

Research Data Alliance Foundation

Fiscal Policies and Procedures

DRAFT 1.0

25 February 2016

Approved by the Trustees on [1 March 2016]

Revision History:

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| 0.2 | First version shared with Doris and the Trustees |
| 0.2.1 | With comments and small revisions from Doris and Walter. First version for consideration by Committee. |
| 0.3 | Updated from discussion with Finance Subcommittee 22 Sept 2015 |
| 0.4 | Additional changes in light of Finance Subcommittee discussions and work by the Foundation Secretary. |
| 1.0 | Completed processes on taxes and audit. |

Table of Contents

| | |
|--|-----------|
| 1. Introduction | 3 |
| 2. Definitions | 3 |
| 3. Internal Controls | 4 |
| 3.1. Policy Development and Approval | 4 |
| 3.2. Expenditure Authority and Approvals | 4 |
| 3.3. Conflict of Interest | 5 |
| 4. Financial Planning and Reporting | 5 |
| 4.1. Budgeting | 5 |
| 4.2. Internal Reporting | 6 |
| 4.3. External Reporting | 6 |
| 4.4. Audit | 7 |
| 4.5. Taxation | 7 |
| 4.6. Invoicing | 8 |
| 4.7. Contracting | 8 |
| 5. Expenses | 8 |
| 5.1. Purchases and Procurement | 8 |
| 5.2. Travel | 9 |
| 5.3. General Expense Reimbursement | 10 |
| 5.4. Staff and Employees | 11 |
| 5.5. Contractors | 11 |
| 6. Asset Management | 12 |
| 6.1. Investments | 12 |
| 6.2. Capital Equipment | 12 |
| 6.3. Operating Reserve | 12 |
| 7. Appendix A. Expense Reimbursement Form | 12 |

1. Introduction

This document describes the fiscal policies and procedures of the Research Data Alliance (RDA) Foundation (the “Foundation”), a charitable Company Limited by Guarantee in England and Wales under company number 9021881.

The goal is to be as simple, straightforward, and minimal as possible and to:

- Protect the assets of the Foundation;
- Ensure maintenance of accurate records of the Foundation’s financial activities;
- Provide a framework for the Foundation’s financial decision making;
- Establish operating standards and behavioral expectations;
- Ensure compliance with appropriate legal and reporting requirements.

Although registered in England and Wales, the RDA Foundation generally operates and invoices in United States dollars (\$).

2. Definitions

Accounts Manager — A designated individual or organisation of the Foundation Secretary approved by the Trustees who is responsible for financial management, payments, invoicing, tracking, policy adherence, and oversight of professional accounting contracts. It may be an individual or an accountancy firm.

Note: PEM, Salisbury House, Station Road, Cambridge CB1 2LA was approved as the Foundation Accountant and Accounts Manager by the Trustees at their 22 September 2015 meeting. Details are documented in two letters of engagement with PEM.

Annual Budget — Planned Foundation revenues and expenditures for the fiscal year as approved by the Trustees.

Annual Trustees Meeting — The designated annual meeting of the Trustees that occurs outside meetings of the RDA Plenary. Currently held in the May-June timeframe.

Finance Subcommittee — The Committee designated by the Trustees to develop and maintain Foundation financial rules, guidance, and procedures. The Trustees appoint a member of their own to chair and assemble a small Finance Subcommittee involving two or more members of the Trustees, one or more members of the RDA Organisational Advisory Board, and the Foundation Secretary. The Accounts Manager serves as an observer member of the Committee.

Foundation Secretary — The Company Secretary of the Foundation as filed with Companies House. The RDA Secretary General.

Trustees — The registered Directors of the Company. The RDA Council as determined by the Foundation Articles of Association and RDA Governance Document.

Trustee Co-Chair — A Co-Chair of the Trustees (RDA Council) as selected according to Foundation Articles of Association and the RDA Governance Document.

3. Internal Controls

3.1. Policy Development and Approval

3.1.1. POLICY

The Foundation Secretary and the RDA Finance Subcommittee develop this document, which is approved by the Foundation Trustees on an annual basis.

