

Tau Beta Pi – Michigan Gamma Chapter

Financial Policies

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Tau Beta Pi
The Engineering Honor Society

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Policy I

Chapter Budget

The Chapter Constitution and Bylaws provide that the Chapter will construct a budget. This section of the Treasurer's financial policy details the process and requirements to achieve this goal.

SECTION I.1. GENERAL POLICY Officers may petition the Treasurer for a budget to support their Chapter-related initiatives, responsibilities, and activities.

SECTION I.2. BUDGET AUTHORITY All members of the Chapter's Officer Corps, project leads, and chairs of standing committees are eligible to request a budget; hereafter *officers*.

SECTION I.3. EXPENSE CAP The budget proposed by the Treasurer will not project spending or encumbering more than 45% of the prior fiscal year's gross income. The Advisory Board may disregard this limit by a $\frac{5}{7}$ majority.

SECTION I.4. ADDITIONAL BUDGETS The Executive Committee may authorize any additional Chapter member to submit a budget request, including after the regular budget-request deadline, when the request supports a Chapter initiative, activity, or responsibility. Such authorization may be appealed to the full Officer Corps.

SECTION I.5. TREASURER DISCRETION The Treasurer may delegate certain budgeting authority to any member or members of the Officer Corps or to a chair under their direction.

SECTION I.6. REQUEST Individuals seeking funding through the Chapter will submit a written funding request to the Treasurer by a set deadline each semester. The Treasurer will publish the funding form in advance of the deadline. The request document will group the requested funds into the pools listed in Policy II.

- (a) The Treasurer will meet electronically or in person with each officer requesting a budget to review their request.
 - (i) The officer requesting a budget will present their ideas for the semester.
 - (ii) The Treasurer will review the prior semesters' related budgets for each request when relevant historical information is available. Where applicable, the requesting officer will identify prior events or activities they propose to continue. Every request, including a request for a new event or activity, will provide a rationale for each requested expense. The rationale should include, where applicable, the anticipated level of Chapter interest, expected participation, and any other factors relevant to the requested amount.
 - (iii) The appropriate Team Lead and/or President will be invited to join the meeting.
- (b) Each Team and Committee will meet to find budget efficiencies and to compose a team-wide budget.

- (i) Discretionary funds will be consolidated and placed under the direction of the Team Lead.
- (c) The Treasurer will compile requests from officers and teams into a single budget proposal.
 - (i) The Treasurer may exclude any expense from their budget proposal with cause. The reason for the exclusion will be transmitted to the requesting officer, team, or committee. If they wish to appeal this decision, they may communicate their objection to the Advisory Board for consideration during the budget approval process.
 - (ii) The proposed budget will be presented to the Executive Committee for review.
 - (iii) The proposed budget will be presented to the Advisory Board at its first meeting of the semester for modification and/or approval.
 - (iv) Before making a final decision to reduce or remove requested funding, the Advisory Board will, when practicable, provide the Treasurer or requesting officer an opportunity to explain the request. If the Advisory Board reduces or removes the funding, the requesting officer will be notified of the decision and its rationale. The requesting officer may appeal the decision in writing to the Advisory Board by submitting the appeal to the Chief Advisor. The Chief Advisor will place the appeal on the agenda of the next scheduled Advisory Board meeting.

Policy II Budget Pools

The Chapter groups expenses into a set of pools. Pools provide flexibility to individuals with budget authority to reallocate funds among individual expenses within the same pool in accordance with Policy [III.2](#), rather than requiring the approved budget to be amended for every adjustment. Pools also enable the Treasurer to present a report to the Officer Corps and the Chapter to show how Chapter funds are used on a semester-to-semester basis.

SECTION II.1. DEFINITION A *budget pool* is an allocation of funds designated for a group of related expenses. Funds may be reallocated within a budget pool as permitted by Policy [III.2](#). Funds may not be transferred from one budget pool to another without the approval of both the Treasurer and the Advisory Board.

SECTION II.2. GENERAL POOLS The General Pools cover the majority of Chapter expenses. A request for funds in these pools requires a basic description of the proposed event or activity as well as a short explanation of each expense's role in the proposed activity or event. The descriptions below identify the primary purpose of each pool; when an expense could reasonably fit more than one pool, it should be assigned according to its primary purpose.

- (a) Maintenance – upkeep, repair, replacement parts, and similar costs associated with maintaining Chapter property or operations.

- (b) Promotional – publicity, outreach, advertising, promotional materials, and similar expenses intended primarily to promote the Chapter, an event, or participation.
- (c) Services – externally provided labor, professional, technical, or other services that are not more appropriately classified elsewhere.
- (d) Supplies – consumable or general-use tangible items purchased for Chapter programs, meetings, projects, or events.
- (e) Travel – transportation, lodging, and other direct travel costs incurred for Chapter or Association activities.
- (f) Entertainment – costs primarily associated with social, recreational, or entertainment activities.
- (g) Revenue – income and direct expenses associated with activities intended to generate unrestricted Chapter revenue.
- (h) Restricted Revenue – income and direct expenses associated with funds whose use is limited to a designated purpose or activity.

SECTION II.3. SPECIAL POOLS A request for funds falling into a special pool requires additional justification as compared to the General pools. Requests to special pools additionally require a justification as to each expense's relationship to the Chapter and the Association's objectives.

- (a) Awards – monetary prizes, scholarships, or other financial awards provided by the Chapter.
- (b) Capital Goods – durable property or equipment expected to provide Chapter use beyond a single event or short-term activity.
- (c) Discretionary – funds reserved for unforeseen or flexible needs within the approved scope of a team or activity.
- (d) Food – food, beverages, catering, and directly related costs for Chapter meetings, programs, or events.
- (e) Apparel – clothing or wearable items purchased for members, participants, volunteers, recognition, or Chapter use.

