

APRIL 2004

Section of Family Law Financial Policy

I. General Principles

The Section of Family Law's officers and council members are responsible for administering meetings, programs, publications and other professional services provided by the Section to its membership.

Providing these services requires the expenditure of dues and other Section revenue, and it is the responsibility of the officers and council members to insure annual revenues approximate annual expenditures. This policy sets forth the principles and procedures, which will govern the expenditures of the Section.

It is recognized every worthwhile activity the members and leadership wish to consider for adoption cannot be undertaken. The Council as part of the budgetary process must make decisions regarding allocation among competing programs.

A. Sources of Revenue

The Section receives revenue from three basic sources: member dues, fees from programs and publication sales and the earnings from reserve fund investments. It is the Section's goal to operate and budget on an annual basis so that projected revenues meet or exceed projected expenses. This goal will not prohibit the Section from planning an activity to meet an exceptional need or from financing a program or publication that will produce revenues only in subsequent years.

B. Reserve Fund

The Section should budget a reserve fund balance, as set forth in its Investment Policy. Reserve funds are primarily used for special projects or for other undertakings that could not otherwise be financed from Section revenues. Appropriate steps shall be taken to replenish this reserve if it falls below that level.

C. Finance Committee

The Finance Committee shall be composed of a minimum of six members of the Section, designated as follows:

1. Immediate Past Financial Officer
2. Financial Officer for Current Year
3. Financial Officer-designee as appointed by chair-elect
4. Vice Chair of the Section or designee
5. Secretary of the Section
6. An appointment by the Chair

The terms of appointment and service of each member of the Finance Committee shall be one year. The chair of the Finance Committee shall be the Immediate Past Financial Officer.

The duties of the Finance Committee shall be as follows:

1. Review and analyze proposed annual budget
2. Review all accounts, reports and other documents related to Section finances
3. Provide periodic reports of all matters related to and involving Section finances
4. Review and analyze the Section investments
5. Recommend to the officers and council members fiscal policies and procedures.

II. The Budget of the Section

A. Purpose

The fiscal year for the Section is from September 1 to August 31. The budget should reflect the Council's judgment regarding how funds will be expended during each fiscal year. Expenditures not specified in the budget may not be incurred without obtaining express approval in the manner set forth below. Due consideration shall be given to budget savings to meet the stated goals for the Section's investment policy.

B. Procedures

The budget for the upcoming fiscal year shall be approved at the Council meeting held during the Annual Meeting. In order to accomplish this result, the following procedures shall be followed:

1. Requests for Expenditures

By April 1st of each year, the Financial Officer shall request the Officers, Council, Committee Chairs, and staff to provide, in writing, budget information for the next fiscal year, with copies provided to the Chair-Elect, Section Director, and Finance Committee. Every person who anticipates an expenditure of Section funds is required to respond to the Financial Officer by April 20th in writing.

2. Responses to Requests for Expenditures

Each request shall set forth, in detail, the nature of the project and include all anticipated expenses and revenues related to the project.

3. Financial Officer and/or Financial Officer Designee to Draft Budget

The Financial Officer and Financial Officer Designee, if in existence, working with staff, will have the following responsibilities with respect to each received request for funding:

1. Collate the information and identify any requests requiring Council approval.
2. Contact those requesting a budget allocation to clarify the request.
3. Prepare a draft budget with the assistance of the Chair-elect and Finance Committee for submission to Council.

4. Chair-Elect to Set Out Programs and Budget

The Chair-Elect shall advise the Council in writing by the Spring Meeting of (i) the agenda for the next fiscal year including any budget line items that will vary substantially from recent budgets and (ii) any new or special projects which may impact the budget.

5. Vice Chair to Set Out Programs and Budget

The Vice Chair shall advise the Council in writing by the Spring Meeting of (i) the agenda for the second fiscal year including any budget line items that will vary substantially from recent and (ii) any new or special projects which may impact the budget.

6. Secretary to Set Out Programs and Budget

The Secretary shall advise the Council in writing by the Spring Meeting of (i) the agenda for the third fiscal year including any budget line items that will vary substantially from recent and (ii) any new or special projects which may impact the budget.

7. Circulation of Draft Three-Year Rolling Budget

The draft budget shall be circulated no later than June among the Officers and staff for preliminary approval. Thereafter, the Financial Officer and Financial Officer Designee, if in existence, shall prepare the proposed budget and submit it by two weeks prior to the Annual Meeting to the Council for consideration in advance of its Annual Meeting.

The draft budget will be in the form of a three-year rolling budget. The Chair-Elect, Vice Chair and Secretary will present their preliminary budgets for the respective years in which they may be elected as Section Chair.

