

## **RID Compliance Committee Report and Recommendations**

The RID Compliance Committee was formed by President Rita Wedgeworth after the 2010 TSID Conference per the request of the TSID membership. This committee was charged with investigating the mandates put forth by RID to all affiliate chapters regarding affiliate chapters' and local chapters' goals and vision; structure; bylaws; naming convention; and fiscal management.

The following list and words in italics are paraphrases of the three areas which were the greatest concerns expressed by TSID members who had many questions regarding justification for RID's requirements and direction as to how TSID may comply. These are paraphrases and summaries 1, 2 and 3 based on "Requirements Regarding Local Chapters" by RID and revised accordingly per conversations between TSID and RID over the last three years. ([Click here for RID requirements for local chapters.](#))

*1.Ensure the local chapter bylaws, mission statements, visions and purposes are in line with those of the state affiliate chapter.* Justification: If a chapter affiliated with the parent organization of TSID gives the appearance (real or perceived) to be operating independently of the parent non-profit organization then it is not at liberty to be called an affiliate and any claims of non-profit status under that parent organization is considered fraud by the IRS.

The RID Compliance Committee recommends that the TSID president (or an appointed ad hoc committee) review all local affiliate chapters' bylaws, vision and mission statements and compare them with TSID's bylaws, vision and mission statements. Any discrepancies or differences should be addressed and revised so that they show unity and uniformity in purpose and structure, aligning the local chapters well with the state affiliate chapter, TSID.

*1.Remove "rid" from the local chapters' names.* Justification: RID does not have direct oversight of the financial dealings, activities or operations of local chapters in Texas. Local chapters with the initials "rid" give the appearance that they are directly affiliated with RID, bypassing TSID. This appearance of direct affiliation, without direct oversight or accountability, could be used against RID or against a local chapter if ever there is an audit, investigation or law suit against one or the other.

On behalf of one local affiliate chapter who is passionate about their name and who deeply desires to keep the "rid" but change "Registry" to "Region(al)", TSID asked RID to reconsider this requirement. The reply came in an email, "The name RID is trademarked by RID. They will need to take another name that does not encroach on our trademarked acronym." One member of the RID Compliance Committee looked into the legality of the trade marking of RID and is of the understanding that letters as initials or acronyms cannot be trademarked, but font, design, etc. can be. Still, the concern of appearances (real or perceived) of local chapters being directly affiliated with RID, yet without direct oversight and parenting by RID is an issue of concern.

*1.Establish an acceptable means of accounting and record keeping which provides TSID total oversight and accountability over the local chapter's money management.* Justification: it is a

best business practice and standard structure for a non-profit organization to have no more than two tiers of money management and accounting in order to ensure oversight and accountability, and to minimize the potential for misuse of funds or fraud.

After conversations with Colorado RID and reviewing the changes they have made with the approval of RID; after discussing the structure and operation of a master checking account with subordinate accounts, and policies and procedures with Brenda Prudhom, RID Treasurer; after meeting with Bank of America to confirm TSID can establish a master checking account with subordinate accounts; and after considering various issues and options the following recommendations are being made by the RID Compliance Committee for TSID members' consideration.

TSID should establish subordinate checking accounts (one for each local affiliate chapter), linked to their master checking account with Bank of America. Local chapters should close out their current checking accounts and submit a money order for the full amount to TSID to be deposited in their local affiliate chapter sub account, linked to TSID's master account.

The local affiliate chapters must provide the names of two persons to be given authorization and privileges on the sub accounts, along with the TSID treasurer. The TSID treasurer will ensure those names are submitted to the bank and will oversee the paperwork required from the bank to get the two persons' signatures and privileges on the sub accounts.

The TSID treasurer should establish with the bank a maximum check or check card amount not to exceed \*\$2000 without the TSID treasurer's approval.

Those 2 persons from the local affiliate chapters can make deposits, write checks and use the check card associated with their sub account with a maximum check/card amount not to exceed \$2000. If the local affiliate chapter finds it necessary to write a check or make a check card payment for an amount over \$2000, then prior approval from the TSID treasurer will be required by the bank.

Prior approval from the TSID treasurer will consist of a letter of intent and justification from the local affiliate chapter's treasurer or president submitted in the form of a hard copy by mail or fax, or a PDF copy by email. The letter should include the amount, or the maximum amount, for which the local affiliate chapter is requesting approval, and the date by which that payment will be made. The TSID treasurer will review the request for approval and respond within five business days to the local affiliate chapter's treasurer or president. The TSID Treasurer will also contact the bank within those same five business days to authorize the local affiliate chapter's privilege to write a check or use the check card for that amount at that time.

The TSID treasurer is advised to use judgment in granting approval to any reasonable request from a local affiliate chapter to obligate more than the regular maximum allowance if it is a legitimate business expense for the organization.

If the TSID treasurer is not available to review and approve a request within the five day period, or if the treasurer denies the request, the local affiliate chapter president or treasurer may submit the request to the state affiliate chapter president for approval within five days.

If the state affiliate chapter treasurer and president both deny the request to raise the maximum allowance for writing a check or making a check card purchase, the local affiliate chapter president and treasurer may appeal to the state affiliate chapter board at the next scheduled board meeting.

The local chapter will be responsible to make all deposits for their sub account directly with the bank and keep records of all deposits as well as all spending. A financial report of all deposits, spending, etc, will be completed by the local affiliate chapter treasurer and submitted to the TSID treasurer by the 5<sup>th</sup> of every month.

The TSID treasurer will be responsible to regularly monitor the local affiliate chapter sub accounts via online account access.

TSID will not make withdrawals of funds, transfer of funds, or otherwise obligate any funds out of the local affiliate chapter sub accounts. If a local affiliate chapter owes money to the state affiliate chapter then the local affiliate chapter will write a check or use the check card to make such a payment. (ie: for a fundraiser, such as D-PAN DVD sales).

Other than the initial deposit of a money order from the local affiliate chapter in order to open the subordinate checking account, TSID will not make any deposits of funds or transfer of funds into the local affiliate chapter sub accounts. If TSID owes money to a local affiliate chapter, the state affiliate chapter will submit payment by check or check card to the local affiliate chapter's treasurer or president. (ie: for hosting conference)

The TSID treasurer will establish line items in the state affiliate chapter's general budget to reflect the budgets and financial activities of the local affiliate chapters. The TSID treasurer will be responsible to include the local affiliate chapter financial activities as such in the state affiliate chapter's annual financial reports to RID and to the IRS.

If the TSID treasurer finds any suspicious activity on a sub account, he/she will immediately contact the corresponding local affiliate chapter's president and treasurer to confirm the activity on the account is for legitimate business purposes of the organization. If the initial inquiry leads to further suspicion of misuse of funds or fraud, the treasurer will immediately contact the bank to temporarily freeze sub account activity and inform TSID's president. The president and treasurer will inform RID of the concern and invoke the assistance of the state affiliate chapter's audit committee to perform an audit and investigate the matter further. If legal action is necessary, the state president and treasurer will notify RID as well as the local affiliate chapter president and treasurer with a certified letter.

\*\$2000 is an estimated amount used here for the purpose of example

**RID Compliance Committee 2010-2011**

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[Click here for RID requirements for local chapters.](#)

To view any other documentation obtained by the RID Compliance Committee during our investigations, please send a request to [CindyLBarnett@yahoo.com](mailto:CindyLBarnett@yahoo.com)