Policy III Spending Authority

Upon approval of the Advisory Board, officers may begin executing their budgets subject to the following rules and procedures.

SECTION III.1. BUDGETED EXPENSES Any expense explicitly approved within the approved budget may be executed without additional approvals.

SECTION III.2. BUDGET REALLOCATIONS Any expense not explicitly approved within the approved budget but similar to an approved expense may be executed by the officer with:

- (a) No additional approvals if the expense is less than \$150.
- (b) Approval of the Team Lead if the expense is greater than or equal to \$150 and less than \$300. The officer must notify the Treasurer of the reallocation.
- (c) Approval of the Team Lead and the Treasurer if the expense exceeds \$300 and is less than \$500.
- (d) Approval of the Officer Corps if the expense exceeds \$500.

SECTION III.3. NEW EXPENSES Any expense not explicitly approved within the approved budget and not similar to approved expenses may be executed by the officer with:

- (a) Approval of the Treasurer if the expense is less than \$50.
- (b) Approval of the Treasurer and Team Lead if the expense is greater than or equal to \$50 and less than \$100.
- (c) Approval of the Officer Corps with notification to the Advisory Board if the expense exceeds \$100.

SECTION III.4. APPEAL Declined requests for approval falling under Policies [III.2](#) or [III.3](#) may be appealed to the Officer Corps.

SECTION III.5. RESTRICTIONS Expenses prohibited by applicable law or by University, Michigan Engineering, SOAS, Tau Beta Pi Association, donor, grant, contract, or other controlling requirements may not be approved under this policy. The following classes of expenses are additionally restricted by the Chapter and require approval by a majority vote of the Officer Corps when the expense is otherwise permissible under all controlling requirements.

- (a) Parking
- (b) Personal Fines
- (c) Late Fees

SECTION III.6. CONFLICTS OF INTEREST AND SELF-APPROVAL No officer may select, approve, or direct the purchase of goods or services from themselves, a member of their family, or a business in which they or a family member have a financial interest. An officer may not approve or process a payment or reimbursement from which they receive a direct financial benefit.

If the Chapter has a legitimate reason to consider a transaction that would otherwise create such a conflict, the officer will disclose the conflict to the Treasurer before any commitment is made and will take no part in selecting, approving, or processing the transaction. The Treasurer will refer the matter to the Advisory Board for approval before the Chapter proceeds.

SECTION III.7. MISUSE OF CHAPTER FUNDS An expense is unauthorized if it was not approved in accordance with the applicable provisions of Policy [III](#). Expenditures and reimbursement requests remain subject to the additional requirements of Policies [IV](#) and [VI](#), respectively. An expense may also be considered inappropriate if it violates Chapter, University, or Association policy; is inconsistent with the purpose for which Chapter funds were approved; or otherwise represents an improper use of Chapter funds.

- (a) Any Chapter member may report a suspected unauthorized or inappropriate expense to the Treasurer, President, or Chief Advisor for review under this policy.
- (b) If the Treasurer believes an expense may be unauthorized or inappropriate, the Treasurer will request additional information or justification from the individual responsible for the expense.
- (c) If, after reviewing the additional information, the Treasurer continues to believe that the expense is unauthorized or inappropriate, the Treasurer will refer the matter, together with the available documentation and justification, to the Advisory Board for determination.
- (d) The affected individual may appeal the Advisory Board's determination in writing and will be provided an opportunity to present the basis for the appeal at a subsequent Advisory Board meeting.

If a reimbursement request concerns an unauthorized expense, the request will be reviewed by the Treasurer and may be ratified and processed only with the approval of $\frac{5}{7}$ of the Advisory Board and only if the expense is otherwise permissible under all controlling requirements. If a reimbursement request concerns an expense classified as inappropriate, the expense may be reimbursed only if the Advisory Board determines that the classification was incorrect or the applicable external authority authorizes an exception, and the expense is otherwise permissible under all controlling requirements.

Policy IV Expenditures

SECTION IV.1. POLICY All expenditures must be made in line with all relevant University financial policies and procedures.

SECTION IV.2. METHOD Individuals with budget authority and an approved budget may purchase items authorized under Policy [III](#) for use in Chapter-sponsored activities. Such purchases must be made using a traceable method, such as with a credit card or purchase order. Purchases may be delegated to other individuals under the direction of an individual with budget authority. Expenditures for which a member seeks reimbursement are also subject to Policy [VI](#).

SECTION IV.3. INVENTORY MANAGEMENT Unused or reusable items purchased with Chapter funds should be added to the Chapter property inventory as defined in Policy [V](#). Exceptions to this requirement may be granted in writing by the Treasurer and President with notice sent to the Advisory Board.

Policy V

Chapter Property Inventory

SECTION V.1. **POLICY** The Chapter Property Inventory, hereafter *Inventory*, will be a resource available to all officers that records property and supplies held, controlled, or administered by the Chapter. Each durable or individually accountable item will identify, when known, its description, approximate value, source or acquisition method, ownership or custody status, condition, storage location, and current custodian. Ownership or custody status will distinguish, as applicable, property purchased with Chapter or University funds, University-issued or transferred property, accepted in-kind gifts, third-party loans, and member-owned property temporarily in Chapter custody. Consumable supplies expected to be used or distributed in the ordinary course of Chapter activities may be tracked by category and approximate quantity rather than as individual assets.

For purposes of the Inventory, a gift is property accepted for the benefit of the Chapter without an expectation that it will be returned to the donor. Property that the owner expects to recover, whether after an event or at a later date, will be recorded as a loan and will retain the ownership status and return terms of the lender.

