

7.00 PROCEDURES FOR THE TREASURER

7.01 Accounting System

7.01.01 Checking and Savings Accounts

POLICY: The Illinois Council of Health-System Pharmacists maintains its funds in checking and savings accounts approved by the Board of Directors. Documentation, by the ICHP office staff and monitored by the Treasurer, of all financial transactions of the Council is required.

1. Bank accounts are selected by the ICHP Office staff with input from the Treasurer and approved by the Board of Directors.
2. The Executive Vice President, Treasurer, Director of Operations and President have check-writing authorization. All checks are negotiable for 60 days.
3. Checking account balances and savings account balances should be managed to take optimal advantage of the income generating potential of the Council's cash and to minimize service charges.
4. The checking and savings accounts selected should facilitate timely transfers of funds, i.e., use of mail-deposits, withdrawals, (possibly both in same bank), etc.
5. Payment of all bills takes place in the ICHP office. The bill is reviewed for accuracy by the accountant who generates a check. The check and bill are provided to the Executive Vice President for review and signature. The Executive Vice President or Director of Operations mails it and all required correspondence to the payee. A copy of the bill and check are maintained in the ICHP office.
6. If the Treasurer disagrees with the amount or other aspects of the bill or check, the Treasurer will address concerns to the accountant and ICHP Executive Vice President.
7. Payments are made upon written invoices from the payee are handled in a similar manner to payment of bills. Payments (reimbursements) to the Council officers and members also require a written voucher or invoice detailing all expenses, with supporting documentation when available and appropriate.
8. The Treasurer reviews the monthly reconciliation of the checking and savings accounts once they have been completed by the ICHP accountant. This includes correlation of the bank statement with the ledger on a monthly basis. The ledger clearly indicates canceled checks returned and deposits verified. All discrepancies are corrected by the ICHP accountant upon receipt of notice from the Treasurer.
9. The ICHP Office keeps all bank statements and canceled checks and submits them to the auditors and Finance Committee upon request.
10. Paid invoices and bank statements, copies of the Treasurer's Monthly Reports and ledger sheets are kept as part of the Council Archives for at least seven (7) years before being destroyed.
11. Board members are reimbursed for travel to Board Meetings. Each driver of a car is paid at the currently approved IRS level of reimbursement for organization volunteers. As of December 22 1, 2020 that rate is \$0.14 per mile. Carpooling is strongly encouraged. (See Policy on Expense Reimbursement)
12. All requests for reimbursement are accompanied by an expense voucher and appropriate receipts.

7.02 ICHP INVESTMENT POLICY

Last reviewed December 2021

Approved by Board of Directors January 2022

7.02.01 Introduction

This statement of investment policies and objectives is set forth by the Illinois Council of Health-System Pharmacists (Council) in order to:

- 1) establish a clear understanding of the investment policy and objectives of the Council;
- 2) provide the investment managers with guidance and limitations as to what is expected of them;
- 3) establish a basis to evaluate the investment performance of the investment managers;
- 4) define an attitude and philosophy, which will guide the investment managers toward the performance desired.

7.02.02 Definition and Function

The Council was incorporated as a professional membership association in 1966. The purpose of the Council is to:

- 1) Represent its members;
- 2) Provide leadership;
- 3) Provide membership services;
- 4) Foster safe and rational drug use in society;
- 5) Serve as a catalyst for practice innovation toward enabling members to better serve the public interest and the profession.

The Council conducts educational programming, produces publications, acts as an advocate for the profession with the legislature and other government agencies, and disseminates information that will advance the practice of pharmacy in Illinois and the country.

The Council will create an investment fund using excess assets not required for day-to-day operations (operating funds). The operating fund shall be made up of assets of the Council that equal 30% of that year's budgeted expenses (i.e., If the Council retains total assets of \$600,000 at the beginning of a fiscal year and the annual expense budget is \$700,000 for that year, the operating fund must be established at \$210,000 and maintained at least at that level during the year. The operating fund is to be retained in an interest bearing checking account and/or an immediately accessible money market account. The initial investment fund would equal \$390,000 and would be invested according to this policy.) The operating and investment funds' status will be assessed by the Executive Committee on a quarterly basis to determine the need for transfers between the operating fund and the investment fund.

