



Trout Unlimited Policy on Financial and Property Controls For Chapters and Councils

Trout Unlimited (TU) chapter and council volunteers work hard to raise funds for conservation and related purposes, and one of the most important responsibilities of chapter and council officers and members of chapter and council boards of directors is to safeguard and protect those funds so they are used for the purposes for which they were raised. A few simple steps taken by chapter and council officers and members of chapter and council boards of directors can safeguard those funds and other chapter and council assets.

TU's Board of Trustees (the Board) has prepared this policy to provide guidance to chapter and council leaders on how best to protect chapter and council assets. The policy also establishes a process for addressing the theft or misuse of funds or other chapter or council assets.

General Practices

Each chapter and council must prepare and keep a current written inventory of all personal property in excess of \$200 in value that the chapter or council owns and must appoint an officer to oversee that property. This will help assure that the chapter and council is aware of the property that it owns, so that property can be properly used.

Chapters and councils must assure that money or other assets donated for a particular purpose are used only for that purpose. It is improper, for example, to raise money for work on a particular river and then to use the money for a different purpose without the expressed approval of the persons or organizations that donated the money.

It is important for the integrity of the whole organization that TU's leaders be persons of integrity. While the Board does not expect council or chapter leaders to conduct background checks on current or prospective officers and members of boards of directors, chapters and councils must not knowingly elect to a chapter or council office or to a chapter or council board of directors a person who has been convicted of a crime involving fraud, dishonesty or financial impropriety or who is a registered sex offender. The Organizational Development Committee of the Board of Trustees may grant an exception to this provision.

Term Limits for Officers

The establishment and enforcement of term limits for chapter and council officers are hallmarks of a strong chapter or council and help assure the financial integrity of the chapter or council. Chapter and council leaders should make developing new leaders a priority. While the recruitment of members to serve as treasurers can be difficult at times, the rotation of the office of treasurer inspires confidence on the part of the members in the continued accuracy of chapter and council finances. Under TU's Bylaws (Art. VII, sections 1.a and 2.d), chapters and councils should establish bylaws consistent with the model bylaws, which contain term-limit provisions. The Board recommends that chapters and councils abide by those term-limit provisions.

Monthly Review of Transactions

The best check against the temptation for financial fraud is for more than one chapter or council officer to review periodically each of the chapter's or council's bank-account records (including the records of any debit-card and electronic-banking transactions) and the records of any credit-card transactions. Therefore, chapters and councils must provide access to the records of all chapter and council accounts and all chapter or council credit cards to one chapter or council officer who is not authorized to sign checks, otherwise withdraw funds from the accounts, or make charges on a chapter or council credit card. That officer could be an assistant treasurer whose sole function is to review the accounts, or it could be an existing officer. That access may be electronic through the relevant financial institution and credit-card company or through hard copies of bank and credit-card statements, but the records reviewed must show the date, amount, and payee of the transactions. Electronic access must not be of the type that gives the reviewing officer the power to withdraw or transfer funds from the chapter's or council's accounts. If hard copies of bank or credit-card statements are used, they must be mailed directly from the financial institution or credit-card company to the officer charged with reviewing the records, who can then forward the statements, after review, to the treasurer. The chapter or council officer charged with reviewing the records of the chapter or council accounts and credit cards must review those records at least monthly and must report any inappropriate checks, debits, or charges to the chapter's or council's board of directors.

Financial Control Over Accounts

The Board realizes that many chapters and councils are using modern banking practices and does not discourage their use. Chapters and councils, however, need to be aware of the risks involved with those practices.

1. Dual Signature Accounts.

The safest practice is for chapters and councils to require that two chapter or council officers sign any check if a dual-signature requirement is permitted by the chapter's or council's financial institution. The Board strongly encourages chapters and councils to adopt this practice if it is feasible for the chapter or council. Unless it is impractical for the particular chapter or council, dual signatures should at least be required on any check over \$1,000. A chapter or council, through its bylaws or otherwise, may require dual signatures on checks in lower amounts. Adopting a dual-signature practice will require a written board or council resolution that is filed with the chapter's or council's financial institution, so that the financial institution will both know of the requirement and can be held responsible for cashing checks without the proper signatures.