SECTION V.2. **FORMAT** The Chapter Property Inventory will be housed within one of the Chapter's Google Shared Drives as a Google Spreadsheet. This spreadsheet will serve as the central, authoritative record and be accessible to all officers.

SECTION V.3. **MANNER** An item may be entered or verified in the Inventory only after its physical presence has been confirmed by the Secretary, Treasurer, or their designee. When multiple units of the same item are present, the quantity will be physically counted and recorded. The condition and storage location of the item will also be verified and updated as necessary.

SECTION V.4. **MANAGEMENT** The Treasurer and Secretary will work with the President and Team Leads to jointly manage the Inventory.

- (a) Property should ordinarily remain in Chapter- or University-controlled storage. Temporary off-campus use or storage for a Chapter purpose requires written approval of both the Chapter President and Treasurer and must be recorded in the Inventory with the temporary custodian, location, purpose, date removed, expected return date, and actual return date.
- (b) Items on loan from the University or an individual must be stored in a manner in line with the policies and procedures of the lender. These items must be returned either on the designated date or within the designated date window. If neither is specified, the default window will be one week after the event during which the item was used.
- (c) Property accepted as an in-kind gift will be administered in accordance with applicable University and Michigan Engineering gift procedures and, after acceptance, will remain under Chapter or University control as applicable. Property expected to be returned to the contributor will instead be recorded and managed as a loan.

SECTION V.5. UPDATE FREQUENCY The Inventory will be reviewed at the end of each semester with a special focus on any additions resulting from the semester. The Inventory should also be updated within the following two weeks of these events:

- (a) Semester Transition Meeting
- (b) Mail-Out
- (c) First General Meeting
- (d) Large Service and Social Events

SECTION V.6. COORDINATION At least once during each Fall and Winter semester, the Treasurer and Secretary will jointly review the Inventory and coordinate any necessary updates. When practicable, this review should occur in conjunction with one of the events identified in Policy V.5. The President and appropriate Team Leads should be invited to participate as needed.

SECTION V.7. PROPERTY DISPOSITION Chapter property that is damaged beyond reasonable repair, obsolete, surplus, or no longer needed will be disposed of in accordance with applicable University requirements, including the University's Property Disposition Policy, [SPG 520.01](#). Property subject to SPG 520.01 will not be sold, donated, discarded, recycled, transferred, or otherwise disposed of except through Property Disposition or as otherwise authorized by the University. If Property Disposition, Michigan Engineering, or another authorized University office determines that a particular item is not required to undergo the formal Property Disposition process or authorizes another method of disposition, the Treasurer or Secretary may complete the disposition in the manner authorized and will record the authorizing office or official and the method of disposition in the Inventory.

A disposed, returned, transferred, sold, recycled, discarded, lost, or otherwise retired item will remain in the historical Inventory rather than being deleted. The Inventory entry will record, as applicable, the final status, disposition or status-change date, method of disposition, authorizing person or office, recipient or destination, any proceeds received, and a reference to supporting documentation. Supporting disposition records will be retained in accordance with Policy [XII.6](#).

SECTION V.8. CHANGES OF STATUS Any officer who discovers that Chapter property is missing, lost, stolen, or materially damaged will promptly report the change in status to the Secretary and Treasurer. The Secretary or Treasurer will update the Inventory to document the reported condition or status and, when known, the circumstances surrounding the change. The President and Advisory Board will be notified of property believed to be lost or stolen and of its subsequent recovery, if applicable. The Treasurer, Secretary, and President will also ensure that any notification, police report, insurance report, Property Control notice, Risk Management notice, or other action required by the University is completed. The historical Inventory entry will be preserved even if the item is not recovered.

SECTION V.9. APPROVAL The Advisory Board will review the Chapter Property Inventory at least once per calendar year and acknowledge completion of the review. Following the review, a summary of the Inventory, including any significant changes in Chapter property, will be presented to the Chapter at a regularly scheduled Chapter meeting.

Policy VI Reimbursements

SECTION VI.1. PROCESS Members must first receive approval for any expenditure to be reimbursed in accordance with Policy III before submitting a request. After approval has been granted and the purchase made, the member must submit the following information to the Treasurer:

- (a) Description of event/purchase
- (b) The amount for TBP to reimburse
- (c) The name of the individual who needs to be reimbursed
- (d) The itemized receipts for the purchase, including the payment method
- (e) The address where the reimbursement check should be sent

SECTION VI.2. ITEMIZED RECEIPT An itemized receipt will be required for reimbursement. In extreme cases, when an itemized receipt is unavailable for the purchase, the Treasurer can produce a memo for approval by the President to authorize reimbursement of the expense. Proof of payment and additional event details may be required; the Treasurer will be responsible for procuring this information when necessary. The signed memo will be submitted to Student Organization Account Services (SOAS), and the expense will be reimbursed pending SOAS approval.

SECTION VI.3. SERVICES RENDERED/VENDOR PAYMENTS These purchase requests apply when the Chapter directly pays a company or contractor. For this type of request, the member organizing the event will need to forward the invoice for the purchase and the contact information for the contractor or company directly to the Treasurer. For contractors who are UM students or faculty, the member must also provide the contractor's UMID. *Non-UM contractors will be required to submit a W-9 if they have not been paid by the University in the past two years; this should be provided if possible in the initial request, or otherwise the process may be delayed.*

SECTION VI.4. INVENTORY OF SUPPLIES The Officer Corps will maintain an inventory spreadsheet of items currently in the Chapter's possession, as defined in Policy V. Before making purchases for an event, project leaders and officers should refer to the inventory sheet to confirm that a purchase is required. If the needed supplies are already held by the Chapter, the member should contact the Treasurer and President to coordinate pickup of the supplies. If a purchase is still required, members should follow the standard reimbursement procedure to complete the purchase. Any leftover supplies from the event should then be properly stored and recorded on the inventory sheet.