The Chair of the Finance Subcommittee interprets the policy as required by the Foundation Secretary or Trustees.

3.1.2. PROCEDURE

- The Trustees appoint a member of their own to chair and assemble a small Finance Subcommittee involving two or more members of the Trustees, one or more members of the RDA Organisational Advisory Board, and the Foundation Secretary.
- The Committee Chair and members (except the Secretary) serve two-year renewable terms.
- The Chair is appointed at the Annual Meeting of the Trustees outside RDA Plenaries.
- This document is reviewed for approval annually at a physical or virtual meeting of the Trustees.

3.2. Expenditure Authority and Approvals

3.2.1. POLICY

The Foundation's financial duties are distributed among several people to help ensure protection from fraud and error. The distribution of duties aims for protection of the organization's assets while also considering efficiency of operations.

The Foundation Secretary or their designee approves all expenditures except as noted in this policy.

A Trustee Co-Chair must also approve expenditures greater than \$5,000 unless otherwise noted in Foundation policy.

All Trustee Co-Chairs must approve formal contracts with other organizations greater than \$25,000, e.g., hosting the Foundation Secretary/RDA Secretary General.

The Trustees must approve contracts greater than \$300,000

The Accounts Manager or their designee ensures adherence to rules and then makes payments.

3.2.2. PROCEDURE

- Expenditure requests, including travel, are sent to the Foundation Secretary for review and approval based on relevance to the operation of the Foundation, advancement of the RDA Mission, and adherence to the Annual Budget.
- Contracts are negotiated by the Foundation Secretary, approved by the Trustees or the Co-Chairs as appropriate, and signed by one or more Co-Chairs as appropriate.

- The Foundation Secretary has an allocated travel and expense budget within the Annual Budget and does not need further spending approval within that budget, but the expense must be to the benefit of RDA and comply with RDA travel and other guidelines. Foundation Secretary expense reports are reviewed and approved by a Trustee Co-Chair before payment by the Accounts Manager.

3.3. Conflict of Interest

3.3.1.POLICY

The Foundation adheres to UK Companies House and Charity Commission guidance.

3.3.2.PROCEDURE

TBD

4. Financial Planning and Reporting

4.1. Budgeting

4.1.1.POLICY

The Foundation cannot operate in deficit.

The fiscal year of the Foundation is January – December.

The Foundation Annual Budget is the planned Foundation revenues and expenditures for the fiscal year as approved by the Trustees prior to the fiscal year in question. The goal is for the predicted budget to be as accurate as possible but to allow reasonable variation as circumstances arise.

Revisions to the Annual Budget during an operational year resulting in greater than 25% change in expenditures in a particular category require approval by all Trustee Co-Chairs.

Revisions to the Annual Budget during an operational year resulting in greater than 35% change in expenditures in a particular category require approval by the Trustees.

4.1.2.PROCEDURE

- The Foundation Secretary and the Accounts Manager prepare the Annual Budget based on best-estimate revenues and expenditures for the coming fiscal year.
- The draft budget is presented to the Trustees for review at their meeting around the September Plenary.
- The final Budget is presented to the Trustees for approval at least eight-weeks prior to the fiscal year, preferably prior to a Trustee meeting or telecom to enable effective discussion.
- Suggested initial Income Categories:
 - Organisational Membership Dues
 - Contracts and Grants (from agencies and foundations)
 - Donations
- Suggested initial Expenditure Categories:
 - Contracts

- Travel for the Foundation Secretary
- Travel Other
- General Business Expense (Supplies, printing, postage, telecom)
- Professional Services (Accounting, Legal)
- Banking Fees
- Plenaries (may be subdivided)
- Capital Purchase
- Reserve
- Other

4.2. Internal Reporting

4.2.1. POLICY

The Foundation Secretary prepares regular financial reports for the Trustees and RDA Organisational Assembly. Reports are finalized no more than 60 days after the close of the period in question.

