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WP4
**PROJECT FOR TRANSITION OF IPEd AND MEMBER
SOCIETIES TO IPEd DIRECT MEMBERSHIP**

Finance & Operations team:
**White paper – Accounting & banking principles
and procedures**

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White paper overview: Accounting and banking principles and procedures

This paper provides the rationale for the IPEd national office to handle the processing of all accounting and banking transactions.

It then describes the principles that will apply to budgeting and funding of branch and other IPEd expenses, and an overview of how this will work.

The rationale for national accounting and banking

Overview

From the beginning of the IPEd review project in 2012, an important consideration has been the need to reduce the reliance on volunteers for administrative tasks, as that causes a significant volunteer burnout problem. Also, it has been recognised that by handling many of the day-to-day tasks nationally, economies of scale will enable better systems at a lower per-transaction cost.

It is understandable that some branch members may feel that they will lose control of their activities under IPEd DMM. However, we hope that this paper shows how branch committees and members will be relieved of many administrative burdens, while retaining full control of the all-important branch activity programs. Further, that these will be fully funded from the income collected on behalf of all members and branches.

This paper aims to present the reasons why all accounting and banking should be carried out by national staff, and how this will work.

The costs of accounting and banking

In a company limited by guarantee, as IPEd is and will continue to be under the direct membership model with branches, the accounts of the company have to be kept according to certain standards, and be audited annually at both the branch and national consolidated levels.

If each branch were to keep its own accounts and bank accounts, the consequences would be:

- each branch would have a set of accounts, requiring a volunteer bookkeeper or the use of an accounting service
- each branch's accounts and the national accounts would need to be individually audited, with costs, based on society information, totalling about \$6,000–7,000 per year, allowing for the extra work required by the national auditors for the consolidated IPEd accounts
- seven sets of branch bank accounts would likely cost about \$1,700 per year in fees, and would contribute to higher audit fees due to the work in verifying all the accounts. Signatories would also need to be maintained for seven sets of accounts.

Under the Transition Plan, the national office will handle all accounting and banking, which will be considerably simpler. A single contract finance officer will handle the bookkeeping and banking, and there will be a single set of accounts to audit, with all the records available in one location.

National accounting and banking processes

Processing income and expense

The principles proposed for the financial management of IPEd by national staff will have the effect of relieving branch committees of the following responsibilities:

- All member subscriptions will be paid either online, during joining or membership renewal, or later by EFT, BPay or cheques posted to the national office.
- Essentially all receipts of payments for branch events (training, members' meetings) would be collected via the online event-management system if attendees paid by debit or credit card, or by attendee-initiated EFT or BPay payments direct to the IPEd bank accounts, or by cheque posted to the IPEd national office.

Payments for more informal branch events could be accepted in cash provided that the internal controls required by the auditors were implemented; those controls include a verified and signed attendee list, the issue of receipts with an audit copy, and reconciliation of cash receipts to the funds banked.

- All branch purchase invoices and expense claims will be approved as valid by the branch committee, and emailed to the national office for payment. National office will handle recording in the accounts, and payments to suppliers and expense claimants.
- The national staff will produce regular, monthly financial reports for the committee of each branch, with budget-actual comparisons. The financial information available to branches will be no less informative than current society reporting.

The tasks for branch committees in financial matters will be to prepare branch budgets, approve purchase invoices and expense claims as valid, as they would do currently, and forward them to the national office for payment, and review financial reports covering all branch activities.

Funding of IPed expenses

With national accounting and banking, the IPed DMM national office, on the income side will collect and manage:

- all shared services income: membership fees, editorial services directory (ESD) fees, accreditation fees, national conference fees, advertising fees, and fees for any other shared service
- branch activity fees for networking and discussion meetings, and
- fees for branch and wider area PD events.

Collecting all income, the IPed DMM national office will pay for:

- all shared services expenses, including advocacy and representation
- all national staff, council, branch committee and general meeting (IPed and branch) expense
- PD subsidies (training and mentoring)
- Branch activity expense; the fees collected for these activities should cover most of the event expenses, except for branch AGMs and special GMs, which are free to members
- Branch and wider area PD expenses, including Branch training events, webinars, national training events, PD development and mentoring. National subsidies will be available for some of these events and activities.