SECTION VI.5. DISTINGUISHED AND PRESTIGIOUS ACTIVE GIFTS The Chapter may provide additional recognition to Tau Bates who earn distinguished active (DA) or prestigious active (PA) status beyond the number of semesters established by the Membership Officer. The Membership Officer will propose the form, value, eligibility criteria, and any subsequent changes to the DA/PA gift or recognition policy for approval by the Advisory

Board. The Membership Officer is not required to propose changes on a fixed schedule and may do so whenever changes are warranted, including after several years without revision or more frequently when appropriate. Any financial commitment associated with the approved recognition policy will be included in the Chapter budget. Reimbursements or claims under an approved DA/PA recognition policy will not be processed more than one calendar year after the conclusion of the term in which the status was earned.

SECTION VI.6. DEADLINE Individuals with budget authority are charged with submitting reimbursement requests in a timely manner.

- (a) By default, reimbursement requests must be submitted to the Treasurer within 14 calendar days of the expense, with proof of payment.
- (b) The Treasurer may accept a reimbursement request submitted after the 14-calendar-day deadline at their discretion, subject to any applicable University, SOAS, or other external processing deadline.
- (c) The Treasurer may, from time to time, propose to the Executive Committee a deadline for reimbursement requests to be automatically declined. This deadline may be approved by a majority vote of the Executive Committee and may take effect no sooner than 30 days after the approval of the Executive Committee. All such changes in deadline will be reported to all individuals with budget authority and will be recorded in the minutes of the Officer Corps and Advisory Board. Modified deadlines will expire when the next Treasurer takes office.

SECTION VI.7. APPEAL Denied reimbursements may be appealed to the Advisory Board. The individual with budget authority whose expenditure was denied reimbursement may present a case for the Advisory Board to approve the reimbursement. The Treasurer will provide the Advisory Board with a rationale for denying the reimbursement. Reimbursement requests involving an unauthorized or inappropriate expense remain subject to Policy [III.7](#).

Policy VII

Financial Reporting and Reconciliation

SECTION VII.1. ACCOUNT RECONCILIATION The Treasurer will reconcile all Chapter financial accounts against available University, SOAS, Tau Beta Pi Association, and Chapter records at least monthly during the Fall and Winter academic terms and at reasonable intervals during other periods in which material financial activity occurs. Reconciliation will include, as applicable, account balances, deposits, expenditures, reimbursements, outstanding obligations, expected receivables, contractual commitments, restricted or designated funds, and budget-to-actual performance.

Material discrepancies will be investigated promptly. The Treasurer will report unresolved material discrepancies to the President and Chief Advisor and, if not promptly resolved, to the Advisory Board.

SECTION VII.2. PERIODIC FINANCIAL REPORTS At least bimonthly (every two months) during the Fall and Winter academic terms, the Treasurer will provide the Officer Corps with a current budget-to-actual report showing, by budget pool or other appropriate category, approved budget, actual expenditures, known commitments or encumbrances, available balances, and material expected revenues. The Treasurer will provide the Advisory Board with a financial report at each regularly scheduled Advisory Board meeting.

SECTION VII.3. SEMESTER-END FINANCIAL REVIEW At the end of each Fall and Winter semester, the Treasurer will prepare a financial review that identifies, as applicable, actual versus budgeted activity by budget pool, outstanding reimbursements and payables, material receivables, restricted or designated balances, Career Fair financial activity and forecast information, contracts or commitments extending into a future term, material variances, and any unresolved reconciliation differences. The review will be provided to the President, Officer Corps, and Advisory Board and retained in accordance with Policy [XII](#).

Policy VIII Receipts, Deposits, and Incoming Funds

SECTION VIII.1. GENERAL POLICY All funds received on behalf of the Chapter will be deposited into one of the Chapter's SOAS accounts in accordance with applicable University policies. The sole exception to this rule is that electee dues may skip the Chapter's SOAS account and be sent directly to the Association. In all cases, Chapter receipts will not be withheld from deposit or used directly to pay expenses before deposit.

SECTION VIII.2. DOCUMENTATION The Treasurer will maintain sufficient documentation to identify, as applicable, the source, amount, date received, purpose, deposit destination, and any restrictions associated with funds received. This requirement applies to cash and checks, event registrations, sponsorships, donations and gifts, fundraising proceeds, vendor refunds, returned deposits, account credits, Career Fair revenue, and other Chapter receipts.

SECTION VIII.3. RESTRICTED AND GIFT FUNDS Funds or in-kind contributions subject to donor restrictions, gift-processing requirements, grant terms, sponsorship terms, or other external conditions will be accepted, recorded, deposited, and used only in accordance with the applicable University, Michigan Engineering, TBP Association, donor, grant, or contractual requirements.

Policy IX Association Finances

SECTION IX.1. TIMELINESS The Treasurer will process all valid invoices from the Association within 10 business days of receipt.

SECTION IX.2. EXCESS BALANCE The Chapter will maintain a negative balance of \$4,500 with the Association. All payments to the Association shall return the balance to this level.

SECTION IX.3. NOTICE The Treasurer will ensure that the Advisory Board is notified of all new invoices generated by the Association for the Chapter.

Policy X Endowments

The Chapter funds and is associated with multiple endowments. This section of financial policies contains the high-level policies and procedures that govern their use.

