

Northeast Kingdom Community Broadband

FINANCE AND AUDIT COMMITTEE

Statutory Basis and Structure

Pursuant to Title 30, Chapter 82, Section 3071 of the Vermont Statutes and Section 18 of its Bylaws, the Governing Board of the Northeast Kingdom Community Broadband (the “District”) created a Finance and Audit Committee on May 28, 2020, the function of which is to oversee the financial affairs and condition of the District, and, with the Treasurer, to make periodic reports thereof to the Governing Board and to cognizant regulatory authorities.

Pursuant to Section 13 of the Bylaws of the District, the District Treasurer shall be appointed at the annual meeting of the Governing Board on the recommendation of the Executive Committee. The Treasurer may not be a member of the Governing Board. The Treasurer shall be the Chair of the Finance and Audit Committee. If the Treasurer is also the District Administrator, a member of the Governing Board serving on the Finance Committee will be appointed Chair by the Executive Committee.

Members of the Finance and Audit Committee shall be appointed at the annual meeting of the Governing Board, or as deemed necessary, and shall consist of not less than three (3) and not more than seven (7) members. Members shall be confirmed by the Executive Committee, which may remove a member for cause.

Membership shall not be limited to Governing Board members, but shall be residents of the District.

Role of the Committee

The role of the Finance and Audit Committee is primarily to provide financial oversight on behalf of District’s Governing Board. Task areas include budgeting and financial planning, financial reporting, bonding recommendations, and the creation and monitoring of internal controls and accountability policies.

Budgeting and Financial Planning

1. Review an annual operating budget with any contractors.
2. Prepare and recommend to the Governing Board an annual operating budget.
3. Review and monitor adherence to the budget.
4. Review long-range financial goals along with funding strategies to achieve them.
5. Review multi-year operating budgets that integrate strategic plan objectives and initiatives.
6. Participate in the presentation of all financial goals and proposals to the Governing Board for approval.
7. Conduct and monitor debt affordability studies and analyses.

Reporting

1. Participate in the development of useful and readable reports.
2. Participate in the presentation of the financial reports to the Governing Board.
3. Create, approve, support and update, as may be necessary, policies that help ensure the assets and operations of District are protected.
4. Ensure policies and procedures for financial transactions are documented, and, ensure that approved financial policies and procedures are being followed.
5. Adopt and implement policies and procedures to safeguard the District's accounts, funds and deposits.
6. Serve as the District's interface with its trustees and paying agents.

Internal Controls and Accountability Policies

Although the entire Governing Board carries fiduciary responsibility for the District, the Finance Committee serves in a leadership role in this area to ensure that appropriate internal control procedures for all financial transactions are imposed and documented. At such times as the Governing Board deems appropriate, the internal controls and accountability functions of this Committee shall be transferred to an independent Audit Committee.

The Committee shall participate in developing other policies that further serve to protect the District and its assets, and to manage its exposure to risk, including, but not limited to:

- Long-term contracts and/or leases
- Loans or lines of credit
- Capital expenditures and financing
- Insurance

Meet with Independent Accountants

The Finance Committee also assumes the responsibility of functioning as an Audit Committee for the District, which requires:

- Periodic selection of an auditor for the District through an open process

- Meeting with the auditors and ascertain that the scope of their work satisfies the needs of the District
- Discussing the results of the audit
- Reviewing the draft audit report and management recommendations letter from the auditor. ●

Insuring that any issues flagged in the audit process are appropriately followed up.

- Presenting the audit to the Governing Board.

Bonding

The Finance and Audit Committee shall assume primary responsibility for recommendations to the Governing Board regarding the incurring of indebtedness to finance capital acquisitions.

Amended by the Governing Board on December 10, 2020

December 10, 2020 Jami Jones Date Clerk, Northeast Kingdom Community Broadband

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