



Committee Information

The responsibilities/tasks of the Board are accomplished by an effective and efficient system of committees that have a clearly defined purpose, expectations and limitations.

- Committee Information includes:
 - Committee Reports
 - Committee Types (Standing & Optional)
 - Finance Committee and Audit Committee
 - Nominating Committee
 - Removal From a Committee
 - Youth Committee

Committee Reports

After a committee conducts its task, it compiles a committee report. The committee report should describe the following:

- Procedures used to gather data
- Information or facts obtained
- Conclusions drawn from information
- Recommendations (if requested)

Once developed, the committee report must be adopted by a majority of the committee members. The written report is then submitted to the association board.

Whether a committee report is presented verbally to the board generally depends on whether a copy of the report was included with the board meeting notice. If the written report is not submitted with the meeting notice, the chair of the committee distributes the report at the meeting and verbally presents a summation of the report. The board is then asked to accept the report. The board may choose not to have a committee report presented verbally if it is included with the meeting notice, as it is assumed it has been read.

It is customary for committees to also present reports at the association's annual meeting. These reports outline the committee's accomplishments the previous year, as well as its future tasks.

Committee Types

Committees are classified into two different groups – standing (mandatory) committees and optional (suggested) committees.

Each committee has a chair and recording secretary. How the chair is chosen is dependent on whether the committee is a standing or optional. The chair is responsible for scheduling committee meetings and making sure reports are made at board and membership/delegate meetings. The recording secretary takes the meeting minutes.

An individual serving on the Youth Committee must be a USBC member. Members of the finance committee or optional committees do not have to be USBC members. However, if not a USBC member, the committee member would not have a vote, just voice.



For example, an association may find it beneficial to include a certified public accountant on the finance committee, despite the individual not being a member of the association.

Standing Committees (Mandatory)

According to *Robert's Rules of Order, Newly Revised*, a standing committee is required to report at the annual meeting, or as needed, on everything referred to it during the year.

The standing committees are:

- Finance
- Youth (merged only)

The Youth committee selects its own chair.

Finance Committee

The purpose of the finance committee is to assist with the association's finances and audit(s). This committee is responsible for reviewing and monitoring the annual budget, if applicable, other financial matters.

Youth Committee (Merged Only)

The Youth Committee is a standing committee designed to monitor the programs and services provided to youth members. All merged associations are required to have a Youth Committee.

The Youth Committee's responsibilities are defined in the *USBC Bylaws* and *USBC Association Policy Manual*. Should the board give additional responsibilities to the Youth Committee, they would be defined in the association's operations manual, if applicable.

Authority

The Youth Committee monitors, promotes, reviews, and recommends youth programs and services. The board uses that information to make final decisions.

Although the Youth Committee is unique in the fact that its members are elected, it functions like all other committees. For example, if tasks are assigned to it by the board, the committee reports back its findings. In essence, the Youth Committee does not have authority over all youth programs.

While the Youth Committee is not a decision making body, it should not be assumed that its work cannot have impact. Each member of the Youth Committee has a responsibility to the youth members they represent. To ensure the interests of youth members are recognized, the Youth Committee should be proactive in declaring its recommendations to the board.

Because members of the Youth Committee will have a great deal of knowledge and experience regarding youth activities, the board is encouraged to seek the expertise of the Youth Committee whenever decisions are to be made effecting youth members. For instance, the board could ask the Youth Committee to develop:

- Youth fund-raisers.
- Programs and services for youth members (scholarships, etc.).
- A budget to run youth-related activities.