SECTION X.1. CHAPTER ENDOWMENT INITIATIVE - ANNUAL DONATION The Chapter will donate \$25,000 annually to the Chapter Endowment Initiative with the TBP Association. The Advisory Board may, by a $\frac{5}{7}$ majority, suspend the annual donation for one or more specified years.

SECTION X.2. CHAPTER ENDOWMENT INITIATIVE - REVENUE Revenue generated by the Chapter Endowment Initiative shall be reinvested in the fund on an annual basis unless otherwise determined by the Advisory Board. The Advisory Board may establish, by vote, the percentage of annual revenue to be reinvested, with any remaining revenue made available for Chapter use.

SECTION X.3. SCHOLARSHIP AND AWARDS Revenue from the Scholarship and Awards Endowment with the University will be reported to the Advisory Board. The Treasurer will consult with the Service Coordinator and will propose a percentage of the revenue to use for service activities. The Advisory Board may approve, modify, or disapprove of the Treasurer's recommendation by a $\frac{5}{7}$ majority.

SECTION X.4. REVIEW AND VISION At least annually, the Advisory Board will review the Chapter's scholarship and award programs, including the number and value of awards offered, their effectiveness in advancing Chapter objectives, and their alignment with the objectives of the Chapter and the Association. The Advisory Board may recommend changes to the number, value, eligibility criteria, or purpose of future awards based on this review.

Policy XI TBP and SWE Career Fair

The Chapter hosts the Fall Engineering Career Fair in cooperation with the Society of Women Engineers. This policy addresses the Chapter's standing financial commitments, but does not exclude additional financial ties or obligations based on recommendations by the External Vice Presidents or the members of the Advisory Board.

SECTION XI.1. SEED FUNDS Before the conclusion of each Winter semester, the Treasurer will ensure that at least \$10,000 in Chapter funds has been transferred to the SOAS account of the Engineering Career Fair as seed funding for the subsequent Fall Career Fair. The Advisory Board may, by majority vote, modify the required amount or authorize a later transfer date. The required seed funding will be reflected in the Chapter budget prepared under Policy I.

SECTION XI.2. REPORT The External Vice Presidents will provide the Treasurer and Advisory Board with periodic updates regarding Career Fair registration and projected revenue. These updates will include, as information becomes available, the number of registered and anticipated participating companies, participation in Chapter-hosted receptions or related paid activities, expected revenues, and other information reasonably necessary to forecast the financial performance of the Career Fair. The Treasurer will incorporate this information into current-year projections and future Chapter budgets prepared under Policy I, as appropriate.

Policy XII Record Retention

The Chapter shall maintain financial, contractual, governance, and related administrative records for a reasonable period sufficient to support transparency, continuity of operations, legal compliance, audit readiness, and responsible stewardship of Chapter resources.

SECTION XII.1. APPLICABILITY This policy applies to records created, received, approved, executed, or maintained by the Chapter in physical, electronic, or other form. Records may be retained electronically, provided they are complete, legible, accessible to authorized officers and advisors, and reasonably protected from loss, alteration, or unauthorized disclosure.

SECTION XII.2. SOURCES OF AUTHORITY The Chapter shall retain financial and administrative records in accordance with all applicable sources of authority, including but not limited to:

- (a) federal, state, and local law, including applicable tax, nonprofit, charitable, and corporate recordkeeping requirements;
- (b) the laws and regulations of the State of Michigan;
- (c) applicable rules, policies, and procedures of the University of Michigan, including university policies governing business and financial records, student organization activity, sponsored or restricted funds, gifts, contracts, tax documentation, and records generated or maintained in connection with university resources or activities;
- (d) applicable rules, policies, procedures, governing documents, reporting requirements, and directives of The Tau Beta Pi Association;
- (e) the Chapter's constitution, bylaws, financial policies, approved budgets, contracts, donor restrictions, grant agreements, and Advisory Board directives; and
- (f) any other legal, contractual, donor-imposed, institutional, or organizational requirement applicable to a particular record or transaction.

SECTION XII.3. TERM OF RETENTION

- (a) If more than one retention requirement applies to a record, the Chapter shall retain the record for the longest applicable period. If a University of Michigan policy, Tau Beta Pi Association requirement, donor restriction, grant agreement, contract, or applicable law requires a longer retention period than this policy, the longer period shall control.
- (b) Nothing in this policy authorizes destruction of records that must be retained under applicable law, University of Michigan policy, Tau Beta Pi Association requirements, donor restrictions, contractual obligations, pending audits, investigations, disputes, litigation, insurance matters, or Advisory Board directives.

SECTION XII.4. PURPOSE The purpose of this policy is to ensure that important Chapter records are retained long enough to document financial decisions, preserve institutional memory, assist future officers, and demonstrate compliance with applicable laws, policies, donor restrictions, contractual obligations, University of Michigan requirements, Tau Beta Pi Association requirements, and Advisory Board directives.

SECTION XII.5. RECORDS COVERED Records subject to this policy include, but are not limited to:

- (a) approved annual and amended budgets;
- (b) financial statements, ledgers, reconciliations, and account reports;
- (c) bank statements, deposit records, check images, electronic payment records, and credit or debit card records;
- (d) receipts, invoices, reimbursement requests, purchase approvals, and supporting documentation for expenditures;
- (e) executed contracts, memoranda of understanding, purchase commitments, service agreements, venue agreements, and related amendments;
- (f) grant agreements, donor restrictions, sponsorship agreements, gift documentation, endowment records, and records of restricted or designated funds;
- (g) tax filings, informational returns, exemption records, and supporting schedules;
- (h) audit, review, or financial examination reports, if any;
- (i) minutes or written records documenting approval of budgets, contracts, material expenditures, financial policies, and other financial decisions;
- (j) records submitted to, received from, or required by the University of Michigan;
- (k) records submitted to, received from, or required by The Tau Beta Pi Association;
- (l) insurance policies, claims, and related correspondence;
- (m) records concerning Chapter-owned property, investments, endowment funds, or other long-term assets; and
- (n) correspondence or other records necessary to understand, verify, or enforce the Chapter's financial rights or obligations.

