

SEABROOK ISLAND PROPERTY OWNERS ASSOCIATION



SEABROOK ISLAND
Property Owners Association

Financial Governance Manual

*A Framework for Financial Stewardship, Internal Controls, and
Appropriately Delegated Authority*



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Supersedes: Prior Financial Governance and Financial Control Policies, as applicable

Statement of Governance Philosophy

The Seabrook Island Property Owners Association ("SIPOA") is entrusted with the stewardship of financial resources received through assessments, user fees, commercial access fees, rental-related revenues, and other income that supports the Association's mission and operations.

SIPOA is committed to governance practices that promote accountability, transparency, sound financial stewardship, and operational excellence.

Effective governance requires a clear distinction between the responsibilities of the Property Owners, the Board of Directors, and management.

Property Owners exercise their governance authority through the election of Directors, election of members of the Nominating Committee, and approval of the Association's annual operating budget as provided in the Governing Documents.

The Board of Directors establishes strategic direction, adopts policies, exercises fiduciary oversight, and delegates administrative authority necessary to efficiently operate the Association.

The Executive Director is responsible for implementing Board policy, administering the Association's operations, safeguarding Association assets, and managing financial resources within the authority delegated by the Board.

This Manual establishes the governance framework through which financial decisions are made, authority is delegated, accountability is maintained, and Association resources are protected. It is intended to promote consistent decision-making while allowing management to efficiently administer the Association's day-to-day operations.

This Manual is supported by Board-approved financial policies, the Financial Authority Schedule, and management Standard Operating Procedures (SOP). Together, these documents establish an integrated framework that balances effective governance with efficient administration.

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Supplemental Documents:

Board Documents / Policies

- Financial Authority Schedule
- Collections Policy
- Payment Plan Policy
- Conflict of Interest Policy
- Executive Committee Action Between Meetings Policy
- Records Retention Policy
- Other Related Policies

Management Documents

- Standard Operating Procedures (SOP)
- Segregation of Duties

CHAPTER 1- Financial Governance Framework

1.1 Objective

The objectives of this Manual are to:

- Establish the Board's financial governance framework.
- Define financial governance responsibilities and delegated authority.
- Promote prudent stewardship of the Association's financial and physical resources.
- Safeguard Association assets through effective internal controls and risk management.
- Promote transparent, consistent, and accountable financial administration.
- Support informed financial decision-making and long-term financial sustainability.
- Establish the relationship between Board governance, the Financial Authority Schedule, and Management Standard Operating Procedures.

This Manual serves as SIPOA's primary financial governance document.

1.2 Guiding Principles

The Association shall administer its financial affairs in accordance with the following principles:

- **Stewardship** – Responsible management of the Association's financial and physical resources. Everyone entrusted with Association resources shares a responsibility to exercise sound financial stewardship within the scope of their delegated authority.
- **Accountability** – Clear responsibilities, authority, and reporting.
- **Transparency** – Timely, accurate, and understandable financial information.
- **Internal Controls** – Appropriate controls to safeguard assets and ensure reliable financial administration.
- **Risk Management** – Financial and operational risk management is integrated throughout the Association's financial governance practices. Management is responsible for identifying, assessing, mitigating, and communicating material risks to support informed decision-making and protect the Association's financial resources, assets, and strategic objectives.
- **Delegation** – The Board delegates appropriate financial authority to Management to support effective administration while retaining governance oversight through clearly defined authority, reporting, and internal controls.
- **Compliance** – Financial activities shall comply with applicable laws, the Governing Documents, Board policies, and generally accepted accounting principles (GAAP), as applicable.
- **Long-Term Sustainability** – Financial decisions shall support the Association's long-term financial health by balancing current operational needs with the responsible stewardship of assets, reserves, and financial resources for the benefit of current and future Property Owners.

1.3 Governance Documents

In conjunction with SIPOA's Governing Documents (Protective Covenants and Bylaws), the Association's financial governance framework consists of the following levels of documentation.