8. Proposed Budget Approval and Budget Adoption

At the Annual Meeting, Council shall formally approve the budget for the next fiscal year and preliminarily approve the budgets for the next two fiscal years. In the event any amendments are made to the budget as a result of Council action, the Financial Officer shall revise the budget. The approved line item budget shall be submitted to ABA Financial Services.

9. Modifications to Budget After Approval

Any request for modification to the budget after its formal adoption must be made in writing to the Section Director who will then circulate the request to the Officers and the Finance Committee.

Modifications of less than \$500 may be approved by the Chair and shall be reported to the Council at its next regular meeting. The Council must first approve modifications in excess of \$500 before the expenditure is made.

10. Unbudgeted Proposals

A written proposal shall be submitted to the Section Director who will then circulate the proposal to the Officers and Finance Committee for any proposed unbudgeted items for approval by the Council. Its purpose is to provide the information necessary concerning the unplanned expenditure, to permit a comparison of the benefit versus cost, and a budget against which expenses may be measured.

The proposal must include the goals of and an estimate of the expenses necessary to accomplish the project. If the project can be broken down into definable phases, the proposal should indicate what those phases will be and give an estimate as to the time to accomplish each phase.

The proposal shall be in sufficient detail to disclose the revenues and expenditures contemplated and the total budget requested. The Section Director shall be consulted and the nature of any staff resources needed and the costs of those services shall be indicated.

11. Maintaining the Budget

It is important to the Section's fiscal integrity that expenditures be consistent with the budgetary plan, as adopted or modified. To that end, the following procedures shall be followed:

a. Request for Payment or Reimbursement Must Be Presented to Section's Staff

All requests for payment or reimbursement must be approved by the Section Chair and processed through the Section's staff who will consult with the Financial Officer to assure that: (i) the expenditure was authorized, (ii) the amount is correct, and (iii) the amount is charged to the appropriate activity. The staff will then forward the request to ABA Financial Services for payment.

(NOTE: A written bid from the vendor must be provided to the Section Director to process an ABA Purchase Order for all vendor service. The ABA will not pay invoices to vendors without a previously arranged Purchase Order.)

b. Monthly Financial Reports

Each month, financial reports are prepared by the ABA and forwarded to the Officers and staff. The Financial Officer has the responsibility for reviewing these reports and promptly bringing any budgetary deviations or fiscal concerns to the Officers' attention, including concerns such as a significant shortfall in revenue or ongoing expenses that are exceeding budget projections.

III. Reimbursements

A. General Policy

It shall be the policy of the Section to adhere in its reimbursement practices as nearly as possible to the general reimbursement policies of the Association. The Section

shall at all times use its best efforts to conform to the rules and requirements set forth by the Association to reimburse expenditures of Section members pursuing or furthering Section business, within the financial limitations of a voluntary, dues-funded association. It is recognized that it is not always possible to reimburse all expenses for which reasonable justification exists, and that merely the efforts and energies donated by the Section members in carrying out their volunteer duties often are of a greater monetary value, based on the member's ordinary professional fees and the value of his or her time, talents and expertise, than any expense reimbursement could compensate.

It shall also be the policy of the Section to administer its reimbursement policy in as equitable and even-handed a manner as possible, assuring the maximum benefit for the maximum administration, activities and members of the Section within the constraints of fiscal responsibilities required under the budget.

B. No Reimbursement for Routine Office Expenses

It is recognized that Section members graciously absorb as many routine expenses of office services as possible, including but not limited to telephone, copier, printing, mailings and supplies. It is impossible within its limited finances for the Section to reimburse for such expenses. Accordingly, unless expressly included within the approved budget for that fiscal year, no reimbursement shall be provided to a member for routine office expenses.

C. Section Staff Shall Oversee Services

It shall be the policy of the Section that wherever possible, all general administrative services of the Section shall be performed by Section staff, including without limitation all services required for printing, photocopying, mailing and shipping, together with preparation and distribution of intra Section communications, materials for on-site programs, and the preparation and mailing of all promotional materials for programs and membership development.

D. Contracting Power

It is expressly recognized by the Section that only the Association President and the Executive Director have the power and authority to bind the Association or the Section unless (a) the Board of Governors of the Association has specifically authorized another person to execute a contract on behalf of the Association; and (b) the President or the Executive Director, in writing, have specifically delegated to other persons the authority to bind the Association contractually under conditions set forth in the written authorization. Accordingly, no contracts or agreements shall be deemed validly entered into by or on behalf of the Section unless in conformity with this policy.

An Officer, the Financial Officer and Financial Officer Designee, if in existence, and the Section Director must review all contracts and agreements. The Section Director will refer all contracts to the ABA General Counsel for review as required by ABA policy. Upon approval by ABA General Counsel, the Section Director will submit the contract to ABA Senior Management for signature.

