
Finance & Audit Committee – Terms of Reference

The Finance & Audit Committee (**FAC**) is a committee of the Board of the British Mountaineering Council (**BMC**) as referred to in Article 25.4.2 of the Articles of Association.

1. Purpose

1.1 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 arrangement are properly coordinated and work effectively. The FAC provides reassurance to the Board on the BMC's financial viability and performance in line with budget expectations.

1.2 The FAC's role is to:

- (a) keep under review the adequacy and effectiveness of the internal financial controls, policies, procedures and financial risk management systems;
- (b) 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; and
- (c) make recommendations to the Board on all finance matters. The Board is responsible for the final decision.

2. Duties and responsibilities

The FAC will carry out the following duties for the BMC as appropriate:

2.1 Annual budget

The FAC will:

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

2.2 Budgetary issues

The FAC will:

- (a) consider longer terms financial planning for the BMC to ensure that strategic objectives are met;
- (b) consider the budgetary implications of potential new spend in the BMC which are outside the agreed budget and present their views to the Board for approval;
- (c) working with the Remuneration Committee, review proposals on the BMC's pay and pay scales within the framework of the BMC's overall budget and resources and make recommendations to the Board;

- (d) review the financial implications of any capital projects and monitor capital expenditure against the capital budget; and
- (e) if requested by the Board, consider other activities which have financial implications for the BMC.

2.3 Accounts

The FAC will:

- (a) review the BMC's financial performance against its financial plan and budget
- (b) review the annual report and financial statements required at year end (the **Accounts**) before they are finalised and presented to the Board and the members at an AGM;
- (c) review the management accounts on a quarterly basis;
- (d) advise the Board on the selection of suitable accounting policies and then applying them consistently;
- (e) advise the Board to make accounting judgements and estimates that are reasonable, relevant, reliable and prudent;
- (f) advise whether applicable accounting standards have been followed; and
- (g) review the final preparation of the Accounts by the auditors.

2.4 External audit

The FAC will:

- (a) consider and make recommendations to the Board on the appointment, reappointment and removal of the external auditor;
- (b) oversee the BMC's relations with the external auditor;
- (c) approve the terms of engagement and the remuneration to be paid, if any, in respect of audit services provided;
- (d) assess the qualification, expertise and resources, effectiveness and independence of the external auditors annually;
- (e) discuss with the external auditors, before the audit commences, the nature, scope and timeline of the audit in order to ensure alignment with the FAC, Board and AGM cycles;
- (f) 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;
- (g) discuss with the external auditors their views on the strengths and weaknesses of the BMC's systems and internal controls;
- (h) assess, at the end of the audit cycle, the effectiveness of the audit process; and
- (i) review and monitor the formal report from the external auditors of their audit findings, and the responses, where appropriate.

2.5 Internal control, risk management and monitoring

The FAC will:

- (a) review management and audit reports, if any, on the effectiveness of the systems for internal financial control, financial report and risk management;
- (b) monitor the integrity of the BMC's internal financial controls, policies and procedures;
- (c) review the BMC'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 report, financial control or any other matters;
- (d) review the statement in the Accounts on its internal control and risk management framework;
- (e) assess the scope and effectiveness of the systems established by the BMC to identify, assess, manage and monitor financial and non-financial risks;
- (f) review the BMC's reserves levels and policy and make a recommendation to the Board should it consider any changes necessary; and
- (g) review and provide input into the BMC's risk register.

2.6 Investment and banking issues

The FAC will:

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

2.7 Other matters

The FAC will:

- (a) consider such other matters as are referred to the FAC by the Board; and
- (b) work and liaise as necessary with all other Board committees.

3. Membership

3.1 The FAC will comprise:

- (a) a chair who shall be appointed by the Board following an open recruitment process (the **FAC Chair**);
- (b) the CFO (ex-officio);
- (c) a member of the Board as appointed by the Board;
- (d) two members of Members' Council (**Council**), who will not also be Board members and who have relevant experience;
- (e) up to a maximum of 4 other members, one of whom should be independent and have recent relevant experience.

3.2 The members noted at 3.1(e) will be appointed by the FAC.

- 3.3 A person will cease to be a member of the FAC: at the end of his/her period of appointment (subject to reappointment); on ceasing to be a Director; through a resolution of the Board terminating his/her appointment; on ceasing to be a member of Council; or on written notice of resignation from the appointment to the FAC Chair.
- 3.4 The members appointed under clauses 3.1(c), 3.1(d) and 3.1(e) shall be appointed for a three-year term. At the end of each term, a member who remains able and willing to do so and whose re-appointment is supported by the FAC, may be re-appointed for up to one further term of three years.
- 3.5 The FAC Chair shall be appointed for a three-year term. At the end of this term, if the FAC Chair remains able and willing to do so, and their re-appointment is supported by the Board, they may be re-appointed for up to one further term of three years.
- 3.6 A retiring FAC member who has served in office for six consecutive years shall not be eligible for re-appointment until a period of at least four years has elapsed since they last held office.