Document Type	Approval Authority	Purpose
Financial Governance Manual	Board of Directors	Establishes governance principles, delegated authority, financial responsibilities, and the internal control framework.
Financial Authority Schedule	Board of Directors	Establishes approval authorities, expenditure thresholds, procurement limits, contract authority, signature authority, investment authority, and reporting requirements.
Financial Policies	Board of Directors	Establishes specific financial policies, including collections, payment plans, credit cards, conflicts of interest, fixed assets, and other Board-adopted financial policies.
Standard Operating Procedures	Executive Director	Establish administrative procedures and workflows necessary to implement this Manual, the Financial Authority Schedule, and Board-approved financial policies.

The Executive Director is authorized to establish, revise, and maintain Standard Operating Procedures necessary to administer this Manual, provided such procedures remain consistent with Board policy and the Financial Authority Schedule.

Where a conflict exists between this Manual and the Governing Documents (Protective Covenants or Bylaws), the Governing Documents shall control.

CHAPTER 2 – Financial Roles and Delegated Authority

2.1 Delegation of Authority

The Board of Directors is responsible for establishing financial policy and exercising fiduciary oversight on behalf of the Association.

To promote efficient administration, the Board delegates financial and administrative authority to the Executive Director within the limits established by this Manual, the Financial Authority Schedule, and other Board-adopted policies.

The Executive Director may further delegate operational responsibilities to qualified employees when appropriate internal controls, accountability, and reporting mechanisms are maintained.

Delegation does not diminish the Board or Finance Committee’s responsibilities, especially for governance and oversight assigned by the Governing Documents.

2.2 Financial Roles and Responsibilities

Role	Primary Financial Responsibilities
Property Owners	Elect members of the Board of Directors and Nominating Committee; approve the annual Budget; exercise voting rights reserved by the Governing Documents.
Board of Directors	Establish strategic direction; adopt financial policies; recommend the annual Budget for Property Owner approval; authorize expenditures within the Financial Authority Schedule; exercise fiduciary oversight; monitor organizational performance and financial condition.

Role	Primary Financial Responsibilities
Board Treasurer	Serve as the Board's principal financial officer; provide financial leadership to the Board; participate in development and refinement of the annual budgets; coordinate with the Executive Director, Finance Director, and Finance Committee; review financial reporting; perform responsibilities assigned by the Governing Documents and Board policy.
Executive Committee	Exercise authority delegated by the Board in accordance with the Governing Documents, Financial Authority Schedule, and Association policies.
Finance Committee	Review the Association's financial condition, proposed budgets, reserve funding, capital planning, and financial policies; oversee the processes used to measure and report actual income, expenditures, and cash flow against the budget; review the adequacy of internal financial controls and recommend improvements to promote fiscal responsibility and safeguard Association assets; exercise investment authority as provided by the Governing Documents; and provide guidance to the Board within its delegated authority.
Executive Director	Serve as the Association's chief executive and administrative officer; administer Association operations and approved budgets; oversee financial administration; implement Board policy; exercise delegated authority; safeguard Association assets; direct and supervise Association staff; establish Standard Operating Procedures. Expected to exercise sound business judgment while balancing fiscal responsibility, operational efficiency, transparency, and the long-term interests of the Association.
Finance Director	Serve as the Association's senior financial officer under the direction of the Executive Director; administer the Association's financial operations and insurance program; develop preliminary Operating, and Capital / Reserve Budgets; direct accounting operations; prepare financial reporting and analysis; maintain financial records; coordinate the annual audit and tax filings; administer banking relationships, cash management, and authorized investment transactions.
Chief Operating Officer	Administer assigned operational departments; oversee operational budgets, capital projects, facilities, engineering, security, and other assigned operational functions.
Department Directors	Administer departmental operations and approved budgets; manage expenditures and contracts within delegated authority; support financial accountability and internal controls.

*References in this Manual to the Finance Director include any successor position assigned substantially similar responsibilities.

