

## 2022-23

# FINANCE COMMITTEE CHARTER



### **Purpose:**

The committee is responsible for reviewing the annual operating and capital budgets, recommending changes to the CFMA investment policy and recommending independent auditors.

### **Operations:**

The Committee will have periodically, at a minimum, four conference call meetings during the fiscal year. The schedule of these calls will be determined by the Committee Chair and Vice Chair. Materials are to be provided three business days prior to any meeting. Minutes documenting the discussions, decisions made, and actions taken during the meeting will be produced and distributed within ten business days. During meetings of the committee a majority of the members of the committee at the time of the meeting shall constitute a quorum. A quorum needs to be established for a vote of any questions brought to the Committee and must be affirmed by a simple majority of those present to be approved. At all meetings of the Committee, either the Chair or Staff Co-Chair, if present, shall act as Chair. In their absence, the Vice Chair shall act as Chair.

Subcommittees of this Committee may be formed for the purpose of carrying out specific ongoing responsibilities of the Committee. Subcommittees are governed by this charter and will be populated with Committee members and other stakeholders, subject to Committee approval. Subcommittees will make periodic reports to the Committee including any new issues raised for consideration by the Subcommittee. The Subcommittee(s) for this committee and their purposes are listed below.

Subcommittees of the Finance Committee are:

- **Audit Subcommittee:** The Audit Subcommittee assists the Finance Committee in fulfilling its oversight responsibilities by monitoring the overall systems of internal control and risk mitigation, the integrity of the financial statements of CFMA, compliance of CFMA with legal and regulatory requirements and the independence and performance of the organization's independent auditors. The Subcommittee's role is one of oversight. The organization's management is responsible for preparing the internal financial statements and the independent auditors are responsible for auditing those financial statements. The Subcommittee recognizes that management and the independent auditors have more time, knowledge and detailed information about the organization than do the Subcommittee members. Consequently, in carrying out its oversight responsibilities, the Subcommittee is not providing expert or special assurance as to the organization's financial statements or any professional certification as to the independent auditor's work.
- **Charges of the Audit Subcommittee:**
  - Recommend the appointment and, if appropriate, termination of the independent auditors.
  - Review and approve the scope of the annual audit and associated fees.
  - At least every three (3) years, review and approve engagement of an independent auditor.

- Review and discuss with CFMA's independent auditors the results of the audit of the financial statements and any related reports, if applicable.
- Review the organization's annual tax returns (Forms 990 & 990-T) prior to submission to the Internal Revenue Service.
- **Investment Subcommittee:** The Investment Subcommittee assists the Finance Committee in fulfilling its oversight responsibilities by monitoring the Reserve Fund Investments through the external Investment Manager and recommending changes to the Investment Policy. The committee is formed under the authority of the Investment Policy and shall perform all duties defined within the policy. The Subcommittee's role is one of oversight. The Subcommittee recognizes that the Investment Manager has more time, knowledge and detailed information about the stock market than do the Subcommittee members. Consequently, in carrying out its oversight responsibilities, the Subcommittee is not providing expert or special assurance to the Investment Manager's work.
  - Charges of the Investment Subcommittee:
    - Recommend the appointment and if appropriate, the termination of the investment advisor.
    - Conduct an Annual Risk Tolerance Survey.
    - Recommend changes to the Investment Policy.
    - Monitor the Reserve Fund Investments for compliance with the Investment Policy.

**Investment Subcommittee Population and Terms:**

The Investment Subcommittee shall be composed of at least 6, but no more than 10, members and shall include the current and immediate past CFMA Treasurer, President & CEO, and CFMA Director of Finance, with the current CFMA Treasurer recommending the remaining members, for approval of the Officer Group and President & CEO. Each remaining member will have a one-year term with the maximum of two consecutive terms, with the goal of not rotating off all of the remaining members in a given year. Term limits may be extended upon annual approval by the Officers.

The Committee Chair and Vice Chair may form task forces as needed. Task Forces are temporary stakeholder groups that address specific non-routine issues or other duties that align with the overall committee charges.

Task Forces are governed by this charter and will be populated with Committee members and other stakeholders, subject to Committee approval. Task Forces are disbanded upon completion of the specific work activity or converted to subcommittees if it is determined that they should become a permanent part of the Committee. Task Forces are required to have a purpose statement and defined timeframe.

**Charges of the Finance Committee:**

- Review and recommend the annual operating and capital budgets.
- Review and recommend changes to the Investment Policy.
- Recommend CFMA's independent public accounting firm.
- Review CFMA's unaudited internal financial statements on a quarterly basis.
- The finance committee will appoint a task force prior to the renewal date, to review the insurance plans and coverage of the Association and recommend changes where necessary.

### **Committee Population and Terms:**

Committee members are required to attend at least half of the Committee meetings to retain membership on the Committee. Any member failing to meet this requirement will be removed from the Committee at the discretion of an affirmative vote of the Committee Chair, Vice Chair and Staff Co-Chair. Signed and returned committee affirmations will confirm member participation each year.

The CFMA Treasurer shall serve as the Finance Committee Chair and the CFMA Vice Chair shall serve as the Finance Committee Vice Chair. The CFMA Director of Finance shall serve as the Finance Committee Staff Co-Chair. The Staff Co-Chair is a non-voting member of the committee.

The Committee will annually review their committee composition metrics to ensure they are striving for the following metric guidelines. CFMA will provide these metrics for review by the Committee Co-chairs and their Executive Liaison on an annual basis.

- The recommended annual new member percentage should be between 15-20%.
  - The percentage of General and Associate members should be reviewed annually to ensure it aligns with the needs to the committee.
  - The overall committee service year average should be between 3 and 6 years.
- Note: Each committee should also review the balance of committee members they have at each level, 0-3, 4-6 and 7 years and above.*

### **Authority:**

The Committee can execute and take action on any items included in the committee's stated purpose and approved budget. The Committee does not have the authority to act or speak on behalf of CFMA without the prior approval of the Executive Committee.

If the committee proposes a major change or addition to their stated purpose it would require approval by the Executive Committee. Such proposals will need to be incorporated into the **Committee Recommendation Form** and then submitted to the Officers to determine if the request is ready for review. Once the request is approved by the officers, the officers have the authority to direct the request to the Executive Committee for review and approval.

### **Reporting:**

The Committee Chair reports to the Executive Committee. The Chair shall provide a written report of committee activities to each regular meeting of the Executive Committee, as well as to the Board of Directors, Officers or Executive Committee members when called upon to do so.

### **Resources:**

As approved by the Executive Committee, resources include an annual program plan and budget plus associated staff resources. The work of the Committee is supported administratively by designated CFMA HQ staff. At times, the Committee will utilize specific vendors to assist with the carrying out of the Committee's charges.

*Adopted & approved by the Executive Committee 3-24-22.*