

Finance and audit committee

TERMS OF REFERENCE

1. Scope

1.1. Purpose

To undertake monitoring and supervision, of the current and future financial situation and associated risks to the organisation, have oversight of the internal and external audit arrangements including resourcing, review of plans and reports and to report on such to the Board of Trustees

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 will be chaired by the treasurer of the board of trustees.

2.2. Members

Core membership of the committee will comprise:

- The Treasurer (in the chair) - for as long as they hold that office.
- At least one other trustee
- Up-to three external members with recent and relevant finance and/or audit experience

Attendance:

- Chief Executive
- Chief Financial Officer
- The chair of the board of trustees may attend as an advisor
- Head of Internal Audit

2.3. Other attendees

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

2.4. Term of office

Two terms of four years each; coterminous with each trustee's terms of office.

2.5. Quorum

Quorum is set at three members, two to be a trustee.

3. Responsibilities

The responsibilities of the Committee shall be to:-

Finance and Planning related duties

- 3.1 Review the Financial model that underpins the strategy for the organisation
- 3.2 To recommend a Financial Framework (3 year forecast) as the top down basis for establishing the annual budget and assess that the resource allocation processes are in line with strategy
- 3.3 To recommend the annual plan and budget in respect (and in advance) of each financial year, for the approval of the Board. Each budget shall cover all the planned activities of the organisation, together with implications for the organisation (i.e. income and expenditure, cash and reserves).
- 3.4 Review and approve all Project proposals (capital or revenue investment) and Business cases as delegated to the FAC by the organisation's decision making matrix.
- 3.5 To ensure that the Board receives annually a timely Trustee Report and Accounts in respect of each financial year; and to recommend for the approval of the Board audited consolidated accounts and the Letter of Representation to the Auditors for the organisation each year, in accordance with the requirements of charity law (including the provisions of the Charity Commission's Statement of Recommended Practice).
- 3.6 To review the most recent monthly Management Accounts against Budget and report on such to the Board
- 3.7 To authorise, on behalf of the Board, loans or advances against the organisation's funds, provided that such authorisation is consistent with the organisation's policies and is reported to the next meeting of the Board.
- 3.8 To oversee the work of the investment sub-committee as per the term of reference for the same.
- 3.9 To undertake any other tasks specifically delegated to it by the Board. These include consideration and approval of property acquisitions and disposals (in accordance with authorities delegated by the Board) and the review of items such as financial risk management, insurance, trading companies, legacies and the funding of the organisation's pension funds.
- 3.10 To monitor and review the performance of organisation's Pension schemes and the associated Scheme Valuations FRS102 and the Triennial Review to the Pensions Trustee Board.

Fundraising

- 3.11 To review (development and) implementation of the organisation's fundraising and supporter engagement strategy, ensuring that fundraising targets are agreed when the budget is set.
- 3.12 To receive regular reports on progress towards the fundraising target.

Risk management

- 3.13 The committees focus is on financial risks including investments and fundraising.
- 3.14 Annually review the effectiveness of the British Red Cross' internal control and risk management framework, especially in relation to the core strategic objectives.

Internal audit

- 3.15 Review the annual internal audit plan and the effectiveness of the British Red Cross' internal audit function and ensure that it is adequately resourced and has appropriate standing within the organisation.
- 3.16 Receive executive summaries from all internal audit reports. The committee may also request copies of the full reports.
- 3.17 Operational audits including those related to service quality, clinical governance and health and safety will be referred to the Risk and Assurance Committee for review.
- 3.18 Review findings from the internal audit reports, adequacy of management responses and actions taken by management to implement control actions and/or mitigate associated risks.
- 3.19 Consider significant areas of non-policy compliance identified through internal audit reports and recommend relevant actions to senior management that may be necessary to mitigate any associated risks.
- 3.20 Review summary reports on fraud, investigations and whistleblowing including those reportable to the charity commission or other regulatory bodies. Non-financial reports may also be referred to other appropriate board committees for review

External audit

- 3.21 Consider the appointment, removal or resignation of the auditor and to oversee the process for selecting the auditor and to make appropriate recommendations to the Board concerning the reappointment of the auditor.
- 3.22 Assess the independence and objectivity of the auditor, and to ensure that the nature and amount of non-audit work does not impair the auditor's independence and objectivity.
- 3.23 Discuss with the auditor the nature, scope, plan and effectiveness of the annual audit process taking into account relevant UK professional and regulatory requirements and

to review the auditor's quality control procedures and the steps taken by the auditor to respond to changes in regulatory and other requirements.

- 3.24 Approve the auditor's engagement letter and any amendments thereto and to review the auditor's management letter and management's response thereto.

Oversight of sub-committee reporting

- 3.25 Receive and consider, on behalf of the board, minutes and the annual report from the investment sub-committee which reports to the finance and audit committee.

4. Management

4.1 Secretary

A secretary shall be appointed who will arrange, convene, attend and record all meetings of the committee.

The Chief of Staff maintains an oversight of all committees.

4.2 Papers/agenda

The Secretary is responsible for circulating papers for the meetings. Agenda and papers will be circulated to all members at least 5 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 advised by the Chief Financial Officer and decisions be formally recorded and noted at the next formal meeting.

4.4 Attendance

Members are expected to attend all meetings of the committee unless agreed by the chair. Ex-officio members must nominate a suitable deputy if unable to attend. Attendance by tele/video conference can be agreed with the chair.

4.5 Minutes / reporting

The Secretary to the Committee shall aim to distribute minutes of each meeting to committee members within ten 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.

5. Version control

5.1 Approval

These terms of reference were approved by the board of trustees at their meeting on 13 April 2021.