CHAPTER 3 – Budget Development, Planning, and Oversight

3.1 Budget Philosophy

The Association's annual budget process serves as the primary framework for allocating financial resources in support of the Strategic Plan, operational priorities, and long-term financial sustainability.

The annual Operating, Capital, Designated Reserve Budgets shall be developed using reasonable financial assumptions, historical trends, anticipated operational needs, reserve studies, capital planning, and other information deemed appropriate by management and the Board.

3.2 Budget Development

Management shall develop the proposed annual budgets through a collaborative process that incorporates operational needs, financial analysis, and strategic priorities.

The budget development process generally follows the sequence below:

1. Department Directors prepare departmental budget requests.
2. The Finance Director develops preliminary Operating, Reserve, and Capital Budgets.
3. The Executive Director reviews, refines, and establishes organizational priorities.
4. The Board Treasurer reviews and refines the proposed budgets with management.
5. The Finance Committee reviews the proposed budgets and provides input.
6. The Board of Directors recommends the Budget for Property Owner approval.
7. Property Owners approve the annual Budget.

3.3 Budget Monitoring and Amendments

Management shall monitor financial performance throughout the fiscal year and report significant budget variances, emerging financial risks, changing operational conditions, and recommend corrective actions to the Board, as appropriate.

Department Directors and the COO are responsible for exercising prudent financial stewardship within their areas of responsibility, administering expenditures within their delegated authority, and timely communicating known or anticipated material budget variances or financial issues to their supervisor in a timely manner.

Additional budget controls are included in the Financial Authority Schedule.

Budget amendments shall be in accordance with the Governing Documents.

3.4 Long-Term Financial Planning

Management shall periodically evaluate the Association's long-term financial condition and provide recommendations that support sustainable operations.

The Capital Budget should include the next 3-5 years of anticipated expenditures.

Long-term financial planning should consider:

- Reserve Study and funding.
- Capital improvement planning.
- Infrastructure replacement.
- Assessment impacts.
- Operational sustainability.
- Strategic initiatives.

CHAPTER 4 – Financial Administration and Reporting

4.1 Financial Administration

The Finance Director, under the supervision of the Executive Director, is responsible for administering the Association's financial operations in accordance with the Governing Documents, Board policies, applicable laws, and generally accepted accounting principles (GAAP).

Responsibilities include administration of Annual assessment and other Association revenue collection, approved budgets, financial reporting, accounting records, financial systems, internal financial controls, and other related financial activities necessary to support the Association's operations.

4.2 Revenue Administration

Management shall administer the timely billing, collection, deposit, accounting, and reporting of annual assessments and other Association revenues in accordance with the Governing Documents, applicable laws, generally accepted accounting principles (GAAP), and applicable Board policies.

Management shall establish and maintain Standard Operating Procedures for the administration of assessments and other Association revenues, including payment processing, delinquent accounts, payment plans, and collection activities, consistent with the Association's Collection Policy, Payment Plan Policy, and other applicable Board policies.

4.3 Accounting Standards and Financial Records

The Association shall maintain its accounting records in accordance with generally accepted accounting principles (GAAP) and other applicable accounting standards.

Management shall maintain complete and accurate financial records that support financial reporting, audits, regulatory compliance, and sound financial management.

Financial records shall be retained in accordance with applicable legal requirements and the Association's Records Retention Policy.

4.4 Financial Reporting

The Finance Director shall use the accrual basis of accounting (modified as necessary consistent with the recommendations of the Association's independent auditors) and prepare accurate, timely, and meaningful financial reports sufficient to support effective governance, financial oversight, and informed decision-making. Financial reports are intended to provide Management, the Finance Committee, and the Board with information regarding the Association's financial condition and budget performance and do not necessarily reflect all approved commitments or obligations not yet recognized under the Association's accounting practices.

Monthly financial reports shall be provided to the Board Treasurer.

