



# FINANCE AND AUDIT COMMITTEE

## TERMS OF REFERENCE

### Introduction

The Trustees have established a sub-committee known as the Finance & Audit Committee (FAC) with terms of reference as set out within this document.

The Trustees have the power to amend the terms of reference and/or withdraw any or all powers of the Committee or at its sole discretion dissolve the Committee at any time. Any changes proposed to the terms of reference by the Committee must be approved by the Trustees.

The Trustees will regularly review the terms of reference and may amend them from time to time.

The Trustees may at any time remove, replace or add to the membership of the Committee.

### Purpose

The FAC shall be accountable to the Trustees and shall assist the Trustees with the following.

### On-going Financial Management

The FAC will meet to discuss the financial status of the Charity against the annual budgets.

### Risk Management

The accountability for managing the risks of the Charity remains with the Board however the regular overseeing of risks to the organisation is delegated to the FAC.

### Governance Management

The FAC will discuss matters of governance when the need arises and make recommendations to the main Board when appropriate.

## Audit Review

The FAC will be responsible for recommending the annual accounts and financial statements to the Board.

The FAC will report on the effectiveness of the external audit and provide a recommendation on the following year's financial auditor.

During this annual review the FAC will review the Internal Control Systems in place and review their effectiveness. The FAC will promote sound risk management and internal control systems wherever possible. Any internal or external appraisal of the controls will be shared with the FAC to allow an appropriate review to take place.

The Board may request the FAC opinion where it feels actions or improvements are needed, the FAC will investigate the issue and report back findings as well as possible solutions to the main Board. A copy of the roles and responsibilities document can be found [here](#)

## Authority

The FAC will have delegated authority to make decisions in relation to finance as directed by the Board of Trustees. The FAC will be expected to consider any relevant reports and make recommendations to the Board on items including but not limited to:

## Core Budgets

- Programme Budgets
- Investment Plans & Cash-flow
- Funding Agreements
- Risk Management (including Internal Control)
- Annual Accounts and Financial Statements
- Charity Audit Issues and Control
- What financial information should be published e.g. grants given, grants received.

The FAC is authorised by main Board to;

- investigate any activity that falls within its terms of reference.
- Use appropriate resources to complete required tasks such as obtaining external professional advice and inviting external advisors to meetings if required.
- Delegate tasks to the CEO and appropriate Active Humber staff where appropriate.

## Remuneration



The FAC on behalf of the board will determine a formal, documented, and approved procedure for determining remuneration to provide assurance to Directors and employees that decisions are made on a consistent basis, and that remuneration decisions are in line with equal pay legislation. The remuneration policy is designed to support performance, encourage the underlying financial health of the organisation and promote sound risk management.

- The FAC will on an annual basis review the organisational pay policy as to levels of remuneration for staff and trustees and will advise the Board on any decisions it may wish to make in this area.
- The FAC will be consulted by the CEO on any proposed changes to the staffing structure to ensure the proposed changes meet the needs and financial state of the organisation. The FAC will advise the board on these matters as to what best to do.

The FAC will ensure any remuneration (if any) paid to each of its Directors (except for members of the senior management team who are Ex Officio Directors); and details of any gifts and/or hospitality received by Directors is published in the annual accounts and/or on the website.

## Grant Giving

The FAC on behalf of the board manages the policy that sets out the principles, criteria and processes that govern how the Active Humber makes grants across all fund types across the Charity's priorities. A grant is defined as a financial award made by the Charity from its funds to support charitable activities, usually to registered charities or charitable community groups, but sometimes to other bodies or individuals authorised by the Board of Trustees. The Board of Trustees of Active Humber seek to support those activities, organisations and individuals which help further the objectives of those who are the least physically active across the Humber area and in particular those in disadvantaged communities.

## Membership

All members of the FAC and its Chair shall be appointed by the main Board. The FAC may recommend potential members for consideration by the Board.

The FAC will comprise of;

- at least two members, a minimum of two members must also be Trustees on the main Board;
- the appointed Chair of the FAC must be a Trustee of the main Board; and
- Chief Executive Officer, Head of Development and other appropriate Active Humber staff as required.



- The Chair of the main Board shall not be a member of the FAC.

Trustees will remain members of the FAC as long as they remain Trustees of the Company unless they resign or are removed by the Board. Members who are not Trustees will have the same length of service as the main Board - two consecutive terms of four years with no reappointment within four years.

Any agenda item where a member has a conflict of interest or potential conflict of interest should declare such interest at the beginning of the meeting. At the discretion of the Chair the member may be asked to leave the meeting or not to participate in the discussion or vote.

The members should have skills appropriate to satisfy the purposes of the FAC. These include a competent knowledge and understanding of the sector as well as a member who has recent and relevant financial experience.

Where appropriate the FAC may appoint a third party to support the core function of Active Partnership without prior consultation with the board if it is deemed appropriate.

All members will be inducted on recruitment to the FAC. This induction will cover roles and responsibilities of the FAC members and the purpose of the FAC. Training will be provided to members when required.

### **Meetings**

A meeting of the FAC will be deemed to be quorate if at least one member and one of the nominated Executive Team are in attendance. The schedule of meetings will be determined by the schedule of Board meetings but the sub-committee will seek to meet within six to two weeks prior to every Board meeting. The meetings will take place either face to face, telephone or by electronic means or similar with additional meeting called as required.

If the Chair is not in attendance a Trustee present will chair the meeting.

The Chair will be responsible for reporting how the FAC has discharged its duties to the remaining Trustees at the main Board meeting. This will include;

- any significant issues considered in relation to the financial statements and how these issues were addressed.
- its assessment of the effectiveness of the external audit process and any recommendation on the appointment or reappointment of the external auditor.
- any additional issues the Board has requested investigation or further details of.

The FAC will record its decisions and report at the next board meeting as to the decisions taken and those items needing the approval of the Board.



## External Guidance

If the FAC becomes aware of an issue which is not covered in this Terms of Reference, guidance can be sought from the following documents/ websites;

A Code for Sports Governance (UK Sport and Sport England) -

[https://www.sportengland.org/funds-and-campaigns/code-sports-governance?section=tier\\_3\\_-\\_requirements\\_with\\_commentary](https://www.sportengland.org/funds-and-campaigns/code-sports-governance?section=tier_3_-_requirements_with_commentary)

FRC Guidance for board and board committees (specifically specific guidance on 'Audit Committees' and Risk Management, Internal Control and Related Financial and Business Reporting') - <https://www.frc.org.uk/Our-Work/Corporate-Governance-Reporting/Corporate-governance/UK-Corporate-Governance-Code/Guidance-for-boards-and-board-committees.aspx>