7.02.03 Responsibility and Management

The Board of Directors is charged with the responsibility for the Council's assets. To assist in the investment of the assets, the Council is authorized to engage the services of investment managers and consultants who possess the necessary specialized research facilities and skills to meet the investment objectives of the fund. The Council requires the adherence to the "prudent person rule" under such laws as now apply or may apply in the future to investments of the Council's assets.

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Approved by Board of Directors January 2022

Policy guidelines will be fixed from time to time by the Council after consideration of advice and recommendations of the investment managers and the Council's investment management consultant. All modifications to policy guidelines shall be in writing and signed by an authorized representative of the Board of Directors (President, Treasurer, or Executive Director).

7.02.04 Objectives

The investment objectives of the fund are to:

- 1) obtain a minimum rate of return 2% over the rate of inflation, as measured by the Consumer Price Index (CPI);
- 2) exceed the rate of return on 91-day Treasury Bills by at least one percentage point;
- 3) do at least as well as 80% of an index composed of 60% of the results achieved by the Standard and Poor's 500 Stock Index and 40% of the results achieved by the Shearson Lehman Hutton Government/Corporate Bond Index; and
- 4) achieve results that would at least equal the performance of the medium return of the investment managers in the CDA Universe, or the Mobius Universe of professional money managers.

The period of time over which these objectives will be expected to be achieved is three years or a full market cycle, whichever is longer.

7.02.05 Guidelines

- 1) **General Investment Philosophy**
It is the philosophy of the Council that fixed income and equity investments should be balanced in such a way as to maximize total return commensurate with maintaining an overall low risk (volatility) exposure. The investment managers are given wide discretion in the selection of the securities to be included in the investment portfolio.
- 2) **Preservation of Principle**
It is the intention of the Council that the investment managers make all reasonable efforts to preserve the principal of the fund, but preservation of the principal shall not be imposed on each individual investment. However, losses beyond 10% of cost will be carefully reviewed by the Council's Board of Directors to be sure that the low risk exposure guideline of the fund is being followed.
- 3) **Type of Assets/Asset Mix**
In order to provide the investment managers with freedom to invest in various types of assets, the following types of securities are expressly approved for investment:

- U. S. Government Securities Money Market Mutual Funds
- Certificates of Deposit
- Banker's Acceptances
- Commercial Paper
- Corporate Bonds
- Preferred Stocks
- Common Stocks
- Convertible Bonds
- Convertible Preferred Stocks
- Covered Options
- Foreign Stocks (American Depository Receipts)

All assets selected for the fund must have a readily attainable market value and must be readily saleable. The following types of assets or transactions are expressly prohibited:

- Selling Short
- Commodities
- Investment Letter Securities
- Naked Options Trading
- Derivatives

The percentage of the portfolio, which may be invested in low to moderate risk equities, at market, shall be within a target range of 20-30% of the fund with an initial investment of 25% of the fund. The percentage of the portfolio to be invested in long-term (more than one year in maturity) fixed income instruments, at market, shall be within a target range of 20-30% of the fund with an initial investment of 25% of the fund. The percentage of the portfolio to be invested in short-term (one year or less in maturity) fixed income instruments, at market, shall be within a target range of 40-60% of the fund with an initial investment point of 50%. The uninvested balance of the fund should be placed in short-term debt instruments and/or cash equivalents as selected by the investment managers.

4) Investment Philosophy – Equities

It is the investment philosophy of the Council to invest in stock mutual funds whose growth, profitability, asset value or other financial characteristics are not, in the investment manager's opinion, fully valued in the market place. The investment manager will be allowed to choose the degree of concentration of the mutual funds (or lack thereof) on any industry up to a maximum limit of 25% in any one industry (at cost) and not more than 10% of the total stock fund portfolio in any one company.

5) Investment Philosophy – Bonds

The Council believes that bonds should be managed to take advantage of changes in the interest rate curve rather than to be purchased and held to maturity. All of the bonds should be investment grade rated by Standard and Poors or Moodys. Vehicles for bond investment should be unit investment trusts or mutual bond funds. The overall mixture of the bonds should average a quality rating of "A" or better. Individual fixed income positions, other than issues of the United States Government, may not exceed (at cost) more than 10% of the total portfolio.

