Budget & Finance Committee Policies and Procedures

The Budget and Finance Committee assists the HOA Board with three primary functions:

- Solicit, review and prepare recommendations for next year's HOA budget.
- Review the HOA Treasurer's books and records for the previous year.
- Act as an oversight to evaluate the current system and make recommendations for improvements of the Treasurer's methods, procedures, policies, books/records, system of accounting and reporting process.

Each year, the board will appoint a chairperson to head the committee and solicit additional volunteers to assist. Members should have a grasp of general bookkeeping and financial records and reports.

Annual Budget:

- Solicit input from the board, prior Committee chairman, and residents as to next year's anticipated needs:
    - Since the budget is typically approved in the November General Meeting, communication soliciting input from the community should start no later than with the September edition of *The Crane Lakes Courier*.
    - The weekly *Blast* newsletter can also be used to solicit feedback, listing the Treasurer's email as an alternative way to submit requests.
    - The October general meeting should be advertised as a forum to provide any items members of the community want considered for the upcoming budget year.
- Review and evaluate all submitted requests
- Prepare an initial draft of the budget and present to The Board for discussion
- Prepare a final proposed budget and submit it to the Board for approval

Annual review of books and records:

A representative sample of the books and records should be selected for review to determine income and expenses are being fairly reported for the year. The general process is as follows:

- 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.
- Final written report to the HOA board.

Oversight of Treasurer's activities:

The members of this committee should seek to improve the functions of the Treasury by making pertinent recommendations in the following areas:

- Updating policies & procedures
- Updating any Treasury related forms or recommending new ones
- Separation of duties performed by the various people involved
- Accounting systems (i.e. computer software needs)
- Presentation of the Financial Statements posted on the website
- Transparency and quality of the information presented to the community
- Any other area of the Treasury function that could be improved upon

Prepared by: Dorothy Herbowy, Chairwoman
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