

Finance Committee Charter

Note to users: This is a template that any church can quickly and easily refine. The Charter suggests best practices that can be scaled up or down to suit the Board's needs. It is ideally used collaboratively with the preparer. Users should consult with a church administration, board management, or accounting professional to adapt, change, delete, and add to elements to meet a church's unique needs, standards, and preferences.

General: Working closely with the Head of Staff and Church staff leaders, the Finance Committee oversees the financial function of the Church and its entities. The Committee is accountable to the Church Board (also known as the Session) which approves this charter. The entire Board remains accountable to the Church members for protecting the organization's financial wellbeing.

Composition: The Finance Committee shall consist of at least two members of the Board, two deacons of the Church, and Board-approved volunteers from the Church. The Head of Staff and Administrator shall serve as ex officio members with a vote.

- 1) Expertise. It is anticipated that the Committee will always include some members who possess skills in accounting and financial management. The Committee seeks members with professional certification in accounting, investing, and law.
- 2) Chair. The Finance Committee Chair shall be appointed annually by the Board, in consultation with the Head of Staff. The Chair also serves as the treasurer of the corporation. The Chair serves as the principal liaison between the Committee and the full Board and with the staff leaders. The Chair works with the staff leaders to plan the annual and strategic work of the Committee and to schedule each Committee meeting. The Chair leads each meeting in accord with Roberts Rules of Order.
- 3) Term. Each member will serve for a three-year term starting at the beginning of the fiscal year.
- 4) Support. The manager and staff of the Finance Office provide primary staff support.

Responsibilities

- 1) Strategic. In accord with the Board's strategic plans and initiatives, review and recommend multi-year financial model with funding strategies to achieve them.
- 2) Financial management. Review and recommend the following: Annual operating budgets of the Church and its entities; special projects; designated funds, and major capital programs. Approve amount (i.e., \$ or %) of annual staff compensation adjustments. Monitor budget adherence and overall financial performance. Review financial statements at least twice per year. Report at least quarterly to the Board and at least annually to the congregation on the financial condition of the Church.
- 3) Generosity development. As a Committee or by appointing a separate team, develop and/or approve a ministry funding and member stewardship strategy. Approve external resources needed to accomplish Committee goals. Oversee implementation, report results, and improve effectiveness of its strategies.
- 4) Controls. Authorize and amend financial policies that help safeguard the assets of the Church and its entities. Specifically include policies related to an accountable reimbursement plan for employees and authorized members of the Church. Oversee the Church's accountability documentation. Designate the officers and employees of the corporation who can execute documents and act on behalf of the organization in the ordinary course of business. The Chair may serve as the "whistleblower" compliance officer.
- 5) Money management. Approve selection of a bank to manage cash assets and provide banking services. Recommend creation and modification of restricted and designated funds, including a cash reserve fund and a fund for maintaining or replacing equipment. Recommend approval of loans or lines of credit. For long-term monetary assets, create, amend, and at least annually approve an investment policy statement (IPS) containing all standard elements. Review and approve selection and performance of an investment manager to execute the IPS. Review semiannually the performance of invested funds and modify the IPS during the year as needed.

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- 6) Financial Review or Audit. Determine the method of independent review or audit of financial records. For an internal financial review, select and oversee a qualified member of the Church (not on the Finance Committee) to conduct the review. For an external audit or review, retain, oversee performance of, and terminate an independent financial services firm. Review any relevant portions of the “management letter” and other communications from the reviewer or auditor. Review should include discussion with the Church financial manager about any significant deficiencies or material weaknesses regarding accounting principles, practices, and judgment. Ensure follow up on resolution of any issues mentioned in the management letter. Review and recommend approval of the annual report to the whole Board.
- 7) Insurance. Appoint a member to collaborate with the Administrator to oversee Church insurance matters. As due diligence every other year, review and approve an organizational stewardship strategy, risk mitigation plans, and corporate insurance policies including their types, scope, broker, carrier, and amount of coverage. Orient the officers about major aspects of the above and their responsibilities.
- 8) Legal. The Committee supports the Board by overseeing or conducting corporate legal analysis, including matters related to risk assessment, legal structure, property, incorporation, and bylaws.

Meetings

- 1) The Committee will meet at least quarterly in person and at other times as its Chair or a majority of its members deems necessary, either in person or by telephone or video conference.
- 2) Special meetings may be called with a minimum notice of 3 business days.
- 3) A quorum for any meeting is a majority of the appointed and ex-officio members.
- 4) The Chair and Administrator in consultation with the Head of Staff will develop an agenda in advance of the meeting and communicate meeting details and preparation materials in a timely fashion.
- 5) The Chair in consultation with the Administrator may invite other interested parties or resource advisors to present information and provide expertise on matters facing the Committee.

Reports

- 1) The Committee will produce written reports at the conclusion of each meeting, which will include an attendance record, a copy of the agenda, and an adequate summary of Committee discussions with documented recommendations and decisions.
- 2) Reports will be completed within one week following each meeting and forwarded to the appointed and ex-officio members. Reports will be provisional until approved by the Committee at its next meeting.
- 3) Provisional and approved minutes along with meeting agenda and supporting materials will be retained and easily accessed electronically.
- 4) Summaries of each meeting along with proposed action items will be provided to the Board.
- 5) An annual report will be provided to Church members at its annual corporate/congregational meeting.

Evaluation

- 1) The Committee will annually review this charter and may amend it with super-majority (2/3) approval of the Committee and majority approval by the Board.
- 2) The Committee will conduct periodic performance assessments to review its own performance and other matters the members deem appropriate.

Resources:

AICPA, Nonprofit Accounting Basics, NEO Law Group Non-Profit Law Blog, American Cancer Society, National Leadership Team of the Evangelical Presbyterian Church

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