E. Planning for Meetings

Section staff shall plan meetings of Council and committees of the Section, and may use the Meetings and Travel Department of the Association at the discretion of Section staff. It shall be the policy of the Section to maximize the benefits received from the purchase of travel benefits and services, and thus, wherever reasonably possible, take the maximum advantage of special bargain rates or promotions.

F. Booking of Hotel Space

Association policy requires the Meetings and Travel Department shall negotiate any contract for a meeting and the ABA form Letter of Agreement shall be used to contract with a hotel or other space provider. Thus, while the Section Chair and staff may conduct their own review of possible facilities and providers, the Section must negotiate and book all hotel and related space through the Department, using the ABA Letter of Agreement.

G. Reimbursement for Meetings

In accordance with the policy of the Association, there ordinarily is no reimbursement for travel or lodging expenses incurred while attending the Annual Meeting of the Association.

Officers, member of Council and authorized persons attending meetings of Council or the Section other than those held concurrently with the Annual Meeting shall be reimbursed for expenses of travel and *per diem*, as more particularly set forth below, in accordance with Section and Association policy. Effective September 1, 2003, past Section chairs will not be reimbursed for travel to Council meetings, but their Fall and Spring Meeting registration fees will be waived. Past chairs attending meetings are expected to attend and advise at Council meetings.

Officers attending meetings of the Officers shall be reimbursed for expenses of travel and *per diem* in accordance with the Section and Association policy.

From time to time, a limited number of persons may expressly be invited for the good of the Section to attend or speak or otherwise participate at a meeting of Council or the Section, or of the Officers. Upon the express prior approval of the Chair, these persons may be reimbursed for the expenses of travel and *per diem* in accordance with the Section and Association policy.

No reimbursement for expenses of travel or attendance at meetings shall be provided except as specifically authorized in this Financial Policy. **Original receipts must be attached to all reimbursement requests per ABA Financial Services policy.**

H. Per Diem Allowance

Members entitled to reimbursement shall stay at the Section's hotel if reimbursement is sought. All exceptions require advance approval by the Section Chair.

The allowance of number of days *per diem* that shall usually be allowed for those attending meetings for which reimbursement is provided shall be as follows:

1. Council Meetings: A maximum of three days *per diem* shall be allotted to each Council member attending.
2. Officer Meetings: A maximum of four days *per diem* shall be allotted to each Officer attending.
3. Funded editorial/publication boards: A maximum of two nights *per diem* shall be allotted to each member attending.
4. Funded Committees: A maximum of one night *per diem* shall be allotted to each member attending.
3. Approved Attendees: One day *per diem* shall be allotted to each committee member or other invited guest attending a Council or Officers meeting for which such invitee has received the express prior approval of the Chair, as detailed above.

The amount of *per diem* allowance shall be fixed by the Council in a sum not greater than that permitted in accordance with the applicable rules and provisions of the Section and Association. No member shall receive more than four days *per diem* for attendance at a Section meeting.

The above provisions are intended for general use. However, the Chair, acting directly or through the Financial Officer, may at any time or from time to time modify the *per diem* allowances, as above, to provide for modest increase or decrease as long as such modification is consistent with the reimbursement policy of the Section and Association overall, and is shown to accommodate particular instances of undue hardship decided on a case-by-case basis and will result in a benefit of the business of the Section.

I. Allowances for Ground Transfers/Airport Transfers

Reimbursement for ground transportation to and from airports and airport or other parking will be limited to a maximum total of \$50 per meeting.

J. Annual Meeting

It is the policy of the Section and Association, as noted above, that generally no individual may be reimbursed for expenses of travel, lodging or meals incurred for attendance at the Annual Meeting, or for expenses incurred to attend any meeting held within the seven days preceding the Opening Assembly or seven days following the Closing Assembly of the Annual Meeting.

K. Expenses for Committee/Task Force Meetings

Any expense incurred in preparing for, attending and conducting a committee or task force meeting will be covered by the available funds allocated to that committee in the Section's budget. Members will be reimbursed for travel or lodging expenses only to the extent funds are available in the committee's allocated budget. Any such authorized reimbursement will be at the *per diem* rate.

L. Annual Meeting Speakers

An exception to the general policy of the Association recognizes that in arranging for the Annual Meeting, it may from time to time be necessary to waive registration fees and/or provide for reimbursement of program speakers in order to attract the best possible participants. The Section hereby adopts such policy to the same nature and extent as administered by the applicable guidelines of the Association.