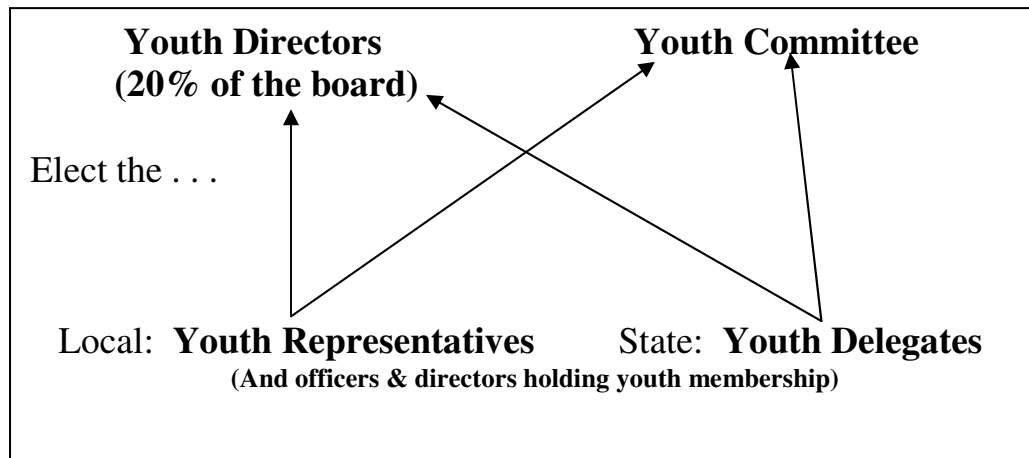


A Youth Committee may not:

- Operate independently from the association.
- Establish a separate bank account from the association.
- Have a president or vice president. The Youth Committee is not a board and therefore does not have officers.
- Change board decisions.
- Implement programs without the board's permission and approval.
- Conduct fund-raisers without board approval.
- Hold separate youth representative/youth delegate meetings.
- Run the association's youth championship tournament, unless assigned by the association manager.
- Run other tournaments without board approval.

Election Processes

The following outlines the processes for elections of youth representation in merged associations. The Youth Committee is elected by Youth Delegates (State)/Youth Representatives (Local). At least 20% of the total number of board members will be elected by the Youth Delegates (State)/Youth Representatives (Local) and officers and directors who hold youth membership.



Election of the Youth Committee and 20% of Association's Board of Director's

Prior to the annual meeting, any individual interested in running for a Youth Committee position or youth director position must submit his/her qualifications to the Youth Committee, in writing:

- At least 24 hours prior to the opening of the annual meeting (State).
- In a time frame determined by the Youth Committee (Local).

The Youth Committee will then review each candidate's qualifications, verify that all eligibility requirements are met, and provide a slate for election to the Youth Committee and the 20% to the board of directors. The slate is presented at the annual meeting. After the slate is presented, the presiding officer will ask for nominations from the floor. Only youth representatives/youth delegates and Youth Committee members may make nominations from the floor.



The Youth Committee and the 20% of the association's board of directors are elected by a majority vote, unless plurality vote has been adopted in accordance with the bylaws, of the youth delegates (State) or youth representatives (Local) at the association's annual meeting by:

- Youth Committee - the youth delegates (State) or youth representatives (Local) and officers and directors who hold youth membership;
- 20% of association's board of directors - the youth delegates (State) or youth representatives (Local) and officers and directors who hold youth membership.

NOTE: An individual may serve as an adult board member (up to 80 percent of the board) and a Youth Committee member simultaneously. However, the individual cannot be elected as a youth director (20 percent of the board) if the individual is already a member of the board.

Optional Committees

USBC recommends that associations consider the following suggested committees:

- Audit
- Awards
- Education/Training
- Events
- Lane Certification
- Nominating
- Membership
- Public Relations
- Scholarship
- Strategic Planning
- Tournament

The president appoints the chair and recording secretary of non-standing (optional) committees, unless a different procedure is outlined by the board of directors.

At times, the association may also find the need for certain special committees. According to *Robert's Rules of Order, Newly Revised*, a special committee is appointed for a specific purpose and continues to exist until its task is complete, unless discharged sooner. An example would be a committee organized to develop an association logo. Once the logo is completed and approved by USBC Headquarters, the committee would be dissolved.

