

## BMC Specialist Committee: Membership and Interim Terms of Reference 2019

<b>Committee name</b>	<b>Finance &amp; Audit Committee</b>
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<b>Members</b>		<b>Elected</b>
Chair	Iain Dickinson	2017 (2005)
	Graham Richmond	2003
	Charles Gameson	2012
	David Lanceley	2008
	David Brown	National Council Representative 2017
	Bill Beveridge	National Council Representative 2019
	Tim Raffle	2005
	Dave Turnbull	BMC CEO 2002
	Huw Jones	BMC Nominated director for Finance 2019
<b>Secretary</b>	Alan Brown	BMC Financial Controller 2002
<b>Paper Members</b>		
	Lynn Robinson	BMC President 2018
	Gareth Pierce	Chair of Board of Directors 2018
	Fiona Sanders	National Council appointed Director 2019
	Paul Drew	Independent Director 2019
	Matthew Bradbury	Independent Director 2017
	Amanda Parshall	Independent Director 2018
	Jonathan White	Nominated Director 2019
	Jonny Dry	Nominated Director 2019

<b>Terms of Reference</b>
<b>Terms of Reference: Finance &amp; Audit Committee</b>
<p>The Finance &amp; Audit Committee (FAC) is a sub-committee of the Board of Directors (Board) (refer to Article 23.4.1, BMC AA)</p> <p><b>1. Purpose</b></p> <p>1.1. The purpose of the FAC is to monitor the BMC's financial position regularly, on behalf of the Board to ensure that the BMC has appropriate accounting and financial policies and controls in place and that its auditing arrangements are properly co-ordinated and work effectively. The FAC provides assurance to the Board on the organisation's financial viability and performance in line with budgeted expectations.</p> <p>1.2. The FAC's role is to:</p> <ul style="list-style-type: none"> <li>• keep under review the adequacy and effectiveness of the internal financial controls and financial risk management systems.</li> <li>• authorise commitment of expenditure, grant applications or commitment to contracts in line with the financial limits set out in the scheme of delegation agreed by the Board.</li> <li>• make recommendations to the Board on all finance matters. The Board is responsible for the final decision.</li> </ul> <p>1.3. A comprehensive list of activities which the FAC will carry out can be found in Annex A.</p>

## **Terms of Reference: Finance & Audit Committee**

2.1. The FAC will consist of: a chair appointed by the Board two representatives of National Council; two Board members, one of whom is to be the CEO and the other nominated by the Board; and other members as the Board and chair will determine, subject to a maximum of 12 members. All members of the Board are paper members of the FAC. Members will be invited to join the FAC based on their skills and expertise.

2.2. Any National Council representative appointed to the FAC will not also be Board member.

### **3.**

3.1 A quorum at each meeting will be four members, which must include one National Council representative and one Board member.

### **4. of the Finance & Audit Committee**

4.1 The Board will form and maintain the FAC.

4.2 Subsequent appointments and a review of the terms of reference will take place annually at the appropriate Board meeting, and will determine the members of the FAC for the following year.

### **5. Vacancies**

5.1 The Board will fill casual vacancies occurring in membership of the FAC.

### **6. Chair**

6.1 If at any meeting the chair is not present within 10 minutes after the appointed starting time, the members present will choose one of their number to be chair of the meeting.

### **7. Frequency of Meetings**

7.1 The FAC will meet at least four times in each year.

### **8. Voting**

8.1. Most FAC decisions can be reached through consensus. Where voting is required, voting at any meeting will be determined by a show of hands, unless any member demands a ballot. Questions arising at a meeting will be determined by a majority of votes of those present. Each FAC member has one vote.

### **9. Reporting**

9.1. The FAC will ensure that an agreed written record of each of their meetings is made.

9.2. All acts and proceedings of the FAC must be reported to the Board as soon as possible.

9.3. The FAC will work with the Board to ensure that timely and relevant reports and presentations are made available to the National Council to facilitate the Council's understanding and scrutiny of the BMC's finances.

### **10. Staff Attendance**

10.1. Members of staff may, at the FAC's request, attend meetings as required.

### **11. Review**

11.1. Nothing in these terms of reference will supersede the provisions of the BMC AA.

11.2. These terms of reference will be reviewed on an annual basis.

## **Annex A**

### **List of activities that the FAC will undertake:**

#### Annual Budget

The FAC will:

- review the annual budget, prior to its presentation and recommendation to the Board ;
- review and recommend the quarterly forecast, prior to its presentation and recommendation to the Board.

#### Budgetary issues

The FAC will:

- give initial consideration to the budgetary implications of potential new posts in the BMC which are outside the agreed budget and present their views to the Board for approval;
- review proposals from the Board on the BMC's pay and pay scales within the framework of the organisation's overall budget and resources and make recommendations to the Board;
- review the financial implications of any capital projects and monitor capital expenditure against the capital budget;
- as requested by the Board , give initial consideration to other activities which have financial implications for the BMC, including, for example, office moves.

#### Accounts

The FAC has responsibility to:

- review the BMC's financial performance against its financial plan and budget;
- review the Annual Report and Accounts before it is finalised and presented to the Board and the AGM;
- review the accounts on a quarterly basis;
- select suitable accounting policies and apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- review the final preparation of the annual accounts prepared by auditors; and
- consider the appointment of the external auditor, the audit fee and any question of resignation or dismissal.

#### External audit

The FAC will:

- oversee the BMC's relations with the external auditor;
- consider, and make recommendations to the Board on the appointment, reappointment and removal of the external auditor;
- approve the terms of engagement and the remuneration to be paid, if any, in respect of audit services provided;
- assess the qualification, expertise and resources, effectiveness and independence of the external auditors annually;
- discuss with the external auditors, before the audit commences, the nature, scope and timeline of the audit in order to ensure alignment with FAC, Board and AGM cycles;
- review, with the external auditors, the findings of their work, including any major issues that arose during the course of the audit and have subsequently been resolved and those issues that have been left unresolved; key accounting and audit adjustments; levels of errors identified during the audit, obtaining explanations from management and, where necessary the external auditors, as to why certain errors remain unadjusted, prior to such reports being considered by the Board ;
- review the audit representation letters before consideration by the Board;
- discuss with the external auditors their views on the strengths and weaknesses of the BMC's systems of internal control;

- assess, at the end of the audit cycle, the effectiveness of the audit process; and
- review and monitor the formal report from the external auditors of their audit findings, and the responses, where appropriate.

Internal control, risk management and monitoring

The FAC will:

- review management and audit reports, if any, on the effectiveness of the systems for internal financial control, financial reporting and risk management;
- monitor the integrity of the BMC's internal financial controls;
- review the organisation's procedures for detecting fraud and whistleblowing, and ensure that arrangements are in place by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting, financial control or any other matters;
- review the statement in the BMC's annual financial statements on the organisation's internal control and risk management framework;
- assess the scope and effectiveness of the systems established by the BMC to identify, assess, manage and monitor financial and non-financial risks; and
- review the BMC's reserves levels and policy and make a recommendation to the Board should it consider any changes necessary; and
- review and provide input into the BMC's risk register.

Investment and banking issues

The FAC will:

- monitor the performance of any investments; and
- keep under review the banking arrangements of the BMC and recommend changes as necessary.

<b>Reviewed by Board</b>	29.01.20
<b>Agreed by Board</b>	29.01.20