Quarterly financial reports shall be provided to the Finance Committee and Board of Directors. Additional financial reporting shall be provided as necessary to support effective governance, decision-making, and oversight.

Financial reports include:

- Balance Sheet.
- Income statement.
- Bank statements (to Board Treasurer).
- Variance Report which is management's analysis of significant budget variances, unusual transactions, emerging financial issues, and other information necessary to support informed Board decision-making.

4.5 Financial Systems and Standard Operating Procedures

Management is responsible for maintaining financial systems that provide reliable financial information, protect Association data, and support effective financial controls.

The Finance Director will ensure that Standard Operating Procedures necessary to administer the Association's financial operations and implement the internal control framework established by this Manual are established and revised. The Executive Director will approve all SOP revisions.

Standard Operating Procedures are management documents intended to implement this Manual and do not require Board approval unless otherwise directed by the Board.

CHAPTER 5 – Procurement and Contract Administration

5.1 Procurement

The Association shall procure goods and services through fair, competitive, and transparent processes that promote responsible stewardship of Association resources while supporting efficient operations.

Procurement activities shall be conducted in accordance with this Manual, the Financial Authority Schedule, Board policies, and applicable law.

Management shall administer procurement activities in a manner that:

- Obtains the best overall value to the Association.
- Promotes fair and open competition whenever practical.
- Maintains ethical business practices.
- Protects Association assets through appropriate financial controls.
- Supports timely and efficient operations.

Selection of vendors should consider price, qualifications, experience, service capabilities, reliability, responsiveness, and other factors that provide the best overall value to the Association. There is no obligation to select the lowest-cost from the qualified vendors if it does not provide the best combination of service and value.

Contracts or financial transactions involving SIPOA employees, members of the Board of Directors, Board Members-elect, committee or task force members, or their related parties shall comply with the Association's Conflict of Interest Policy and all applicable disclosure and approval requirements.

5.2 Procurement Authority

The Executive Director is authorized to procure goods and services within the limits established by the Financial Authority Schedule and the approved budgets.

The Executive Director is also authorized to enter multi-year contracts, leases, and service agreements, including but not limited to software, equipment, maintenance, janitorial, and other recurring services, for terms not exceeding three (3) years, provided the agreement is within the Executive Director's delegated financial authority and complies with the Financial Authority Schedule.

Purchases, contracts, leases, and other agreements exceeding delegated authority shall be submitted to the appropriate approving authority.

The Executive Director may further delegate procurement responsibilities to management staff, provided such delegation is supported by appropriate oversight, segregation of duties, and internal financial controls.

5.3 Competitive Procurement

Management shall utilize competitive procurement methods whenever practical and appropriate to promote responsible stewardship of Association resources.

Competitive procurement should be conducted using methods appropriate to the nature, complexity, and value of the purchase. Depending on the circumstances, this may include quotes, proposals, bids, published pricing, cooperative purchasing contracts, or other documented procurement methods that support obtaining the best overall value for the Association.

The Financial Authority Schedule establishes when competitive procurement is required.

5.4 Procurement Exceptions

Competitive procurement may be waived when determined to be in the best interest of the Association, including circumstances such as:

- Emergency conditions.
- Sole-source or proprietary goods and services.
- Continuation of specialized professional services.
- Cooperative purchasing programs.
- Other circumstances authorized by the Financial Authority Schedule.

Management shall document the basis for procurement exceptions whenever competitive procurement is not utilized.

5.5 Contract Administration

The Department Director or Manager responsible for the project, program, or service shall administer the contract throughout its term and monitor vendor performance to ensure compliance with contractual requirements.

Management shall generally incorporate the Association's Standard Contract Addendum, or other Board or legal counsel-approved standard contract provisions, into contracts that create significant legal or financial obligations for the Association. The Executive Director may approve exceptions when their use is unnecessary, impractical, or not in the best interest of the Association.

