

Terms of Reference

1. Purpose

- 1.1. The Board has established a Finance and Audit Committee to support it in its responsibilities for ensuring the adequacy of financial management, control and associated assurance within the charity. It shall take decisions and provide recommendations and assurances to the Board on matters covered by its role and responsibilities as defined below in these terms of reference.
- 1.2. The Committee shall review these terms of reference annually and make such recommendations for amendments, as it sees fit, to the Board.

2. Membership

- 2.1. The Committee shall be appointed by the Board and will comprise of:
 - (a) The Honorary Treasurer;
 - (b) At least two other CTCPN Trustees;
- 2.2. The Honorary Treasurer shall be appointed Chair of the Committee. In the absence of the Chair, the remaining members present shall elect a member from amongst themselves to chair the meeting.
- 2.3. If not a member of the committee, the Chair of the Trustee Board will have a standing invitation to attend.
- 2.4. The Chief Executive and Finance Director will attend all meetings unless requested otherwise by the Chair.
- 2.5. Other individuals, including the Auditors and other members of the management team may be invited to attend all or part of the meeting.
- 2.6. Terms of office shall be in line with the Trustees current terms of office on the CTCPN Board.
- 2.7. The board reserves the right to remove any member of the Committee if it deems it necessary.
- 2.8. The Chair of the Committee shall attend the AGM to answer questions on the annual accounts and the Committees activities.

3. Quorum and Voting

- 3.1. The quorum necessary shall be two members.
- 3.2. A meeting at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

- 3.3. Where required, decisions of the Committee will be made on a simple majority of members present and voting.
- 3.4. Those non members present at the meetings shall not be entitled to vote.
- 3.5. In the case of equality in voting, the Chair of the Committee shall have a casting vote.

4. Meetings

- 4.1. The Committee shall meet at least three times a year at appropriate times and aligned to the audit cycle.
- 4.2. The Chair may convene additional meetings at any time, or if requested by the External Auditors or the Chief Executive.
- 4.3. A member of the CTCPN team shall act as Secretary to the Committee.
- 4.4. The Secretary will invite members of the Committee to submit any items of business for the agenda 14 days before each meeting.
- 4.5. Agendas will be drafted by the Secretary and agreed with the Chair.
- 4.6. Papers will be circulated five days in advance of the meeting.
- 4.7. Minutes of the meeting will be prepared by the Secretary for the Chair to review and approve prior to circulation no more than 10 working days after the meeting.

5. Authority

- 5.1. The Committee is authorised by the Board to investigate any activity within its Terms of Reference. It is authorized to seek any information it requires from any employee in order to perform its duties and all employees shall be directed to cooperate with any request made by the Committee.
- 5.2. The Committee is authorized to ask officers to obtain independent and professional advice if it considers this necessary, within the rules of the Delegation of Authority. The cost of which will be borne by CTCPN.

6. Terms of Reference

- 6.1. The duties of the Committee are:

i. Financial management and oversight

- (a) Review the draft budget prior to the start of the financial year and make recommendations to the Board in light of their review.
- (b) Monitor expenditure against budget and extra forecast (or unbudgeted) expenditure.

- (c) Review and monitor the investment strategy of the organisation including approving all financial investments of surplus funds and reporting any changes to the Board.

ii. Bank accounts

- (a) Authorise the opening and closing of all the CTCPN bank accounts and Board approval to be sought where this is required by the bank.
- (b) Authorise the movement of funds between bank accounts with over 6 months' notice requirement.

