



**POLICY NO. 105**

SUBJECT: FINANCE COMMITTEE

I. PURPOSE

- A. To establish a permanent Board committee to provide focused oversight of financial issues facing the Cooperative.
- B. To oversee the Cooperative's internal and external audit functions.

II. POLICY CONTENT

The Finance Committee shall be composed of four (4)<sup>1</sup> Board members, each being appointed by the President for a one (1) year term. The Committee will be charged with providing oversight and monitoring of the Cooperative's internal controls and risk mitigation, the integrity of the financial statements and services provided by the Cooperative's independent auditors.

A. Meetings

- 1. The Committee shall meet as necessary for the purpose of reviewing items referenced in Section (C)(5) of this policy and any other issues requiring Committee attention.
- 2. The Committee shall meet annually with the internal auditor in one or more separate executive sessions.
- 3. The Committee shall meet at least annually to receive reports from appropriate management officials concerning internal controls and other financial matters.
- 4. The Committee shall meet as necessary to carry out its functions relating to the Cooperative's independent audit.

B. Oversight Responsibilities

The Committee shall function in an oversight capacity. Management and the independent auditors shall remain solely responsible for preparing and auditing financial statements. The Committee is not expected to provide any expert or special assurance as to the Cooperative's financial statements or any professional certification as to the independent auditor's work.

---

<sup>1</sup> In anticipation of the proposed Bylaw amendment to increase the number of Trustees to seven (7).

Upon a vote of the majority of members of the Committee, the Committee may exercise its power to conduct or authorize investigations into any matters within the Committee's scope of responsibilities, with access to all books, records, facilities and personnel of the Cooperative. The Committee shall have authority to contact the Cooperative's legal counsel and accounting professionals without further Board of Trustees or Executive Committee approval.

C. Specific Responsibilities and Duties

The Committee's primary responsibilities are as follows:

1. Internal Audit

- a. Provide oversight and evaluation of the Cooperative's internal audits; and
- b. Review the effectiveness of the internal audit function.

2. Independent Audit

- a. Recommend the appointment and, if appropriate, termination of the independent auditor;
- b. Review the terms of the independent auditor's engagement;
- c. Review and confirm the credentials and independence of the independent auditor; and
- d. Review any problems or conflicts the auditor has encountered in performing audit duties.

3. Internal Control and Risk Mitigation

- a. Consult with management and the independent auditor concerning areas of major financial risk and evaluate steps management has taken or will take to minimize such exposures;
- b. Monitor management's implementation of auditor's recommendations; and

4. Financial Reporting

a. General

Receive independent auditor's report concerning significant accounting and reporting issues, including professional standards

and regulatory pronouncements, and evaluate compliance with the same.

b. Annual Financial Statements

- i. Review with management and the independent auditor any complex and/or unusual transactions; and
- ii. Review with management and the independent auditor the annual financial statements and audit report.

5. The Committee shall give review and oversight to the following payments:

- a. General Manager's monthly expenses;
- b. General Counsel's monthly or quarterly invoices; and
- c. Per diem payments and expense reimbursements of Trustees and Officers.

6. The Committee shall cooperate with the Ethics Committee regarding the investigation of any financial irregularities reported under the Whistleblower Protection Policy (A12), and provide all assistance that may be requested by the Ethics Committee.

III. RESPONSIBILITY:

- A. The President is responsible for appointing the Finance Committee.
- B. The Finance Committee is responsible for complying with the duties set forth in this policy.

APPROVED BY THE BOARD OF TRUSTEES

---

PRESIDENT

EFFECTIVE DATE: \_\_\_\_\_

REVISED DATE: \_\_\_\_\_