

Terms of Reference

Type of Group	Committee
Title	Finance Committee
Last Reviewed	Approved by the Board 17 September 2020
Next Review due	January 2022 (every two years)

Terms of Reference: Finance Committee

PURPOSE

Reporting to the Board and in accordance with the Financial delegations policy, the Finance Committee is responsible for overseeing all financial aspects of The Society so as to support its short and long term ability to achieve its charitable objects.

There is a minimum expectation of 33% female representation and ideally 50% across all Society activities. All Society meetings should be conducted in a manner that is supportive of Equality, Diversity and Inclusion to ensure that the entire talent pool be considered in all discussions regarding Society activities.

REMIT

1. Financial
 - a. To monitor whether The Society operates within the financial guidelines set out in current legislation, by the Charity Commission, Company Law, The Society's governing documents and by the Board;
 - b. to advise the Board on financial targets and policies and measurement against targets and application of financial policies;
 - c. to advise the Board on whether The Society's financial obligations are likely to be met;
 - d. to regularly review and advise the Board on the appropriate regulatory framework within which The Society must function, including adequate financial controls;
 - e. to advise the Board on the financial implications and financial operational risks arising from Board decisions especially the Board's strategic and policy decisions;
 - f. to review longer term forecasts of capital resources and of income and expenditure, and to review and monitor financial trends within The Society and the sector within which it operates and advise the Board accordingly;
 - g. to formulate for the Board to approve and agree, and regularly to review and monitor, a financial strategy and a reserves policy that will help to achieve The Society's objectives, as set out in the Board's current strategic plan;
 - h. to advise on, scrutinise and evaluate a draft annual budget as provided by the Senior Management Team (SMT) for the approval of the Board, considering whether it is compatible with, and supports, The Society's objects and the strategic and annual plans. To consider the risks attached to the proposed budget and advise the Board accordingly;

- i. to work with the CEO, Head of Operations and The Society's Outsourced Accountancy firm so that financial information is both accurate and presented in such a way that it facilitates good governance and management;
- j. to scrutinise regularly The Society's management accounts and monitor performance against the approved budget, exceptional items and trends;
- k. to scrutinise and evaluate regularly The Society's current and forecast cash flow and to inform the Board of any concerns;
- l. to scrutinise the draft annual report and accounts and advise the Board accordingly; and
- m. to formulate for Board approval and regularly to review an appropriate investment policy; to monitor that it is adhered to and to evaluate investment performance against policy and report back to the Board accordingly.

2. Financial audit

- a. To determine the frequency of tendering for external auditing services;
- b. to oversee the process for selecting the external auditor and make appropriate recommendations to the Board and assess independence of the external auditor;
- c. to recommend the audit fee to the Board and pre-approve any fees in respect of non-audit services provided by the external auditor. To consider whether the provision of non-audit services might impair the external auditors' independence or objectivity;
- d. to discuss with the external auditor, before the audit commences, the nature and scope of the audit and to review the auditors' quality control procedures and steps taken by the auditor to respond to changes in regulatory and other requirements;
- e. to inform the Board that it must fulfil company law requirements that there is no relevant audit information of which the company's auditors are unaware and that all steps have been taken to ensure that all relevant information has been provide to the auditors;
- f. to scrutinise and advise the Board on the contents of the draft audit report and to review the audit findings report and management's draft response, and to formulate for Board use any written representations that may be needed by the auditors in connection with The Society's statutory accounts or any other financial statements;
- g. to discuss with the external auditors any problems or reservations arising from the draft external audit report and draft audit findings report, reporting relevant issues back to the Board, and advising the Board accordingly; and
- h. to review the performance of The Society's auditors and advise the Board on any changes that ought to be made to their terms of engagement.

3. Non-financial audit

- a. To review the robustness and effectiveness of internal controls as set out in the financial delegations and, as required, approve any changes;
- b. to review the robustness and effectiveness of financial risk management systems, as well as legal and regulatory compliance; and
- c. to review and monitor the policies and processes for assessing and managing financial risk, including insurance, within the risk management framework.

4. Wider risk management

- a. To receive and review the risk register to assess the key risks facing The Society as presented by the Senior Management Team and report to the Board quarterly.

