

# Eastern Iowa Light & Power Cooperative

## BOARD POLICY

**SUBJECT:** Financial Oversight and Reporting

**OBJECTIVE:** To set forth standards for the Board of Directors in performing their respective responsibilities for key finance and accounting functions.

**POLICY:**

Consistent with its oversight responsibilities, the board in this policy sets clear guidelines and expectations for staff in the performance of their duties with relation to financial management of the cooperative.

**EXPECTATIONS:**

**A. Accounting Standards**

The cooperative shall follow generally accepted accounting principles. The board shall request the auditor provide information regarding changes to accounting and auditing standards and practices.

**B. Internal Controls**

The CEO and Division Manager of Accounting are responsible for maintaining a system of internal controls, which include guidelines and procedures related to protecting the cooperative's assets, helping to ensure compliance with the law and applicable regulations, and keeping the cooperative's books and records in reasonable detail to ensure their reliability and accuracy and for proper recording of all transactions involving the cooperative. Internal controls include the separation of personnel duties between the handling of assets and maintaining of the related accounting records, with enforcement of all such guidelines and procedures by the Division Manager of Accounting. Periodically, the CEO or Division Manager of Accounting shall make reports to the board regarding the effectiveness of the cooperative's internal control systems. The board shall work with the auditor to advise the CEO regarding any areas for improvement in internal controls identified by the auditor and suggestions for improvements.

**C. Annual Financial Audit**

1. The board shall be responsible for: selecting and retaining the independent auditor, approving work done by the auditing firm, deciding issues regarding the scope and timing of and compensation for the audit, and determining how issues discovered during the audit will be resolved.
2. The board shall discuss with the CEO and auditor the annual audited financial statements and review the cooperative's reporting and accounting standards and principles, significant changes in such standards or principles or in their application, and the key accounting decisions that could affect the cooperative's financial statements, including alternatives to, and the rationale for, the decisions made.

#### D. Financial Reporting

1. The CEO and Division Manager of Accounting are responsible for ensuring all transactions and other pertinent financial data are maintained in a manner permitting the preparation of financial statements, reports and data for use internally, including by the board, and for reporting to regulatory authorities, lenders, and the members. All such statements, reports and data shall be prepared and presented in a manner that accurately and fairly reflects the financial health of the cooperative and which can be readily understood by the cooperative's membership.
2. The board shall review the cooperative's financial statements in detail with the CEO and Division Manager of Accounting and set aside adequate time during its meetings to provide for sufficient review of these statements.
3. The Annual Financial Statements shall be submitted to the board for approval subject to audit. The Audited Annual Financial Statements with any corrections shall be submitted to the board for approval prior to certification by the President or other authorized officer.

#### LIMITATIONS:

The Board of Directors must balance its overall responsibility for the operation of the cooperative with the CEO's responsibility for day-to-day operations.

#### RESPONSIBILITY:

The President of the Board shall ensure that this policy is implemented.

ADOPTED BY THE BOARD OF DIRECTORS ON MARCH 31, 2022.

REVIEWED BY THE BOARD OF DIRECTORS ON JULY 1, 2022.