Audit Committee (Optional – Recommended)

The audit committee's primary responsibility is to ensure audits are conducted. While USBC recommends the association have an audit committee to perform periodic audits, **an annual audit must be conducted by an outside provider**. This section provides direction for the audit committee in conducting audits.

Conducting the Audit

When an outside audit firm is used the audit committee would oversee and work with the outside auditors. This committee should be made up of people who are not directly responsible for handling or approving financial transactions. Ideally, committee members could be volunteers



with public accounting backgrounds (CPAs) or those who may run their own businesses or have auditing experience.

Purpose of an Audit

An audit is an examination of an organization's financial documents to determine whether the records and reports are valid and the information is fairly presented. An audit itself does not imply wrongdoing.

The purpose of an audit is to review management policies and procedures, to analyze the flow of transactions and their related internal controls and to work with management in suggesting and implementing solutions where needed. Internal control provides reasonable assurance that the following objectives are being achieved:

- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations

Ensuring an association audit is completed is the responsibility of the board. Every successful audit is based on sound planning, active involvement, and communication between the association and the auditors. Whether the audit is performed by internal or external sources, it is best to pre-define what the responsibilities will be for staff, committees, and/or the auditors.

It is a USBC requirement that an association, at a minimum, completes an audit on an annual basis. If there would be a need for any interim audits (i.e. merger, new association manager, etc.), they should be scheduled as necessary.

The Audit Process

Although every audit is unique, the audit process should be very similar for most associations and would normally consist of four steps:

1. Planning – preliminary review
2. Fieldwork
3. Audit (draft) report
4. Follow-up review

Planning/Preliminary Review

This part of the audit process encompasses the following procedures:

1. **An initial announcement.** Whether the audit is being done through external or internal sources, a communication should be forwarded to the association manager informing him/her of the audit and asking to meet to begin the process. This can be done with a short memo such as the following:



Date

Association Manager

Name of Association

Dear Association Manager:

We are pleased to have been named to do the audit for the “Name of Association” for the fiscal year ending July 31, 20___. We would like to meet with you no later than “enter date” to discuss our understanding of the key considerations affecting the audit as well as to confirm your expectations.

Please advise us as to your availability to meet.

Sincerely,

2. **Planning meeting.** At this meeting, those performing the audit should document to the association manager who is assigned to the audit, scope of services, key dates, and required communications. This meeting also should allow the association board to identify issues or areas of special concern that should be focused on. The following is a sample of the documentation to be provided:



Audit Committee
Chair-John Smith
Recording Secretary –John Doe
Joan Lewis
Jane Jones
Bob Clark

AUDIT PLAN

1. To obtain a working knowledge of the association. Only through fully understanding the association's business can we gain insight to the business risks effecting the association and, subsequently, the financial statements
2. Audit scopes, which ensure all auditing procedures are appropriately applied, are established to enable us to express an opinion on the financial statements of your association as of "date."
3. The Audit will be made in accordance with the auditing standards generally accepted in the United States. It will include such tests of accounting records and other audit procedures considered necessary.
4. The focus of our attention will be on items with a higher potential of error or misstatement. An error or misstatement could include an omission or misstatement of accounting information.
5. Our approach will primarily be based upon the following factors
 - a. The use of appropriate auditing standards. Example: Random review of a leagues application and membership dues.
 - b. Understanding the association's purpose. Example: Ensuring association has not used an inordinate amount of funds on items and activities that do not support the purpose of the association.
 - c. Risks faced by the association both externally and internally. Example: Center closing, leading to loss of membership revenue and/or and untrained association manager.
 - d. Evaluation of year-to-date operating results and financial position. Example: Is the association budget on track? Has the association already allocated all budgeted funds only halfway through the season?
 - e. Known business issues, discussions with association manager and Finance Committee, and prior year audits. Example: View prior season's audit report to ensure recommendations have been implemented.
6. Key Dates;
 - a. June: Pre-audit meeting
 - b. July/August: Begin gathering data needed for audit.
 - c. September: Conduct the audit
 - d. October: Final draft of financial statements and management letter. Provide final audit report to the board.
7. Required communications to association board. To comply with your association's audit standards, we will provide information about significant matters related to the audit, such as:
 - a. Auditors responsibility under generally accepted auditing standard
 - b. Non-compliance with USBC Bylaws and USBC association Policy Manual
 - c. Non-compliance with local, state, and federal government requirements.
 - d. Uncorrected misstatements or errors.
 - e. Disagreements with Management.
 - f. Recommended changes/improvements/implementations for future audits.
 - g. Difficulties encountered in performing the audit.



