


40 Community Sector Council
Newfoundland and Labrador
IDEALS & ACTION
www.communitysector.nl.ca

The Role of Treasurers and Finance Committees

12 March 2018






Presented by:
Shelley Martin, CPA, CA
Project Co-Coordinator, *BY THE BOOK\$*

BY THE BOOK\$
Financial Management


The Role of Treasurers and Finance Committees 1

40 Community Sector Council
Newfoundland and Labrador
IDEALS & ACTION
www.communitysector.nl.ca







Directory of Services



Treasurers for Tomorrow



Skills-Building



Networking

BY THE BOOK\$
Financial Management

The Role of Treasurers and Finance Committees 2

 Community Sector Council
Newfoundland and Labrador
www.communitysector.nl.ca

Structure of Board

- Directors positions
- Committees of the Board
- Senior Staff

 BY THE BOOKS
Financial Management

The Role of Treasurers and Finance Committees 3

 Community Sector Council
Newfoundland and Labrador
www.communitysector.nl.ca

Directors' Positions

- Chair
- Vice-Chair
- Treasurer
- Secretary
- Director at Large or Specific Program Role
- Ex-officio Members (Usually staff or special interest)
 - CEO/ED/President
 - CFO

 BY THE BOOKS
Financial Management

The Role of Treasurers and Finance Committees 4



Community Sector Council
Newfoundland and Labrador
www.communitysector.nl.ca


Committees of the Board

- Finance
- Governance
- Human Resources
- Other as need dictates (Marketing, Membership, etc.)



BY THE BOOKS
Financial Management


The Role of Treasurers and Finance Committees 5



Community Sector Council
Newfoundland and Labrador
www.communitysector.nl.ca


Role of the Board

- Mission & purpose
- Guiding CEO to achieve organizational objectives
- Monitoring progress toward an approved plan
- Smooth operation and oversight
- Keeping the organization in line with its position in the community



BY THE BOOKS
Financial Management


The Role of Treasurers and Finance Committees 6

 Community Sector Council
Newfoundland and Labrador
www.communitysector.nl.ca


Role of the Board (cont'd)

- Organization Mandate
- Financial Management *
- Management of all resources
- Participation in the development and approval of the budget

* Financial Management is the management and accounting of funds to ensure they are spent in accordance with the “Board Approved” plan and objectives


 BY THE BOOKS
Financial Management

The Role of Treasurers and Finance Committees 7


 Community Sector Council
Newfoundland and Labrador
www.communitysector.nl.ca

Other Financial Responsibilities

- Reading and understanding financial reports
- Understanding Board’s financial policies
- Declaring any potential conflict of interests
- Participating in approving the annual budget, audit, annual financial report and financial statements


 BY THE BOOKS
Financial Management

The Role of Treasurers and Finance Committees 8


 Community Sector Council
Newfoundland and Labrador
www.communitysector.nl.ca

Other Financial Responsibilities

- Ensuring Payroll deductions and HST remittances are made in a timely manner
- Cheques signed in accordance with Policy


 BY THE BOOKS
Financial Management

The Role of Treasurers and Finance Committees 9

 Community Sector Council
Newfoundland and Labrador
www.communitysector.nl.ca

Approving the Budget

- Reflect the organization's priorities?
- What assumptions have been made?
- Who is responsible for monitoring and controlling?
- What are the Policies for preparation and control of the budget?

 BY THE BOOKS
Financial Management


The Role of Treasurers and Finance Committees 10



Community Sector Council
Newfoundland and Labrador
www.communitysector.nl.ca


Treasurer

- Member of the Board of Directors
- Ensures management of the organization's finances
- Reports directly to Board **or** through the Finance Committee to the Board
- May maintain all bank accounts



BY THE BOOKS
Financial Management


The Role of Treasurers and Finance Committees 11



Community Sector Council
Newfoundland and Labrador
www.communitysector.nl.ca

Treasurer

- Supervise all transactions
- Monitor the budget
- Prepares financial reports and provides updates to the Board



BY THE BOOKS
Financial Management

The Role of Treasurers and Finance Committees 12



Community Sector Council
Newfoundland and Labrador
www.communitysector.nl.ca

Finance Committee

- Normally composed of two or more Board members
- Reviews and recommends Treasurer's reports to the Board
- Reviews and recommends Budgets to Board
- Reviews Financial Reports as prepared by External Auditors and recommends to Board.
- Reviews and presents Financial policies to Board



BY THE BOOK\$
Financial Management

The Role of Treasurers and Finance Committees

13



Community Sector Council
Newfoundland and Labrador
www.communitysector.nl.ca

What does a Finance Committee do?

The role of the finance committee is primarily to provide financial oversight for the organization.


Typical task areas for small and mid-sized groups include budgeting and financial planning, financial reporting, and the creation and monitoring of internal controls and accountability policies.



BY THE BOOK\$
Financial Management

The Role of Treasurers and Finance Committees


14



Community Sector Council
Newfoundland and Labrador
www.communitysector.nl.ca


Budgeting and Financial Planning

- Develop an annual operating budget with staff.
- Approve the budget within the finance committee.
- Monitor adherence to the budget.
- Set long-range financial goals along with funding strategies to achieve them.
- Develop multi-year operating budgets that integrate strategic plan objectives and initiatives.
- Present all financial goals and proposals to the board of directors for approval.