SECTION XII.6. MINIMUM RETENTION PERIODS Unless a longer period is required by law, University of Michigan policy, Tau Beta Pi Association requirement, contract, donor restriction, grant requirement, pending dispute, audit, investigation, or Advisory Board directive, the Chapter shall retain records according to the following minimum schedule.

(a) **Permanent Records.** The following records shall be retained permanently:

- (i) governing documents, including constitutions, bylaws, articles, charters, and amendments;
- (ii) Tau Beta Pi Association governing, charter, Chapter authorization, and Chapter-status records;
- (iii) final annual financial statements and audit or review reports, if any;
- (iv) minutes or official written approvals documenting budgets, material contracts, major financial decisions, restricted funds, endowment funds, and financial policy changes to include all minutes of the Advisory Board;
- (v) records establishing ownership, restrictions, donor intent, or long-term obligations relating to endowment funds, investment accounts, real property, or other significant long-term assets;
- (vi) records establishing or maintaining sponsored student organization status with the College of Engineering;
- (vii) records establishing, maintaining, or modifying Chapter ownership and control of the TBP and SWE Career Fair;
- (viii) final versions of approved annual budgets; and
- (ix) final Chapter financial policies and amendments thereto;
- (x) the historical Chapter Property Inventory, including final status and disposition entries for retired property; and
- (xi) the register of records destroyed under Policy [XII.11](#).

(b) **Seven-Year Records.** The following records shall be retained for at least seven years after the end of the fiscal year to which they relate:

- (i) general ledgers, account registers, bookkeeping records, and financial reports;
- (ii) SOAS statements, reconciliations, deposit records, and electronic payment records;
- (iii) receipts, invoices, reimbursement requests, purchase orders, and other documentation supporting income or expenses;
- (iv) documentation for fundraising income, sponsorship income, donations, gifts, restricted gifts, and grant funds;
- (v) records of chapter budgets and actual expenses including the use of discretionary funds, project funds, committee funds, and other internally designated accounts;
- (vi) University of Michigan financial, gift, student organization, or restricted-fund documentation required to be retained by university policy, unless a longer university retention period applies;

- (vii) Tau Beta Pi Association financial, reporting, reimbursement, initiation, membership-fee, Convention, assessment, or Chapter-support documentation required to support Chapter compliance, unless a longer Association retention period applies;
 - (viii) correspondence necessary to explain or verify financial transactions; and
 - (ix) supporting records documenting routine property disposition, transfer, return, recycling, sale, or other retirement of Chapter property, unless a longer University or other controlling retention period applies.
- (c) **Contracts and Agreements.** Executed contracts, memoranda of understanding, purchase commitments, service agreements, venue agreements, sponsorship agreements, grant agreements, gift agreements, university agreements, Association agreements, and related amendments shall be retained for at least seven years after expiration, termination, completion of all obligations, or final payment, whichever occurs later. Contracts involving significant external relationships, recurring obligations, restricted funds, University of Michigan resources, Tau Beta Pi Association obligations, long-term commitments, or unusual risk should be retained permanently or for such longer period as the Advisory Board directs.
- (d) **Employment, Payroll, or Contractor Tax Records.** If the Chapter has employees, paid workers, contractors, or other arrangements giving rise to payroll, withholding, employment tax, or contractor reporting obligations, related records shall be retained for at least four years after the date the applicable tax becomes due or is paid, whichever is later. The chapter may retain such records for seven years when administratively practical.
- (e) **University and Association Compliance Records.** Records necessary to document compliance with University of Michigan or Tau Beta Pi Association requirements shall be retained for at least seven years unless the applicable authority requires a longer period. Such records may include applications, approvals, reports, submissions, authorizations, account documentation, event approvals, reimbursement documentation, Chapter reports, and correspondence.
- (f) **Superseded Working Documents.** Draft budgets, draft contracts, preliminary reports, duplicate copies, routine correspondence, and other working documents that are not necessary to document final action may be discarded when no longer administratively useful, provided that the final approved, submitted, or executed version is retained under this policy.

SECTION XII.7. LEGAL HOLDS AND SUSPENDED DESTRUCTION

- (a) **RESTRICTION** No record may be destroyed if it relates to a pending, threatened, or reasonably anticipated audit, investigation, dispute, claim, litigation, government inquiry, University of Michigan review, Tau Beta Pi Association review, insurance matter, donor restriction, contract issue, or Advisory Board review.
- (b) **HOLD AUTHORITY** When such a matter exists, the President, Treasurer, Chief Advisor, or Advisory Board may issue a legal or administrative hold requiring preservation of relevant records. The hold shall remain in effect until the matter is resolved and the hold is released by the person or body that issued it.

