

# Finance Committee

## Terms of Reference



### 1. Purposes of the Committee

- 1.1. Financial governance is a responsibility of the Board of Trustees ("the Board"). The overall purpose of this Committee is to assist the Board in its duty to supervise the broad direction of the Trust's financial affairs.
- 1.2. The Committee will also act as an Audit & Risk Committee and an Investment Committee. It will be made clear when the Committee is acting in one of these capacities.

### 2. The work of the Committee will cover

- 2.1. Acting as a sounding board and source of advice to the director of corporate services and the head of finance on major areas of change, innovation and development.
- 2.2. Undertaking tasks delegated by the Board that are within the Committee's terms of reference.
- 2.3. Reviewing and commenting upon management accounts and financial forecasts.
- 2.4. Considering financial implications of proposals for areas of major new strategic development on behalf of the Board and making recommendations to the Board in respect of their suitability.
- 2.5. Maintaining an overview of financial performance.
- 2.6. Reviewing the Trust's financial policies, including its financial reserves policy, and commenting upon proposed changes before making recommendations to the Board.
- 2.7. Keeping a watching brief and providing advice, where appropriate, on potential and actual financial opportunities and threats.
- 2.8. Assisting the Board identify the Trust's major risks and developing appropriate approaches to risk management. This will include periodic reviews of the Trust's insurance cover.
- 2.9. The Committee will also encompass the roles of an Audit & Risk Committee and an Investment Committee. The specific purposes of these roles appear in Appendix 1. The agenda, papers and minutes will clearly indicate the capacity in which the Committee is acting.

### 3. The operation of the Finance Committee

- 3.1. The Committee will consist of at least three trustees nominated from the Board although it should normally have five trustee members, one of whom should not be an expert in finance.
- 3.2. The Chair of the Board will recommend to the Board the person to be appointed as Chair of the Committee after consulting with the Chair of the Board Affairs Committee and the CEO.
- 3.3. The Chair of the Board will recommend to the Board the members of the Committee after consulting with the Chairs of the Board Affairs Committee, Finance Committee and the CEO.

- 3.4. The Committee will arrange four meeting dates each year. These meetings can be cancelled if no business is put forward for discussion. Other meetings may be arranged should the trustees consider it necessary.
- 3.5. The quorum for the Committee will be two trustees, one of whom will be the Chair, including those participating by teleconference.
- 3.6. The Chair of the Board and the Chief Executive will have the right to attend meetings. Other trustees may be invited to attend meetings.
- 3.7. The Chief Finance Officer, will be the primary contact for the Committee and will provide secretarial servicing for the Committee. The Chief Finance Officer will be expected to attend Committee meetings. The CFO will provide information to the Committee on key financial developments in an agreed format and in response to specific requests for information.
- 3.8. Decisions are ultimately the responsibility of the trustee members of the Committee, but in reaching their decisions and recommendations they will, so far as possible, take account of the views of the executive directors and any co-opted advisors.

#### **4. Reporting to the Board**

- 4.1. Agendas and minutes of meetings will be circulated to all trustees. The Chair of the Committee, or another trustee member, will report to the Board on its meetings if required to do so.

#### **5. Delegated powers**

- 5.1. The Committee can authorise changes in personnel named in the Trust's bank mandates. These do not require reporting to the Board.
- 5.2. The Committee cannot make changes to the Trust's investment objectives without the Board's approval but they can make changes to the ancillary aspects of the Trust's investment policy by resolution provided the change has been approved by the Chair of the Board, or by resolution of the Board.

## **Appendix 1**

The Finance Committee will encompass the role of an Audit & Risk and Investment Committees with the following specific purposes:

### **1. Acting as an Audit & Risk committee**

- 1.1. To oversee the process for appointing the external auditor, approving the audit fee, considering any questions of resignation or dismissal of the external auditor, and making recommendations to the Board
- 1.2. To discuss with the external auditor, before the audit commences, the nature and scope of the audit
- 1.3. To have at least one meeting each year, or part thereof, with the external auditor without management present; (this meeting usually involves all Board members)
- 1.4. To review the annual audited financial statements before submission to the Board focusing particularly on any changes in accounting policies, major areas of judgement, significant adjustments resulting from the audit, compliance with charity legal requirements and financial reporting standards, and presentation of the accounts from a non-financial perspective
- 1.5. To discuss with the auditor matters arising from the audit
- 1.6. To review policy and procedures in respect of internal financial controls
- 1.7. To report periodically to the Board.
- 1.8. To receive and review internal audit reports, other reports and updates from the Head of Risk and Assurance.
- 1.9. To approve the Audit Charter and the Annual Internal Audit plan.

### **2. Acting as an Investment committee**

- 2.1. To review the Trust's investment policy and the performance of the Trust's investment managers, including those managing cash deposit funds with significant balances, at least annually.
- 2.2. To meet the Trust's investment managers as appropriate.
- 2.3. To oversee the process of appointing new investment managers.