BY THE BOOKS
Financial Management


The Role of Treasurers and Finance Committees 15



Community Sector Council
Newfoundland and Labrador
www.communitysector.nl.ca


Reporting

- Develop useful and readable report formats with staff.
- Work with staff to develop desired reports noting the level of detail, frequency, deadlines, etc.
- Work with staff to understand the implications of the reports.
- Present the financial reports to the full board.



BY THE BOOKS
Financial Management


The Role of Treasurers and Finance Committees 16



Community Sector Council
Newfoundland and Labrador
www.communitysector.nl.ca


Internal Controls and Accountability Policies

- Create, approve, and update (as necessary) policies that help ensure the assets of the organization are protected.
- Ensure policies and procedures for financial transactions are documented in a manual, and the manual is reviewed annually, and updated as necessary.
- Ensure approved financial policies and procedures are being followed.



BY THE BOOKS
Financial Management


The Role of Treasurers and Finance Committees 17



Community Sector Council
Newfoundland and Labrador
www.communitysector.nl.ca


Compliance With Approved Policies

- Personnel policies
- Executive compensation packages (in the absence of a separate human resources committee)
- Long-term contracts or leases
- Loans or lines of credit
- Internet use and computer security
- Capital purchases
- Disposition of donated stock
- Insurance requirements and reviews
- Record retention
- Gift acceptance



BY THE BOOKS
Financial Management


The Role of Treasurers and Finance Committees 18



Community Sector Council
Newfoundland and Labrador
www.communitysector.nl.ca


Role of the Finance Chair

- The finance committee chair is most often the board treasurer.
 - As chair of the finance committee, the board treasurer makes sure the committee does its job. Specific duties of the chair include:
 - Serving as the principal liaison between the committee and the full board,
 - Working with the staff leader to set an agenda for each committee meeting,
 - Notifying members about the meeting,
 - Ensuring handouts and reports are prepared and sent to committee members in advance



BY THE BOOK\$
Financial Management


The Role of Treasurers and Finance Committees 19



Community Sector Council
Newfoundland and Labrador
www.communitysector.nl.ca


Covering Audits and Investments

Depending on many factors including – the size of the board, the size of the budget, the magnitude and complexity of existing financial assets – the finance committee may be called upon to perform the roles of two other committees that are usually separate in larger organizations: the audit committee and the investment committee. The basic audit and investment committees responsibilities include:



BY THE BOOK\$
Financial Management


The Role of Treasurers and Finance Committees 20



Community Sector Council
Newfoundland and Labrador
www.communitysector.nl.ca


Audit Committee

- Ensures that the annual audit is conducted in an efficient and cost effective manner
- Oversees the financial systems and Internal Controls
- Recommends approval of the annual audited financial statements to the Board
- Recommends the appointment of the external auditor



BY THE BOOKS
Financial Management


The Role of Treasurers and Finance Committees 21



Community Sector Council
Newfoundland and Labrador
www.communitysector.nl.ca


Audit Committee

- Recruit and select the auditor.
- Review the draft audit and notes as presented by the auditor.
- Present the audit report to the full board of directors (if the auditor does not do this).
- Review the management recommendation letter from the auditor and ensure follow up on any issues mentioned.



BY THE BOOKS
Financial Management


The Role of Treasurers and Finance Committees 22



Community Sector Council
Newfoundland and Labrador
www.communitysector.nl.ca


Investment Committee

- Draft an investment policy detailing the objectives of the investment portfolio, guidelines on the asset allocation of the portfolio based on a predetermined level of risk tolerance, authorizations for executing transactions, disposition of earned income, etc.
- Ensure provisions of the policy are followed.
- Review the policy at least annually and update if necessary.
- Hire and evaluate the investment managers/advisors.



BY THE BOOK\$
Financial Management


The Role of Treasurers and Finance Committees 23



Community Sector Council
Newfoundland and Labrador
www.communitysector.nl.ca


Summary


- Sound financial management is one of the most important policy development and monitoring areas of a board of directors.
- Board responsibilities are somewhat different in an organization with senior staff compared to an organization without senior staff.
- Financial policy developed to reflect the different roles and responsibilities of each.



BY THE BOOK\$
Financial Management

The Role of Treasurers and Finance Committees 24

 Community Sector Council
Newfoundland and Labrador
www.communitysector.nl.ca



EVALUATION


Excellent

Good

Average

Poor

Please complete the feedback form provided.

 BY THE BOOKS
Financial Management

The Role of Treasurers and Finance Committees 25

 Community Sector Council
Newfoundland and Labrador
www.communitysector.nl.ca

Thank-You!

Community Sector Council Newfoundland and Labrador
25 Anderson Avenue, St. John's NL A1B 3E4

Shelley Martin
shelleymartin@cscnl.ca

Darlene Scott
darlenescott@cscnl.ca

709 753 9860
Toll free: 1 866 753 9860

www.communitysector.nl.ca

 BY THE BOOKS
Financial Management

The Role of Treasurers and Finance Committees 26