMS Policies and Procedures Manual, Number 5.7, Funding of INFORMS Initiatives

NUMBER 5.7 FUNDING OF INFORMS INITIATIVES

Revision Dates: Fall 2024; Fall 2014

POLICY

If initiatives are authorized, then it should be done in a way that:

1. enables appropriation, when needed, from the Working Capital/Operating Accounts and the Restricted Reserve to fund new initiatives.
2. supports the creation of new initiatives for products or services or to "test market" new initiatives for a short period of time prior to determining if they should become ongoing programs.
3. ensures processes are in place to evaluate the initiative in a timely fashion.
4. recommends how and when an initiative should be continued, discontinued, or integrated into the overall INFORMS budget.

All money authorized for use for Initiatives shall remain within the Restricted Reserve or Working Capital/Operating Accounts until such time as appropriated by the Board. Funds appropriated are to seed initiatives rather than sustain new activities and programs. At the time new initiatives are appropriated, the funding source should be identified as funds previously authorized for initiatives.

PROCEDURES

1. In years when the three-year moving average of the value of the Restricted Reserve to the operating expenses of INFORMS is over seventy-five percent (75%), the Finance Committee may recommend to the Board authorization of a specified amount of funds for Initiatives. This recommendation will consider the long-range fiscal climate and health of INFORMS and the trends of the Restricted Reserve earnings. The authorization shall be for a specific amount and allow for the transfer of funds from the Restricted Reserve to the Working Capital/Operating Accounts.
2. All authorization of funds to Initiatives must be approved by the INFORMS Board at two Board meetings with an election of new Board members in the intervening time. At no time should the authorization of funds bring the moving average of the value of the Restricted Reserve to the operating expenses of INFORMS to less than seventy-five percent (75%).
3. Once an initiative has been authorized by two Boards, funds to support the initiative should ideally be drawn from the Working Capital/Operating Accounts prior to drawing from the Restricted Reserve. When funds need to be drawn from the Restricted Reserve to support an authorized initiative, the Board must be notified prior to initiating the fund transfer. Board actions are not required to approve the transfer of funds to support already-authorized initiatives.
4. The solicitation and approval criteria for initiatives to be funded are developed by and are the responsibility of the Board. Special consideration will be given to those initiatives that help INFORMS meet its Strategic Goals.
5. Proposals having potential recurring budget implications (beyond one year) must include a multi-year budget projection that includes both revenue and cost implications. Proposals may be for single or multi-years. To ensure the integrity of the Restricted Reserve and Working

Capital/Operating Accounts, the Board will authorize the entire balance for a multi-year proposal in one lump sum rather than over a period of years. This one-time appropriation will:

a. safeguard against approving funding for future years when Initiative Funds may not be available;
b. safeguard against over committing funds;
c. make sure an initiative does not have to "re-compete"; and
d. protect against wasting resources by starting new initiatives that we are unable to fund to the conclusion of their development or trial.

6. The Director of Finance shall report quarterly to the Finance Committee and the Board:
    a. the amount of funds authorized for Initiatives;
    b. the amount of funds appropriated for Initiatives;
    c. the amount of appropriated funds spent;
    d. the source of spent funds; and
    e. current balances of the Working Capital/Operating Account and the Restricted Reserve.
7. Any funds appropriated for Initiatives will be included in the year's Operating Budget during which the funds are expected to be or are expended.

RELATED DOCUMENTS

INFORMS Policies and Procedures Manual, Number 5.3, Investment Committee
INFORMS Policies and Procedures Manual, Number 5.4, Investment of INFORMS Funds
INFORMS Policies and Procedures Manual, Number 5.5, Working Capital/Operating Accounts
INFORMS Policies and Procedures Manual, Number 5.6, INFORMS Restricted Reserve

NUMBER 5.8 ANNUAL BUDGETS

Revision Dates: Spring 2026; Fall 2024; Winter 2011

POLICY

An annual operating income and expense budget is prepared by the INFORMS office and the Treasurer for review and approval by the Board at the fall meeting. This operating budget reflects input from discussions between staff and the Board liaisons overseeing INFORMS various operating units, as well as input from the INFORMS Finance Committee.