6) Investment Markets

Investment managers are permitted to invest in equity securities listed on the New York Stock Exchange, the American Stock Exchange, principal regional exchanges, and the Over-the-Counter market, but only where there is a strong market providing ready sale ability of the specific market security.

7) Liquidity

The Council will attempt to inform the investment managers of future net payouts from the fund at least 90 days in advance of required payments. The Council accepts the duty to provide such notice to the investment managers in order to avoid, if possible, any forced sales of securities to meet payouts.

8) Accountability

The investment managers will be held responsible for making all investment decisions regarding those assets placed under their supervision and will be accountable for the objectives stated. It is the opinion of the Council that this statement of limitations and guidelines will not prevent the investment managers from achieving the objectives contained herein.

7.02.06 Performance Measurement

The Council recognizes that financial markets are complex and ever changing. Consequently, in addition to investment managers, the Council retains the right to retain an investment management-consulting firm to provide performance measurement services on the fund and to provide objective, third party advice on the absolute and relative performance of the investment managers.

7.02.07 Review Meetings

It is the desire of the Council to meet with representatives of the investment managers on an “as needed” basis, but at least once a year. The purpose of the meeting will be to:

- 1) review the past investment results as compared to the investment policy;
- 2) develop an understanding of the strategy being used by the investment manager to carry out the current investment policy;
- 3) review the current and prospective economic climate;
- 4) permit the Council to understand the risk levels of securities represented in the portfolio.

7.02.08 Relationship

The Council reserves the right to terminate the investment manager and/or investment management consulting firm relationships at any time, for any reason including, but not limited to unsatisfactory results in investment performance.

c. General Ledger

POLICY: All financial transactions of the Council are documented in a General Ledger.

1. The ICHP office's computer-generated ledger is the official ledger of the ICHP for documentation of all financial transactions.
2. The Treasurer maintains a general ledger for documentation of all financial transactions.
3. The Treasurer is responsible for identifying errors during monthly reconciliation of the ICHP and Treasurer's ledgers.
4. The Treasurer is responsible for working with the ICHP office to correct any discrepancies between the ledgers.
5. The ledger also serves as a Check Register.
6. Transactions related to a specific self-supporting or income-generating event should be kept separate on the ledger, even though common bank accounts may be used.

d. Treasurer's Statement of Accounts

POLICY: The ICHP Office prepares a Report to the Board prior to each meeting of the Board. The Treasurer reviews this report prior to the Board meetings and is prepared to present and answer questions concerning it at each meeting. This report summarizes all financial transactions occurring since the previous report.

PROCEDURES

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1. A Statement of Accounts is prepared including: the most recent balance sheet and profit and loss statement for the current fiscal year. It should reference all accounts and investments of the Council.
2. On specified occasions, a Supplemental Report is filed documenting the financial transactions for a special event, budgeted as a self-supporting or profit-generating venture, for example, the Annual Meeting.

e. **Membership Dues**

POLICY: Membership dues are received at the ICHP office and deposited by the Executive Vice President or his designee.

1. Incoming checks or cash are processed by the ICHP office and deposited directly into a checking or Money Market account established by the office.
2. The Treasurer receives a copy of all deposits made to ICHP checking, savings or investment accounts including a copy of individual checks deposited and credit card charges deposited and a copy of the deposit slip from the ICHP office.
3. The Treasurer monitors transfers made between accounts by the ICHP staff and moneys are moved to and from accounts in a timely manner to insure minimum charges and maximum interest or investment gain.
4. All dues income received in cash is deposited. No cash received as dues should be used to meet obligations of the Council, without first having been deposited..

7.03 Audit

POLICY: An audit or review of procedures of the Council's financial activity is done annually.

