Financial Management Series

Finance Team Roles and Responsibilities

August 19, 2010
Series Agenda

Session 1: Organizational Systems and Controls
- Internal controls and compliance, financial infrastructure, reporting systems

Session 2: Data Analysis
- Interpreting financial statements, financial ratios and financial dashboards

Session 3: Finance Team
- Financial competency and roles and responsibilities
Partners

Kate Sphar, Dewey & Kaye

Scott Leff, Bayer Center for Nonprofit Management at Robert Morris University

Linda Dickerson, 501c(3)
Session 3
Finance Team

- Financial Competency
- Roles and Responsibilities
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# Financial Roles at a Glance

<table>
<thead>
<tr>
<th>ROLES AT A GLANCE</th>
<th>Board’s Role</th>
<th>Finance Committee’s Role</th>
<th>Staff’s Role</th>
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<tbody>
<tr>
<td><strong>BUDGET</strong></td>
<td>Approval</td>
<td>Revision and approval</td>
<td>Preparation and revision</td>
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<tr>
<td><strong>FINANCIAL STATEMENTS</strong></td>
<td>Monthly review</td>
<td>Monthly review and analysis</td>
<td>Daily monitoring, Report preparation</td>
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<tr>
<td><strong>FINANCIAL CONTROLS</strong></td>
<td>Ensure adequate controls and reporting</td>
<td>Annual policy review and revision</td>
<td>Carry out policies, raise policy issues as needed with board</td>
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<tr>
<td><strong>AUDIT &amp; 990</strong></td>
<td>Approve hiring of auditor. Review and approval of audited financial statements and Form 990</td>
<td>Recommend auditor for approval; review audit and 990 with auditor; oversight of audit process</td>
<td>Work with auditor during audit process; respond to issues in management letter</td>
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<tr>
<td><strong>INVESTMENTS</strong></td>
<td>Approve investment policy; annual review of investment policies</td>
<td>Periodic review of investment performance and policies</td>
<td>Monthly review of investment performance; carry out policies</td>
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<tr>
<td><strong>OVERALL FINANCIAL COMPETENCY</strong></td>
<td>Is well-informed about the organization’s finances.</td>
<td>Coordinates board training on financial matters. Acts as liaison between full board and staff on fiscal matters.</td>
<td>Well-informed about day-to-day financial position; bring key issues to finance committee</td>
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Financial Dos and Don’ts

**Boards should:**
- Review and approve budget and financial reports
- Oversee budget development process
- Oversee audit and financial statement preparation
- Develop financial strategy with management
- Review internal controls and investment policies

**Staff should:**
- Develop financial reports
- Provide information and assistance to board and auditors
Financial Dos and Don’ts

**Boards should not:**
- Manage day-to-day financial operations
- Develop financial reports or budget
- Hire and supervise staff

**Staff should not:**
- Implement budget, controls or policies without approval from the board
- Assign all financial duties to a single staff member
Financial Skills and Expertise

- Bookkeeping and basic accounting
- Certified Public Accountant
  - Audit
  - Tax preparation
- Nonprofit finance
- Nonprofit management
- Legal
- Banking/investments
Discussion Questions

- Are board and staff performing appropriate duties?

- Have we separated financial duties as much as possible given our human resources?

- What steps can we take to ensure both staff and board have the right skills to manage our finances?
Guide to Key Financial Information

See Handouts
Discussion Questions

Are we reviewing our financial data thoroughly and regularly?

If not, what processes must we put in place to ensure adequate review and analysis?
Session 3
Finance Team

Questions?
Thank You!

Leslie Bonner, Dewey & Kaye

Ben Hodes, Hodes and Associates

Howard Slaughter, Christian Management Enterprises, LLC

Geoffrey Stillson, Geoffrey Stillson & Associates