All INFORMS office expenses that can be practically allocated to identifiable activities shall be allocated to those activities in the operating budget. This is intended to help manage the INFORMS office and to help the Board understand the complete cost of various INFORMS activities.

The Board reviews and approves the following year's annual operating budget during its Fall Meeting.

The Board reviews a reforecasting of the current fiscal year's operating budget, based on realized operating expenditures and revenues incurred over the first part of the year, during its Summer Meeting.

PROCEDURES

It is firmly intended that all departments operate within their budgets each year. If it appears that the expense budget for a particular operating unit will be overspent in one line item, it is the responsibility of the involved management to compensate by underspending an equal amount in other line items. If a shortfall of revenue from a revenue-producing unit is anticipated, the involved management should compensate by underspending their expense budget. The Finance Committee shall receive updates throughout the year that show comparisons between budgeted amounts and actual expenditures. The Treasurer shall inform the Board of significant budget deviations, positive or negative, throughout the year. Notably, at the Summer Meeting, the Board shall receive a reforecasting of current year-end budget projections. In alignment with Section 5.10 (Expenditure Approvals) the Board will consider at any time proposals to overspend approved budgets if the need can be justified. Such a proposal should be submitted to the Treasurer who will evaluate it and forward to the Board with a recommended action.

It shall be the responsibility of the Finance Committee, with the support of the INFORMS office, to recommend annual operating budget levels of activities to the Board. The Board reviews and approves the following year's annual operating budget during its Fall Meeting. Prior to this, the Finance Committee shall meet and discuss the following year's operating budget during its late summer/early fall meetings. The Treasurer should provide the draft operating budget to the Board for its review at least one week prior to the Board meeting where voting will occur. The Treasurer shall share the Finance Committee's recommendation (for or against) with the Board. If the Board does not pass a motion to approve, the Board must prioritize reconvening to resolve any issues swiftly and secure an approved operating budget with minimal delay.

Operating budget funds will not be carried forward from one year to the next.

RELATED DOCUMENTS

INFORMS Policies and Procedures Manual, Number 5.10, Expenditure Approvals
INFORMS Policies and Procedures Manual, Number 5.13, Financial Assets of Subdivisions

NUMBER 5.9 AUTHORIZATIONS FOR CHECKS AND OTHER FORMS OF PAYMENT

Revision Dates: Fall 2024; Fall 2018

POLICY

All payments of approved invoices or other obligations shall be made by check, credit card, or secure electronic fund transfers, including current and emerging payment technologies that meet security standards. All transactions should have the appropriate supporting documentation and must have approval/verification sign-off by the applicable department director(s) and the Executive Director, or by persons properly designated to act for them.

The Executive Director, the Director of Finance, and other staff designees are authorized to sign and authorize checks, withdrawals, wire transfers, and other secure methods of payment, including electronic and digital transactions. The Executive Director may set different maximum limits and may require certain transactions, based on method or amount, to have the authorization of two individuals to instruct the financial institution to release the funds.

When the disbursement is greater than 1% of the total annual expenditure budget the Treasurer will receive, for their information, the scanned copy of the applicable documentation reflecting the internal approval of a Director and Executive Director.

RELATED DOCUMENTS

INFORMS Policies and Procedures Manual, Number 5.1, Treasurer Duties
INFORMS Policies and Procedures Manual, Number 5.10, Expenditure Approvals

NUMBER 5.10 EXPENDITURE APPROVALS

Revision Dates: Spring 2026; Fall 2024; Fall 2023 (changed capital amount); Spring 1997

POLICY

INFORMS staff directors have responsibility for reviewing and approving expenses and reimbursements for their assigned areas. They hold the authority to approve expenses up to the limit of their annual operating budget as authorized by the Board.