3. **Gather information.** A pre-audit information gathering should be done with key personnel and a review of reports, files, and other sources of information. A key part in the accumulation of this information is the completion of worksheets detailing specific accounts asked for by the auditors (i.e. accounts payable, accounts receivable). Following is a brief example of such a worksheet:

COMPUTER UPGRADES ACCOUNT			
#7005			
Name of Vendor	Current Year	Prior Year	Difference
Best Buy	\$2,500	\$150	\$2,350
John's Computer	1,000	1,000	-
Maintenance			
Other	150	125	25
	\$3,650	\$1,275	\$2,375

Explanation of variance
The increase in expenses is due to the purchase of new software.
Prepared by: Bob Jones

Adding explanations for significant changes saves a lot of questions and time when the auditors are doing their fieldwork. Along with this fact-finding, a review of the internal control structure also should be completed. Internal control structure means a system of checks and balances, such as written financial policies and procedures. For example, were there two signatures on every check?

4. **Fieldwork.** The next step is defining the fieldwork that will be necessary to achieve the audit objectives – such things as what the board has asked the audit committee to focus on (i.e., deposit requirements are met), external contacts that need to be made (i.e. bank/investment account confirmations), association manager review of financial policies and procedures, etc.

The fieldwork concentrates on transaction testing and informal communications with the association manager and/or board. It is during this phase that the auditors determine whether the internal controls that have been identified during the planning stage are operating properly and in the manner described. This phase concludes with a list of any significant findings from which the auditors will prepare a draft of the audit report.

During the fieldwork, the auditor performs the procedures that have been outlined in the audit plan. These procedures will test the major internal control functions (checks and balances system) and the accuracy and propriety of the transactions. Various techniques can be used in transaction testing with “sampling” being one of the most common. With “sampling,” a randomly selected number of transactions are tracked from the beginning to the end of the process. A simple example would be as follows:



a. Cash Receipts

- 1) Select a transaction from the General Ledger (i.e. depositing of membership dues).
- 2) Validate transaction (amount/account) against Cash Receipts journal.
- 3) Validate transaction against deposit slips and related support (i.e. league application, membership application, etc.).
- 4) Validate transaction against bank statements.

As the fieldwork progresses, the auditor discusses any significant findings with the association manager and board. The association manager offers his/her insights and works with the auditor to determine the best method of resolving any issues. To assure proper handling, documentation should be prepared to substantiate what is done. A large and vital part of the audit fieldwork is the working papers that were compiled by the association manager. Many times, the auditors will use these worksheets as one area they may want to focus on in their transaction testing. The worksheets support and connect the accounting records and financials to the audit opinion. They can be very comprehensive and serve many functions within the audit.

With the completion of their fieldwork, the auditors summarize any audit findings, the conclusions to those findings, and any recommendations necessary to be included in the audit report draft.

b. **Verification of Association Accounts.** As part of the audit process, the audit committee has additional responsibilities in verifying association accounts. The audit committee's verification responsibilities include, but are not limited to, the following:

- Verify deposit amounts and dates.
- Review canceled checks and supporting documents. Make sure checks bear the signatures of two authorized cosigners.
- Review the association manager's financial statements for accuracy.
- Review the checkbook to verify entries and reconcile bank statements.

