

# Finance and Audit Committee

## Terms of reference

### 1. Purpose and mandate

The purpose and responsibility of the Finance & Audit Committee is set by SCIAF's Board of Trustees, who recognise that the committee plays a key role in the oversight of all financial and aspects of SCIAF's operation and performance so as to ensure short and long term viability. The committee does this by:

- 1.1 Ensuring SCIAF operates within appropriate financial guidelines as set out in its Memorandum and Articles, determined by current charity legislation and by the Board.
- 1.2 Ensuring SCIAF can meet its financial obligations

### 2. Membership

- 2.1 Members of the committee are appointed and removed by SCIAF's Board of Trustees.
- 2.2 The term of office is 3 years which is renewable, normally only once.
- 2.3 The committee consists of the Honorary Treasurer, who is also a Trustee of SCIAF and not less than three other members who are not employed by SCIAF and have the relevant experience in the field of finance.
- 2.4 SCIAF's Director and SCIAF's Head of Central Services should attend meetings.
- 2.5 Meetings are also attended by other members of staff or external advisers by invitation from the committee.

### 3. Chair

- 3.1 The Chair is the Honorary Treasurer and is appointed by the Trustees from amongst the membership of the Board.
- 3.2 The Vice Chair will be chosen from the other members of the Committee

## 4. Function

- 4.1 To advise the Board of Trustees and the executive of SCIAF on financial and related matters to enable them to fulfil their duties and responsibilities.
- 4.2 To act as SCIAF's Investment Committee.

The Committee will therefore perform the functions set out under the following headings:

- a) *Financial strategy:* Development, review and monitoring of a financial strategy that will help SCIAF meet its objectives as set out in the strategic framework.
- b) *Risk management:* Ensure that an appropriate risk strategy is in place covering key areas of risk (ie. strategic, reputational, operational and financial).
- c) *Investment Management:* Seek appropriate external investment advice and monitor the wider economic environment to inform the following reviews to be carried out by the Committee and reported on to SCIAF's Trustees:
  - an annual review of SCIAF's investment and
  - a quarterly review of SCIAF's cash flow and investment.
- d) *External audit:* Advise on the dealings with SCIAF's external auditor (including recommendations of the appointment and removal of the external auditors), review the annual accounts (including the reserves policy) and auditor's management letters and recommend the acceptance or otherwise of the same to SCIAF's Trustees.
- e) *Budget:* Review and comment on the annual budget in advance of its presentation to SCIAF's Trustees.
- f) *Management accounts:* Review and comment on the quarterly management accounts (including the balance sheet) in advance of their presentation to SCIAF's Trustees.
- g) *Internal control:* Ensure there is appropriate review of the effectiveness of the internal controls.
- h) *Internal audit:* Set up and monitor the implementation of an internal audit programme focusing on financial risks (as outlined in SCIAF's Risk Register, as updated from time to time) and recommend changes to the same as appropriate.

## 5. Procedures

### 5.1 *Relationship to the Board*

The committee reports to SCIAF's Board of Trustees through the minutes of its meetings which will be presented to the earliest possible Board meeting following each of Committee meeting. The committee Chair will make a verbal report to the Board of Trustees at least once a year and an annual written report will also be submitted to the Board of Trustees

## 5.2 *Frequency of Meetings*

The committee will meet four times a year normally and otherwise if and as necessary. Meetings will be called by the Chair and at least 14 days' notice will be given to the Committee members. Committee members can consent to a meeting being held at short notice.

## 5.3 *Quorum*

In order to be quorate, three out of four independent members must be present for the Committee meetings. Should a meeting be non-quorate, this will be noted in all recommendations to the Board of Trustees, and in the minutes.

## 5.4 *Voting*

Decisions will normally be made by consensus. In the event that a vote is considered necessary, this will be by simple majority of the members present and the result will be recorded in the minutes. In event of a tied vote the Chair shall have a second and casting vote. Staff in attendance do not have voting rights.

