



## **Board of Directors Financial Oversight Committee Charter**

### **1. Purpose**

The purpose of this charter is to describe the purpose, membership and scope of work for the Financial Oversight Committee.

As CDISC is a non-profit charitable organization, it must adhere to stringent rules regarding adherence to Bylaws and Policies, including neutrality and transparency, and balanced processes as a global Standards Development Organization (SDO). CDISC must also be diligent regarding the spending of funds received from membership, education, grants and other contributions and the reporting to stakeholders.

The Financial Oversight Committee was established to have oversight of how CDISC is spending and investing the funds it receives to ensure CDISC acts in accordance with its Bylaws, Strategic Plan, Governance Document and basic principles.

The Financial Oversight Committee constitutes a key body that supports the board's fiduciary duty responsibilities, by holding detailed discussions or reviews at the Committee level and then reporting on to the full board.

### **2. Governing Policies**

CDISC is organized and shall at all times be operated exclusively for purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Internal Code") and within the meaning of the Massachusetts General Laws Chapter 180, Section 4, as amended.

This Committee operates in accordance with CDISC Bylaws, Policies, Charters (including this Charter) and will adhere to CDISC Operating and Internal Procedures where relevant.

All actions of the Financial Oversight Committee shall be reported to the Board of Directors at the next regular meeting of the Board, and at such other times as the Board requests or the Financial Oversight Committee deems necessary. For clarity, the Financial Oversight Committee shall not have any authority to adopt or approve any matters that otherwise require the approval of the Board of Directors, including without limitation the matters set forth in the Bylaws of the Organization. This Committee will largely provide recommendations to the full Board of Directors.

### 3. Responsibilities

The Finance Committee is a standing committee of the Board of Directors (the “Board”) of CDISC. The primary purpose of the Committee is to assist the Board with monitoring and overseeing the balance sheet of the Company, including the capital management strategy, capital structure, investments, returns and related policies. This committee also assists the Board of Directors in its oversight of the integrity of the Company’s financial statements and financial reporting process, the engagement of the independent financial auditor and its qualifications, independence and performance and the performance of the Company’s internal audit function.

The committee is responsible for recommending financial policies, goals, and budgets that support the mission, values, and strategic goals of the organization. The committee also reviews the organization’s financial performance against its goals and proposes major transactions and programs to the board.

The committee reports to the Board.

The finance committee’s specific responsibilities include:

#### **Financial review:**

- Recommending policies that maintain and improve the financial health and integrity of the organization.
- Reviewing and recommending a long-range financial plan for the organization taking into account organizational strategy and other relevant planning.
- Reviewing and recommending an annual operating budget and annual capital budget consistent with the long-range financial plan and financial policies.
- Reviewing and recommending capital expenditures and unbudgeted operating expenditures that exceed management’s spending authority.
- Reviewing and approving capital expenditures and unbudgeted operating expenses that, per board-approved policy, are above management’s authority but below the threshold required for board approval.
- Reviewing the financial aspects of major proposed transactions, new programs and services, as well as proposals to discontinue programs or services, and making action recommendations to the board.
- Monitoring the financial performance of the organization as a whole and its major subsidiary organizations or business lines against approved budgets, long-term trends, and industry benchmarks.

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- Requiring and monitoring corrective actions to bring the organization into compliance with its budget and other financial targets.
- Making recommendations to the Board regarding an investment strategy. This may include recommending an external investment firm who will manage the organizations financial assets according to goals and principles approved by the Board.

### **Audit oversight:**

- Appointing, approving the fees of, and terminating the independent auditor. Reviewing the terms of the auditor's engagement each year and considering auditor rotation at least every five years.
- Reviewing the scope and plan of the audit proposed by the independent auditor.
- Overseeing the performance of the auditor.
- Recommending approval of the annual audit report to the full Board.
- Conducting a post-audit review of the financial statements and audit findings, including any significant suggestions for improvements provided to management by the independent auditor.

### **Other areas of responsibility:**

- Reviewing any legal or regulatory matters that could have a significant effect on the organization's financial statements.
- Periodically reviewing the Corporation's system of internal controls, including its risk management policy and any accompanying insurance coverage, and making recommendations to the Board for changes it considers desirable.
- Performing other oversight functions as requested by the full Board.

## **4. Membership, Structure & Organization**

The membership of the Finance Committee shall be determined by the Board of Directors and shall consist of three or more Directors, who are not members of management. At least one member of CDISC leadership, usually the CFO, will also be represented on the finance committee. The Board treasurer will also be a member of this committee. The Board shall also appoint a Committee Chairperson.

Committee members shall have a basic understanding of finance, accounting, investment management and fundamental financial statements.

Unless a chair is appointed by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

The Committee may include other non-Director persons whose experience in accounting, finance,

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or business may assist the Committee and the Board in the performance of their financial oversight responsibilities.

The Board may remove any member from the Committee at any time.

**Resources.** The Committee has the authority, in line with the financial approval thresholds stated in CDISC Policy-002 Finances, to retain such outside advisors, including legal counsel or other experts, as it deems appropriate, and to approve the fees and expenses of such advisors. The Committee shall receive appropriate funding from the Company, as determined by the Committee, for the payment of compensation to such advisors.

**Finance Committee Charter.** The Committee shall review the charter every three years to reassess the adequacy of this charter and recommend any proposed changes to the Board for approval.

### 5. Meetings and Decision-Making Process

The Finance Oversight Committee will meet via teleconference at least 4 times a year, or when necessary at the call of any member of the Executive Committee. Meeting dates and times should be specified well in advance; however, they can be called at any time with at least 3 Executive Committee attendees (including at least one CDISC Officer) especially in the case of an emergency.

A majority of the Committee members, present and voting, shall constitute a quorum. However, at all times a majority of the Committee, and a majority of a quorum, shall consist of Board members.

Decisions should be taken by consensus as much as possible. In the event a consensus cannot be reached, a proposal would have to be approved by a majority of the Committee members to be deemed approved; the fact that no consensus could be reached, and the results of the vote would have to be disclosed to the Board together with the presented proposal. All Decisions made will be presented to the Board of Directors in writing or at the next board meeting.

The Chairperson of the Committee shall be responsible for setting the agendas for meetings. The agenda and information concerning the business to be conducted at each Committee meeting shall, to the extent practicable, be communicated to members sufficiently in advance of each meeting to permit meaningful review by Committee members prior to such meeting. The Chairperson of the Committee will report regularly to the full Board on the Committee's activities, findings and recommendations, including the results of the Committee evaluation. The CFO or a representative will assist the Committee in maintaining minutes or other records of meetings and activities. The Chairperson will regularly report or escalate to the executive committee of the board in the first instance

### 6. Authorization

This document has been approved and is in effect on this date:

Financial Oversight Committee Charter

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|------|--------------------------|
| Name | CDISC Board of Directors |
| Date | 11/18/2019               |