**Start Network**

**Finance & Audit Committee | Terms of Reference**

**Type and scope**

Standing governance committee, accountable to the Board of Trustees.

Purpose and responsibilities

The role of the Finance and Audit Committee is to assist the Board in fulfilling its oversight responsibilities by:

* Reviewing the Charity’s annual financial statements and financial reporting issues
* Overseeing the management of finances and reviewing the annual budget for recommendation to the Board
* Advising on financial innovation initiatives where required
* Recommending to the Board approval of Treasury and reserves policies
* Overseeing and planning of the Charity’s external audit
* Overseeing the Charity’s internal audit function

Specifically, the Finance & Audit Committee is responsible for:

1. Financial sustainability and controls
2. Reviewing the financial model that underpins the strategy for the organisation
3. Recommending a Financial Framework (3 year forecast) as the top down basis for establishing the annual budget, and assessing that the resource allocation processes are in line with strategy
4. Recommending the annual plan and budget in respect (and in advance) of each financial year, for the approval of the Board. Each budget shall cover all the planned activities of the organisation, together with implications for the organisation (i.e. income and expenditure, cash and reserves).
5. Ensuring that the Board receives annually a timely Trustee Report and Accounts in respect of each financial year, and a balance sheet showing assets and liabilities at the end of that year; and recommending for the approval of the Board audited consolidated accounts and the Letter of Representation to the Auditors for the organisation each year, in accordance with the requirements of charity law (including the provisions of the Charity Commission’s Statement of Recommended Practice).
6. Reviewing the most recent Management Accounts against Budget and report on such to the Board
7. Ensuring that the organization has appropriate finance policies in place and that they are applied consistently
8. Ensuring that the organization has an appropriate Delegation of Financial Authority in place and reviewing it periodically
9. Ensuring adequacy of the Charity’s reserves;
10. Recommending the Charity’s approach to the investment of reserves balancing risk and reward, approving Treasury Policy and receiving regular updates from management on any investments as part of the management accounts provided;
11. Ensuring that the financial risks of the Charity are appropriately managed
12. Annually reviewing the effectiveness of the organisation’s internal control framework
13. External audit
14. Considering the appointment, dismissal or resignation of the external auditor and to oversee the process for selecting the auditor and to make appropriate recommendations to the Board concerning the reappointment of the auditor.
15. Assessing the independence and objectivity of the auditor, and to ensure that the nature and amount of non-audit work does not impair the auditor’s independence and objectivity.
16. Discussing with the auditor the nature, scope, plan and effectiveness of the annual audit process taking into account relevant UK professional and regulatory requirements, and reviewing the auditor’s quality control procedures and the steps taken by the auditor to respond to changes in regulatory and other requirements.
17. Recommending the approval of the auditor’s engagement letter and any amendments thereto and to review the auditor’s management letter and management’s response thereto.
18. Undertaking any other tasks specifically delegated to it by the Board.
19. Internal audit
20. Considering the appointment, dismissal or resignation of the Internal Auditor and overseeing the process for selecting the Internal Auditor and making appropriate recommendations to the Board concerning the appointment of the Internal Auditor.
21. Overseeing and approving the Internal Audit Charter and recommending scope of Internal Audit Services appropriate for the organisation
22. Reviewing the annual internal audit plan and the effectiveness of the risk and assurance function and ensuring that it is adequately resourced and has appropriate standing within the organisation.
23. Receiving executive summaries from all internal audit reports. The committee may also request copies of the full reports.
24. Reviewing findings from the internal audit reports, adequacy of management responses and actions taken by management to implement control actions and/or mitigate associated risks.
25. Considering significant areas of non-policy compliance identified through internal audit reports and recommending relevant actions to senior management that may be necessary to mitigate any associated risks.
26. Reviewing individual and summary reports on fraud, investigations, whistleblowing and serious incidents including those reportable to the charity commission or other regulatory bodies.

Composition

The Committee shall comprise at least three people, and ideally no more than six. The Chair of the Finance and Audit Committee shall be the Treasurer, who is an Independent Trustee. The Vice-Chair of the Finance and Audit Committee shall be a Trustee.

Expert Committee members can either be co-opted from the Start Network member organisations or join as independent experts. Skills such as accounting, finance and business management are considered to be particularly important to the Finance & Audit Committee.

Meetings and voting

The Finance and Audit Committee will meet four times a year at least 10 working days in advance of a meeting of the Trustees. It is possible to participate in Committee meetings via video-conference.

A quorum shall be three committee members. Decisions shall be made by a majority of those voting with the Chair of the Committee holding the carrying vote in the event that there is a tie.

Only members of the committee have the right to attend and vote in committee meetings. However, other individuals may be invited to attend all or part of the meetings as and when appropriate. The CFOO shall attend all committee meetings.

Reporting

Following each meeting the Finance and Audit Committee will submit to the Trustees for their consideration, any minutes that include any recommendations on matters considered.

Review

The Finance & Audit Committee shall periodically review its own performance and, at least every three years, shall review these terms of reference, making any recommendations for change to the Board of the Start Network.