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Society of Environmental Toxicology and Chemistry

SETAC Finance Committee

Standard Operating Procedures

Contents

1 Definitions

- **SETAC:** Society of Environmental Toxicology and Chemistry
- **Board:** SETAC Board of Directors
- **The Committee:** The Global Finance Committee

2 Purpose

The Finance Committee assists the Board of Directors in fulfilling its fiduciary responsibilities by overseeing the financial health, sustainability, and integrity of the organization. The committee provides strategic guidance, ensures strong financial controls, and supports informed decision-making to advance SETAC's mission.

3 Charge

The Finance Committee is charged with reviewing financial statements, overseeing the budget process, recommending financial policies, and advising the Board on financial risks.
The Committee shall advise the Board on fiscal planning for SETAC as a global organisation, considering the interrelationships between SETAC and the associated Geographic Units (GUs), including SETAC Africa (SAF), SETAC Asia-Pacific (SAP), SETAC Europe (SE), SETAC Latin America (SLA) and SETAC North America (SNA).

3.1 Financial Oversight

- Review and monitor the organization's financial position, including cash flow, liquidity, reserves, and debt
- Review monthly and quarterly financial statements and key financial indicators
- Ensure financial practices align with the organization's mission, strategic plan, and risk tolerance

3.2 Budgeting and Forecasting

- Oversee development of the annual operating and non-operating budgets
- Review financial forecasts and multi-year financial plans
- Recommend budgets and significant budget amendments to the Board

3.3 Membership dues

- Review and recommend membership dues levels in multiple currencies (AUD, EUR, USD) applicable to members residing in the fife SETAC Geographic Units

3.4 Internal Controls and Risk Management

- Oversee the adequacy of internal financial controls, segregation of duties, and financial policies
- Monitor financial risks, including credit, liquidity, compliance, and fraud risks
- Review and recommend financial policies

3.5 Audit and Compliance

- Oversee the annual independent audit, including review of the audit plan, results, and management letter
- Ensure compliance with applicable laws, regulations, grant requirements, and donor restrictions
- Monitor implementation of audit recommendations

3.6 Investment and Asset Management

- Oversee management of investments and reserves
- Review investment performance and adherence to the organization's investment policy
- Recommend changes to investment strategy or advisors as needed

3.7 Revenue and Financial Sustainability

- Review major revenue streams and assess long-term financial sustainability
- Evaluate financial aspects of major initiatives, contracts, and partnerships

3.8 Financial Interdependency of SETAC and SETAC GUs

- Evaluate financial relationship between SETAC and the SETAC GUs
- Evaluate and recommend financial policies to harmonize financial reporting among SETAC entities
- Evaluate and recommend financial policies for internal transactions

3.9 Board Reporting and Recommendations

- Report regularly to the Board on financial matters and emerging risks
- Recommend financial actions, policies, and strategic investments for Board approval
- Support Board education on financial literacy and fiduciary responsibilities

4 <u>Scope</u>

4.1 Authority and limitations

- The Finance Committee reviews and recommends financial matters but does not engage in day-to-day financial management, which is the responsibility of the Executive Director and staff.
- The committee may recommend actions but final authority rests with the Board
- The committee may engage external advisors (e.g., auditors, investment managers) with Board approval

5 <u>Composition, roles and responsibilities</u>

5.1 Composition

The Committee shall consist of:

- Voting members:
  - SETAC Treasurer
  - SETAC Vice President
  - One SETAC Board member appointed by the Board for a three-year term
- Non-voting ex officio members:
  - Global Executive Director (GED)
  - Geographic Unit (GU) Treasurers
  - Geographic Unit (GU) Executive Directors (EDs)
- Non-voting advisor (if deemed necessary):
  - One external (non-Board) member may be appointed to serve as an advisor to the Committee

5.2 Roles and Responsibilities

- The SETAC Treasurer acts as the chair of the committee and shall:
  - Lead committee meetings
  - Set meeting agendas
  - Ensure fulfillment of committee charge
  - Report outcomes to the Board

- The SETAC vice-president acts as the Vice-Chair of the committee and shall:
  - Assist the Chair
  - Assume Chair responsibilities when absent
  - Support committee operations

- The SETAC GU Treasurers and Executive Directors participate as ex-officio non-voting members of the committee shall:

    - participate in committee meetings
    - review materials
    - advise the Committee on fiscal planning for SETAC as a global organisation, considering the interrelationships between SETAC and the associated Geographic Units (GUs)

- The SETAC Global Executive Director participates as ex-officio non-voting member of the committee and shall:
    - Support the chair with the administration of the committee
    - Participate in committee meetings
    - Develop budgets, financial statements, policies and procedures for review by the committee

6 Reporting

The Committee shall provide the Board with:
- Regular updates on committee activities
- Quarterly financial reports including profit and losses to date, cash flow and end of year estimates
- Annual progress reports

7 Records and Documentation

The Committee shall maintain records including:
- Meeting minutes and attendance logs
- Reports submitted to the Board
- Project deliverables and final outcomes

Records shall be retained in accordance with SETAC's records management policies.

8 Review and Revision

This SOP shall be reviewed **annually**, or as needed, to ensure continued relevance and alignment with SETAC's mission and organizational structure. Revisions shall be approved by the Board.