The IPed DMM Funding table at the end of this document should help to explain the funding of DMM expenses.

Branch budgets

Each branch budget will be prepared on the basis of the branch activity program and the expenses of the branch committee.

In principle, branch meetings, apart from AGMs and any special general meetings, will be expected to be mainly self-funding – that is, the fees paid by attendees should cover most of the costs of venue, catering and any other meeting expenses. Review of current society meetings data show that this is currently the case. Any reasonable net costs of these meetings will be funded from other IPed revenue.

Branch AGMs and SGMs will be budgeted separately, as they are statutory requirements, and will be funded from IPed general revenue. Branch members will not pay to attend these meetings. A general meeting is a meeting with a formal agenda of business requiring approval or decisions by members.

Professional development (PD) activities (training workshops and mentoring) will be funded by participant fees plus subsidisation provided under national policies. Such policies are intended to make PD programs available as equitably as possible, regardless of the size or location of branch membership.

Branch committee expenses, which in the societies are funded from membership fees, will be paid by the national office from general revenue. Branch committee costs will be part of the overall costs of IPEd governance and management, and could include part-time administrative support, and incentives for committee service such as honoraria and discounts on various fees, which is current practice in some societies.

Branches budgets will not include any of the costs of nationally managed services, such as council expenses, national staff, the membership system and administration, newsletters, the website, the freelance register/ESD or the national conference. Those will be funded as part of the national office budget from subscription fees, advertising and sponsorship.

The overall IPEd budget

The overall IPEd budget, covering the Council, the national office and all the branches, will be a combination of the budgets for each of those parts of IPEd.

In arriving at a practical, workable IPEd budget, the overall limiting factor will be the total income from all sources for the budget period. That income limit could be increased only by increasing various fees, particularly membership fees, by allowing the use of some accumulated IPEd funds, or by initiating new income-earning activities.

Each part of the IPEd organisation will be expected to provide a budget that is reasonable in commercial terms; that is, not extravagant in the choice of services like meeting venues.

At the national level, the aim of the Council and national office will be to fund Council, national office services and subsidy programs out of the income from all forms of subscriptions, advertising and sponsorship or grants. National expenses will include administration and services such as the newsletter, freelance register, the website, and the costs of maintaining standards, accreditation, advocacy and representation.

In approving branch, national office and Council budgets, the Council will be bound by law, the constitution and policies to act in the interests of all IPEd members, not of any branch. Equity will continue to be a prime governance principle.

Conclusion

We believe that this paper has shown that, in IPEd as a direct membership organisation, operating as outlined, all branches and members will be well and equitably served.

IPEd DMM FUNDING

IPEd Income	IPEd expense
<p>Shared Services fees:</p> <ul style="list-style-type: none"> • Membership • Editorial Services Directory (ESD) • Accreditation • National conferences • Advertising (website & newsletter) • Any other national member service 	<p>Shared Service expense:</p> <ul style="list-style-type: none"> • Membership and subscription management • ESD • Event Management • Accreditation • National conferences • Website & newsletter • Advocacy & representation • Other national member service expense <p>Administration:</p> <ul style="list-style-type: none"> • National staff • Council • Branch committees • IPEd & Branch General meetings <p>PD Subsidies:</p> <ul style="list-style-type: none"> • Training subsidies • Mentoring subsidies
<p>Branch Activity fees:</p> <p>Branch member meetings (networking, discussion panels, etc.)</p>	<p>Branch activity expense:</p> <p>Expense should be mostly covered by attendee fees</p>
<p>Branch & wider-area PD fees:</p> <ul style="list-style-type: none"> • Local branch PD • Webinars • National PD event • Mentoring <p>National subsidies may apply</p>	<p>Branch & wider-area PD expense:</p> <ul style="list-style-type: none"> • Branch PD • Webinars • National PD event • PD development • Mentoring
Total IPEd Income	Total IPEd Expense

NOTES:

IPEd collects all income and pays all expenses.

In the medium- to long-term:

- Shared service income needs be equal or greater than the total expense for Shared services, Administration and Subsidies
- Branch activity fee income should be close to equal Branch activity expense
- Branch & wider area PD fees plus PD subsidies should be close to equal Branch & wider area PD expense