

# Terms of Reference: Finance, Audit and Risk Committee

## 1. SCOPE

### 1.1 Purpose

Responsible for assisting the Board in its duty to supervise the broad direction of the Charity's financial affairs and to oversee the audit and risk management processes.

### 1.2 Authority

The Committee has delegated authority from the Board of Trustees in accordance with the Terms of Reference.

### 1.3 Reporting

The Committee reports to the Board of Trustees

## 2. MEMBERSHIP

### 2.1 Chair

The Committee shall be chaired by the Trustee Treasurer.

### 2.2 Members

Core membership of the Committee will comprise up to four trustees (one of whom will be Chair of the Committee).

### 2.3 Attendees

Standing attendees shall be:

- Senior Leader
- Finance Manager
- The Chair of the Board of Trustees may attend as an advisor

The Committee may invite other attendees (non-voting) to act in an advisory capacity, as deemed necessary.



#### **2.4 Term of Office**

Members shall hold office for three years, and shall be eligible for reappointment for one further term.

#### **2.5 Quorum**

Quorum is set to three members.

### **3. RESPONSIBILITIES**

#### **3.1 Financial planning and reporting**

The Committee shall:

- Review management accounts and key performance indicators and bring any significant matters of performance to the attention of the Board of Trustees.
- Conduct initial reviews of the financial aspects of the Charity's strategic plans and make recommendations for approval to the Board of Trustees.
- Conduct initial reviews of the Charity's annual budget and make recommendations for approval to the Board of Trustees.

#### **3.2 Financial policies and procedures**

The Committee shall:

- Review and recommend to the Board of Trustees any new financial or investment policies or any revisions to existing financial policies. This specifically includes financial reporting policies, the reserves policy and the investment policy.
- To define, with advisers, the Charity's investment strategy, policies and principles and the benchmarks by which they will be measured, for approval by the Board of Trustees.
- Review any proposed revisions to the Financial Procedures Manual and ensure there is assurance that all financial procedures are carried out in accordance with the Manual.
- Review the nature and levels of delegated authorities annually.

#### **3.3 Internal controls and risk management systems**

The Committee shall:

- Annually review the effectiveness of the Charity's internal control and risk management systems.
- Review the risk policy and register and assess the Charity's risk appetite for each of the major risks identified and make recommendations to be discussed with the Board of Trustees.
- Collate the findings and recommendations from senior management and other committees, in relation to risk, into the Charity's Risk Register.



- Ensure that appropriate management action is being taken to mitigate these risks wherever appropriate.
- In particular, regularly review the financial risks and ensure that the reserves policy adequately addresses these risks.

### 3.4 External audit

The Committee shall:

- Consider and make recommendations to the Board of Trustees, for annual approval, in relation to the reappointment or removal of the Charity's external auditors.
- Oversee the selection process for new auditors. If an auditor resigns the Committee will investigate the issues leading to this and decide whether any action is required.
- Oversee the relationship with the external auditors including but not limited to:
  - making a recommendation to the Board of Trustees as to the approval of their remuneration, whether fees for audit or non-audit services, ensuring that they are sufficient to enable an adequate audit to be conducted
  - making a recommendation to the Board of Trustees as to the approval of their terms of engagement and the scope of the audit
  - annually assess their continued independence and objectivity
  - review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement
  - review the external auditor's findings and recommendations, and management's responses, and ensure all are received on a timely basis
  - review any letter of representation requested by the external auditors before it is signed by the Board of Trustees
- Review the annual accounts prior to their approval by the Board of Trustees, focusing in particular on:
  - key accounting policies and practices, and any changes in them
  - the extent to which the financial statements are affected by unusual transactions in the year and how they are disclosed
  - compliance with accounting standards, the Charities Statement of Recommended Practice, the Companies Act and any other appropriate legal and regulatory requirements
  - decisions requiring a major element of judgement
  - significant audit adjustments
  - the going concern assumption
  - the Trustees' report.

## **4. MANAGEMENT**

### **4.1 Secretary**

There will be a Secretary who will arrange, convene, attend and record all meetings of the Committee.

### **4.2 Papers/Agendas**

The Secretary is responsible for circulating papers for the meetings. Agenda and papers will be circulated to all members at least five working days before the meeting.

### **4.3 Meetings**

The Committee will normally meet four times a year. Additional meetings may take place at the request of the Committee Chair as necessary. Regular items shall include the following:

- Summer: Budgets and Reserves
- Autumn: Audit Report
- Winter: Budget Reforecasting; Financial Procedures and Policies
- Spring: Risk Register

### **4.4 Attendance**

Members are expected to attend all meetings of the committee, unless agreed by the Committee Chair. Ex-officio attendees must nominate a deputy if unable to attend.

### **4.5 Minutes / reporting**

The Secretary to the Committee shall distribute minutes of each meeting to Committee members within five working days. Minutes will be shared with the Board at the following Board meeting. The Committee Chair will report formally to the Board on the Committee's proceedings.

### **4.6 Conflicts of Interest**

Committee members are to abide by the Code of Conduct which includes a conflict of interest clause. Committee members are required to declare their potential interests in accordance with the Conflict of Interest policy as agreed by the Board.

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