GOVERNANCE

Membership

- The membership requires a balanced portfolio of skills knowledge and experience to be able to fully support and engage with the remit of the Committee. The maximum size of the Committee shall be less than the maximum size of the Board of Trustees.

The Committee will comprise of:

No less than three Trustees who will be:

- The Honorary Treasurer who will be the Chair of the Committee. In the absence of the Chair, due to for example, illness, the remaining members present can elect one of themselves to chair that meeting.
- The President
- A third Trustee representative who may be the President-elect
- Up to two external members
- Other members as the Committee may decide.

The quorum necessary for the transaction of business shall be 50% of the membership of the Committee, plus one.

External members should be chosen to include an appropriate range of skills and expertise not found among the membership. The Chair of the Committee will serve for four years; further details are provided in the subsidiary regulations. Other Members of the Committee will normally serve a term of three years.

The Chair will appoint an Equality, Diversity and Inclusion Champion from the members of the Committee who are also Members of The Society. This person may also be one of the two Membership Champions. This person should serve at least one year in this role.

The Committee may co-opt additional temporary members for particular tasks or projects. It is expected that wherever possible, a new Task and Finish group or Expert Panel would be created for significant projects or to investigate new areas of work.

Staff Attendance

The Chief Executive, Head of Operations and Director of Scientific Programmes shall be required to attend Finance Committee. Other staff may, at the SMT leads discretion and by agreement of the Chair, attend meetings as required.

Recruitment of Members

- New Committee members and Task Force members will be recruited through the following process:
 - Identify need for skills and experience;
 - Open call to Membership, complemented by targeted search where appropriate;
 - Potential new members provide CV and statement of interest and suitability;
 - Committee Chair, one member of SMT, one of the Membership Champions, the EDI Champion and one other member of the Committee discuss applications, assess and record demonstration of skills and experience against requirement, where required undertake interviews and appoint positions;
 - Successful candidates invited to join the Committee.
- Members of Task and Finish Groups, and Expert Panels will be sourced by the Committee and by relevant members of SMT.

Subsidiary Groups

A range of Task and Finish groups, Task Forces, and Expert Panels will support the delivery of the relevant implementation plans. Committee members can serve on any of the above.

Delegated authority

In carrying out its business, the Committee will refer to its both its Terms of Reference, the Financial Delegations Policy and the Delegated Authority Framework.

Frequency and duration

The Committee will meet in person four times per year and may hold additional via tele-conferences if necessary.

Consideration should be given to the timing of Board meetings. In addition it may transact its business between meetings by email and other communications to ensure sufficient reporting mechanisms to the Board.

Members are expected to miss no more than two meetings throughout their term of office. Where absence is unavoidable apologies should be sent to the Chair as soon as possible and comments on the agenda items and papers submitted prior to the meeting. Reasonable adjustments in the form of remote access to meetings and allowances for absence in exceptional circumstances may be made. Members who miss more than two meetings without extenuating circumstances, will be required to stand down.

Finance and legal

Finance Committee must observe any financial controls and accounting procedures and requirements set by the Board and work within the terms stated in the Financial Delegations Policy. A Committee must not enter into any legal commitments or incur any financial or other liabilities on behalf of The Society.

Conflicts of interest and loyalty

A Committee member who has a clear and substantial interest in a matter described above should declare that interest before, or at the beginning of any Committee meeting where the matter is to be discussed, whether or not that interest is already recorded in the Register of Interests. Ideally, a notice should be sent to the Chair before the meeting. The Chair of the meeting should ask, at the beginning of each meeting, whether anyone has or may have a conflict, where this might be relevant. As new conflicts are discovered they should be added to the Register of Interests. Further details are provided in The Society's Policy on Conflicts.

Reporting procedure

Agendas and associated documentation will be distributed seven days before the meeting, via email.

All meetings of the Committee are carried out through reporting by exception where upon staff, with input from the Committee lead, provide the relevant information on areas of activity where input is required.

The Committee must have formal minutes of its meetings and record all proceedings, decisions and recommendations. Minutes, approved by the Chair, should be written within two weeks of the meeting and circulated to Committee members. The "Chair's minutes" will be submitted to the next Board meeting.