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**Finance Committee**

**Terms of Reference (TOR)**

Sample Draft

**Governance Code for Sport**

Disclaimer

Sport Ireland is making available a range of resources including guidance notes, policy documents and templates for selected areas aligned to the Governance Code for Sport which will support sport organisations, boards, management and staff in the development of relevant governance processes and procedures particular to their own organisation.

For the avoidance of doubt, the final decision on the nature, type, extent and format of approved governance policies, procedures and processes for each organisation is a matter for the board / highest governing structure of the organisation and the resources and material provided may assist the approval process.

This document is not, nor is it intended to be, a definitive statement of the law and it does not constitute legal advice. This document is not a substitute for professional advice from an appropriately qualified source and it is recommended that sport organisations consult their governing document or obtain their own independent legal advice where necessary.

Sport Ireland does not accept any responsibility or liability for any errors, inaccuracies or omissions in this document.

How to Use this Document

The document is developed to assist organisations with adopting the Governance Code for Sport by 2021. It can be adapted and adjusted to meet the specific organisational requirements.

In all cases the document will need critical reflection and consideration to ensure it is aligned with the operating practices of the organisation.

Terms of Reference – Version Control

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| TOR XXX | Name of Sport Organisation – Name of specific Terms of Reference | |
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Purpose

The Board has established a Finance Committee (FC) as a Committee of the Board to support it in fulfilling its responsibilities in relation to good corporate and financial governance, financial stewardship, financial management and financial reporting. This includes reviewing the comprehensiveness of assurances provided to the Board, ensuring that the Board assurance needs are met as well as reviewing the reliability and integrity of these assurances. However, the ultimate responsibility for this area rests with the Board, who must fully consider the advice and, approve or amend the recommendations from the Committee.

Membership

* The Committee will consist of x members drawn from the Board Members, and the Board may appoint external individuals onto the Committee to provide specialist skills, knowledge and experience. All appointments to the Committee are ratified by the Board. A quorum should be set at... members.
* If the organisation has a treasurer it is expected the treasurer will be a board member and chair of FC/ARC and will perform their duties in accordance with the TOR of these committees’
* The Chairperson of the Committee shall be nominated / selected, and this appointment will be formally ratified by the Board.
* Some members of the Finance Committee should have recent, relevant financial experience and business experience, and other members should have experience in governance, and the core areas of the organisations business. At least one member of the committee should have a professional accountancy qualification and recent, relevant financial experience.
* The Board may co-opt further external members to the Committee to fill skills and expertise gaps.
* Each Committee member will be appointed for a term of x years.
* Final determination on the number of members on the Committee is a decision for the Board.

Rights

* In discharging its responsibilities, the Finance Committee (FC) will have unrestricted access to members of management, employees, and relevant information it considers necessary to discharge its duties. The FC will also have unrestricted access to records, data, and reports. The Committee is entitled to receive any explanatory information that it deems necessary to discharge its responsibilities.
* The Committee shall have access to sufficient resources in order to carry out its duties, and will be facilitated in this by the Committee Secretary and by the executive lead designated to support the committee.
* The Committee may procure and/or avail of specialist ad-hoc advice at the reasonable expense, subject to budgets agreed by the Board, on any matter within its terms of reference.
* The Committee has rights to access to members of the Board and other Committees to seek information relevant to its functions as per this Terms of Reference.

Secretary to the Committee

* The Committee will be provided with a secretariat function by management. [[1]](#footnote-1)
* The Secretary will ensure that the Committee members receive information and papers in a timely manner to enable full and proper consideration to be given to issues.
* Together with the Chairperson, the Secretary is responsible for the formal induction of new members of the Committee and organising mentoring for Committee members where required.
* The Committee Secretary, in conjunction with the executive leads, will also have a role in facilitating overall co-ordination of the work of the Committees and their reporting to the Board.