PROCEDURES:

- a. The audit or review of procedures is conducted by a certified public accounting firm that has experience in auditing non-profit organizations. An audit by ICHP members may be conducted at any time by a committee consisting of President, President-elect, Treasurer, Treasurer-elect, if appropriate, and an ad-hoc Council member, appointed by the President. The appointed member serves as Chair.
- b. When there is a change in the office of Treasurer, the Treasurer-elect is requested to be in attendance whenever there is a meeting of the Audit Committee in order to facilitate clarifications and/or questions.
- c. The audit or review of procedures of the previous year's activity is conducted annually when convenient for the CPA firm and ICHP staff and the results are presented to the Board of Directors at its meeting upon completion.
- d. The Executive Vice President and ICHP accountant schedules the annual audit or review. The Chair of the Audit Committee schedules any voluntary audit and notifies the committee members.
- e. The Audit Committee establishes its own procedures and objectives. These should include:
 1. Recheck the calculations reflected in the Monthly Treasurer's Report. Investigate any discrepancies.
 2. Using the bank statements, check all deposits against reported figures (monthly report).
 3. Using the bank statements, check for any check numbers missing from the Monthly Report or indicated "VOID".
 4. Check the actual bank balances against the ledger using the most recent bank statement.

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5. Check the Monthly Report (or ledger) against the canceled checks at random, especially for large payments.
 6. Check the initialed invoices against checks written, at random, especially for large payments or to payees unknown to the Audit Committee.
- f. The Report of the professional auditor or the Audit Committee is presented to the Board of Directors specifying in detail any observed discrepancies and outlining any recommendations.

7.04 Budget Planning

POLICY: All financial operations of the Council are planned in advance to the maximum extent possible through the use of budgets.

PROCEDURES:

- a. An annual Operating Expense Budget is prepared by the Finance Committee and approved by the Board of Directors no later than January 15 of the budget year.
- b. The Executive Vice President and Treasurer prepare the preliminary budget for the Finance Committee, prior to November 1st of each year. The Treasurer makes a request for budget items to each member of the Board of Directors, and committee chair in an effort to include all prospective projects in the preliminary budget.. Each of these individuals prepares a budget request for the following year, based on the Treasurer's report and plans for the coming year. These requests are submitted to the Executive Vice President All expenses are justified, when appropriate.
- c. The Finance Committee meets as often as necessary between the call for budget items and November 1st in order to evaluate budget requests, prepare and approve a final budget for presentation to the Board of Directors.
- d. A report summarizing a comparison between budgeted and actual income and expenses is submitted monthly in conjunction with the Treasurer's Report to the Board.
- e. All functions of the Council, funded outside the Annual Operating Budget, and/or intended to be self-supporting or income-generating should be independently budgeted.
- f. The Chair of each such event is responsible for submitting, in a timely manner, a budget to the Finance Committee and eventually the Board of Directors for approval.
- g. At the conclusion of the event, after all income has been received and all obligations paid, the Treasurer presents to the Finance Committee and the Board of Directors, a financial report for the event, identifying any profit or loss. This profit or loss is credited, or debited, to the Council's operating fund.

7.05 Expenditure of Council Funds

Each member of the Board of Directors plays an important role in determining how the Council's limited funds are utilized. Each member also shares the responsibility to assure that the expenditure of these funds are made in a fiscally sound manner. Expenditure of funds as approved in the annual budget shall be reviewed and approved for payment by the Executive Vice President subject to limits established which require additional review / approval as stated below.

Exception – Payment of recurring expenses within the scope of the approved budget, e.g., electric bill, water bill, printing costs, etc., do not require prior approval by the

Executive Vice President. However, the Executive Vice President shall review monthly a payment log of all payments made for the prior month.

Expenditure of funds which exceed the approved budget by more than

- 10% or \$2,500, whichever is greater, shall require review and approval of the Treasurer;
- 10% or \$5,000, whichever is greater, shall require review and approval of the Executive Committee;
- 10% or \$10,000, whichever is greater, shall require review and approval of the Board of Directors.

Expenditure of funds not included in the approved budget which exceed

- \$2,500 shall be reviewed and approved by the Treasurer;
- \$5,000 shall be reviewed and approved by the Executive Committee or at the Executive Committee's election by the Board of Directors;
- \$10,000 shall be reviewed and approved by the Board of Directors.

In the event an expenditure needs immediate action and cannot wait for a regular meeting of the Board of Directors, the Executive Committee shall take action on behalf of the Board of Directors. Such action shall be reported to the Board of Directors no later than the next scheduled meeting of the Board of Directors.