Subdivisions Financial Oversight and Compliance: Subdivisions are entrusted with generating their operational funds independently and are expected to align their expenditures with the income from dues, other sources, and fund balances. They must also adhere to both general INFORMS policies and procedures and those specific to subdivisions.

Specific procedures for subdivisions and the roles of the Subdivisions Council are outlined in the corresponding section. The leadership of each subdivision is responsible for reviewing and submitting expenses and reimbursements incurred by or for their subdivision to the INFORMS office for review and approval. While the Board and the Subdivisions Council do not review or approve annual operating budgets for subdivisions, they rely on the chair, treasurer, or their designees to manage the subdivision's finances prudently.

Any financial documents, such as bank account statements and reconciliation, which are not contained in the INFORMS system must be submitted by subdivision leaders to the INFORMS office. These documents will be reviewed by the Director of Finance to ensure compliance with all accounting and auditing procedures required of tax-exempt organizations. The intent of this policy is for INFORMS subdivisions to retain as much financial autonomy as legally possible. As such, generally, neither the Board nor the Subdivisions Council (or their agents, including INFORMS staff) will authorize expenditures of a subdivision's operating funds without the involvement or consent from subdivision leadership, as outlined in the section on Subdivisions Council and subdivisions, and when relevant in that subdivision's by-laws or procedures. An exception to this occurs if subdivision finances are consistently deteriorating or in the red, in which case the Subdivisions Council can work with the subdivision leadership and the Department Directors to take remedial measures.

See the subsection on Subdivisions Council functions for procedures related to expenditure approval of subdivision and special interest meetings. These procedures may involve action by the Subdivisions Council, the Meetings Committee and/or the Executive Committee as indicated in the procedure.

Approval of Material Budget Variances

From time to time, new opportunities, challenges, or external developments may cause projected revenues, expenses, or net operating margin to differ materially from the Board-approved annual operating budget. Management is expected to exercise prudent judgment in reallocating resources within the approved operating budget in alignment with organizational priorities.

For the purposes of this Policy, the following definitions apply. "Net operating margin" means total operating revenues minus total operating expenses for the fiscal year. "Projected full-year impact" means management's best estimate of the change in net operating margin for the full fiscal year, based on current information.

This policy addresses two types of material budget variances:

(1) Budget reallocations and adjustments to operating revenues or expenses resulting from discrete managerial decisions (e.g., starting a new activity not funded in the current operating budget, or authorizing spending on an activity in excess of the approved operating budget); and
(2) Aggregate shifts in operating revenues or expenses resulting from external factors, or which are not the direct result of discrete managerial decisions (e.g., economic shifts, or the aggregate effect of several managerial decisions).

It is the intent of this Policy that significant reduction in the net operating margin arising from either discrete or aggregate managerial decisions or external causes requires oversight of the Board. Moreover, unless there is an emergency, the Finance Committee shall review and provide their advice prior to Executive Committee or Board action.

Discrete Managerial Decisions

The Executive Director is authorized to approve discrete operating budget reallocations and adjustments to operating revenues or expenses, provided the projected full-year impact does not reflect a decrease in net operating margin of more than 2% of the approved total annual operating expenditure budget. The Executive Committee is authorized to approve discrete operating budget reallocations and adjustments in which the projected full-year impact reflects a decrease in net operating margin of more than 2% but not more than 4% of the approved total annual operating expenditure budget. The Treasurer shall inform the Board of any such action at the next scheduled Board meeting, or via written communication if no meeting is scheduled within two months. Operating budget reallocations or adjustments projecting a larger decrease in net operating margin require Board approval. If action is time-sensitive and cannot reasonably await the next scheduled Board meeting, the President shall convene a special Board meeting.