Funds must be deposited within seven days of receipt in an account in the name of the association in a FDIC banking institution or its equivalent. Failing to follow these requirements could cost associations thousands of dollars because a bonding payment only will be 50 percent of the documented shortage.

c. **Inventory Audit.** In addition to the traditional financial audit outlined in the preceding sections, an annual audit of the association's inventory is necessary to fully understand the association's financial situation. An association's inventory consists of any physical property; for example, local awards that have not yet been issued or unsold association merchandise.

In auditing the inventory, the audit committee shall compare the association property on hand at the beginning of the season with the amount remaining at the end of the season. That figure is to be compared with the information listed in the financial records.



5. **Audit (Draft) Report.** At the conclusion of the fieldwork, the auditors do a “draft” report. The auditors then thoroughly review all audit work papers and the “draft” report. The report is then given to the board for its review and comments. Once the board has reviewed the “draft” report, any comments on the audit findings, changes to text, and/or recommendations are discussed with the auditors and an agreement is reached on proper presentation.

With agreement on both sides, the auditors prepare a final draft to include any revisions. Auditors and the board again review the report and, barring any further disagreements, the auditors issue a final report.

6. **Final Report.** This final report is presented to the membership/delegates, by the board and/or audit committee or auditors, for final review. The report should contain the following information:

- a. Audit Plan Review and Results to include:

- A review of the overall process used by the auditors (See items 1-5 of the Audit Plan).

Example: *Our primary objective* is to express an opinion that the financial statements, in all material respects, are presented fairly, etc.

- Statements on the required communications to the audit committee (See item 7 of the Audit Plan).

Example: *Auditor’s Responsibility Under Generally Accepted Auditing Standards* – Our audit of the financial statements for the year ended July 31, 20__ was conducted in accordance with auditing standards generally accepted in the United States of America.

- Management recommendations, if any.

Examples:

Credit/Debit Cards – Currently, purchases made by employees on the association’s credit/debit card are not being approved by the board. Employees are required to maintain the receipts for their purchases and review/code the amounts in a program which tracks card activity. We also recommend that all credit/debit card activity be approved by the board before the invoice is paid. This will help ensure the correctness of all credit/debit card expenses.

Board Response – The board agrees that all credit/debit card activity should be reviewed and approved. We have implemented procedures to ensure that all credit/debit card activity is reviewed and approved before the invoice is paid.

- Summary of adjustments, if any. These could be audit and/or reclassification adjustments.



Example:

	Debit	Credit
Special Project Income	\$2,500	
Dues Income		\$2,500
(To correct Special Project Income to the appropriate account.)		

b. Financial Statement Presentation

This would include:

- *Independent Auditor's Report* – Statement of auditor's opinion on the financial statements.
- *Financial Statements* – Year-to-year comparative balance sheet, income statement and statement of cash flow.

Example

Income Statement		
For the 12 months ended July 31, 20__		
	<u>Current</u> <u>Year</u>	<u>Prior</u> <u>Year</u>
Income		
Dues	\$11,500	\$12,000
Interest	500	500
Scholarships	950	1,000
Special Projects	6,000	5,500
Total Income	18,950	19,000
Expense		
Salary	1,800	1,750
Payroll Taxes	225	200
Dues	5,850	6,000
Conventions	195	200
Utilities	275	275
Insurance	205	200
Scholarships	300	275
Printing	175	200
Promotions/Goodwill	400	400
Awards	1,050	1,000
Total Expenses	<u>10,475</u>	<u>10,500</u>
Net Profit (LOSS)	<u>\$8,475</u>	<u>\$8,500</u>



- *Summary of Significant Accounting Policies.*

Example: Cash and Cash Equivalents – Cash and cash equivalents include cash on hand and assets, with original maturities of three months or less, which can easily be turned into cash (e.g., CDs).

