

Federal Reserve Bank of Philadelphia
Management and Budget Committee Charter
Approved – July 20, 2017

Purpose and Organization

Consistent with the Bylaws of the Federal Reserve Bank of Philadelphia, there shall be a Management and Budget Committee of the Board of Directors comprised of no less than four directors. This Committee shall maintain a continuous overview of the operations of the Bank and review the activities of the Human Resources function. The objective of the Committee is to help ensure that all Bank operations are conducted as prudently and efficiently as possible and that the Bank maximizes the utilization of its human resources.

The Chairman of the Board shall be an ex-officio member of the Committee.

Responsibilities

The Committee shall be responsible for reviewing operating targets and objectives, as well as the financial costs associated with their accomplishment.

The Committee shall monitor ongoing Bank operations, evaluating performance and ensuring adherence to major operating policies; serve as a sounding board for changes in major operating policies or procedures recommended by management; and ensure the adequate protection of financial, physical and human resources

The Committee shall also provide a body of management expertise for the Bank to use as needed when considering human resources' issues in the areas of labor relations, diversity and inclusion, management development, benefits, employee relations, salary administration, and employment.

The Committee will receive regular reports from management on the objectives, budgets, and policies that are of major significance to the operations of the Bank. The Committee may also call for special reports as necessary.

The Committee's specific responsibilities will include, but not be limited to, the following activities:

- Review proposed Bank operating and capital budgets and recommend approval of the budgets to the full Board
- Endorse and recommend for full Board approval capital appropriations, lease commitments and multi-year agreements requiring subsequent approval by the Board of Governors or any of its committees as specified in the Board of Governors' document: Policies and Guidelines Concerning Federal Reserve Bank Operations. Approve such expenditures when subsequent approval by the Director of Reserve Bank Operations and Payment Systems at the Board of Governors is required.

- For capital appropriations, lease commitments and multi-year agreements not requiring final approval at the Board of Governors, endorse and recommend for full Board approval budgeted expenditures of \$5.0 million or more, and unbudgeted expenditures of \$2.0 million or more. Approve such expenditures for \$2.0 million to \$5.0 million if budgeted, and for \$1.0 million to \$2.0 million if unbudgeted. Authority to make such expenditures in lesser amounts is delegated to Bank management
- Review major changes in operating and investment plans which may influence attainment of Bankwide primary objectives and/or cause expenditure levels to exceed total approved budgets by more than 1 percent for operating expenses and \$1.0 million for each category of capital items, and recommend action by the full Board in these matters when appropriate
- Approve substantive changes to the Bank Discretionary Expenditures Policy. Authority for the maintenance and administration of the policy is delegated to Bank management.
- Review the Bank's Enterprise Risk Management Program and the identified key risks.
- Review the officers' and employees' salary structures
- Approve any change in salary recommended for the General Auditor, after consultation with the Chairman of the Audit Committee. Actions to appoint or dismiss the General Auditor are reserved to the Board
- Approve all appointments and salary actions for executive vice presidents and senior vice presidents. Appointments and salary actions for all other officers are delegated to the President of the Bank
- Review management's recommendation to dismiss any executive vice president or senior vice president. If the Committee approves the recommendation, the action may be taken and reported by the Chairman to the full Board for information. The decision to dismiss any other officer is delegated to the President of the Bank. Annually, the Committee Chairman shall report to the full Board on the administration of the officers' salary program
- Review the structure for variable pay for officers

The Committee may recommend action by the full Board on any matters it deems necessary. The Committee shall also perform such other duties as assigned by the Board of Directors.