4.2.2. PROCEDURE

- The Accounts Manager produces the following year-to-date reports within 30 days of the end of each month: Statement of Financial Position, Budget v. Actual, and updated Cash Flow Projection.
- The Foundation Secretary and Finance Subcommittee review financial reports each quarter, and the Finance Subcommittee presents reports to the Trustees twice a year.
- The Foundation Secretary prepares a bi-annual, narrative report that summarizes the organization's current financial position and includes explanations for budget variance.
- The Trustees approve any projected variation in expenditures that exceed 35% of a category within the Annual Budget.

4.3. External Reporting

4.3.1. POLICY

The Foundation Secretary prepares regular financial reports for the RDA Organisational Advisory Board and general RDA membership. Reports are finalized no more than 60 days after the close of the period in question.

4.3.2. PROCEDURE

- The Foundation Secretary presents the approved Annual Budget to the Organisational Advisory Board in the first quarter of the fiscal year.
- The Foundation Secretary presents the approved half-year Statement of Financial Position and Budget v. Actual reports to the Organisational Advisory Board in the third quarter of the year.

4.4. Audit

4.4.1.POLICY

The Foundation complies with all relevant UK audit laws and regulations.

4.4.2.PROCEDURE

Accounts

- The Accounts Manager has determined Foundation is currently exempt from formal audit as a small business.
- Six weeks before the filing deadline (currently 28 Feb for the year ending the previous 31 May), the Accounts Manager prepares the Annual Directors Report and Financial Statements for filing with Companies House.
- The Foundation Secretary and Finance Subcommittee review and approve the report.
- A Trustee Co-chair signs the report and the Accounts Manager submits it to Companies House before the filing deadline.

Annual Return

- Four weeks prior to the deadline (currently 29 May) the Accounts Manager prepares the annual return.
- The Foundation Secretary and Trustees make any necessary changes.
- The Foundation Secretary signs the annual return.
- The Accounts Manager submits the annual return.

4.5. Taxation

4.5.1.POLICY

The Foundation complies with all relevant UK tax laws and regulations.

4.5.2.PROCEDURE

Company Tax

- The Accounts Manager prepares the corporation tax computation, the corporation tax return forms CT600, and the HM Revenue & Customs. It is expected that the computation and CT600 show that the company will not have a tax liability because the company was not actively trading to make a profit in the first year and is now registered as a charity.
- The Foundation Secretary reviews and approves the submission.
- The Accounts Manager submits necessary documents to HMRC.

Value-Added Tax

- The Company is currently not UK VAT registered and VAT liable.
- The Accounts Manager periodically reviews this situation and advises the Foundation Secretary on any relevant changes that may alter this situation.

4.6. Invoicing

4.6.1. POLICY

The Accounts Manager prepares and issues invoices at the direction of the Foundation Secretary or their designee.

Organisational Membership invoices are issued in the last quarter of the year prior to the membership year.

4.6.2. PROCEDURE

- At the direction of the Foundation Secretary, the Accounts Manager prepares invoices according to the Foundation template.
- Invoices are simply numbered sequentially.
- The Accounts Manager issues the invoice to the customer or member with suitable explanation of the charge, and keeps another copy on file (electronically)
- As part of the monthly close process, the Accounts Manager reviews an Accounts Receivable Aging report and alerts the Foundation Secretary of invoices more than 45 days overdue.
- The Foundation Secretary determines appropriate collection efforts for long outstanding invoices. The Finance Subcommittee and Trustee Co-Chairs are also notified of any receivables that are more than 90 days outstanding.

4.7. Contracting

4.7.1. POLICY

The Foundation Secretary and one or more of the Trustee Co-Chairs must approve any contract issued to the Foundation.