Responsibilities include, as appropriate:

- Monitoring contract performance.
- Confirming satisfactory completion of work or delivery of goods and services.
- Initiating interim and final payments in accordance with delegated authority and the Accounts Payable Standard Operating Procedure.
- Coordinating contract renewals, amendments, or closeout.
- Maintaining appropriate contract documentation.
- Reporting material performance issues, budget variances, contractual concerns, or potential claims to their supervisor in a timely manner.

The Executive Director, Chief Operating Officer, and Finance Director shall provide oversight, as appropriate, to ensure contracts are administered consistently with this Manual, approved budgets, the Financial Authority Schedule, and applicable Board policies.

Management shall utilize Board-approved standard contract provisions, including the Association's standard contract addendum when appropriate, to protect the Association's legal, financial, operational, and insurance interests. Exceptions may be approved by Management in consultation with legal counsel when warranted by the nature of the agreement or the contracting party.

Management shall maintain appropriate procurement controls, including segregation of duties, authorization and approval processes, documentation supporting procurement decisions, verification of goods and services received prior to payment, and compliance with the Conflict of Interest Policy.

The Executive Director may establish additional administrative controls through Standard Operating Procedures to strengthen procurement oversight and operational efficiency.

CHAPTER 6 – Cash Management, Investments, and Debt

6.1 Cash Management

Management is responsible for administering the Association's cash resources in a manner that protects Association assets, maintains sufficient liquidity to meet operational needs, minimizes financial risk, and supports efficient operations.

The Finance Director shall oversee the management of the Association's cash accounts to:

- Maintain sufficient operating cash to meet the Association's financial obligations while investing excess funds.
- Satisfy the requirements of applicable banking agreements.
- Minimize banking and merchant service fees.
- Support efficient cash flow management while maximizing the prudent use of Association funds.

Management shall establish standard operating procedures governing bank and credit card reconciliations, payments, credit card administration, and related financial processes.

All Association credit card use shall comply with the Credit Card Policy, Financial Authority Schedule, and applicable Standard Operating Procedures.

6.2 Banking Relationships

The Executive Director and Finance Director are responsible for establishing and administering the Association's banking relationships in accordance with the Financial Authority Schedule.

Unless otherwise provided in the Financial Authority Schedule or by Board action, the Executive Director shall generally serve as the Association's authorized signatory for financial accounts and routine banking transactions.

Transfers of Association funds to financial institutions or accounts other than SIPOA-owned accounts, including wire transfers, ACH transfers, investment purchases, or other external transfers of funds, shall require the additional authorization specified in the Financial Authority Schedule. This requirement does not apply to routine operating disbursements processed through the accounts payable or payroll procedures.

Management shall periodically evaluate banking services to ensure they continue to support the Association's operational, financial, and security needs.

6.3 Investment Management

The Finance Committee shall establish the Association's investment strategy consistent with the requirements of the Governing Documents and the Association's long-term financial objectives.

The Finance Director shall evaluate investment opportunities and provide recommendations to the Executive Director and Finance Committee.

The Executive Director is authorized to approve investment transactions consistent with the Finance Committee's investment strategy and within the authority delegated by the Governing Documents.

The Finance Director shall execute approved investment transactions and maintain appropriate investment records.

The Finance Director or Board Treasurer shall report investment performance and portfolio activity quarterly to the Finance Committee and Board of Directors.

Pursuant to Section 3.2.3(8) of the SIPOA Bylaws, the following investment requirements apply:

- Subject to any express limitations contained elsewhere in the Bylaws, the Board may allocate, expend, and invest Association funds as it deems appropriate for the operations of SIPOA.
- Ordinary transactions at SIPOA's primary banking institution in amounts less than \$250,000 are permitted.
- Investments of operating and capital reserve funds are limited to:
 - U.S. Treasury securities.