7.06 Policy on Volunteer Expense Reimbursement

Policy Statement:

The Illinois Council depends upon the voluntary efforts of its volunteer members to accomplish the great majority of its business. It is therefore desirable and appropriate for members to be reimbursed by the Council for reasonable expenses incurred in the performance of their voluntary duties.

Procedures:

1. Definition: Reimbursable Expenses

Reimbursable expenses are expenses incurred in the performance of the official business of the Council (e.g., attendance at Board meetings Division or committee meetings; printing and mailing costs for mailings to committees, etc.).

2. General Guidelines

- a. The Finance Committee, in preparing the annual budget, attempts to anticipate all expenses of the Council, including those expenses addressed by this policy. Input to the budget is received from Division Directors and Committee Chairmen, who are then responsible for maintaining expenses within budgeted allowances.
- b. It is the member's responsibility to seek reimbursement of expenses when so desired. Failure to initiate the reimbursement process in a timely manner (see section 5) may result in delay or denial of reimbursement.
- c. Because the ICHP budget is monitored on an ongoing basis, members are urged to submit reimbursement requests as expenses are incurred, rather than saving expense reports for a single submission.
- d. It has been customary for members not to request reimbursement for local travel expenses. This gesture is greatly appreciated by the Council and its officers.

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Approved by Board of Directors January 2022

However, members do have the right to such reimbursement, and no such requests will be denied solely on this basis.

3. Authorization for Expense Reimbursement
 - a. Reimbursement for expenses incurred in conjunction with Committee or Division meetings requires the approval of the Committee Chair or Division Director. Approval is documented by the signature of the approving authority on the "AUTHORIZATION SIGNATURE" line of the Expense Voucher (sample attached).
 - b. Reimbursement for expense incurred by members of the Board of Directors does not require an authorization signature.
 - c. The ICHP office staff will use these guidelines to determine whether an Expense Voucher should be honored. In the event of a disagreement between the ICHP office staff and a member, the Executive Committee may be called upon to make the final determination.

4. Expense Categories and Level of Reimbursement
 - a. Travel to Board and/or Division or Committee meetings
 1. Taxi, parking, tolls: actual expenses
 2. Personal automobile, plane, train, bus: IRS approved volunteer rate/mile for personal automobile; all other at actual expense subject to limitation below
 3. Overnight accommodations and meals: Reimbursed at actual expense only if distance of 175 miles or more one-way is traveled.
 4. Total travel reimbursement (#1, #2, and #3): \$150.00 per meeting per person
 - b. Other expenses (postage, printing, telephone, etc.): actual expenses if pre-approved.

5. Stepwise Procedure
 - a. Expense is incurred.
 - b. Member completes Expense Voucher, attaching receipts for all expenses in excess of \$15.00 (except mileage reimbursement) and forwards to the ICHP office within 10 days of incurring the expenses or conclusion of travel.
 - c. ICHP office staff obtains signature/approval of Committee Chair or Division Director (if required).
 - d. ICHP office staff reviews Expense Voucher
 1. Determines whether expense is reimbursable.
 2. Checks for errors.
 - e. ICHP office staff mails reimbursement check to member within 14 days after receiving Expense Voucher, and encloses a blank Expense Voucher for future use.

6. Policy Distribution

This policy shall be distributed to all members of the Board of Directors, to all Committee and Division members, and to any other individuals who may be expected to incur expenses related their voluntary work for the Council. It is recommended that Committee Chair and Division

Directors distribute this policy at the first meeting of each year following new Committee appointments, in order to minimize or eliminate any confusion regarding expense reimbursement.

Appendix A - EXPENSE VOUCHER

7.07. FILES

DOCUMENT RETENTION AND DESTRUCTION POLICY

Policy:

The Illinois Council of Health System Pharmacists (ICHP) shall retain records for the period of their immediate or current use, unless longer retention is necessary for historical reference or to comply with contractual or legal requirements. Records and documents outlined in this policy include paper and electronic files regardless of where the document is stored. Any member of ICHP, or any other person who is in possession of records belonging to ICHP who is uncertain as to what records to retain or destroy, when to do so, or how to destroy them, may seek assistance from the Bookkeeper or Executive Director.

