



Association  
Internationale d'Epidémiologie

INTERNATIONAL EPIDEMIOLOGICAL ASSOCIATION  
In official relations with the World Health Organization

国际流行病学协会

Международная  
Эпидемиологическая Ассоциация

الإتحاد  
العالمي للوبائيات

Asociación  
Internacional de Epidemiología



## IEA Council Meeting August, 2009 Edinburgh, Scotland

### Report of the Treasurer

Patricia Buffler

### Introduction

This report is intended for the IEA Council meeting to be held in Edinburgh, Scotland, 20-21 August, 2009 and for review and discussion with the Council on August 19, 2009.

I would like to highlight several issues for consideration by the IEA Executive Committee and the IEA Council.

### 1. Budget Planning

While the President's Report shows annual revenue as being substantially greater than expenditures since 2000, I wish to note the following expenditures and considerations that have not been factored into this analysis and would reflect a less optimistic picture.

- a. First, the Council approved an increase of \$92,000 per year for the IJE editorial office at the Council meeting in Sept 2008. This was not invoiced until August 2009 and did not appear on the budget as of June 2009. When this is factored in for 2008 and 2009, the cash on hand as of June 30, 2009 would be reduced by approximately 20%; \$908,602.30 compared to cash on hand at the end of 2007 of \$1,138,701.79.\* In addition, expenditures for 2008 would be ~\$ 340,000 against revenue of \$350,000. [See attached budget summary table for 2007, 2008 and 2009 (6 mos.) and Financial reports for 2007, 2008 and 2009]

Most of the unanticipated costs associated with WCE 2008, i.e., \$85,867.73, are reflected in the 2008 expenditures, and the balance of WCE 2008 costs, i.e., \$53,052.39 are included in the 2009 expenditures for a total unanticipated cost to IEA of \$138,920.12.

\* *When royalty revenue of \$299,910 (received July 13, 2009) is factored in, the income for 2009 to date is \$313,699 and the difference between income and expenses reflects a gain of \$59669, thus increasing the cash-on-hand to \$1,208,215.*

- b. Second, I am not sure how much longer IEA will have the *pro bono* services of Mary Jane Varley as our accountant. She has done this at no cost for approximately 20 years, and she has indicated to me that due to the increasing demands on her time in her official capacity with the

University of California Los Angeles Graduate School of Public Policy, she may not be able to continue providing this support, or committing as much time as she has in the past. Mary Jane Varley estimated that during the past year the volume of work for the Treasurer's office and the accountant increased fourfold or greater. She indicated that the number of transactions was not this large since 1991 when UCLA hosted the WCE.

- c. Third, as the President's analysis correctly notes, most of our revenue comes from royalties largely due to the success of the *International Journal of Epidemiology*. David Wegman (and others) have cautioned me about the uncertain future of this revenue stream due to the rapidly changing nature of print journals with the growing trend of electronic access. This should be discussed with OUP.
- d. Fourth, as noted this past year, 2008-2009, IEA's interest revenue has sharply declined due to the banking crisis. It remains uncertain as to when interest rates on investments and CDs will return to the levels observed before mid-2008.

I strongly support increasing outreach and services to the IEA membership, but in planning for increased activities and expenditures, I believe we need to factor in consideration of the above real and potential issues.

**Summary of 2007-2009 IEA Income and Expenses (revised to include additional cost for IJE Editorial Office)**

	<b>2007 (12 months)</b>	<b>2008 (12 months)</b>	<b>2009 (6 months)</b>	<b>Total</b>
<b>Income</b>	\$313,558.51	\$350,213.25	\$313,699.20*	\$977,470.96
<b>Expenses</b>	\$126,736.81	\$340,072.45 <sup>†</sup>	\$254,029.45 <sup>§</sup>	\$720,838.71
<b>Difference</b>	\$186,821.70	\$10,140.80	\$59,669.75	\$256,632.25
<b>Cash on Hand</b>	\$1,138,701.79	\$1,148,842.50	\$1,208,512.25	--
<b>WEC 2008 Expenses</b>	--	\$85,867.73	\$53,052.39	\$138,920.12

\* Includes \$299,910 Oxford University Press IJE Royalties for 2009 (received 7/13/2009).