- Federally insured bank deposits and brokered certificates of deposit.
- Federal agency debt.
- Debt obligations rated in one of the two highest categories by a nationally recognized rating agency.
- Money market funds restricted to high-quality money market investments.
- Investments in debt obligations shall not have maturities exceeding one (1) year, except that investments with maturities greater than one (1) year, but not exceeding five (5) years, and in an aggregate amount not exceeding \$5,000,000, require approval of the Board of Directors.

For purposes of this Chapter, Investment in debt obligations refer to investment securities authorized by the SIPOA Bylaws and are distinct from debt or borrowing incurred by the Association.

6.4 Borrowing and Debt

Pursuant to Section 3.2.3(7) of the SIPOA Bylaws, the Board is authorized to borrow funds:

- For a period not to exceed one (1) year for the operations of SIPOA; or
- In an amount not to exceed \$4,000,000, if deemed necessary by the Board in the case of an Emergency, for such period of time as may be reasonably necessary to respond to the emergency circumstances and to pay the costs associated therewith.

The Association may but is not required to maintain an Emergency Line of Credit within the authority delegated by the Bylaws.

Management may administer existing debt obligations, financing arrangements, and the Emergency Line of Credit within the authority delegated by the Board and the Financial Authority Schedule.

CHAPTER 7 – Assets, Reserves, and Capital Planning

7.1 Capital Assets

Management is responsible for the stewardship, maintenance, and accounting of the Association's capital assets in accordance with the Governing Documents, Board policies, and applicable accounting standards.

Assets meeting the Association's capitalization criteria shall be recorded and accounted for and depreciated annually in accordance with generally accepted accounting principles (GAAP) and the recommendations of the Association's independent auditors, as appropriate.

The acquisition, capitalization, depreciation, inventory, transfer, and disposal of fixed assets shall be administered through Management Standard Operating Procedures consistent with applicable accounting standards and the recommendations of the Association's independent auditors, as appropriate.

7.2 Reserve Funds

Reserve funds are established to provide for the major repair, replacement, improvement, and advancement of the Association's assets and infrastructure, while promoting the long-term financial sustainability of the Association.

In accordance with Chapter 3 of the Protective Covenants, transfer assessments shall be allocated to SIPOA's Reserves for Capital Expenditures.

In addition to Undesignated Capital Reserves, the Board of Directors may establish or designate other reserve funds for specific purposes, projects, contingencies, or future financial obligations. Such reserves shall be administered in accordance with the Board action establishing the reserve and any applicable Board policies.

7.3 Reserve Studies

The Association shall obtain or update a professional reserve study at least every five (5) years to evaluate the condition, remaining useful life, and projected replacement cost of major assets.

Management should use the reserve study, together with operational experience and professional judgment, to develop annual reserve funding recommendations.

Reserve studies are planning tools and do not replace the Board's responsibility to establish annual funding priorities.

7.4 Capital Planning and Capital Projects

Management and the Finance Committee shall develop and maintain a multi-year Capital Improvement Plan (budget) that supports the Association's Strategic Plan, infrastructure needs, and long-term financial sustainability.

For purposes of this Manual, a Capital Project is a significant, non-routine project or purchase involving the acquisition, construction, improvement, expansion, replacement, or major rehabilitation of Association land, structures, systems, equipment, infrastructure, or other property. Capital Projects may include both new projects and major replacement or improvement projects and are generally planned and authorized through the Association's Capital Budget. Classification as a Capital Project does not necessarily determine whether the related expenditures are capitalized for accounting purposes.

Capital planning should consider:

- Asset condition and remaining useful life.
- Reserve study recommendations.
- Strategic initiatives.
- Regulatory requirements.
- Operational efficiencies.
- Risk management.
- Available funding sources.

The Capital Improvement Plan shall be reviewed annually as part of the budget development process and updated as conditions warrant.

Capital projects shall be planned, procured, and administered in accordance with this manual, the currently approved Capital Budget, the Financial Authority Schedule, and Standard Operating Procedures.

Projects exceeding delegated authority or requiring a material change in approved scope, schedule, or funding shall be submitted to the appropriate approving authority.