SECTION XII.8. RESPONSIBILITY FOR RETENTION

- (a) **FINANCIAL RECORD RETENTION** The Treasurer shall be responsible for maintaining the Chapter's financial records, including budgets, ledgers, reconciliations, receipts, invoices, reimbursement documentation, bank records, tax records, financial reports, and records supporting University of Michigan or Tau Beta Pi Association financial submissions.
- (b) **RETENTION OF MINUTES** The Secretary shall be responsible for maintaining minutes and official records of approvals, including approvals of budgets, contracts, financial policies, material financial decisions, University of Michigan submissions requiring chapter approval, and Tau Beta Pi Association submissions requiring chapter approval.
- (c) **RETENTION OF AGREEMENTS** The President and Chief Advisor shall ensure that executed contracts, significant external agreements, University of Michigan agreements, Tau Beta Pi Association agreements, and significant compliance records are retained in accordance with this policy.
- (d) **CUSTODIAN DESIGNATION** The Advisory Board may designate a repository, officer, advisor, committee, or other responsible person to maintain records on behalf of the Chapter.

SECTION XII.9. STORAGE AND ACCESS

- (a) **MANNER** Records shall be stored in a manner that is reasonably secure, organized, and accessible to authorized chapter leaders. Electronic records should be maintained in a Chapter-controlled repository rather than in a personal account whenever practical.
- (b) **ACCESS** At a minimum, the members of the Officer Corps, and any other person designated by the Advisory Board should have access to records necessary to perform their duties.
- (c) **RESTRICTION** Access may be limited when records contain confidential, personal, donor, financial account, tax, student, membership, or legally sensitive information. In no instance will the access of the President, Treasurer, and Chief Advisor be limited or restricted.
- (d) **ORGANIZATION** Records should be organized by fiscal year and record type whenever practical. The chapter should maintain sufficient indexing, naming conventions, or folder structure to allow future officers to locate records without relying solely on the personal knowledge of prior officers.

SECTION XII.10. OFFICER TRANSITIONS

- (a) Following the election or appointment of a new officer, the outgoing officer shall complete a transition with the incoming officer before the end-of-semester banquet, whenever practicable. Officer terms and the effective date of office shall be governed by the Chapter bylaws.

- (b) As part of each officer transition, outgoing officers shall transfer all records subject to this policy to their successors or to the Chapter's designated repository. The transfer should include all current-year records, continuing contracts, pending reimbursement or payment obligations, current budgets, account access information appropriate for transfer, University of Michigan compliance records, Tau Beta Pi Association compliance records, and any records needed for ongoing projects or commitments.
- (c) Each outgoing officer shall provide reasonable training and context to the incoming officer. This training should include, as applicable, a review of current responsibilities, recurring deadlines, open financial or contractual obligations, pending reimbursements or payments, budget status, required reports, relevant University of Michigan or Tau Beta Pi Association requirements, repository locations, and any known issues requiring follow-up.
- (d) The incoming Treasurer and Secretary should confirm, in writing to the Advisory Board, as part of the transition process, that required financial and approval records have been received or are accessible.
- (e) If an officer position becomes vacant outside the normal transition timeline, the applicable Team Lead, President, and/or Chief Advisor shall ensure that the newly appointed or elected officer receives an appropriate transition as soon as practicable. This transition shall include the transfer of records, account access information appropriate for transfer, pending obligations, budget information, relevant deadlines, and role-specific training necessary for the officer to perform the duties of the position.
- (f) If the outgoing officer is unavailable, unwilling, or unable to complete the transition, the applicable Team Lead, President, Treasurer, Secretary, Chief Advisor, and/or Advisory Board shall assist in reconstructing the role materials, recovering Chapter records, transferring access to Chapter-controlled systems, and training the successor. No vacancy, resignation, removal, or missed transition shall relieve the Chapter of its obligation to preserve records required under this policy.

SECTION XII.11. DESTRUCTION OF RECORDS

- (a) **DESTRUCTION OF RECORDS** Records that have satisfied the applicable retention period may be destroyed or deleted if they are not subject to a legal hold, audit, investigation, dispute, donor restriction, contract requirement, University of Michigan requirement, Tau Beta Pi Association requirement, or other continuing need, and if destruction is approved by the record owner's Team Lead, President, and Advisory Board.
 - (i) A register of destroyed records will be maintained jointly by the Secretary and Treasurer. Entries in the register shall include the name and description of the record, its creation or entry date, its destruction or deletion date, and any current records that have replaced or superseded it if applicable.
 - (ii) This register should be available to all members of the Officer Corps and Advisory Board.

- (b) **DESTRUCTION OF SENSITIVE INFORMATION** Records containing financial account information, personal information, donor information, student information, membership information, tax information, or other sensitive information shall be destroyed in a manner reasonably designed to prevent unauthorized access, such as shredding physical documents or permanently deleting electronic files from Chapter-controlled storage.
- (c) **EXECUTION OF DESTRUCTION** The Treasurer may periodically recommend destruction of records that have satisfied the retention schedule. The Advisory Board may require approval before destruction of particular categories of records.

SECTION XII.12. PERIODIC REVIEW

- (a) **ANNUAL REVIEW** The Treasurer and Secretary shall review the Chapter's records at least annually to confirm that required records are being retained, obsolete records may be disposed of when appropriate, and continuing contracts or financial obligations remain identifiable to Chapter leadership.
- (b) **ADVISORY BOARD REVIEW** The Advisory Board may periodically review this policy and amend the retention schedule as needed to reflect changes in law, Chapter operations, tax obligations, University of Michigan requirements, Tau Beta Pi Association requirements, insurance requirements, donor expectations, or best practices.

Policy XIII Contracts

The Chapter may enter into contracts, agreements, purchase commitments, memoranda of understanding, or similar arrangements for goods or services only in accordance with this policy. The purpose of this chapter is to ensure that contractual commitments are appropriately reviewed, approved, documented, and reported before the Chapter is bound.

For purposes of this policy, a "contract" includes any written, electronic, or verbal agreement that commits the Chapter to pay funds, provide services, assume obligations, accept legal or financial risk, or maintain an ongoing relationship with an external party.

