Spring Executive Committee Meeting  
April 15, 2016, via Conference Call

Topic: Fiscal Oversight Strategies

Background: Two issues are converging that present the Executive Committee with an opportunity to explore. Document #5 highlights the need for the Committee to re-examine its role in governance, while at the same time a new organizational plan that is outcomes focused presents a need for improving the fiscal oversight of the organization. The Executive Committee attempted without much success over the past several years to determine how best to engage the YALSA Board in fiscal matters. Now could be the time for the Committee to take a more active role in participating in the oversight of the YALSA budget, in part as a way to support that engagement. The following proposal developed by Fiscal Officer Linda Braun and Executive Director Beth Yoke, outlines the potential for the Executive Committee to take on the role of Finance Committee for the association.

Action Required: Discussion

Overview
YALSA’s Financial Advancement Committee (FAC) is responsible specifically for carrying out the fundraising activities of the association and therefore focuses on generating revenue through campaigns of different types. The FAC Chair works with the Fiscal Officer and the Executive Director to consider the impact of the campaigns on the association’s capacity and opportunity to raise revenues for member initiatives, and submits a yearly fundraising plan to the Board for review and approval.

In budget matters, YALSA’s Fiscal Officer works with the Executive Director to develop priorities for the YALSA budget and they bring those priorities to the YALSA Board for discussion, revision, and approval. The Fiscal Officer and the Executive Director also develop a framework for use of YALSA’s endowments, and again bring those to the Board for discussion, revision, and approval. The Fiscal Officer also serves as the liaison to ALA budget and finance related groups.

The question the Executive Committee needs to ask is: what is the best way to support the association and its staff in developing and maintaining budgets in order to keep the association healthy and in sync with the organizational plan? As noted in the article, “The Finance Committee: What it is and What it Does” (link to article in resource list below):

The finance committee may be tasked specifically with (1) working with the staff to develop an annual and/or multi-year operating budget, (2) setting long term financial goals for the organization, such as creating working capital or cash reserve funds, gross and net revenue targets, or creating a fund for maintaining or replacing equipment, and
(3) ensuring adherence to the budget and achievement of the adopted goals by monitoring and reporting the organization’s financial activity.

Proposal
Currently, the Executive Director and Fiscal Officer take on most of the roles defined in that quote, with the Executive Director being the prime driver of the financial work. However, as YALSA continues to develop initiatives and build capacity that support the future work of library staff and teens, it is time to think more carefully about the way in which leadership of the association understands, interacts with, and supports the fiscal health of the association. One way to do this is to integrate the work of a finance committee into that of the Executive Committee.

With the Executive Committee working in this way, it is possible that the group will be better situated to support the Board in understanding fiscal matters of the association (which has been a struggle over the past several years). This paragraph from the “Community Toolbox” (see link in resource list below) article on managing finances states clearly the importance of this aspect of a financial committee’s work:

“To act as the board's eyes and ears in the financial operation, relieving the whole board of having to struggle with the complexities of the organization's finances. The committee can "translate" the finances into ordinary language and simple numbers, so that board members who are not financially sophisticated can still understand clearly the organization's financial challenges and situation, and make informed decisions.”

By taking on this role (which focuses only on planning and not decision making) -- starting in the new Executive Committee term in July 2016 -- the Executive Committee can model for the Board an approach to rethinking how and what the Committee does and demonstrate a commitment to supporting the association with a big picture focus.

Rationale
• Board members have consistently indicated that they need more information and support in order to better understand, discuss and provide direction for fiscal matters.
• If the Executive Committee revisits its past activities and eliminates or streamlines some tasks, especially any that are a better fit for the Board, this frees up time to focus on matters of strategy, such as fiscal oversight.
• Currently, there is no formal process in place for long range fiscal planning, yet in order to have success with its organizational plan, as well as to ensure YALSA is fiscally healthy well into the future, the organization needs to take on this responsibility.
• Assigning fiscal oversight discussions (not decisions) to an existing group, such as the Executive Committee, makes more sense for YALSA than establishing a new budget or fiscal committee, as many other organizations typically have. Because investing and auditing occur at the ALA level, there would be less of a role for a YALSA budget/audit committee, than there would be for another organization.
• YALSA’s new organizational plan, once adopted, focuses in part on increasing capacity through increased funding, additional partnerships, and so on. This will lead to a bigger and more complex budget. Having a group of member leaders providing support and
oversight, instead of just the Fiscal Officer and Executive Director, would address this capacity issue.

Questions to Consider

- Is this the type of role that the Executive Committee should take on and how does it integrate with other aspects of the work of the Committee?
- In what way does the finance role intersect with the role of the Capacity Building Standing Committee?
- How can this financial role support the needs of Board members in understanding and engaging in financial matters and decisions?
- How does this work Executive Committee work intersect with the work of FAC?
- How does this role impact the organizational plan learning agenda? For example, what knowledge and skills will Executive Committee members have to gain in order to be successful?
- Will this new role help the association move forward with planned giving and other areas of financial planning that have not been able to move forward?
- What next steps do we need to take in order to create this role for the Executive Committee:
  - Rewrite the Committee’s function statement and submit to the Board for discussion, revision and approval
  - Discuss the idea with the Board, revise if necessary, and submit a final proposal for approval
    - Build in an evaluation component to the proposal in order to assess if the new role is working or not
  - Develop timelines and workflows for financial oversight and decision-making
  - Build knowledge and skills around fiscal oversight best practices
  - Other?
- How would this change to the Executive Committee’s role impact recruitment for elected officer positions?

Resources

- Make Good use of the Treasurer and the Finance Committee
- The Finance Committee: What it is and What it Does
- Creating a Financial and Audit Committee http://ctb.ku.edu/en/table-of-contents/finances/managing-finances/finance-committee/main