4.7.2. PROCEDURE

- The Foundation Secretary negotiates basic terms of the (sub)contract with the party issuing the contract or grant.
- With the advice of the Trustee Co-Chairs and Finance Subcommittee Chair, the Foundation Secretary determines whether the contract requires legal review.
- After review and approval, Contracts are signed by one or both Trustee Co-Chairs.
- Both Trustee Co-Chairs must approve contracts greater than \$50,000.
- The Trustees must approve contracts greater than \$300,000
- The Accounts Manager issues invoices to the contracting party according to the terms of the contract.

5. Expenses

5.1. Purchases and Procurement

5.1.1. POLICY

The Foundation Secretary approves all purchases, unless otherwise noted in Foundation policy.

A Trustee Co-Chair must also approve purchases greater than \$5,000 unless otherwise noted in Foundation policy.

Any expenditure in excess of \$10,000 for the purchase of a single item should have bids from three (3) suppliers, if possible.

5.1.2.PROCEDURE

- Same as 6.3.1.

5.2. Travel

5.2.1.POLICY

In general, the Foundation does not support travel for RDA members.

The Foundation Secretary (i.e., the RDA Secretary General) must travel frequently and should not be reluctant to participate in activities that enhance RDA membership, effectiveness, or sustainability. The Foundation Secretary has an allocated travel and expense budget within the Annual Budget and does not need further spending approval within that budget, but the expense must be to the benefit of RDA and comply with RDA travel guidelines below. Foundation Secretary expense reports are approved by a Trustee Co-Chair before payment by the Accounts Manager.

Trustees who do not have regional support for travel to Trustee Meetings may receive support from the Foundation as approved by the Trustees.

Any other travel needs approval of the Trustees.

5.2.2.PROCEDURE AND GUIDELINES FOR ACCEPTABLE EXPENDITURE

- Request for travel support when needed must be made to the Foundation Secretary at least 30 days before travel.
- Upon approval the traveller should work with [designated travel agent] to arrange transportation and accommodations.
- **Airfare must be booked by [designated travel agent]** unless otherwise approved by the Accounts Manager or Foundation Secretary. Travelers are also encouraged to use [designated travel agent] to book and pay for accommodation.
- **Acceptable Expenditure**
 - Meals and Incidentals are reimbursed according to the reasonable per diem agreed by SG and the Trustees chairs less meals provided by local hosts or through hotel or conference fees. Travelers may choose to be reimbursed for actual meals and incidental expenses (receipts required for more than US\$35.00) or according to the defined per diem rate. This is meant to provide some flexibility to the traveler, but the expectation is that the traveler will minimize expense for RDA. See Appendix A.
 - Personal vehicle use is reimbursed at the rate defined in Appendix A.
 - Generally, moderate cost (~3 star) accommodations are expected. Short-term apartment rental may also be appropriate.
 - Airfare should be the lowest refundable fare available that does not require undue scheduling or routing. Air travel is generally expected to be economy class. Premium economy may be purchased for flights over three hours and business class for flights

- over five hours, if the costs are reasonable, within the bounds of the Annual Budget, and approved by the Foundation Secretary.
- Public transportation is encouraged for local transportation when traveling. Taxis are acceptable when necessary, but not limo services unless they are no more expensive or no other transport is available.
 - Rental cars should only be used when other options are unavailable, more costly, or impractical. Only economy or mid-size cars should be rented unless there are special needs or extenuating circumstances.
 - Relevant conference registration fees.
 - Reasonable incidentals necessary to conduct business while traveling are allowed, but should be limited.
 - Personal reimbursement
 - Travelers should submit a reimbursement request [Appendix A] to the Foundation Secretary and appropriate receipts no more than 45 days after the completion of travel.
 - Receipts are required for expenditures greater than \$35
 - The Foundation Secretary approves the payment and submits it to the Accounts Manager.
 - A Trustee Co-Chair approves Foundation Secretary expenses.
 - The Accounts Manager reviews and pays the reimbursement within 10 days of receipt.

5.3. General Expense Reimbursement

5.3.1.POLICY

The Foundation Secretary has broad discretion in expenses necessary to ensure proper operation of RDA (See allowable expenses). The Foundation Secretary has an allocated expenses budget within the Annual Budget and does not need further spending pre-approval within that budget. Foundation Secretary expense reports and credit card statements are approved by a Trustee Co-Chair before payment by the Accounts Manager.