Notes to Financial Statements – Detail on some of the more significant areas of the financials.

Example:

	Current Year	Prior Year
Investments at “date:”		
Savings account	\$25,000	\$20,000
Certificates of deposit	<u>15,000</u>	<u>5,000</u>
Total investments	\$40,000	\$25,000
Investment income at “date:”		
Interest and dividends	\$1,250	\$1,000
Realized (sales) gains	500	100
Unrealized (valuation) gains	<u>1,500</u>	<u>400</u>
Total investment income	\$3,250	1,500

Follow-up Review. If the final report contains any recommendations that need to be addressed, the auditor and the board should follow up to make sure that they have been implemented. This should usually occur within 30 to 90 days from the approval of the final audit report.

Nominating Committee

This committee, which is elected by the board, assists in shaping the association’s structure. The nominating committee reviews candidates’ resumes and prepares slates for the board and delegate positions. In addition, the nominating committee publicizes criteria and procedures for the elected positions.

The responsibility of the nominating committee in preparing the slate is not an overnight process. Each member of the committee should be actively seeking resumes of those they feel may be good candidates for service on the board. Consider asking proprietors, outgoing board members, and league secretaries who they think may make good board members, and follow up with their recommendations. The larger the pool of applicants, the more selective the nominating committee may be in providing the best slate of candidates possible.

Finally, the committee should contact those board members whose terms are up for election to determine if they are seeking re-election. Do not assume in developing a slate that an individual plans to run for another term without first consulting him/her. It is furthermore important to remember that re-election is not automatic, and there may be other qualified candidates.



Those elected by the board to the nominating committee serve until the next nominating committee elections are conducted. The practice of how often nominating committee elections are conducted is ultimately up to each association. In some associations, a new committee will be elected each year, while in others; a different length of time may be used.

NOTE: An individual can serve on the nominating committee and Youth Committee simultaneously.

Role in the Election Process

The nominating committee's primary goal is to compile a slate of candidates for election at the association annual meeting.

The Slate

A slate is a list of candidates recommended by the nominating committee to be elected to open positions. To be listed "on the slate" essentially means an individual will be placed on the ballot for a specific position (i.e. – if an individual is on the slate for president, his/her name will appear on the ballot for president). By placing a candidate on the slate, the nominating committee is providing an endorsement for the individual.

Developing the Slate

The nominating committee develops the slate for each open position based on the qualifications/resumes received. Per the *USBC Bylaws*, individuals interested in running for a board or delegate position must submit qualifications in writing (State), or in a format specified by the nominating committee/board (Local).

Ultimately, the criteria used in deciding who will be placed on the slate for each open position is up to the nominating committee. The nominating committee should be aware, however, of any eligibility requirements for specific positions that may disqualify applicants. For example, if an association's bylaws require the president to have a minimum of one year past experience on an association board, any applicant for the office of president must meet this requirement or would not be a consideration for that particular office.

The nominating committee should understand any criteria, discussions, debate, etc. used in deciding which individuals were put on the slate is considered a confidential matter.

When requesting qualifications/resumes, the nominating committee should ask an individual to specify which position(s) they wish to seek. An individual should not be placed on the slate for a position that they did not indicate interest in, without the nominating committee first gaining the individual's approval.

It is recommended the nominating committee place multiple individuals on the slate for each position.

Youth Committee Slate

In a merged association, the nominating committee, if applicable, will present the slate for open positions on the Youth Committee based on what was developed by the Youth Committee. The



nominating committee simply presents the slate; they cannot add/remove any individuals the Youth Committee puts on the slate.

Preparing for the Annual Meeting

To enable elections to run smoother, the nominating committee should coordinate with the association manager to ensure the names on the slate are pre-printed on election ballots before the annual meeting. While not a required practice, pre-printing ballots based on the nominating committee's slate can save a great deal of time at meetings, as well as make the process of tallying the ballots simpler.

