

FINANCE COMMITTEE
SETAC North America

STANDARD OPERATING PROCEDURES

I. COMMITTEE CHARGE

The Finance Committee of SETAC North America (SNA) shall advise, propose policy, and recommend operating procedures to the Board of Directors (BoD) and Executive Director on all aspects of SNA's finances. This includes the annual operating budget, changes in financial base, membership dues, fee structure for meetings, financial aspects of short courses and proposed publications, and updates to long-range fiscal planning for SNA.

II. MEMBERSHIP

The current Secretary-Treasurer shall chair the Committee that will be composed of the Immediate Past President, and up to four members from the current or previous BoD that will be appointed by the Secretary-Treasurer. Although a balance of members from academia, business and government will be sought, primary consideration will be given to BoD members with a working knowledge of finance, and in particular, SNA's finances. One of the Committee members will serve as deputy chair of the Committee. Ideally, members will have experience with managing budgets and brokerage accounts, and other finance activities and experience (e.g., having served as a treasurer in other organizations). The Immediate Past President will serve a one-year term on the Committee. The remaining members of the Finance Committee shall serve for three years, ideally with staggered terms of service. The Executive Director shall be an ex-officio, non-voting member of the Finance Committee. The chair of the Finance Committee will serve on the SETAC Global Finance Committee and will serve as the point of contact for intra-organization coordination of financial matters.

III. OPERATING PROCEDURES

A. The Finance Committee shall review the monthly financial reports and the annual audit of SNA, and assist the Executive Director and Secretary-Treasurer in preparing the annual budget by reviewing drafts and providing comments.

B. The Finance Committee should assist the Secretary-Treasurer with review of

all major contractual obligations (>\$25,000) prior to commitment by SNA.

- C. The Finance Committee shall provide oversight and review of policies that might affect the financial condition of SNA, and provide recommendations on such policies to the BoD.
- D. The Finance Committee shall provide recommendations on the strategy for investment of funds.

IV. INVESTMENTS

- A. BoD Policy on Long-Term Investments (October 30, 1995) for use of surplus funds, dictates that these funds should be invested in low risk, but reasonably high-return accounts. These funds are to be used for short-term operation only if SNA experiences a sharp decrease in revenue or a sharp increase in expenses. These surplus funds are to be considered long-term investments (i.e., long-term growth). Long-term investment should consider diversification and inflation protection and may include: mutual funds, stocks, bonds or bond funds, and other types of securities. It is incumbent on the Finance Committee to exhibit fiduciary responsibility when considering any long-term investment. Interest from government bonds will be deposited monthly in a money market account; dividends and capital gains will be reinvested in the mutual funds. At the discretion of the Finance Committee, guidance from a certified financial advisor may be sought to assist with investment options. Ultimately, the Finance Committee will recommend where and when to place investments in each category. Changes in long-term investments will require a specific written proposal documenting and justifying the recommended changes.
- B. Approval of changes in investment strategy will be as follows: the Finance Committee, Executive Director, or a BoD member brings needed or suggested changes to the attention of the Secretary-Treasurer; via conference call or email, the Secretary-Treasurer, Executive Director and the President (or Vice President) agree to the changes; the Executive Director communicates with the Finance Committee; and the Finance Committee confirms the changes with the Financial Advisor. The Secretary-Treasurer formally documents and then communicates the approved investment changes to the SNA BoD at the next scheduled conference call or meeting.
- C. Operating funds that are not currently needed, but may be needed in the near future can be handled as liquid investment funds. Liquid investment funds, derived from excess revenues over expenses, may be held in short-term,

easily convertible (without penalty) investment instruments (e.g., short-term Certificates of Deposit, money markets) to provide readily available monies that generate better than typical interest income.

V. ACTIVITIES CALENDAR AND SCOPE OF ACTIVITIES

- A. The Finance Committee shall meet face-to-face at least once each year. This will be at the Annual Meeting unless arranged otherwise. A written annual report will be prepared at the end of the fiscal year documenting financial activities, balance, losses and gains.
- B. The budget for the next fiscal year will be developed by the Finance Committee Chair working closely with the Executive Director and members of the Finance Committee. They will receive input from appropriate committee chairs. The Finance Committee will develop a draft budget at least two months before the end of the fiscal year. The draft budget for the next fiscal year will be provided to the BoD in the last month of the current fiscal year. Input from the BoD will be included in the final budget agreed to by a majority vote of the BoD.
- C. The Finance Committee shall convene a long-range fiscal planning meeting once every three years. The purpose of this long-range fiscal planning meeting shall be to review interim investment strategy returns over the past 3 years, consider resources projected for major initiatives over the next 3 years, and review/discuss SNA's fiscal risk management including insurance policies and selected SNA activities that may carry a perceived higher than normal financial risk.