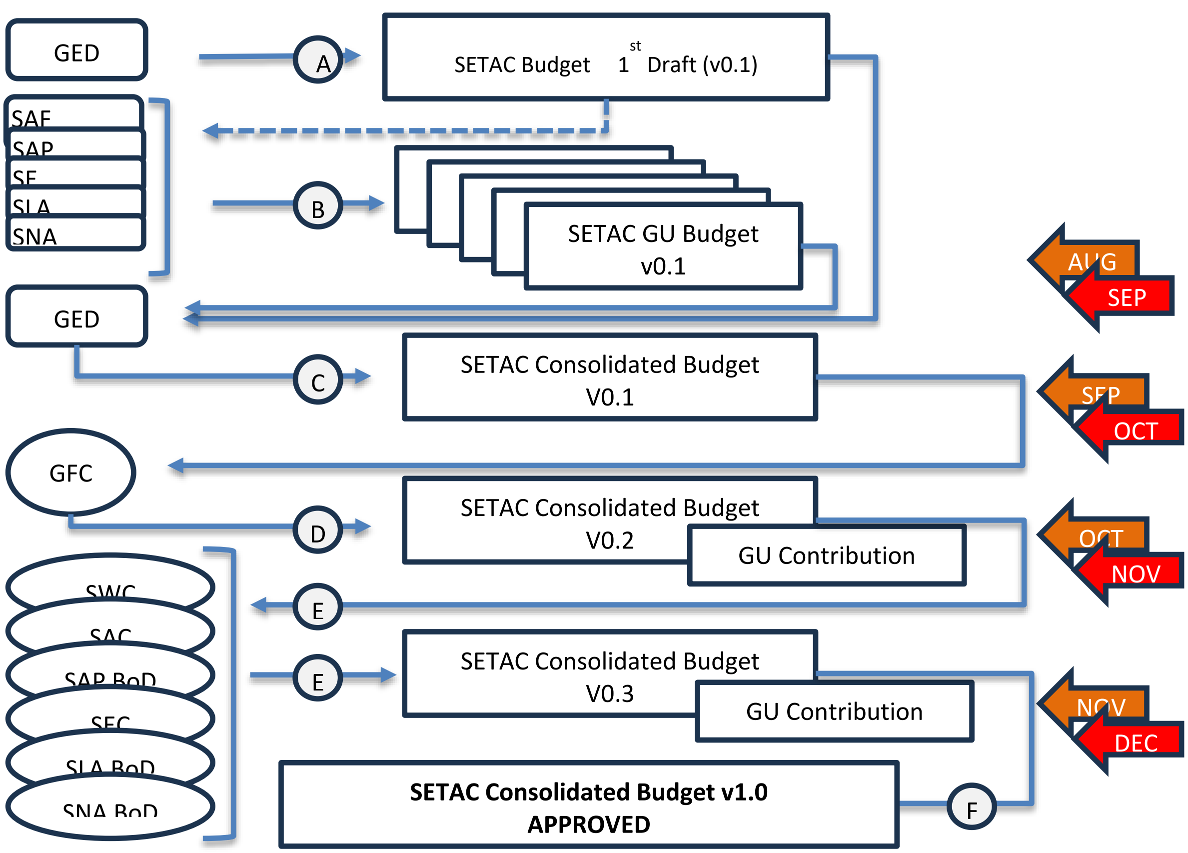
9 Document Control

Version	Date	Description	Approved	Comments
1.0	-	Initial release	-	
2.0	19 March 2025	Major revision	SWC2025-03	
3.0		Major revision	SBM2026-04	Major revision to align with restated bylaws and best practices

10 Appendix

10.1 Time path for global consolidated budget development

A. The GED will develop a first draft SETAC budget at the start of the third quarter of the prior year, which initiates the budget process.
B. Each GU will then develop a draft budget based on GU budget categories, considering all planned activities of that GU for the upcoming year.
C. The GED will develop, in consultation with the GU EDs and Treasurers, a draft consolidated SETAC budget showing the total budget for SETAC and the SETAC GUs, and the interrelationships between the SETAC and SETAC GU budgets.
D. The Committee prepares a final draft of the consolidated SETAC budget (including the SETAC and SETAC GU budgets), and a recommendation to set the appropriate level for GU dues (contributions from the GUs to SETAC to support the costs for global services including, website, marketing & communications, and technology, etc).
E. The SWC Treasurer shall present the final draft of the consolidated SETAC budget (including the SETAC and SETAC GU budgets) and the proposal for GU contributions to the SWC for approval.
F. The approved consolidated budget serves as a tool to plan and monitor the finances of SETAC and SETAC GUs in the financial year. The SETAC budget breakout will be passed to the membership (e.g., through the SETAC Globe) by showing distribution of major budget items and overall GU resources
G. The GED will present quarterly financial reports to the Committee to monitor the finances and propose budget adjustments to the SWC as needed. Budget adjustments need to be approved by the entities that are affected by the adjustments AND those assuming financial risk.



*Action preferably to be completed in month indicated by the green arrow. Action must be completed in the month indicated by the red arrow