

ROLE OF THE FINANCE COMMITTEE

The finance committee is charged with overseeing and keeping the board of directors informed of an organization's overall financial health.

The finance committee generally should be involved in the following tasks:

- **Budgeting and Financial Planning**
The committee should identify key assumptions and initiatives that will influence the process. Members and staff must discuss internal and external factors that could affect budgets over the next several years, including an organization's strategic plans.
- **Financial Reporting**
The committee should work with the accounting team to ensure that financial information is available for their review on a timely basis. The committee then oversees the preparation and distribution of financial statements. It monitors the adequacy of the organization's financial resources and their allocation toward the accomplishment of its mission. Simultaneously, the committee ensures that donor-imposed restrictions are being met. Additionally, the committee evaluates if the resources are sufficient to support expected program and operating expenses.
- **Internal Controls**
The finance committee should work with staff to develop effective controls and policies and document them. The committee also must make sure that approved controls are followed and that filing deadlines are met.
- **Administration of Financial Resources**
The finance committee establishes and confirms compliance with fiscal and related policies and procedures.
- **Communication with the Board**
The committee works with staff to determine the best way to convey information the board needs for sound decision-making.

A strong finance committee is important to the overall success of an organization.