## 5.5 *Right of Referral*

Both the Chair has the right to reserve any matter to the Board of Trustees and in particular, those decisions which raise significant policy implications for the whole of SCIAF or concerning which there is considerable dissent within the Committee.

## 5.6 *Secretary and Minutes*

The HR/Admin Manager, will act as Secretary to the Committee and will keep minutes and other records as required. Minutes will be prepared within one week of each meeting and circulated to members of the Committee.

## 5.7 *Working Groups*

The Chair, together with the Director, can establish Working Groups on particular issues as needed. These groups will report to the full Committee as required

## 5.8 *Expenses*

Members of the Committee can claim all reasonable out of pocket expenses associated with attendance of the Committee, in accordance with SCIAF's volunteer policy.

# 6 **Information**

To assist it in fulfilling its purpose, the Committee will receive or have access to the following papers:

6.1 Quarterly: Quarterly financial reporting pack and management accounts.

6.2 Annually: Proposed budget, statutory accounts, auditor's management letters and SCIAF Risk Register.

- 6.3 Such further information that is necessary to allow the Committee to competently carry out its duties.

## **Appendix: Role Descriptions**

### **Role Description for Committee Chair (in addition to Treasurer duties)**

The roles and responsibilities of a committee chair are as follows:

- 1 To lead and facilitate the committee in carrying out the roles and responsibilities set out in the constitution.
- 2 To guide the committee when difficult or significant decisions are required, in the light of the principles set out in the Constitution, and to work with the Director and Head of Central Services to resolve any difficulties, including reserving decision to the Board of Trustees when necessary.
- 3 To be available in between meetings for consultation in relation to any major decisions affecting the work of the Central Services department and the committee.
- 4 To speak for the committee and its work at SCIAF's Board of Trustees.
- 5 To offer support, and advice when requested, to Director and senior staff.
- 6 To discuss and agree the rolling agenda for each committee meeting with the Director and Head of Central Services, and to work with them to develop and propose ways of working for the committee (for example, long-term agenda, regular items, any sub-committees, working or reference groups.)
- 7 To visit overseas work, at least once within each three-year period, taking account of the Chair's availability and experience.
- 8 To work with the Director, Head of Central Services and the Board of Trustees identifying and encouraging new members of the committee.
- 9 To attend where possible all committee meetings, and any other relevant meetings.

### **Role Description for committee members**

- 1 To play an active part in the committee's work, enabling it to achieve the purpose set out in the constitution.

- 2 To maintain an interest in the wider context of the work which the committee supports and monitors, and to bring into SCIAF professional expertise, perspectives and advice based on wider experience and awareness.
- 3 To maintain an interest in, and awareness of, the whole of SCIAF's work and its impact in its sector of development and humanitarian International NGOs, and to contribute to the work of the committee from the perspective of an external stakeholder as well as an independent expert.
- 4 To be able to attend most, and preferably all, committee meetings. To be able to give adequate time for reflection and preparation of committee meetings and work with staff as required.
- 5 The FAC will notify the Board of Trustees when new committee members are needed and will make recommendations for new members with the support and involvement of the Director and Head of Central Services.

#### Expectations of staff

To enable the committee to work fruitfully and effectively, SCIAF's staff are expected to ensure the following takes place:

- 1 The Chair is consulted early about agenda matters.
- 2 Committee papers are sent out at least two weeks before committee meetings, and every effort is made to avoid tabling papers.
- 3 Head of Central Services to ensure that systems are set in place to provide the Chair and committee members with all necessary papers and information, in order to maintain an overview of the Central Services department's work.
- 4 Head of Central Services to agree with the Director and Chair which other staff members should be present at committee meetings ensuring that a good balance between staff and committee members is achieved.
- 5 Staff to seek appropriate opportunities to involve the Chair and committee members in other meetings or processes which connect closely to the work of the department or which enable them to know more about SCIAF.