Meetings

* The Committee will meet at least x times a year. The Chairperson of the Committee may convene additional meetings, as deemed necessary.
* The Chairperson of the Committee together with the executive lead and Secretary will consider the agenda for the meeting. Members may also propose items for the agenda to the Chairperson.
* Notice of each meeting confirming the venue, format, time and date together with the Agenda, minutes of the previous meeting, actions log and relevant papers should be circulated to Committee members and to the extent relevant and necessary to any other person required to attend, five working days in advance of the meeting.
* A minimum of x members of the Committee will be present for the meeting to be deemed quorate.
* The Secretary of the Committee shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
* As the business of the Committee requires, managers and staff may be invited to attend specific meetings or agenda items at the Committee’s request. The Chief Executive and Head of Finance are likely to attend all meetings of the Finance Committee.
* The committee will meet with the Chief Executive and Board Chairperson without other managers or staff present at least once a year.
* The Committee may ask any other managers and staff to attend to assist it with its discussions on any particular matter;
* The Committee may ask any or all of those who normally attend but who are not members to withdraw to facilitate open discussion of particular matters; and
* The Board may ask the Committee to convene further meetings to discuss particular issues on which they seek the Committee’s advice.

Information Requirements

For each meeting, the FC will be provided with:

* A progress report on the financial position and performance summarising:
  + income and expenditure (and a comparison with budget profiles and estimates);
  + balance sheet position
  + significant assets and liabilities and material trends;
  + overall cash and treasury position;
  + exception reporting on issues arising, if appropriate, and explanations of variances; and
  + any key issues and relevant matters within the committee’s remit that need to be highlighted.
* A progress report in relation to risk management which includes:
  + a copy of the strategic/corporate risk register;
  + a summary of any significant changes to the strategic risks and how these risks are being addressed:

As and when appropriate the Committee will also be provided with:

* The draft financial statements of the organisation;
* The organisations risk management policy.

Duties and Responsibilities

In overall terms, the role of the FC is to provide advice to the Board across a range of its key financial governance, financial management and financial reporting as follows:

1. Financial Reporting

* The Committee shall liaise with the Audit and Risk Committee in relation to the annual financial statements and the accounting policies to support the ARC in the fulfilling of its obligations in relation to financial reporting.
* Where requested by the ARC, the Committee should review the content of the annual report and accounts and advise on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for stakeholders to assess the financial performance and strategy.

1. Financial Planning and Budgeting

The Committee will

* oversee the annual and multi-annual budgetary planning cycle
* examine the annual budget and business plan prepared by the Executive
* provide advice to the Board and, as appropriate, recommend the budget for approval by the Board.

1. Financial Performance

In the context of the annual and multi-annual budgetary process, the Committee will

* scrutinise the management accounts and related financial performance reports on income, expenditure and cash
* review the outturns against the forecasted position as per the annual budget profiles
* monitor the financial position and consider alternative scenarios, options or variations necessary to sustain the budgetary targets

1. Financial Strategy

In supporting the work of the strategy committee (SC), the FC will

* oversee the preparation of the financial strategy of the entity and advise the SC and Board in relation to its adoption.
* monitor and report on the strategy and specifically its alignment with the overall strategic plan.
* monitor the implementation of the financial strategy and key deliverables and consider the effective application of risk management in the management of the organisations finances through reports from and engagement with senior executives
* review expenditure on all major projects both operational/ activity and capital infrastructure, from their inception to conclusion, in the context of the approved business cases, budgets and programmes
* recommend for Board approval the financial aspects of the acquisition, disposal and retirement of assets of the organisation
* review and advise the Board in relation to the pension fund and other related obligations of the entity

1. Financial Policies and Procedures

The Committee will

* Review and oversee, as required, the development of new policies relating to the financial governance and financial management and recommend them to Board for approval.
* Receive briefings on relevant financial, taxation and regulatory issues and review arrangements to be established for compliance with relevant legislative, regulatory obligations and consider policy issues in the context of legislative and regulatory requirements. Depending on the significance and extent of the obligations and changes required, this information will be shared with the governance and ethics committee (GEC)