In accordance with 18 U.S.C. §1519 and the Sarbanes Oxley Act, ICHP shall not knowingly destroy a document with the intent to obstruct or influence an investigation or proper administration of any matter within the jurisdiction of any department, agency of the United States or in relation to or contemplation of such matter or case. If an official investigation is under way or even suspected, document purging must stop to avoid criminal obstruction.

Documents are to be destroyed in an appropriate manner as to prevent further use of said document.

Procedure:

To eliminate accidental or innocent destruction, ICHP shall follow the schedule for document retention policy below:

TYPE OF RECORD	SPECIFIC RECORD	RETENTION PERIOD
Accounting Records	Annual financial statements	Permanent
	Monthly financial statements	7 years
	General ledger	7 years
	Annual audit records	Permanent
	Journal entries	7 years
	Special reports	7 years
	A/P paid invoices	7 years
	Business expense records	7 years
	Credit card receipts	7 years
	Cash receipts	7 years
	A/R invoices	7 years
	Data for acquired/divested assets	Permanent
	Data for nonacquired/nondivested assets	7 years

	Accounts payable	7 years
	Accounts receivable	7 years
	Chart of accounts	Permanent
	Expense records	7 years
	Inventory records	7 years
	Loan documents	Permanent
	Purchase orders	7 years
	Sales records	7 years
	Stop payment orders	7 years
	Bank reconciliations	7 years
Tax Records		
	Federal tax returns (not payroll)	Permanent
	State & local tax returns	Permanent
	Form 990 & supporting documentation	Permanent
	Form 990-T & supporting documentation	Permanent
	Supporting documentation for taxes	Permanent
	City & State excise tax reports & supporting documentation	7 years (or longer if designated by state law)
	Unclaimed property filings & supporting documentation	7 years (or longer if designated by state law)
	1099 forms	Permanent
	Electronic Record Backups	7 years
	Payroll taxes (W2, W3)	Permanent
	Payroll taxes (Form 941, state withholding forms, state unemployment returns)	7 years (or longer if designated by state law)
Payroll Records		
	Wage rate tables	7 years
	Cost of living tables	7 years
	Wage	7 years
	Salary	7 years
	Payroll deductions	7 years
	Time cards or forms	7 years
	W-2 forms	Permanent
	W-4 forms	Permanent
	Garnishments	7 years after termination
	Payroll registers	Permanent
	State employment forms	7 years
	State unemployment tax records	Permanent
	Cancelled payroll checks	7 years
	Deductions register	7 years
	Earnings records	7 years
	Changes or adjustments to salary	7 years
Insurance Records		

	Policies (including expired) Permanent Claims for loss/damage, accident reports, appraisals	7 years
Workplace Records		
	Incorporation records (including Bylaws)	Permanent
	Meeting minutes	Permanent
	Policy statements	Permanent
	Employee files	Permanent
Legal Records		
	General Contracts	7 years after termination
	Real estate contracts & records	Permanent
	Personal injury records	7 years
	Trademark registration	Permanent
	Copyright registration	Permanent
	Patents	Permanent
	Litigation claims	7 years following close of case
	Court documents & records	7 years following close of case
	Deposition transcripts	7 years following close of case
	Discovery materials	7 years following close of case
	Leases	7 years after termination
Personnel Records		
	Employment applications (persons not hired)	1 year
	Employment applications (persons hired)	7 years following termination of employment
	Employee resumes & employment history	7 years following termination of employment
	Evaluations	7 years following termination of employment
	Promotions, raises, reclassifications & job descriptions	7 years following termination of employment
	Disciplinary warnings, demotion, lay-off & discharge	7 years following termination of employment
	Employment & termination agreements	Permanent
	Beneficiary information	Permanent
	Medical and safety records	7 years
	Accident reports	7 years
	Education assistance	While employed
	Sick leave benefits	While employed
	Retirement plans	Permanent
	Incentive plans (after expiration)	7 years

	Pension plans	Permanent
Technical Materials		
	Manuals	Permanent
	Standards	Permanent
	Committee Meeting Minutes	Permanent
	Correspondence	7 years after manual or standard becomes obsolete
	Invoices to customers	7 years

The retention periods described herein are guidelines. There may be circumstances under which a record or document may have to be maintained longer than these guidelines.

All paper documents shall be shredded, and all electronic files shall be rendered unusable at the appropriate time of destruction.