Aggregate Shifts

Additionally, internal and external factors may cause anticipated aggregate operating revenues or expenses to differ materially from the original operating budget in a manner that cannot be attributed to a discrete operating budget reallocation. As outlined in P&P 5.8 (Annual Budgets), the Board reviews a reforecasting of the current fiscal year's operating budget, based on realized operating expenditures and revenues incurred over the first part of the year, during its Summer Meeting. If the projected net operating margin decreases by more than 4% of the total annual budgeted operating expenditures, then the Finance Committee shall review and provide its recommendations to the Board in advance of the Summer Board Meeting.

At other times of the year, the Executive Director shall promptly notify the Treasurer when projected deviations approach established thresholds or when their materiality is uncertain.

Capital Assets

An asset whose original cost is $5,000 or greater and whose useful life is greater than 12 months will be treated as a capital asset. The cost of a capital asset is to be depreciated over a standard asset life of 5 years, unless judged to require a special life. One exception to this policy is that all electronic/computer equipment will be depreciated over 3 years.

Purchase of a new capital asset above $10,000 requires approval of the Treasurer. Capital assets above $50,000 require approval by the Board of Directors.
The Board will review the amounts for the various capital expenditure levels from time to time and revise them when deemed appropriate.

RELATED DOCUMENTS

INFORMS Policies and Procedures Manual, Number 5.8, Annual Budgets

NUMBER 5.11 BUSINESS TRAVEL AND EXPENSE REPORTING

Revision Dates: Spring 2026; Fall 2024; Fall 2014

POLICY

INFORMS members who are traveling on INFORMS business are expected to use good judgment in planning their expenses and seeking reimbursement. This policy includes general guidelines on expenses, as well as special guidelines for categories of travelers.

If possible, travel expenses should be covered by an employer, by grant support, or by another external source. If this is not possible, then INFORMS will reimburse travel expenses for trips that have been pre-approved according to the guidelines that follow.

PROCEDURES

1. Reimbursement is limited to travel costs, accommodation, preapproved purchases for INFORMS business use, and a per diem for Meals and Incidental Expenses or M&IE. Any other categories of expenses would need to have pre-approval.
2. The allowable per diem for M&IE is the Federal M&IE allowance at the same location. If no cost was incurred for a meal, then the amount allowed must be reduced to account for this covered meal.
3. All expenses (excluding M&IE) over $25 require a receipt. Exceptions may be granted by the Executive Director or the Treasurer. Lost receipts require an explanation.

When traveling for INFORMS, good faith efforts should dictate travel arrangements with the intent to find the lowest available rates. Reimbursement is limited to economy or coach class travel. Exceptions require prior approval by the Executive Director or Treasurer. INFORMS may ask for additional documentation if costs seem excessive.

Special Guidelines by Category of Traveler

Travel by Board Members

INFORMS recognizes the value of having Board members attend both the Annual and Analytics meetings. To ensure equitable participation, INFORMS outlines the following policy regarding Board travel and conference attendance:

1. **General Request:** Board members are requested to cover their own expenses (e.g., travel, conference registration) for at least one conference per year, assuming they would typically attend that conference even without Board service. At the beginning of each year, Board members will be asked to indicate which of the two conference expenses they will cover from their own funds.
2. **Covered Expenses by INFORMS (Upon Request):** If requested by the Board member, INFORMS will cover additional expenses incurred for attending Board meetings, which generally occur a day prior to the start of the conference.

3. **Financial Assistance and Exceptions**: INFORMS does not want financial constraints to impede Board service. Board members who require assistance or exceptions to this policy should submit a request to the Executive Director or Treasurer for review.

Travel by Committee Chairs and Editors

Committee Chairs and Editors should send requests for anticipated expenditures to their board and/or their staff liaison. Reimbursement guidelines follow the general ones above.

Travel by Board Members to an Interim Board Meeting

If requested by the individual Board member, INFORMS will reimburse all expenses in accordance with the general guidelines above for all in-person Board meetings not held in conjunction with an INFORMS annual or analytics meeting.