2. Debit Cards and Electronic Banking.

Chapters and councils should use debit cards and electronic banking with caution. Debit cards and electronic banking do not contain limits on the amounts that may be debited from the account, and significant funds can be removed from the account without the notice of even vigilant chapter and council officers. Unlike with a credit card, if an unauthorized transaction is made with a debit card or through electronic banking, the burden is on the chapter or council to prove that the transaction was unauthorized, which can be a burdensome undertaking, and the amount of the transaction is frozen while the transaction is under review. Bank statements do not routinely contain detailed information concerning debit-card transactions, such as the payee of the transaction, information that is critical to determining the appropriateness of the transaction. If a chapter or council elects to use debit cards or electronic banking, the chapter or council officers and members of the board of directors must be extra vigilant. The Board strongly encourages the chapters and councils that use these banking practices to establish banking relationships with banks that will send instantaneous text or e-mail messages of each transaction to designated chapter or council officers. Many larger banks routinely provide that service.

2. Credit Cards.

Credit cards can be useful tools for chapter and council financial practices, but they must be used with caution. Chapters and councils must pay off the amount charged on the cards each month, so that they do not incur debt that cannot be readily re-paid. In addition, chapters and councils must set reasonable limits on the amount of credit available through the cards. The Board suggests that, for most chapters and councils, the available credit be capped at no more than \$5,000. Unlike debit cards, fraudulent credit-card transactions can be reversed more quickly without freezing chapter and council assets for prolonged periods of time.

Annual Financial Reports and Education Efforts

The Board of Trustees directs the Volunteer Operations staff to determine, through the annual financial reports or other regular communications with the councils and chapters, whether councils and chapters are complying with the requirements of this policy.

It is the duty of all chapters and councils to answer honestly the questions in the Annual Financial Reports or other communications concerning officer terms, banking practices and the monthly review of bank account and credit-card records by chapter and council officers.

The Board directs the Volunteer Operations staff to engage in efforts to educate volunteer leaders about the importance of implementing and enforcing the financial and other controls addressed in this policy.

Procedures for Handling Thefts

It is very important that TU, the whole organization, handles thefts or misuse (or suspected thefts or misuse) of chapter or council money or other property in a responsible and consistent manner.

Only TU's Chief Executive Officer has the authority, in his or her sole discretion:

- (1) To determine whether the theft or other misuse of money or other assets from chapters, councils, or the national organization will be referred to the appropriate authorities for prosecution,
- (2) To determine whether civil litigation will be pursued against the person or persons taking or misusing such money or other assets, and
- (3) To determine whether a claim will be made to TU's insurers for the loss or misuse of such money or other assets.

The Chief Executive Officer may delegate this authority to others on TU's staff or, in appropriate circumstances, to officers of a council or chapter.

If a chapter or council discovers or suspects that money or other chapter or council property has been stolen, has been used for an unauthorized purpose, or has been used for a purpose inconsistent with TU's purpose, the chapter or council must immediately report that incident to the Vice President for Volunteer Operations. That Vice President will immediately report the incident to TU's Chief Executive Officer, Chief Financial and Administrative Officer, and General Counsel. TU's senior staff will respond promptly to any such report.

TU's senior staff, working closely with the chapter or council involved, will promptly conduct an investigation into the incident.

A chapter or council that suspects the theft or misuse of chapter or council money or other assets must not report that suspected theft or misuse to the police or other authorities and must not make public statements about the suspected theft until an investigation conducted with the involvement of TU senior staff has been done. That way, TU can proceed responsibly to determine what has happened and can respond in an appropriate way.

In carrying out this provision of this policy, chapters, councils, and the TU staff will comply with all applicable laws concerning the reporting of thefts from charitable organizations.

Enforcement

The Board may enforce this policy by, among other things, withholding rebates due to chapters and councils that do not comply with the policy and by de-chartering such chapters and councils.

Adopted by the Board of Trustees this 20th day of September, 2015.