† Including \$92,000 per year for IJE.

§ Including \$92,000 per year for IJE and \$53,052.39 for additional WEC 2008 reimbursements.

## 2. Proposed Transition to Professional Association Management Service

The IEA Secretariat has been exploring mechanisms for receiving membership payments electronically, though a service such as PayPal ([www.paypal.com](http://www.paypal.com)), via the IEA website. Implementing and maintaining such a payment system would entail a significant increase in workload to the IEA Treasurer and account manager (Mary Jane Varley), which would prove unsustainable with our existing systems.

Because of her volunteer status, it is inappropriate for Ms. Varley to use UCLA resources (e.g. computer, online access, work time) to manage the IEA Treasury accounts and, process IEA claims and revenue. Consequently, she processes IEA claims and revenue by in person visits to a local Bank of America branch office.

If these functions were to be transferred to the office of the current Treasurer, with attendant fiscal support from the IEA, claims and revenue processing could be done in-house, online at a substantial time savings. The process of establishing online access to IEA Treasury accounts and training Treasury staff is not an insignificant undertaking. Furthermore, with each change in the IEA Treasurer, these systems and training would need to be transferred and re-established.

Awareness of these factors, as well as the uncertain continued availability of Mary Jane Varley's *pro bono* accounting services to the IEA, prompted the IEA Treasurer to explore options for enlisting the services of a professional association manager to oversee the IEA's membership processing and financials. This type of service would allow the IEA Treasurer to handle the anticipated additional workload and would provide continuity for IEA when transitions of persons in the Treasurer and Secretarial positions occur.

- a. **Bank of America costs and requirements** for online payments through the IEA website are included in Appendix A. In order to proceed with an application for establishing online payments to Bank of America, the IEA would need to provide:
  - i. Application filled out and signed (Signature & Guarantor Signature Required).
  - ii. Trade References (Invoices from purchases made to run the business, such as product, supply vendors or fulfillment houses).
  - iii. 2 years of business financials (business tax returns for the last 2 years, or CPA prepared financials for the business, or the owners personal tax returns for the last 2 years).
  - iv. 2-3 previous customer invoices.

Merchant fees (of ~4%) for electronic payments would need to be factored into the membership payment structure.

- b. **Professional Association Management** services, such as FirstPoint Management Resources ([www.firstpointmanagementresources.com/](http://www.firstpointmanagementresources.com/)) offer services such as strategic planning, board committee support, government and public relations, financial and account management, membership management, website design and support, graphics design and support, fundraising and issues management. Their involvement could be limited to administrative duties (e.g. accounting, meeting planning, membership management) or they could provide executive leadership to serve as a resource to the IEA Council members. Costs vary depending on the level of service provided.

FirstPoint is the management service used by the American College of Epidemiology. I contacted them for a general overview of the services they provide and the resources they would require for our services. As an example, they estimated that for simple management of the IEAs membership, accounts and annual regional meetings, they would estimate assigning us an Account Executive plus 2–3 administrative staff. An overview of their services is found in Appendix B.

If were to move forward with using such a service, the IEA would need to determine the level of involvement and scope of work they would require from such a service provider. The management service provider would begin by meeting with IEA leadership to create a strategic plan for the Association's direction and management needs over the coming years.

### 3. Management of IEA Finances

In the future, we will need to consider the possibility of diminishing revenue from royalties [and interest], prudent management of existing resources and continuity of processes.

- a. While there is no impetus at the moment to change the IEAs accounts to another bank, any consideration of a transition in the future will need to consider international banking rules and restrictions related to payment of invoices and claims.
- b. Historically, it may be that the IEA's accounts have been located in the United States because IEA is incorporated in U.S. [State of Maryland], and, until this past year, the U.S. enjoyed a stable economic environment and diplomatic relations with a majority of countries around the world.