When pre-printing, blank lines must be left on each ballot to allow for nominations from the floor. In addition, the association must be sure to have plenty of ballots on hand to account for all members present, as well as situations in which an election requires multiple ballots. A sample pre-printed ballot is available below.

Role at the Annual Meeting

At the annual meeting, the nominating committee will ideally have printed candidate qualifications to distribute to members as they enter. In addition, immediately preceding the election, the nominating committee will present its report, which consists of the slate, along with candidate qualifications if they were not distributed at the beginning of the meeting. Once the report has been made, the elections would begin. It is the presiding officer that presides over the actual elections, handles nominations from the floor, etc.



Sample Candidate Qualification Sheet

Anywhere USBC Association Candidate Qualifications for President (Date)

Candidate: **Matt Strike**

Bowling Experience

League:

Secretary 18 years
President 1 year

Local Association:

BA Vice President 3 years
BA Director 6 years
USBC Director 2 years

Other Bowling Affiliations:

700 Club – Member 12 years
Local Hall of Fame 10 years

Committees Served:

Scholarship – Chair 2
Finance – Chair 10
Awards – Member 8
Tournament – Member 18

What goals do you want to achieve by leading this association? _____

Education level: _____

Current Profession: _____

Skill Sets (Parliamentary procedures, customer service, computer, etc.): _____

Community Relations (Chamber of Commerce, Charities, etc.): _____

Hobbies: _____



Sample Nominating Committee Report Form

Acme USBC Annual Meeting (Date)

Report of the Nominating Committee; if applicable

To the board and members assembled at the Acme USBC Annual Meeting:

We, the Nominating Committee reviewed qualifications and eligibility requirements of each candidate as described in the *USBC Bylaws* and *Association Policy Manual* and make the following recommendations:

President (1): Bob Bowler
Judy Headpin

Directors (6): Brad Lanebed
Andy Gutterball
Denise Spare
Sue Frame
Todd Scoresheet
Linda Turkey
Mike Split
Melanie Foul

Youth Directors (3) Cindy Notap
Bob Rules
Laura Double

State Delegates (4): Pamela Snackbar
Bart Oilpattern
Sarah Strike
Larry Arrow
Chris Triplicate

National Delegate (1): Kelly Rosinbag

Candidate's Qualification Sheets have been distributed to the voting members.

Respectfully submitted,
Chair Kathy Davis
Brett Jones, John Smith
Laura Johnson, Earl Williams



Sample Director Ballot/Tellers Report

Ballot #1

Director

Vote for no more than six (6) by placing an X next to the name(s).

- Brad Lanebed
- Andy Gutterball
- Denise Spare
- Sue Frame
- Todd Scoresheet
- Linda Turkey
- Mike Split
- Melanie Foul
- _____
- _____
- _____

Ballot #2

Director

Vote for no more than _____ by placing an X next to the name(s).

- Brad Lanebed
- Andy Gutterball
- Denise Spare
- Sue Frame
- Todd Scoresheet
- Linda Turkey
- Mike Split
- Melanie Foul
- _____
- _____
- _____

If Majority vote is used for the election of directors, cut the ballots in half and distribute Ballot #1. Ballot #2 would only be used if 6 candidates did not receive a majority vote on the first ballot.

If this were this case, Ballot #2 would then be distributed and the members should be instructed to re-write the name(s) of the candidate(s) that were nominated from the floor on the second ballot.

Next, the members should be instructed to cross out the names individuals that were elected (received majority vote), as well as the individual receiving the lowest number of votes on the first ballot. Depending on how many director positions still need to be filled, the voting body will be instructed to vote for 'x' number of directors.

Removal From Office

The president has the authority to remove committee members from president appointed committees.

Because a Youth Committee member is elected, he/she is subject to the same removal from office procedures as a board member. See Chapter 16 of the USBC Association Policy Manual for the procedures.