Travel by Speakers to INFORMS Meetings

In general, INFORMS does not support expenses for conference speakers. In the rare case in which support for a distinguished speaker may be needed, the Vice President of Meetings and their staff liaison may approve such support.

Travel by Board Members or Members on INFORMS Business

Travel expenses are only reimbursable if they have been included in the budget of the committee or program. INFORMS will reimburse all expenses in accordance with the general guidelines above.

Any exceptions to the above must be approved by the Treasurer and Executive Director before incurring any expense. If the Treasurer is requesting an exception, the President is required to approve.

NUMBER 5.12 DONATION POLICY

Revision Dates: Fall 2024; Spring 2014

INFORMS welcomes donations that advance INFORMS's mission and further our goals. All donations must align with INFORMS purpose, strategic objectives, and core values. This ensures that every gift not only enhances INFORMS financial stability but also furthers the commitment to the mission.

Gifts may be accepted from individuals or organizations. INFORMS only accepts irrevocable gifts. Gifts received by INFORMS must not inhibit the ability to seek additional contributions from other donors. INFORMS, with the approval of the Executive Committee and following applicable federal and state laws, reserves the right to reject or return any gift at any time for any reason.

Types of Donations

INFORMS accepts a variety of gift types. These may include, but are not limited to, cash, tangible personal property, securities, real estate, life insurance, charitable gift annuities, charitable remainder trusts, charitable lead trusts, retirement plan beneficiary designations, and bequests. Depending on the complexity of a gift, INFORMS may seek legal counsel for review to ensure compliance and proper handling. All donors are encouraged to seek independent professional advice prior to making a gift or donation. This ensures that all parties are well-informed about the implications of the gift, particularly in terms of tax and legal matters.

Acceptance Process

To ensure prudent management and compliance:

- Gifts under $5,000 generally require no approval.
- Gifts between $5,000 and $200,000, with or without donor restrictions, require the approval of the Executive Director and the Treasurer.
- Gifts between $200,000 and $500,000 also require the approval of the Executive Committee.
- Gifts greater than $500,000 require the approval of the Board.

The approval processes will assess the alignment of the gift with the INFORMS goals, potential risks, and any legal implications, especially for non-standard or complex gifts such as real estate, stocks, or other significant assets. This process is designed to protect INFORMS to ensure that accepting the gift serves the best interest of INFORMS and its mission. If there are concerns about a particular gift, at any threshold, the Board should be engaged before accepting the gift.

INFORMS will not accept gifts that might:

- Expose INFORMS to adverse publicity or reputational harm.
- Require expenditures beyond available resources or involve INFORMS in unexpected responsibilities due to their conditions or purposes.
- Involve unlawful discrimination prohibited by U.S. federal, state, and local laws and regulations.

- Come from individuals or entities on sanctioned lists designated by the Office of Foreign Assets Control (OFAC), the Department of State, the Department of Commerce, and other US federal and state government agencies.
- Trigger registration under the Foreign Agents Registration Act.
- Obligate INFORMS to violate its Articles of Incorporation, Constitution, Bylaws, or existing policies and procedures.
- Restrict or hamper INFORMS in its activities.

All gifts will be processed according to INFORMS practices in a timely manner and shall be acknowledged with an appropriate receipt and letter. Gifts, including donor names and amounts, may be publicly acknowledged, unless the donor requests anonymity INFORMS will comply with all applicable laws governing the disclosure and reporting of gifts and information related to gifts, including donor names and amounts.

Agreements

All donor-restricted donations of $50,000 or more require a donor agreement. All donor agreements must state the purpose of the fund, annual spending rule, conditions of use, duration of the agreement, condition of closure, requests of donor acknowledgment, the method for calculating the annual management fee, and process for future changes. The Director, Recognition works closely with the donor to co-create the agreement. For auditing purposes, all final agreements are kept by the Finance team.