It is critical that the IEA's deposits be maintained within a country that has:

- i. International banking rules stringent enough to satisfy global economic standards,
  - ii. Banking standards and laws robust enough to protect the associations assets, and
  - iii. The ability to conduct international fiscal transactions.
- c. The IEA's accounts include a Certificate of Deposit (CD) at Wachovia Bank in the amount of approximately \$202,000 (USD) with an interest rate of approximately 1.8%; and an interest-bearing money market checking account at Bank of America with an average annual balance of approximately \$1 million but with a current interest rate of only approximately 0.20% (as of June 2009). Because of the significantly lower interest rate on the money market checking account, I recommend exploring the possibility of moving approximately \$500,000 from the checking account into a higher-interest bearing CD at the Bank of America.

#### 4. Difficulties with Claims Payments in 2008-2009

During the August 2008 – June 2009 period, the Treasurer's office encountered numerous difficulties in payment of IEA claims (reimbursements, invoices, bursaries). These included delays in claim approvals because of incomplete information, lost or delayed wire transfers, misdirected wire transfers and duplication of claims payments.

- a. **Delays in claims approvals** occurred because claimants failed to provide adequate documentation and/or wire-transfer banking information. All claims were ultimately resolved, however, not without a significant investment of time on the part of IEA Treasury and Accounting staff. To prevent these delays in the future, the IEA Treasurer's staff revised the IEA claim form (Appendix C) to clarify the information and documentation required for approval and processing of claims.
- b. **Lost and delayed wire transfers** occurred with international wires sent to banks in India, Denmark, Argentina, Colombia and the Middle East. In many cases, recipient banks simply held the money without depositing it into the claimant's account. Claimants were often required to visit their bank in person with a copy of the wire confirmation and other documentation to request that the money be deposited into their account. Ms. Varley notes that this kind of difficulty is unprecedented in her twenty years of processing IEAs payments; she attributes the banks' hesitancy to accept/deposit funds into client's accounts to the shaky world economic climate this past year. We are all hopeful that this has been resolved.

- c. **Misdirection of wire transfers** occurred when claimants provided incorrect or incomplete bank account information for their wire transfers. These problems were resolved by direct communication of the Treasurer's staff with the claimants and their banks.
- d. **Duplication of claim payments** occurred because of confusion over who was to pay the bursaries awarded to some WEC 2008 (Brazil) attendees. Individual WEC attendees submitted their own bursary claims, while at the same time ABRASCO submitted claims for reimbursement of bursaries to pay these same individuals. The duplication of payments was detected by the IEA Treasury staff and duplicate electronic payments were recalled to the IEA accounts.

Given these payment difficulties, I wish to reiterate the following advisories regarding the submission and payment of IEA claims:

- a. Because of IRS regulations related to IEA's tax-exempt status, only actual expenditures supported by documentation (such as receipts, invoices, etc.) may be claimed, except for expenditures for which receipts are not offered, such as travel on metropolitan railways (e.g. London Underground).
- b. Errors or missing information on reimbursement requests will delay processing. Errors in banking information may result in misdirected or lost payments; claimants should be careful to check with their bank to get accurate account, SWIFT Code and IBAN information for their wire transfer.
- c. The IEA prefers to wire funds directly to the claimants bank and cannot guarantee the integrity of wire transfers passed through multiple banking institutions.
- d. Processing of wire transfers may take up to 30 days. (Claimants now receive an email from the Treasurer's office informing them when their claim was approved and sent to UCLA for execution of payment. Claimants are encouraged to contact their bank frequently within the 30-40 days after receiving this email, to check on the status of their wire transfer. If the transfer is not received in a timely manner, Claimants can contact the Treasurer's office (Theresa Saunders) to obtain a wire confirmation that they can take to their bank to support their claim.)
- e. In the future, the IEA Secretariat must provide clear information to the Treasurer regarding payment of individual bursaries or reimbursements through a third party (e.g. ABRASCO), so that duplicate payments can be prevented.

- f. The IEA Treasurer and Secretariat should explore the possibility of obtaining a corporate credit card that can be used to directly charge meeting expenses such as conference room rentals, equipment rental, entertainment expenses, etc. This would reduce the work required to obtain lines of credit with vendors and process invoice payments after the fact.