1. Banking, Investments, Treasury and Borrowings

The Committee will

* Oversee and as appropriate, make recommendations to the Board in relation to banking arrangements, investment and treasury policy and short and long term borrowings.
* Oversee approval of authorised signatories for banking and related activities,
* Conduct reviews on a range of areas, including borrowing obligations or changes in borrowing capacity, the provision of regular cash flow and treasury reports, review and approval of policies and practices related to banking, treasury and borrowing activity and ensuring compliance with governance, legal and regulatory obligations

1. Contracts and Agreements

The Committee will

* provide oversight and, where appropriate, review and make recommendations to the Board in relation to contracts and agreements with third parties as well as joint ventures and similar type activity
* Consider the authority levels to execute and undertake financial commitments or obligations on behalf of the organisation.
* Advise the Board on the financial and governance aspects of significant capital projects

1. Financial Sustainability

The Committee will provide oversight and where appropriate, consider and provide advice and make recommendations to the Board on financial sustainability and viability. This will include consideration of the financial strategy and financial planning arrangements, financial performance, financial risks and opportunities, revenue generation and cost and expenditure management, as well as asset management and capital programmes. The input of SC and GEC will be sought in relation to this important role.

1. Other

* The Committee will work and liaise with all other Committees as necessary.
* The Committee will provide advice to the Board and undertake reviews, research or related work on areas or issues within it remit, if requested by Board
* The Committee will work to an annual work programme approved by the Board.
* The Committee will also periodically review its effectiveness (including reviewing its terms of reference) and report the results of that review to the Board.
* The Committee’s duties and responsibilities can be amended and updated by the Committee as and when required.
* The Committee shall advise the Board on assurances relating to the management of risk and governance requirements and consider the organisation’s overall assurance processes. This work will be undertaken in conjunction with the GEC.

Conflict of Interest

The process for recording declarations of conflicts of interest of the Committee members will be the same used at Board level. Each member of the Committee will take personal responsibility to declare any potential conflict of interest arising in relation to any items on the agenda for Committee meetings. The Committee will specify its procedures where a conflict of interest arises in the context of a particular agenda item, including a requirement that the relevant member brings the potential conflict of interest to the attention of the Chairperson and, where necessary, leaves the room for the duration of the discussion of the item and does not take part in any decisions relating to the item. Similar arrangements should apply in relation to meeting documentation, with documentation relating to the item not being made available to the member. This should be noted in the minutes of the meeting.

Confidentiality

The agenda, papers, reports and documentation provided in the context of the work of the Committee are confidential and will contain sensitive material and information necessary to allow members to carry out their duties. Members and those in attendance, shall not, without the approval of the Chair, discuss with or disclose, directly or indirectly, information to third parties.

Reporting Responsibilities

* The Committee will report to, and is ultimately accountable, to the Board.
* At all Board meetings, the Committee will provide an update to the Board (including updating the Board on any previous Committee meeting, Committee business and any recommendations, advice and any relevant matters that should be brought to the Board’s attention). This update is in the form of a formal written report for those Board meetings subsequent to a Committee meeting.
* The Committee must advise the Board between Board meetings if a matter is urgent and/or serious.
* The Board will be provided with all minutes of Committee meetings;
* The Committee shall make a statement and provide an overview of its activities in the Annual Report.
* The committee will report back to Board on areas or issues requested by Board.
* The Committee will provide the Board with an Annual Report summarising its conclusions from the work it has done during the year, progress with the work programme and the outcome of its self-effectiveness review. This Report will be timed to support finalisation of the organisation’s annual report and financial statements.

Review

This Terms of Reference is approved by the Board and reviewed by the Board regularly / annually.

1. Committee should be supported by a secretary and this may be a role for staff member, where the organisation employs full or part time staff or for a non-executive/ volunteer board or committee member if that is appropriate given the scale and structure of the organisation. [↑](#footnote-ref-1)