Investment of Donor Contributions

Standard Donations: Donations are accepted for many funds (e.g., Student fund, General fund, Minority Issues Fund). These donations are generally given by individuals throughout the years or during the annual appeal. These monies are generally kept in the INFORMS operating budget and are used to further the goals of each fund.

Donor-Restricted Donations: Donor-restricted donations allow the donor to influence how the funds will be used. Depending on the purpose, timing, and amount of the gift, the funds may or may not be governed by the INFORMS investment policy. The Executive Director determines whether funds under $50,000 are invested or placed in INFORMS general operating account, with the ability to carryover year after year. For gifts of $50,000 or more, both the Executive Director and the Treasurer make this determination.

Donor-restricted donations tend to fall into two categories:

1. Spend-down gifts are current-use funds for a designated purpose over a specific time. The goal is not to preserve principal nor to provide ongoing support indefinitely.
2. In-perpetuity endowments are funds intended to provide indefinite support, with the goal of preserving the principal while using the investment income for the designated purpose. To ensure the long-term financial sustainability of INFORMS and to protect donors' intentions, all endowed in-perpetuity endowment agreements signed after 2024 must 1) adhere to minimum levels, 2) adhere to an annual spending rule of 3-6%, calculated based on the

rolling average of the last 12 quarters of investments, and 3) have annual management fees stipulated.

Annual management fees for donor-restricted donations may be calculated either as a percentage of the 1) the total fund value (1-2%) at the end of each year or 2) of the annual investment returns (10-20%) calculated over the last 12 quarters. The chosen management fee model must be specified in the gift agreement.

Minimum levels for in-perpetuity endowments are required to ensure that they generate sufficient returns to cover management expenses and provide meaningful support for their designated purposes. This approach helps maintain operational efficiency, achieve sustainable impact, and align with INFORMS' long-term financial strategies and goals.

- Endowments at the INFORMS level require a minimum of $100,000.
- Named endowments at the INFORMS level require a minimum of $200,000.
- Endowments at the subdivision level require a minimum of $50,000.
- Named endowments at the subdivision level require a minimum of $100,000.

Endowments may be funded over a period of time, as stipulated in the agreement, typically no longer than five years.

There are no minimum levels required for spend-down gifts.

Any deviation from this policy requires Treasurer and Executive Director approval.

Adaptability in Use of Gifts

In the event that future circumstances render it illegal, impossible, or impracticable to use a gift for the purpose initially specified, the party who originally established the fund may designate an alternative use for the funds. If the original establishing party no longer exists or cannot be located after a diligent search, the Executive Director of INFORMS may submit a request to modify the purpose of the funds to the INFORMS Board of Directors. Should the Board determine that a modification is prudent, they may authorize the use of the fund for objectives as close as practically possible to the original intent. In such cases, the name of the donor will continue to be associated with the fund, ensuring their legacy remains honored despite the necessary adaptation.

IRS Compliance and Tax Guidance

INFORMS shall adhere to all IRS guidelines governing the valuation of cash and in-kind donations, as well as receipting and reporting standards. This ensures that all contributions are documented correctly and meet federal requirements for tax deductions. Donors are encouraged to consult with appropriate tax counsel to understand the tax-deductible value of their donation prior to contributing. INFORMS is committed to providing all necessary documentation to donors to facilitate this process.

Board Reporting

The Secretary is the Board Liaison for development-related activities. Board reports shall be submitted by the Secretary, when requested.

RELATED DOCUMENTS

INFORMS Policies and Procedures Manual, Number 5.3, Investment Committee
INFORMS Policies and Procedures Manual, Number 5.4, Investment of INFORMS Funds
INFORMS Policies and Procedures Manual, Number 5.6, INFORMS Restricted Reserve
INFORMS Policies and Procedures Manual, Number 6.1, General Information on Awards

NUMBER 5.13 FINANCIAL ASSETS OF SUBDIVISIONS

Revision Dates: Fall 2024; Fall 2018

POLICY

It is the policy of INFORMS that Subdivisions support their normal operating expenses from internally generated funds. In the event that a Subdivision depletes its account, the INFORMS Treasurer may authorize a short-term loan to cover the shortfall, provided that the Subdivision furnishes a viable plan for repaying this loan.