SECTION XIII.1. CONTRACT PERIOD The Chapter shall not enter into indefinite, automatically renewing, or open-ended agreements without prior approval of the Advisory Board.

Contracts should, whenever practicable, include a clearly stated term, total cost or pricing structure, renewal terms, cancellation provisions, and the goods or services to be provided. Officers should avoid agreements that extend beyond their term in office unless the agreement has been approved through the process described in this policy.

SECTION XIII.2. APPROVAL AUTHORITY Officers, committee chairs, and project leads may sign contracts that bind the Chapter only as authorized below.

- (a) Officers, committee chairs, and project leads are authorized to sign contracts for activities and expenses that are included in an approved Chapter budget, subject to the spending limits, purposes, and procedures established in Policies [I](#) and [III](#). Examples

include, but are not limited to, purchasing event supplies, food for attendees, apparel for the Chapter, venue-related expenses, and other budgeted goods or services.

- (b) Officers may sign contracts for new activities or expenses not included in an approved Chapter budget when the expense is funded through approved team discretionary funds, provided that the contract is approved in advance by the applicable Team Lead, the Treasurer, and the President. This contract approval is in addition to any spending approval required under Policy [III.3](#). Such contracts may not extend beyond the requesting officer's current term in office unless separately approved by the Advisory Board.
- (c) Any contract that would bind the Chapter for a period of more than one calendar year, create an automatic renewal obligation, materially affect a significant external relationship, or impose obligations beyond ordinary budgeted expenditures must be approved by the Advisory Board by a $\frac{5}{7}$ majority. Such approval may occur through approval of the Chapter budget if the contract terms are sufficiently described therein, or separately if the contract details become available after budget approval.

SECTION XIII.3. DEFAULT AUTHORIZED SIGNERS The President and Chief Advisor are the default officers authorized to sign contracts on behalf of the Chapter.

- (a) When practical, contracts should be signed by the President. The Chief Advisor should sign or countersign contracts that present elevated financial, legal, reputational, or institutional risk, or that involve long-term commitments, external partnerships, or obligations extending beyond the current officer term.
- (b) No individual may sign a contract on behalf of the Chapter unless authorized by this policy, by the approved Chapter budget, or by a specific vote of the Advisory Board.

SECTION XIII.4. REVIEW BEFORE EXECUTION Before execution, the officer or project lead responsible for the contract shall review the proposed terms to confirm that:

- (a) the goods, services, price, and payment terms are clearly stated;
- (b) the contract is within the approved budget or has otherwise received the approvals required under Policy [III](#);
- (c) the contract term, renewal provisions, cancellation terms, and deadlines are understood;
- (d) the contract does not create unreasonable financial, legal, operational, insurance, reputational, or institutional risk for the Chapter;
- (e) any required deposits, cancellation fees, minimum purchase obligations, indemnification clauses, insurance requirements, or data/privacy obligations have been identified; and
- (f) the Chapter has the practical ability to satisfy all obligations imposed by the contract.

Contracts involving unusual risk, unclear terms, indemnification, insurance obligations, data sharing, minors, transportation, institutional facilities, or commitments with governmental, educational, or nonprofit partners should be referred to the President, Treasurer, and Chief Advisor prior to signature. The Advisory Board may require additional review before approval or execution.

SECTION XIII.5. SIGNIFICANT MODIFICATIONS TO EXISTING EXTERNAL RELATIONSHIPS Proposed modifications to significant external relationships, including but not limited to relationships with Scouts USA, the College of Engineering, Ann Arbor Public Schools, or similar institutional or community partners, shall be shared with the Advisory Board before implementation regardless of the contract vehicle, monetary value, or whether a formal written contract is used.

The Advisory Board shall be given a reasonable opportunity to review and modify the proposed changes before the Chapter implements them, unless immediate action is required to protect the Chapter's interests. In such cases, the President and Chief Advisor shall notify the Advisory Board as soon as practicable.

SECTION XIII.6. NOTICE AND RECORDING All contracts that commit the Chapter for a period exceeding one academic semester, have a value exceeding \$100, materially affect a significant external relationship, or otherwise create a continuing obligation for the Chapter shall be reported to the Officer Corps and recorded in the minutes under a section titled *Contracts Executed*.

Each notation should include, at least:

- (a) the name of the counterparty;
- (b) the officer or authorized representative who signed the contract;
- (c) the date of execution;
- (d) the value or estimated value of the contract;
- (e) the length of the contract and any renewal or cancellation terms; and
- (f) a brief description of the goods, services, or obligations covered by the contract.

SECTION XIII.7. CONTRACT RECORDS The Treasurer shall maintain, or cause to be maintained, a copy of each executed contract covered by this policy. Contract records should be stored in a location accessible to the President, Treasurer, Secretary, Chief Advisor, and Advisory Board as appropriate.

Contract records shall be retained in accordance with the minimum retention requirements established in Policy [XII.6](#).

SECTION XIII.8. ANNUAL REPORT The Secretary and Treasurer shall prepare an annual report for the Advisory Board on the state of the Chapter's contractual commitments. This report shall also be shared with the Officer Corps.

The report should include:

- (a) contracts executed during the academic year;

- (b) contracts continuing from prior years;
- (c) contracts that expired, were terminated, or were renewed during the academic year;
- (d) the value, term, and purpose of each material contract;
- (e) any contracts requiring Advisory Board approval; and
- (f) a comparison, where practical, to the prior year's contract volume, value, duration, and major commitments.

The Advisory Board may use this report to evaluate the Chapter's ongoing obligations, identify recurring commitments, and recommend changes to budgeting, approval thresholds, or contracting practices.