

# Accounting Governance: Unlocking the Power of the Nonprofit Treasurer and Finance Committee

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Presented to you by:



# Speaker Bio



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# Enkel

[en-kel] Adjective | Simple

**Founded in 2016 with a simple problem in mind “*You can’t build a great organization without good books*”**

- 300 Clients
- Worked with over 100 NPOs
- 80 team members with a global delivery model
- Focus on *Financial Operations* **not** advisory, tax and assurance work

*Enkel would like to acknowledge that our offices are situated on the unceded traditional territories of the xʷməθkʷəʔəm (Musqueam), Skwxwú7mesh (Squamish), and səliłwətaʔ (Tsleil-Waututh) Nations.*





# Agenda

1. The role and responsibilities of the Treasurer and the Finance Committee
2. How to empower your Treasurer
3. Tips for identifying and recruiting the right candidate for the Treasurer role
4. Navigating potential pitfalls and ensuring compliance with regulatory requirements

## Polling Question:

On a scale of 1 to 5, how would you rate the current level of engagement and involvement of your treasurer/finance committee in your organization's financial decision-making processes?

*(1 = Very Low, 5 = Very High)*



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# The Roles and Responsibilities of the Treasurer and Finance Committee





# The Treasurer Role

- Elected or appointed by the board of directors.
- Monitors the financial health of the organization.
- Presents and interprets financial reports to the board, keeping them properly informed.
- Entrusted with critical financial oversight and management.
- Aligns the organization's mission with the operational budget.
- Plans for the organization's financial future.



# The Treasurer's Responsibilities



- Evaluate and adjust operating budgets as needed.
- Ensure compliance with statutory and regulatory financial deadlines and responsibilities.
- Create and disseminate financial policies and procedures.
- Protect the organization's assets, data, and sensitive information.
- Ensure that the organization is audit-ready.
- Set financial goals and determine steps to achieve them.
- Align financial objectives with the organization's mission.
- Identify and manage potential risks.

# The Finance Committee



- **Purpose:** Oversee financial health and sustainability
- **Members:** Board Treasurer (Chair), financial experts, Executive Director, other board members
- **Key Responsibilities:**
  - Review and approve annual budgets
  - Monitor monthly financials and budget performance
  - Oversee financial reporting
  - Ensure the organization has the cash reserves and investments necessary for long-term success

# Polling Question:

What are the main challenges or obstacles your finance committee faces in fulfilling its duties and responsibilities?

1. *Limited Resources (e.g., staffing, budget)*
2. *Lack of Expertise or Training*
3. *Communication and Coordination Issues*
4. *Resistance to Change or New Ideas*

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## How to Empower Your Treasurer



# How to Empower Your Treasurer



- **Clear Role Definition:**
  - Clearly outline the responsibilities and expectations of the treasurer.
  - Provide a comprehensive job description and regular updates on role scope.
- **Comprehensive Onboarding:**
  - Offer thorough orientation and training on the organization's financial systems, policies, and procedures.
  - Ensure familiarity with nonprofit accounting principles and relevant regulations.

# How to Empower Your Treasurer (cont.)

- **Access to Resources:**

- Ensure availability of up-to-date financial data and reports.

- **Ongoing Education:**

- Encourage participation in workshops, seminars, and courses on nonprofit financial management.
- Provide opportunities for professional development and certifications.



# How to Empower Your Treasurer (cont.)



- **Strong Support System:**
  - Foster collaboration with the finance committee and other board members.
  - Ensure a robust relationship with the Executive Director and financial staff.
- **Regular Communication:**
  - Establish regular meetings to discuss financial matters and updates.
  - Promote open lines of communication for questions and concerns.

# How to Empower Your Treasurer (cont.)

- **Authority and Autonomy:**

- Empower the treasurer to make financial decisions within their scope of responsibility.
- Trust their expertise and judgment in financial matters.

- **Performance Feedback:**

- Provide constructive feedback and recognition for their work.
- Set measurable goals and review progress regularly.





# How to Empower Your Treasurer (cont.)



- **Strategic Involvement:**
  - Involve the treasurer in strategic planning and decision-making processes.
  - Ensure they have a voice in aligning financial strategies with organizational goals.
- **Access to External Expertise:**
  - Facilitate connections with financial advisors, auditors, and other external experts.
  - Encourage consultation with legal and financial professionals as needed.

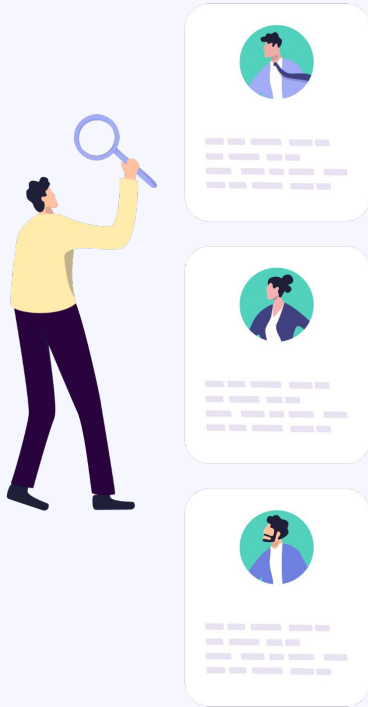
# Polling Question:

Which aspect of financial management do you believe is the most challenging for your organization?