- iii.** Support and advise the Management team in the execution of their financial duties

iv. Financial reporting

- The Committee shall monitor the integrity of the financial statements of CTCPN, including its annual report and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgements which they contain prior to submission to the CTCPN Board;
- In particular the Committee shall review and challenge where necessary:
 - (a) Summary financial statements and significant financial returns to regulators.
 - (b) The consistency of, and any changes to, accounting policies both on a year to year basis and across CTCPN;
 - (c) The methods used to account for significant or unusual transactions where different approaches are possible;
 - (d) Whether CTCPN has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
 - (e) The clarity of disclosure in CTCPN's financial reports and the context in which statements are made;
 - (f) All material information presented with the financial statements, such as the Trustees' Annual Report;
 - (g) Recommendations to the Board on approval of the financial statements.
 - (h) All policies relating to income and expenditure.

v. Internal Controls

The Committee shall:

- Keep under review the adequacy and effectiveness of CTCPN's internal financial control systems, including:
 - (a) Reviewing the schedule of delegation and any other delegated financial authority once a year and making recommendations to the Board for any changes.
 - (b) Reviewing the levels of insurance, including Trustees' and Management's liability and indemnity insurance.
 - (c) Review and approve the statements to be included in the annual report concerning internal controls and financial risk management.
 - (d) Oversee and advise the Board on the current financial risk exposures of CTCPN and the future financial strategy.

- (e) Review reports on any material breaches and the adequacy of proposed action.
- (f) Approve the write off of assets and bad debts within the Delegation of Authority limits.

vi. Compliance, Whistleblowing and Fraud

The Committee shall:

- Review the adequacy and security of CTCPN's arrangements for its employees, volunteers and contractors to raise concerns, in confidence, about possible wrongdoings in financial reporting. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.
- Review CTCPN's procedures for detecting fraud.
- Review CTCPN's systems and controls for the prevention of bribery and receive reports on non-compliance.
- Identify any perceived weaknesses in policies and procedures and make recommendations for improvement to the Board as appropriate.

vii. External Audit

The Committee shall:

- Consider and make recommendations to the CTCPN Board in relation to the appointment, reappointment and removal of the external auditors. The Committee shall oversee the selection process for a new auditor and if an auditor resigns, the Committee shall investigate the issues leading to this and decide whether any action is required.
- Oversee the relationship with the External Auditor, including:
 - (a) Recommendations on their remuneration, whether fees for audit or non-audit services and that the level of fees is appropriate to enable an adequate audit to be conducted;
 - (b) Approve their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
 - (c) Assess annually their independence and objectivity, taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of non-audit services;
 - (d) Satisfy itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and CTCPN (other than in the normal course of business);
 - (e) Monitor the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partner, the level of fees paid by CTCPN compared to the overall fee income of the firm, office and partner and other related requirements;
 - (f) Assess annually the qualifications, expertise and resources of the auditor and the effectiveness of the audit process, which shall include a report from the external auditor on their own internal quality procedures.
 - (g) Request the external auditor to make another audit partner available in the event that a conflict is perceived to arise on a particular issue; and
 - (h) Meet regularly with the External Auditor, including once at the planning stage before the audit and once after the audit at the reporting stage. The Committee may meet the External Auditor at any time, without

management being present, to discuss the auditor's remit and any issues arising from the audit.

- Review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement.
- Review the findings of the audit with the external auditor. This shall include, but not be limited to:
 - (a) A discussion on any major issues that arose during the audit;
 - (b) Any accounting and audit judgements;
 - (c) Levels of errors identified during the audit; and
 - (d) The effectiveness of the audit.
- Review any representation letter(s) requested by the external auditor before they are signed by officers.
- Review the management letter and management's response to the auditor's findings and recommendations.

7. Reporting Procedures

- 7.1. The Committee will account directly to the CTCPN Board and the minutes of meetings of the Committee will be laid before, and made available to, all members of the Board.
- 7.2. The Committee Chair shall be responsible for reporting formally to the CTCPN Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 7.3. The Committee shall make whatever recommendations to the CTCPN Board it deems appropriate on any area within its remit where action or improvement is needed.
- 7.4. Periodically, and at least every three years, the Committee shall conduct an effectiveness review of its own performance. The Committee Chair shall discuss results of that self-evaluation and any actions arising with the CTCPN Chair.
- 7.5. The CTCPN Board may request the Chair of the Finance and Audit Committee to address and respond to specific concerns within the Committee's remit.

12.02.18