

## **Mission Statement and Procedures for Budget & Finance Committee**

The Mission of the Budget and Finance Committee is to assist the HOA Board with the three following primary functions:

1. To review the HOA Treasurer's books and records for the previous year.
2. To act as an Oversight Committee to evaluate the current system and make recommendations for improvements of the Treasurer's methods, procedures, policies, paperwork trail, system of accounting and reporting process.
3. To solicit, review and prepare recommended input for next year's HOA budget for the good of the community.

**Administrative:** A Budget and Finance Committee is formed and a chairman is selected. Recommended size from 3 to 5 members. Members should have a grasp of general bookkeeping and financial records and reports. An understanding of computer-generated reports in any format is beneficial. To accomplish the three (3)-listed missions above the procedures for each are anticipated to include the following steps.

1. To review the HOA Treasurer's books and records for the previous year.

A sampling system of review for the books and records should be used to determine income and expense amounts are being fairly reported for the year. This sampling process could include:

- Verify that 12/31/xx year-end reports reported at the HOA meeting reconcile with computer accounting system.
- Select 2 continuous months' bank statements and review reconciliation for accuracy.
- Review the checkbook for 3 large amounts, 3 unusual payee amounts, all voided and missing checks.
- Select 3 General Ledger accounts and test for accuracy. Use source documents such as receipts, checks, deposit slips, to verify dates, payees and amounts are correct. Verify that amounts are reflected in accounting system and posted to the proper accounts.
- Track income and expenses through the system for 3 of the largest revenue generating events and test the accuracy of the system. Track backwards from amounts posted in reports to the original Committee Report, and then back through the source documents of receipts, checks and deposits.
- Any other number of items could be reviewed as determined by the Committee.
- Involve the Treasurer as needed to explain the errors or omissions found by the Committee.
- Report findings to the HOA board as needed.
- Request that the Treasurer make the necessary corrections.

- ❑ Review that all necessary corrections were made.
- ❑ Final written report to the HOA board.
- ❑ Submit a final report of procedures used and items to be considered for next year's Committee.

If any of the above sampling items fail, further investigation needs to be made in that category and the review process should be widened to the appropriate length of review. Request input from the HOA Treasurer for better understanding of the system.

**2. To act as an Oversight Committee to evaluate the current system and make recommendations for improvements of the Treasurer's methods, procedures, policies, paperwork trail, system of accounting and reporting process.**

The review of the books and records will probably lead to making recommendations for better reporting; which is the number three (3) mission of the Committee. These items may include the following:

- ❑ Making recommendation for fine tuning policies & procedures for the Treasurer
- ❑ Making recommendations for creating better forms to be used
- ❑ Making recommendations for separation of duties performed by the various people involved.
- ❑ Making recommendations for accounting systems (i.e. computer software needs)
- ❑ Making recommendations for the General Ledger Chart of Accounts
- ❑ Making any recommendation seen by the Committee to increase communication of the results, reports, to the HOA board and the community of Crane Lakes.
- ❑ These recommendations should be presented first to the Treasurer and then be included in the written report given to the HOA Board.
- ❑ Submit a final report of procedures used and items to be considered for next year's Committee

**3. To solicit, review and prepare recommended input for next year's HOA budget.**

- ❑ Solicit input from the board, prior Committee chairman, and residents as to next year's anticipated needs.
- ❑ Communicate through the *Crane Courier*, Email notices and Meetings that input is being solicited for next year's budget
- ❑ Hold a meeting, open to everyone, who wants to have an item considered so they may submit their requests.
- ❑ Perhaps have an alternate to the meeting by accepting e-mail requests for submission.
- ❑ Review the requests submitted
- ❑ Prepare a report for the Treasurer and Board to discuss
- ❑ Re-evaluate needs for the overall good of the community
- ❑ Submit a proposed budget for the Board's approval.
- ❑ Submit a final report of procedures used and items to be considered for next year's Committee.

**2016**