1. *Budgeting and Forecasting*
2. *Financial Reporting and Analysis*
3. *Internal Controls and Compliance*
4. *Investment Management*

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## **Tips for Identifying and Recruiting the Right Candidate for the Treasurer Role**



# Finding the Right Candidate

- Define the Role Clearly
- Seek Financial Expertise
- Evaluate Relevant Experience
- **Assess Leadership and Collaborative Skills**
- **Check for Alignment with Mission**
- **Verify Availability and Commitment**
- Leverage Networks and Referrals
- Advertise Broadly
- Conduct Thorough Interviews
- Check References and Background



# Red Flags

- Lack of financial acumen
- Weak communication skills
- Ethical concerns
- Resistance to oversight
- Limited commitment
- Poor cultural fit
- Unrealistic expectations
- Inability to commit sufficient time to the role

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# Navigating Pitfalls and Ensuring Regulatory Compliance



# Polling Question:

How do you currently measure the effectiveness or success of your finance committee in supporting your organization's financial goals and objectives?

1. *Key Performance Indicators (KPIs)*
2. *Financial Metrics (e.g., budget variance, liquidity ratios, etc.)*
3. *Feedback from Stakeholders*
4. *We don't currently measure the effectiveness or success of our finance committee*

# Navigating Pitfalls

- **Regular Financial Reviews:**

- Conduct frequent reviews of financial statements and accounts to identify and address any discrepancies or issues early on.
- Ensure internal controls have been implemented to prevent errors and fraud.

- **Robust Budgeting Process:**

- Make sure there is a comprehensive and realistic budget that aligns with the organization's goals.
- Monitor budget performance regularly and adjust as needed.





# Navigating Pitfalls (cont.)

- **Clear Policies and Procedures:**

- Establish and enforce clear board financial policies and procedures.
- Ensure all staff and board members are aware of and adhere to these guidelines.

- **Training and Education:**

- Stay updated on best practices in nonprofit financial management.
- Provide ongoing training for staff and board members on financial matters and compliance requirements.



# Ensuring Compliance with Regulatory Requirements



- **Understand Legal Obligations:**
  - Familiarize yourself with regional, provincial, and federal laws governing nonprofit organizations.
  - Stay informed about changes in regulations and ensure the organization remains compliant.
- **Accurate and Timely Reporting:**
  - Prepare and file all required financial reports accurately and on time.
  - Ensure transparency and accuracy in financial reporting to stakeholders and regulatory bodies.

# Ensuring Compliance with Regulatory Requirements (cont.)



- **Regular Audits:**
  - Conduct annual audits, either internal or external, to verify financial integrity and compliance.
  - Address any findings or recommendations from auditors promptly.
- **Maintain Proper Documentation:**
  - Keep detailed and organized records of all financial transactions, policies, and procedures.
  - Ensure records are easily accessible for review and audit purposes.

# Ensuring Compliance with Regulatory Requirements (cont.)



- **Adhere to CRA Requirements:**
  - Ensure timely filing of CRA filings and payment of any required taxes.
  - Understand and comply with tax-exempt status requirements and related regulations.
- **Ethical Standards and Integrity:**
  - Uphold the highest ethical standards in all financial dealings.
  - Promote a culture of integrity and accountability within the organization.

# Ensuring Compliance with Regulatory Requirements (cont.)



- **Engage Legal and Financial Advisors:**
  - Consult with legal and financial professionals to ensure compliance with complex regulatory requirements.
  - Seek expert advice on any issues or uncertainties regarding compliance.

# Polling Question:

What topics or areas would you like to see covered in future webinars on nonprofit financial management?

1. *Budgeting and Financial Planning*
2. *Financial Reporting and Analysis*
3. *Internal Controls and Compliance*
4. *Bookkeeping and financial operations*
5. *Technology*
6. *Fundraising and donor management*



# Re-thinking your financial operations?

Book a free consultation with Omar!

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# Questions?



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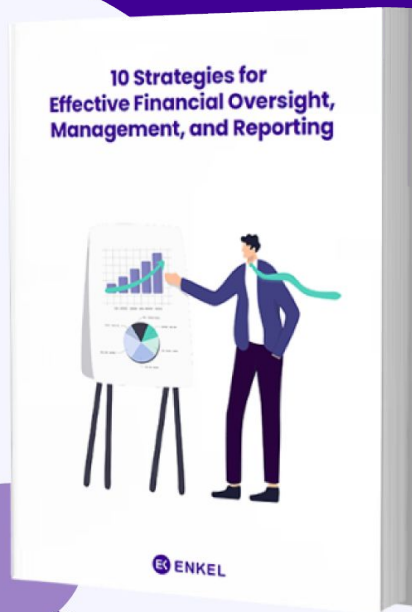
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