The Foundation Secretary must pre-approve expenditures by others. Expenses greater than \$7,000 require pre-approval from a Trustee Co-Chair.

5.3.2.PROCEDURE

- The Foundation Secretary is issued a company credit card for routine business and travel expenses.
- The Accounts Manager gains approval from a Trustee Co-Chair and then pays monthly credit card statements.
- The Accounts Manager makes other purchases as directed by the Foundation Secretary.
- The Accounts Manager and Foundation Secretary agree on the category of expense.
- Personal reimbursement :
 - Individuals should submit a reimbursement request [Appendix A] to the Foundation Secretary and appropriate receipts no more than 45 days after the completion of travel.
 - Receipts are required for expenditures greater than \$35

- The Foundation Secretary approves the payment and submits it to the Accounts Manager.
- The Accounts Manager reviews and pays the reimbursement within 10 days of receipt.

Allowable expenses

Basic office expenses are to allow for routine operations but do not provide core infrastructure support or specialty services. Reasonable costs include:

- A laptop computer and sufficient peripherals for a base office, but not full-scale office equipment such as printers, faxes, and furniture. Computers should be budgeted to last three to four years.
- Basic postage, general supplies, and minor printing costs for promotional posters and related materials.
- Global cell-phone and data service and phone.
- Basic office, communications, and graphics software, but not specialty software like data analysis packages.
- Books and other print materials relevant to the job but not journal subscriptions

Costs *not* allowed include:

- Entertainment expenses
- Travel or business clubs
- Personal expenses while traveling (e.g. hair cuts, clothing, etc.)
- Home care services while traveling (gardening, pet care, etc.)
- Travel costs not necessary for business.

5.4. Staff and Employees

5.4.1. POLICY

Foundation Trustees are not paid.

The Foundation has no employees or staff. Contractors may be hired to provide essential services, notably the Foundation Secretary.

Salary and appropriate expenses for the Foundation Secretary are determined separately by the Trustees as part of the recruiting and hiring process.

5.4.2. PROCEDURE

See 6.5.2.

5.5. Contractors

5.5.1. POLICY

As the Foundation has no employees, Contractors may be hired to provide essential services, notably the Foundation Secretary.

The Foundation Secretary and one or more of the Trustee Co-Chairs must approve any contract issued by the Foundation.

Indirect or overhead costs charged by contractors should be moderate and shall not exceed 15% of total direct costs.

5.5.2.PROCEDURE

- The Foundation Secretary selects the contractor with the advice of the Trustee Co-Chairs and Finance Subcommittee Chair, including whether it is appropriate to seek competitive bids.
- The Foundation Secretary negotiates basic terms of the contract with the contractor.
- With the advice of the Trustee Co-Chairs and Finance Subcommittee Chair, the Foundation Secretary determines whether the contract requires legal review.
- After review and approval, Contracts are signed by one or both Trustee Co-Chairs.
- Both Trustee Co-Chairs must approve contracts greater than \$25,000.
- The Trustees must approve contracts greater than \$300,000.

6. Asset Management

6.1. Investments

6.1.1.POLICY

TBD. Currently, the Foundation has no financial investments.

6.1.2.PROCEDURE

TBD

6.2. Capital Equipment

6.2.1.POLICY

TBD. Currently, the Foundation has no capital equipment.

6.2.2.PROCEDURE

TBD

6.3. Operating Reserve

6.3.1.POLICY

A reserve of one year's anticipated expenditures based on the last Annual Budget should be retained. This policy will go in to effect 1 January 2019. Operations up until that date should work towards meeting that policy.

6.3.2.PROCEDURE

- Variations up to 15% are approved by Trustee Co-Chairs.
- The Trustees must approve variations above 25%.

7. Appendix A. Expense Reimbursement Form

See Excel template: "expense_report.xlt"