Subdivisions shall be credited interest at least annually on their balance. The rate of interest will be a pro-rata share of the interest earnings received on the working capital funds.

Subdivisions can carry forward any unexpended funds from one year to the next. Subdivisions can request special funding from the Board to pursue special projects.

Should any Subdivision become inactive and be dissolved by the INFORMS Board, its accumulated surplus, if any, will be transferred to the general INFORMS funds or to another subdivision or committee. The subdivision being dissolved may make a recommendation to the INFORMS Board, but the final decision is the Board's.

INFORMS legally holds all funds under its single U.S. Tax ID in its accounts. This policy is designed to grant Subdivisions as much operational autonomy as possible. Subdivisions receive monthly statements reflecting their running allocated fund balances. Subdivision leadership is responsible for providing direction on these funds' use in accordance with INFORMS' established financial procedures.

Statement of Subdivision Assets

The INFORMS staff will provide monthly financial statements to each subdivision for review and distribution. The intent is to distribute these statements within four weeks of the end of the previous month. Each financial statement will show, at a minimum, the current year-to-date activity and the fund balance carried forward from the prior year.

RELATED DOCUMENTS

INFORMS Policies and Procedures Manual, Number 5.10, Expenditure Approvals

NUMBER 5.14 MEMBER DUES

Revision Dates: Fall 2024; Summer 2015

POLICY

INFORMS Bylaws provide that the Board shall establish annual dues for various membership categories specified in the Bylaws and defined in the INFORMS Policies and Procedures Manual. The Bylaws also empower the Board to further subdivide membership categories for purposes of dues assessment.

Bylaw 1.1 stipulates the four categories of membership. Any changes to membership categories would require a change to this bylaw.

Changes to the structure or amount of membership dues are periodically reviewed by the Membership Committee to ensure alignment with INFORMS' strategic goals and financial sustainability. The committee reviews data, considers member feedback, market trends, and operational costs, and formulates recommendations for the Finance Committee and the Board's approval.

PROCEDURES

Member Dues

The Board will establish the annual Regular Member Dues as the baseline for other dues computations. The term of membership for all members shall be 12 months. The term of membership for a new member shall be 12 months beginning the first of the month in which a dues payment is received between the first and the fifteenth day of the month and first of the following month in which a dues payment is received between the sixteenth and the last day of the month.

Student Member Dues

The annual Student Member dues shall be one-fourth (1/4) of the annual Regular Member Dues (rounded to the nearest dollar). A Student Member will receive access to OR/MS Today and OR/MS Tomorrow and a free section membership as member benefits. A Student Member may subscribe to any INFORMS journal at one-half of the regular Member subscription price.

Retired Member Dues

The annual Retired Member Dues shall be one-fourth (1/4) of the annual Regular Member Dues (rounded to the nearest dollar). A Retired Member will receive access to OR/MS Today as a member benefit. A Retired Member may subscribe to any INFORMS journal at one-half of the regular Member subscription price.

Unemployed Member Dues

For purposes of dues assessment, an Unemployed Member is a member who is involuntarily unemployed and is actively seeking employment. The annual Unemployed Member Dues shall be one-fourth (1/4) of the annual Regular Member Dues (rounded to the nearest dollar). An Unemployed Member will receive access to OR/MS Today as a member benefit. An Unemployed Member may subscribe to any INFORMS journal at one-half of the Regular Member subscription price. An Unemployed Member may exercise this option for a maximum of two consecutive years.

