

Suggestions for Things to Include in a Board of Directors Finance Committee Annual Work Plan

1. REPORTING

Determine how the Finance Committee and the full Board of Directors want to see financial information.

Start by polling or questioning members of the Board and the Committee to determine which topics are of greatest concern and interest.

Develop and propose to Board members and Committee members a format and timetable for reporting. It often works well for the chief executive to sit down with the chairs of those groups to talk through the pluses and minuses of various reporting options.

Be sure the reporting you propose is:

- Selective (not pages and pages of info)
- Strategic (related to the topics and areas Board members think are most important), and
- Graphic – so busy people who may not be familiar with budgets and accounting can see the most important trends quickly and easily

Be prepared to regularly send extensive information such as the Finance Committee receives to any Board member who requests it.

- Most important of all make sure that staff
- Are very disciplined about avoiding accounting jargon. Insist that they speak and write clearly.
- Emphasize what is important and leave the rest out.
- Answer questions directly and do not get lost in the minutiae of how they arrived at a particular answer.
- Do not hesitate to say “I don’t know but I will find out.”

2. POLICIES

Early in the Board year work with staff to perform a policy review. Determine whether you have the policies you need and whether they say what you want them to.

Board policies should lay out clearly to staff which financial decisions a) require Board approval, b) require that the Board be informed, and c) do not require any notice to the Board.

They should also capture the Board’s policy-level intentions; for example:

The Agency Budget

- What constraints does it place on staff?
- Can the chief executive exceed individual spending lines and/or fall short in individual revenue lines as long as the bottom line (net income) meets the amount the Board adopted?
- What should happen if trends indicate that the net income figure included in the budget will not be met?
- Does the Board want to impose any guidelines in advance of preparation of the budget – e.g., a net income of zero?

Internal Controls

- Are current internal controls adequate?
- Are they consistently adhered to?

Fiscal Policies

- Has the Board established a target figure for cash reserves?
- Has the Board determined actions to be taken if the target figure for cash reserves is not met?
- Are the circumstances under which the chief executive may utilize the agency line of credit clearly spelled out in policy?
- Who is authorized to sign contracts and in what circumstances?
- Are there guidelines for when competitive bids are required?
- Is the Board explicit about the extent of any favoritism it wants staff to show toward local vendors?
- Is it clear that the Board must authorize all borrowing?
- Does a policy make it clear when a “project” becomes a “capital project” that requires a higher level of approval?
- Is there an investment policy?
- Is there a policy making clear what is to be done with shares of stock, bonds, mutual funds, real property, or miscellaneous items that are donated to the agency?
- Do Board policies make the Board’s role in overseeing cash management clear?
- Are there policies limiting the chief executive’s check-signing authority and/or requiring dual signature or second-person review of checks?
- Are there appropriate policy-level reporting requirements in place for all the items listed above?
- Is a compensation policy in place (this policy may fall under the purview of a Human Resources Committee)?
- Has an Audit Committee been established?

Other Policies that Often Fall Under the Umbrella of the Finance Committee

- Is there a policy in place that defines the oversight role the Board will play in risk management and insurance? In compliance?
- Are policies in place that ensure that all pay practices are in compliance with the Fair Labor Standards Act?
- Is there a policy in place requiring the agency to indemnify Board and staff members who are the targets of litigation?

3. RECORD KEEPING

Are all Board fiscal policies, in their up-to-date form, maintained in one place where everyone who needs to see them can access them easily?

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