

## **Terms of Reference - Finance Committee**

**(Updated August 2016)**

### **Membership**

The number of Board members to be elected to the Finance Committee is at least 3 and at least 1 member (preferably the Chairperson) should have relevant financial experience. The elected members of the Committee will select a Chairperson from amongst their number. They may also co-opt a maximum of 5 additional individuals with special expertise to join the Committee. Such co-optees need not be members of the Board or Concern.

The number and composition of the membership will be reviewed and refreshed annually. New members will be formally inducted on the finance policies and procedures by the Finance Director.

If a Board member stands down from the Finance Committee they may only be replaced by another Board member. If a co-opted member stands down from the Finance Committee they may be replaced either by a Board member or a co-opted individual.

### **Meetings**

Meetings shall generally be held before each Board meeting though special meetings may be held to consider particular issues. The quorum for meetings is 3 members of the Committee, at least 1 of the members forming the quorum must be a Board member. In the event of a member dialling-in (rather than physically attending) this member will be taken into account in calculating the quorum.

The Finance Director is a fixed attendee. All relevant papers (including the proposed agenda) must be circulated one week in advance by the Finance Director. Other members of Concern management and staff, and of the Board of Concern, may attend as deemed appropriate by the Chairperson.

### **Role**

The function of the Committee is to oversee the financial management of the organisation. Essentially the mandate of the Committee is to make recommendations to the Board unless the Board specifically devolves decision making powers to the Sub-Committee on specific issues. In carrying out its function the Committee fills a number of essential tasks:

#### **1. Review of financial planning**

The Committee will critically review and form an opinion on:

- The Annual Plan and Budget.
- Budget Revisions.
- Strategic Plans.

#### **2. Review of financial performance**

The Committee will receive and examine quarterly management accounts for the organisation and any such additional information and schedules that they deem necessary in order to understand and monitor financial performance.

The review of the management accounts covers both the income and expenditure of the organisation.

#### **3. Review of financial policies**

The Committee will seek to ensure that policies are in accordance with best practice. In this regard it will:

- Review and input to draft organisational financial policies.
- Sign-off on new policies and recommend their adoption by the Board.

#### **4. Review of banking arrangements**

The Committee will periodically review the banking arrangements of the organisation. It will authorise any new banking arrangements in RoI and the UK only. This review does not extend to the overseas branches.

## 5. Review of external audit function

This work is carried out in conjunction with the Audit and Risk Committee. The broad split of tasks in this regard will be as follows:

- a) The two Committees will meet jointly with the auditors and management in order to:
  - Agree with the external auditor the nature and scope of the external audit.
  - Review statutory accounts and audit reporting, focussing on significant adjustments arising from the audit.
  - Review problems and issues arising from the statutory audit.
  - Review the auditor's management letter and company response.
- b) The Finance Committee will have responsibility for:
  - Reviewing changes in accounting policies and practices.
  - Reviewing major judgmental areas in the statutory accounts.
  - Reviewing the going concern assumption, the compliance with accounting standards, and compliance with legal obligations.
- c) The Audit and Risk Committee will have responsibility for:
  - Reviewing Concern's statement on internal controls in the statutory accounts.
  - Monitoring and reviewing the independence, objectivity and effectiveness of the external auditors.
  - Recommending to the Board any change in external audit provider and approving the remuneration and engagement of the external auditor.
  - Developing and recommending policy on the supply of non-audit services by the external auditor, taking account of ethical guidelines in this regard.

In order to effectively carry out the role, the Committee will have access to relevant Concern staff for information/clarification as required.

As part of the review process (of the external audit and annual report) the Finance Committee and the Audit & Risk Committee will gain assurance from management that all relevant information has been supplied to the auditors and that in the view of management the annual accounts are a fair representation of the financial results and position of Concern.

## 6. Review and Approval of the Annual Report

This work is carried out in conjunction with the Audit and Risk Committee – when/if so delegated by the Board as a whole.

The two Committees will:

- Review and approve the narrative of the Director's/Trustee Report and any surrounding documents to be included in the published annual report.
- Consider, review and approve the audited financial statements of the organisation for inclusion in the Annual Report

## 7. Review of significant financial issues and transactions

Management will inform and seek the advice of the Committee in relation to any significant financial transactions that are not part of the regular/ongoing activities of the organisation.

The Committee will also review major investment decision and report to the Board with their recommendations.

The Committee may elect to examine any issue regarded by it as critical to the financial management of the organisation, and may seek information in this regard from any employee.

The Committee will consider any other topics within its area of competence that may be requested by the Board.

## 8. Risk

The Committee will work with the Audit and Risk Committee in order to identify any significant items arising from the annual risk review that fall within its area of competence

The Committee will ensure that it engages with management in order to discuss and evaluate the effectiveness of strategies in place to mitigate this risk. It will reflect its conclusions in its periodic reports to Board.

## 9. Fundraising

The Committee will have responsibility for over-sight of the effectiveness of the fundraising function. Essentially this will require it to:

- Review fundraising plans and projections in order to ensure that they are targeting an appropriate rate of return.
- Ensure that there is an appropriate amount of diversity in our income sources.
- Monitor ongoing actual performance in order to ensure that agreed targets are being achieved.
- Review any other significant issues that may arise in relation to fundraising.

## 10. Oversight of the Strategic Plan

The Committee will have responsibility for overseeing the implementation of the 2016-2020 Strategic Plan with particular emphasis on strategic goals that are directly relevant to finance.

The Committee will reflect its conclusions re the effectiveness of implementation in its reports to Board.

## 11. Oversight of Organisational Policies

The Committee will have responsibility for overseeing the implementation of the organisational financial policies  
The Committee will periodically evaluate whether:

- Management has complied with the policies as stated and what challenges have been encountered in doing so.
- The policies themselves remain relevant and fit-for-purpose and where there are short-comings oversee a review process.

The Committee may also request that management review any existing policies - or develop any new ones - that it feels to be necessary for the effective financial management of the organisation.

## 12. Evaluate Committee's own performance

At the end of each Board year i.e. in May/June, the Committee will undertake an exercise to reflect on how well it has fulfilled its mandate and to consider whether different approaches/information/practices may be required in order to meet its overall objective.

## **External/Specialist Advice**

The Committee may seek any legal or other independent advice, with prior permission from the Chairperson of Concern, or in his/her absence, from the Company Secretary, which it considers necessary to discharge its obligations. If it is felt that such advice is required it will be sourced in conjunction with the Company Secretary function within Concern.

## **Reporting**

The Chairperson of the Finance Committee reports to the Board on its work and will jointly report at least annually to the Board on the outcome of the statutory audit. As part of the statutory audit review process the Finance and Audit & Risk Committees will have a joint meeting with the external auditors.

The Chairperson of the Finance Committee is responsible for ensuring that accurate minutes are maintained of each meeting and that a report on the proceedings of each meeting is sent to the Chief Executive's office for sharing with the Board as a whole.