International Society for Third-Sector Research

TERMS OF REFERENCE FOR THE FINANCE COMMITTEE

(As adopted 12/7/19 and amended 23/10/19)

(A) **Constitution.** The Finance Committee is a Standing Committee established or dissolved by the Society’s Board of Directors by action at a Meeting.

(B) **Composition.**

(i) The Finance Committee consists of six members: the Treasurer, the Chief Executive Officer (without voting power), the President, and three members of the Society, selected for two-year terms by a vote of the Board of Directors considering their knowledge in finance and accounting or past service as Treasurer of the Society. Upon completion of a two-year term, Society members may be re-elected by the Board for up to two further consecutive terms.

(ii) The Treasurer is the Chair of the Finance Committee and may appoint a member of the Committee to act as chair when she or he is absent.

(C) **Powers and responsibilities.**

(i) The Finance Committee, unless limited in a resolution of the Board, has the power and responsibility to:

1) Maintain general oversight of financial and fiduciary matters, as needed and as appropriate;

2) Advise the Board on any matter related to the finance and management of the Society;

3) Work with the Treasurer to prepare reports on the state of the Society’s finances for Board and Membership Meetings;

4) Prepare a draft of an annual budget for consideration by the Board;

5) Regularly review interim financial statements, compare them to the budget, and recommend revisions of the budget as necessary or advisable;

6) Review the annual financial statements and related reports on internal controls and make recommendations for any necessary action;

7) Prepare and approve minutes of its meetings as a record of its decisions;

8) Monitor investment performance;

9) If requested by the Board, recommend one or more professional firms or individuals to be engaged to manage the Society’s investments and, when appropriate, recommend a change in such managers;

10) When necessary, as a result of a Board decision or in response to a requirement in a funding agreement, recommend to the Board an independent firm of Certified Public Accountants to perform an audit;

(ii) All actions of the Finance Committee must be consistent with the Bylaws of the Society and any relevant policies adopted by the Board or the Executive Committee.
**D) Limitations on Committee Powers.**

The Finance Committee may not:

(i) adopt a policy or administrative procedure without the approval of the Board of Directors or the Executive Committee;

(ii) incur any debt or other obligation on behalf of the Society without the approval of the Board;

(iii) engage in or recommend any policy of action in violation of the Society’s policy on conflicts of interest; or

(iv) permit or allow any member of the Society or other person or firm to misuse any asset or other resource of the Society to the Society’s detriment.

**E) Meetings.**

(i) A meeting of the Finance Committee may be called at any time by the Treasurer, the Chief Executive Officer, or any two members of the Committee. The Committee may meet in person at any convenient location or by use of any electronic communications facility that permits all attendees to participate fully in the Committee’s discussion, deliberations and (as permitted) voting.

(ii) The Treasurer may invite, with the concurrence of the Committee, any person (whether or not a member of the Society) to participate in all or part of any meeting of the Committee. With the approval of the Board, the Finance Committee may authorize reimbursement such person’s necessary expenses related to participation.

(iii) The Finance Committee may hold sessions attended only by its voting members when necessary to conduct confidential business. During such a session, the Committee may request and receive advice from any qualified person. Any action taken in the session must be confirmed by a vote at a regular meeting of the Finance Committee.

**F) Voting and Quorum.**

(i) The quorum for meetings of the Finance Committee is a majority of its members, but, for quorum purposes, the Chief Executive Officer is not counted as a member of the Finance Committee. The Chief Executive Officer has no vote on the Finance Committee.

(ii) Proxy voting is not permitted.

(iii) The Finance Committee may act without meeting if all voting members of the Committee provide a written assent to the proposed action. Such written assents are included in the Minute Book of the Finance Committee and are equivalent to a unanimous favorable vote of the members in a meeting.

**G) Notice.** Notice of meetings of the Finance Committee is sent to each member at least 7 days prior to the meeting. The voting members of the Committee may, by attendance at the meeting or by a written waiver of notice (which may be an electronic message), agree to a lesser period of notice. When less than 7 days’ notice has been given for any meeting, a
member of the Committee may, but it not required to, insist that the meeting be rescheduled so as to assure a minimum of 7 days’ notice.

(H) **Reports.** The minutes of Finance Committee meetings that have occurred since the previous meetings of the Executive Committee or of the Board of the Society are included in the consent agenda for their subsequent meeting. At the meetings of the Executive Committee or the Board of Directors, the Treasurer (or another member of the Finance Committee designated by the Treasurer) makes a report on the state of the Society’s finances; will be available to answer any questions from Directors of the Society concerning the actions of the Finance Committee; and presents any recommendations from the Finance Committee for action by the Board or the Executive Committee.