RELATED DOCUMENTS

INFORMS Constitution & Bylaws
INFORMS Policies and Procedures Manual, Number 11.8
INFORMS Membership Category Definitions

NUMBER 5.15 LINE OF CREDIT

Revision Dates: Fall 2024; Fall 2001

POLICY

As a business, INFORMS may from time to time require access to supplemental cash to pay its expenses. By policy, one option of making funds available is for INFORMS to have a line of credit with a bank.

Such a line of credit would be used only as a short-term solution to cover expenses and to retain INFORMS' credit worthiness. The line of credit is to be equal to no more than ninety percent of the average monthly operating revenue for the previous fiscal year. This policy provides an option for the staff to consider for execution but is to be viewed as an alternative to withdrawing funds from the Restricted Reserve rather than as a mandate.

PROCEDURES

1. The line of credit can be activated by obtaining the signatures of both the Executive Director and the Treasurer with the consent of a majority of the Executive Committee.
2. The Board shall be notified within 30 days of such an action.
3. Funds will be transferred by a secure method to INFORMS' current checking account.
4. The line of credit will be paid off within six months of its activation.

RELATED DOCUMENTS

INFORMS Policies and Procedures Manual, Number 5.6, INFORMS Restricted Reserves

NUMBER 5.16 BLANK

NUMBER 5.17 AUDIT COMMITTEE

Created: Fall 2025
Revision Dates: Spring 2026

POLICY

The Audit Committee's primary responsibility is to assist the Board in fulfilling its financial oversight responsibilities with respect to (i) the audit of INFORMS' financial statements; and (ii) the system of internal controls that INFORMS has established.

PROCEDURES

Membership

The Audit Committee consists of three INFORMS members who are nominated and approved by the Executive Committee. Terms begin on January 1, and appointed voting members normally serve three-year terms that are staggered such that one new member is appointed each year, with the longest-serving member serving as chair. In the event that another chair must be identified, the chair is approved by the Board of Directors. The chair may not be a current member of the INFORMS Finance Committee. Voting members of the Audit Committee should collectively possess financial literacy. Although not a legal requirement, ideally at least one member should be a financial expert possessing an understanding of generally accepted accounting principles and financial statements. At least one member should have working knowledge of INFORMS' finances and business model. Members may not be an employee of INFORMS, the Treasurer or any other current Board member, nor a current INFORMS committee chair. Strictly less than half of the members of the INFORMS Finance Committee may serve on the Audit Committee. The Executive Director, Director of Finance, and Treasurer may be invited to attend Audit Committee meetings as nonvoting participants, solely to provide operational insight upon request. The Executive Director, Director of Finance, and Treasurer shall be excluded from all executive sessions or discussions that involve independent evaluation of management.

Function

The Audit Committee:

- approves the appointment of, and agreement with, the independent CPA firm to audit the annual financial statements in accordance with auditing standards generally accepted in the United States of America.
- meets with the independent CPA firm prior to the start of or during the audit process.
- provides comments on the draft of the annual financial statements.
- approves the financial statements after completion of the audit of the annual financial statements.
- receives the written communication on any deficiency in internal control over financial reporting that is deemed to be a material weakness or significant deficiency.
- receives any written or non-written communication of any deficiency in internal control over financial reporting that is not deemed to be either a material weakness or significant deficiency.
- approves in advance all non-audit services provided by the independent CPA firm, and

approves the results of all such non-audit services. Ensures that all such non-audit services are conducted in accordance with generally accepted government auditing standards.
- communicates the findings of the auditor to the Board via the Board Liaison.

The Treasurer is the Board Liaison for the Audit Committee.

Meetings

Meetings of the Committee consist of at least one annual meeting to select the auditor for the coming year, at least one annual meeting to review the draft audit report findings, and other meetings as requested by the Chair.

RELATED DOCUMENTS

INFORMS Policies and Procedures Manual, Number 2.1, General Committee Procedures
INFORMS Policies and Procedures Manual, Number 5.1, Treasurer Duties