



## **Finance, Audit and Risk Management Committee Terms of Reference**

As set out in the Articles of Association, the Board is invited to establish any Committee as it sees fit and impose regulations on that committee. The present document draws up regulations for the Finance, Audit and Risk Management Committee (FARM) of the Board.

### **Purpose**

The Committee's purpose is to assist the Board in its oversight of:

- the Association's financial affairs, including operational and capital budgeting
- the Association's audit program
- the Association's policies and compliance
- the identification and management of strategic risk for the Association.

### **The Role of the Committee**

The FARM has the following tasks:

- To maintain a general oversight of and provide advice to the Board on the Association's financial affairs, including financial strategy and financial sustainability
- To oversee the preparation and implementation of a financial plan for the Association which complements the Association's Strategic Plan and other strategic activities, including capital works and projects that the CEO and Leadership team may from time-to-time initiate
- To oversee the preparation of the annual budget and forward estimates (and associated operational and capital financial plans) for presentation to the Board for adoption and, upon adoption, to oversee and report to Board on performance against plan
- Recommend to the Board the appointment and/or termination of the external auditors
- To oversee preparation of the Association's annual accounts for recommendation to the Board
- To recommend to the Board investment managers and oversee review and recommendations on the Associations Investment and Reserves Policies
- In conjunction with the CEO and Leadership team oversee the development and implementation of a strategic risk management plan embracing all aspects of Association activity and report to the Board on performance in managing strategic risks



- To determine the scope and oversee the development by the CEO and Leadership team, of an operational risk management program that provides assurance to the Board that all material operating risks are being appropriately identified and managed and that all external accountabilities relating to the Association's financial performance are being met
- To provide advice to the Board on matters relating to financial prudence as they relate to the Association from time to time including any matters relating to the investment portfolio held by the Association
- To approve or recommend to the Board, in accordance with delegation, the writing-off of outstanding debts.

### **Authority of the Committee**

The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to select, retain, terminate and approve the engagement of experts or consultants, as it deems appropriate.

The Committee holds such financial delegations as the Board confers on it from time to time.

The Committee also has the right to request any trustee or employee to attend a meeting. These guests will not take part in any votes.

### **The Composition of the Committee**

The FARM Committee comprises the following persons:

- The Chair (a trustee appointed from the Board)
- A second trustee
- The CEO
- The Director of Finance and Business Operations
- An individual who is external to the Association, recruited for their expertise in the areas of charity finance, audit and risk management
- two non-Board voting members of the Association

The Board members on this committee would be appointed by the Board and the external and two non-Board voting members would be appointed by VDC. The Director of Finance and Business Operations will provide a non-voting advisory role to this committee.

### **The meetings of the Committee**

The FARM Committee meets at least six times a year, generally two weeks



before a Board meeting. A meeting can only take place if a majority of members are present. Decisions arising at any meeting must be determined by a majority of votes of the Committee but must include a Board member, and in the case of an equality of votes, the Chair has a second or casting vote. Dissenting opinions of significance should be recorded in the minutes. The Chair is to approve minutes for distribution as drafts before the Committee's approval.

### **The preparation of meetings**

The agenda for the meetings of the Committee is drawn up by the Director of Finance and Business Operations in consultation with the Chair. The papers for the meeting are sent out at least five working days before the meeting is held.

### **The reporting of meetings**

Full and accurate minutes will be kept of the deliberations of the FARM. The minutes will be approved by the Chair and distributed to the members. They will then be included in the papers for the next Board meeting. At the following meeting the minutes of the previous meeting will not be again approved (since they have already gone to the Board). It will be possible, however, for Committee members to make comments on the minutes, and these will be recorded in the minutes of that meeting. An oral report on the deliberations of the Committee may be presented to the Board by the Chair.