4. Secretary

- 4.1 The Financial Controller or their nominee will act as secretary of the FAC.
- 4.2 The secretary will provide all necessary support to the FAC, including the recording of FAC minutes and ensuring that the FAC receives information and papers in a timely manner to enable full and proper consideration of the relevant issues.

5. Quorum

- 5.1 The quorum necessary for the transaction of business at a FAC meeting will be at least half of the members, which must include the Board member and one Members' Council member, present in person or by audio or video conference.
- 5.2 A duly convened FAC meeting at which a quorum is present will be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the FAC.

6. Meetings

- 6.1 The FAC will meet at least four times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required.
- 6.2 Outside of the formal meeting programme, the FAC Chair will maintain a dialogue with key individuals involved in the BMC's governance, including the Chair, the CEO, the CFO and any other relevant persons.
- 6.3 Only members of the FAC have the right to attend FAC meetings. However, other individuals and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary and with the agreement of the FAC Chair. The FAC Chair will have the discretion to decide who, other than FAC members, will attend and address FAC meetings.

6.4 All or any of the members of the FAC may participate in meetings via conference call facilities. A person participating remotely will be deemed to be present in person at the meeting and will be entitled to vote and be counted in a quorum accordingly.

6.5 The secretary of the FAC will ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

7. Notice of meetings

7.1 Meetings of the FAC will be called by the secretary of the FAC at the request of the FAC Chair or the Board.

7.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, will be forwarded to each member of the FAC, and any other person required to attend, no later than five working days before the date of the meeting. Supporting papers will be sent to FAC members and to other attendees as appropriate, at the same time, but FAC papers may be forwarded at shorter notice with the approval of the FAC Chair.

8. Voting arrangements

8.1 Most FAC decisions can be reached through consensus. Subject to paragraph 8.2, when voting is required each FAC member will have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a FAC meeting whether in person or by audio or video conference. Any matter voted on will be determined by a majority vote.

8.2 If a matter that is considered by the FAC is one where a FAC member, either directly or indirectly has a personal interest, that member will not be permitted to vote at the meeting.

8.3 The FAC Chair may ask any attendees of a FAC meeting to leave the meeting to allow discussions of matters relating to them.

8.4 Decisions requiring to be made between meetings may be by email exchange provided a simple majority of the FAC supports the decision proposed.

9. Minutes of meetings

9.1 The secretary will minute the proceedings and resolutions of all FAC meetings, including the names of those present and in attendance.

9.2 The minutes will be agreed by the FAC Chair and secretary prior to circulation to all FAC members. Once approved, minutes (either full or redacted due to confidentiality) will be provided to the Company Secretary so that they can provide the minutes to the Board.

9.3 A resolution in writing and signed by all FAC members will be as effective as a resolution passed at a FAC meeting. Any written resolution will be tabled and noted at the next meeting of the FAC.

10. Reporting responsibilities

- 10.1 The FAC will report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and the minutes of all meetings (redacted if required) will be included in the Board papers for a subsequent Board meeting.
- 10.2 The FAC will make recommendations to the Board in accordance with its duties and responsibilities, in relation to pay policy and remuneration agreements.
- 10.3 The FAC Chair will be prepared to report to each Board meeting and the BMC's AGM on the proceedings of the FAC.
- 10.4 The FAC will report on its work in the Annual Governance Statement presented at the BMC's AGM.
- 10.5 The FAC will work with the Board to ensure that timely and relevant reports and presentations are made available to Members' Council to facilitate their understanding and scrutiny of the BMC's finances.
- 10.6 These terms of reference will be made available to all members by uploading them on to the BMC's website.

11. General matters

The FAC will:

- 11.1 give due consideration to laws and regulations, the provisions of the Code for Sports Governance, and any other applicable rules as appropriate;
- 11.2 have access to sufficient resources to carry out its duties;
- 11.3 work and liaise as necessary with all other Board committees;
- 11.4 arrange for periodic reviews of its own performance and, at least annually, review its terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval;
- 11.5 ensure that if any outside legal or professional advice is required in connection with its duties, and the cost of such advice has not been provided for in the BMC's annual budget, that it will seek the required authority to incur such expenditure prior to entering into any contract or terms of business; and
- 11.6 in performing its functions, at all times promote the objectives and best interests of the BMC.

12. Authority

The Board authorises the FAC to:

- 12.1 carry out all duties set out in these terms of reference, to have access to the BMC's documents and information that it needs access to in order to carry out its duties; and
- 12.2 seek any information it requires from any employee of the BMC in order to perform its duties.

Adopted at the Board meeting of the BMC on 26 November 2022