CHAPTER 8 – Internal Controls, Risk Management, and Audit

8.1 Internal Control Framework

The Association shall maintain a system of internal controls designed to safeguard assets, promote accurate financial reporting, ensure compliance with applicable laws and policies, and reduce the risk of fraud, error, or misuse of Association resources.

Internal controls shall be integrated throughout the Association's financial processes and Management Standard Operating Procedures. These controls shall include:

- Appropriate authorization.
- Segregation of duties.
- Documentation.
- Reconciliation.
- Physical and electronic safeguards.
- Management review.

The Finance Committee and Management shall periodically evaluate the effectiveness of internal controls and implement improvements as appropriate.

8.2 Risk Management

Management shall identify, assess, and manage financial and operational risks that could materially affect the Association's financial condition, assets, operations, or ability to achieve its strategic objectives.

Risk management considerations include, but are not limited to:

- Financial reporting and accounting risks
- Cash management and investment risks
- Insurance and insurable risks
- Cybersecurity and information security
- Fraud prevention and detection
- Business continuity and disaster recovery
- Regulatory and legal compliance
- Operational risks affecting financial resources

The Finance Director, under the supervision of the Executive Director, shall have primary responsibility for administering the Association's insurance program, including the periodic review of coverage, policy renewals, procurement, and negotiations in consultation with the Association's insurance professionals, legal counsel, and other advisors, as appropriate.

Management shall periodically evaluate the Association's insurance program to ensure coverage remains appropriate for the Association's operations and risk profile and shall report its evaluation and recommendations to the Board as part of the insurance renewal process.

Significant financial and operational risks and mitigation strategies shall be communicated to the Executive Director and the Board, as appropriate.

8.3 Audit and Taxes

The Association shall obtain an annual independent financial audit conducted by a qualified certified public accountant in accordance with applicable accounting and audit standards (GAAP and GAAS).

The Association shall also ensure preparation and filing of all required federal, state, and local tax returns in accordance with applicable laws and regulations.

Unless otherwise stated within the Financial Authority Schedule, the Board will generally approve the annual audit and tax preparation engagement proposal with recommendations from the Finance Committee and Management.

The Finance Director shall have primary responsibility for coordinating the annual audit and tax filing process. Management shall provide full cooperation during the audit and shall implement corrective actions, as appropriate, in response to audit recommendations.

The Finance Committee shall review the audit results and any significant findings prior to presentation to the Board.

The Board of Directors shall formally accept the annual audit and oversee management's response to any significant recommendations.

8.4 Compliance and Ethics

The Association shall conduct its financial activities in accordance with the Governing Documents, Board policies, applicable laws and regulations, and this Financial Governance Manual.

Management shall establish procedures to promote ethical financial practices, compliance with internal controls, and adherence to applicable financial policies.

Employees, Board members, committee members, and other volunteers who become aware of suspected fraud, theft, financial misconduct, or other significant financial irregularities have a responsibility to promptly report those concerns through established reporting channels in accordance with the Association's Whistleblower Policy. Reports shall be handled appropriately and investigated as warranted.

CHAPTER 9 – Manual Administration

9.1 Relationship to Other Governing Documents

This Financial Governance Manual shall be administered in conjunction with the Association's Governing Documents, applicable Board policies, the Financial Authority Schedule, and Management Standard Operating Procedures.

In the event of a conflict, the following order of authority shall apply:

1. Applicable laws and regulations
2. Governing Documents
3. Board-adopted policies
4. Financial Governance Manual
5. Financial Authority Schedule
6. Management Standard Operating Procedures

Nothing in this Manual supersedes the Association's Governing Documents or applicable law.

9.2 Review and Amendment

This Financial Governance Manual shall be reviewed periodically to ensure it remains consistent with the Association's Governing Documents, applicable laws, accounting standards, organizational structure, and governance practices.

Management and the Finance Committee may recommend amendments to this Manual at any time.

This Manual may be amended only upon approval by the Board of Directors.