Requests for waiver of registration fee and reimbursement for transportation expenses for the Annual Meeting must be addressed to the Section Director with copy to the Chair and Financial Officer on a person-by-person basis and in accordance with Association procedures. The waiver then may be either (i) granted by the Association directly, where it is determined by the Association that a special guest or speaker or panelist for educational programs is attending solely to participate in the program for the overall benefit of the Association at large (generally, the speaker or panelist requires no more than two nights lodging); or be (ii) granted by the Section, which will pay for the registration fee, transportation and up to two nights of lodging of the individual provided that such expense is expressly approved by the Section Chair in writing at least 10 days prior to commencement of the Annual Meeting. However, as a matter of general policy, payments by the Section to participants in the Annual Meeting are disfavored and therefore good cause specifically must be shown that both (i) but for such reimbursement of expenses, the person would not be able to attend or participate in the Annual Meeting, and (ii) participation by such person in the Annual Meeting will materially contribute to the benefits to be derived by a large number of the Section members as a whole.

M. Air Fare/Auto/Rail

Where transportation is authorized for reimbursement by reason of any of the aforesaid provisions, air fare shall be reimbursed only in an amount equal to the lowest air fare, tourist class, then reasonably available for the subject trip consistent with purchase rates obtained, to the extent possible, from ABA Online Travel. Tickets must be purchased not less than 14-days in advance of the departure date.

Where a loss is incurred because of a penalty imposed by a non-refundable fare being charged, there shall not be any reimbursement for such loss without the prior written approval of the Chair.

When private automobile is used, reimbursement is made at the rate recognized by the IRS for mileage only (or at least cost air fare, whichever is less). When rail is used, the actual costs for day coach will be reimbursed (or at least cost air fare, whichever is less).

N. Car Rentals

No person shall be reimbursed for auto rental unless such rental is shown to be reasonably required in view of the particular circumstances then at issue, and to be economically prudent in comparison with alternate means of ground travel reasonably

and conveniently available to expedite the business of the Section. Any auto rental in order to be reimbursable must be expressly so authorized in writing beforehand by the Chair.

O. Law Student Division Liaison

Notwithstanding anything to the contrary contained herein, the Section shall provide all necessary transportation, *per diem* reimbursement, non-Annual Meeting registration fees, and one set of tickets to social functions to the Law Student Division Liaison to enable that person to attend all Section-wide functions, including the Annual Meeting. This reimbursement is consistent with the general policy of the Association to encourage maximum participation by law students, and expresses the prior specific intent and authorization of the Council.

P. Documenting of Expenses

All expenses actually incurred for which reimbursement is sought, whether directly or by way of applicable *per diem* allowance, shall be verified by submission by the requesting person of the **original** receipt with all detail included. Receipts must include all expense detail and the name and address of the vendor or business. All reimbursement requests shall be delivered to the Section Director within 30 days after the incurring of the expenses. FAX and e-mail submissions are not accepted.

Time is of the essence in requesting reimbursement, since requests for reimbursement that are unduly delayed in their filing, make it untenable to maintain a logical budget. Therefore, as a matter of fiscal policy, reimbursements not properly requested and received -- including delivery of the duly signed Reimbursement Request Form -- within 30 days of the incurring of the subject expenses shall be deemed irrevocably waived by the incurring party.

In attaching receipts, please note that ABA Financial Services **requires original hotel bills and ground transportation receipts. For airline travel Internet e-tickets are acceptable, but must include the itinerary and total amount paid.** All hotel bills must be paid in full and reflect a zero balance.

All Reimbursement Request Forms and related receipts and authenticating information shall be delivered by the requesting person to the Section Director, with a copy of all requests and attachments sent directly to the Financial Officer. The requesting person shall be responsible for assuring that his or her Reimbursement Request Form and supporting information is timely delivered to staff and appropriately processed. Neither staff nor the Officers shall be responsible for any loss of such Reimbursement Request Form or information while in transit to the Section Director.

Q. Prior Approval Is Always Necessary

Without limiting the generality of any of the foregoing, it is a material element of the fiscal policy of the Section that except in extraordinary situations and for good cause shown, no payment shall be made to any Officer or member in advance of the actual

incurring of the subject expense; and no reimbursements shall be provided to anyone unless that expenditure at issue was specifically approved beforehand consistent with the rules and regulations of the Association and the Family Law Section.

R. No Reimbursement for Family Members or Guests

No reimbursement shall be authorized for spouses, guests or family members.

IV. INVESTMENT INCOME

Investment income is another source of revenue for the Section. Investment income is calculated by the Association monthly and is credited to the Section quarterly. The Section's policies concerning investments are set forth in its Investment Policy

V. FINANCIAL GAIN

No member, while acting on behalf of the Section, shall realize any financial gain or other improper benefit without first providing written notice to, and receiving approval by, the Chair, Financial Officer and Section Director.