

3. Board Finance Committee

- A. **Purpose:** The Board Finance Committee provides financial oversight for the association and consults with the board on strategic issues with financial implications. The Board Finance Committee duties also include oversight responsibilities for the audit process. As CSHA's revenues grow over time, the association may need to establish a separate audit committee, consistent with California Government Code Section 12586(e). At such time, the board of directors will be required to make the necessary changes to this policy.
- i. Budgeting and financial planning
 - a. Collaborates with staff in the annual budget development process.
 - b. Approves the annual budget within the committee for recommendation to the full board for adoption.
 - c. Ensures board-approved financial policies are being followed.
 - d. Makes recommendations as appropriate for board consideration regarding revisions to the board's financial policies.
 - ii. Reporting
 - a. Collaborates with staff in developing accurate, useful reports for board consumption.
 - b. Works with staff to understand the implications of the reports.
 - c. Presents, with staff support, financial reports to the full board at each meeting.
 - iii. Audit oversight
 - a. Reviews the board's audit policy annually to ensure compliance.
 - b. Makes recommendations to the board for appropriate revisions to the board's audit policy.
 - c. Confirms auditor's independence and engagement of auditor by no later than June each year.
 - d. Ensures that the auditor, in their work with the CEO and/or their designee, has unfettered access to organizational management and records.
 - e. Reviews with the auditor any problems encountered performing the audit, the audited financial statements and any management letter provided to the board.
 - iv. Investment oversight
 - a. Monitors the association's investments to ensure they are consistent with the board's investment policy.
 - b. Ensures an annual report to the board (in writing and/or in person) by the board's financial adviser.
 - c. Annually reviews the board's investment policy and makes necessary recommendations to the board for changes to the policy.
 - d. Makes recommendations to the board regarding the performance of the investment advisor.

- B. **Qualifications:** Committee members shall have: the ability to read and understand fundamental nonprofit financial statements (including a statement of financial position, statement of activities and statement of changes in net assets, statement of cash flows and key performance indicators); and the ability to understand key operational and financial risks and related controls and control processes.
- C. **Leadership:** The secretary/treasurer serves as chair of this committee. The chair:
- i. Serves as the principal liaison between the committee and the full board.
 - ii. Plays the lead role on the committee in collaborating with staff to develop the annual budget.
 - iii. Reports to the board at each board meeting on the status of the association's finances.
 - iv. Works with the CEO and/or his or her designee to:
 - v. Set an agenda for each meeting of the Board Finance Committee and notify members of each meeting.
 - vi. Ensure that appropriate financial reports are made available to the board on a timely basis.
- D. **Committee makeup and terms:** The Board Finance Committee is comprised of the secretary/treasurer (who serves as its chair), and four (4) additional members. Two members are appointed each year by the incoming CSHA board chair and approved by the board. Two committee members must be non-officer board members. The remaining two members may include: board members, association members who are not board members and individuals who are not association members. Committee members:
- i. Serve a two-year term.
 - ii. Attend (via conference call or in person) meetings called by the chair.
 - iii. Review all financial reports in sufficient time to provide thoughtful feedback to the staff and committee regarding the association's financial position.
- E. **Staff:** The committee is staffed by the CEO and/or his or her designee.
- F. **Meetings:** The committee meets as necessary via telecommunications. The committee may meet in person at the annual conference as necessary.
- G. **Authority:** The committee may incur costs only as provided for the committee in the board-approved budget. The committee has no management authority except for that specifically delegated to it in the bylaws or board policies.