

Terms of Reference	
Sub-Committee Name	EMERGE 3Rs Finance Sub-Committee (FSC)
Role	Financial governance is the responsibility of the Board of Trustees. The role of the FSC is to advise the Board on financial matters and to strategically oversee financial systems and procedures. The FSC provides a forum for more extensive review and discussion with recommendations made to Board in relation to financial matters. The FSC will also act as the Audit Committee (though not for ISO9001).
Responsibilities	<p>Financial Reporting and External Audit</p> <ul style="list-style-type: none"> • Review the annual statutory accounts and recommend approval by Board; • Review any letters of representation requested by the auditors before they are signed on behalf of the Board; • Review the Post Audit Report and develop responses to the auditor’s findings and recommendations for approval by the Board; • Review the performance of the external auditors and three-year procurement process for audit provision. <p>Budgeting and Financial Performance</p> <ul style="list-style-type: none"> • Monitor and review the annual budget for approval by the Board; • Monitor and review longer term financial forecasts particularly in relation to funding pinch points; • Review recommendations from SMT (Senior Management Team) in relation to annual salary increase percentage, or significant payments to staff making recommendations to Board as appropriate; • Review and comment on Quarterly Management Accounts (and forecast out turn) ensuring that income and expenditure is in line with budget or remedial action is proposed; • Monitor and review the financial performance of EMERGE Recycling (wholly owned subsidiary) particularly in relation to the recoverability of the loan and other amounts owed. Advise the Board on any issues. <p>Internal Financial Control and Risk Management</p> <ul style="list-style-type: none"> • Review the adequacy of the Charity’s systems of internal financial control and risk management systems. • Exercise strategic oversight of the conduct of financial transactions and the maintenance of the financial records including an annual review of the Charity’s financial policies, procedures, delegations and mandates (or as necessary).

	<ul style="list-style-type: none"> • Review the Charity’s Risk Register through an Annual Risk Workshop with the full Board and consider new or changed risks on a regular basis. • Advise the Board on significant new developments and potential financial risks in conjunction with CEO. • Investigate and report to the Board on any matters that may put the Charity at financial risk. <p>Reserves and Investments</p> <ul style="list-style-type: none"> • Review the charity’s Reserves Policy and make recommendations to Board on the level of reserves to be held; • Review business case requests for use of reserves and make recommendations to Board including any conditions and caveats; • Monitor and review the Charity’s arrangements in relation to investments and the Investment Policy. <p>Insurance and other contract expenditure</p> <ul style="list-style-type: none"> • Review insurance policies on an annual basis to ensure that cover is adequate; • Oversee the charity’s planned programme of review/re-tendering of cyclical expenditure/other long term arrangements (e.g. audit, insurance, mobile phones, banking arrangements etc.) to ensure that we are achieving best value, as necessary. <p>Any other matters within its remit referred to it by the Board.</p>
<p>Membership and appointment</p>	<p>The FSC shall be made up of a minimum of two Trustees (including the Treasurer) and the following representatives from the Executive Team – the Director/CEO and the Finance Manager.</p> <p>The Treasurer, who is the Chair of the FSC, is co-opted, appointed or reappointed following the Annual General Meeting, by the full Board.</p> <p>Other individuals may be invited to attend all or part of the FSC meeting by the Treasurer as and when appropriate or necessary or upon their request to join.</p>
<p>Chairing</p>	<p>The Treasurer chairs the Finance Sub-committee.</p> <p>The Treasurer draws up agendas with support from the other members. Where possible, the Treasurer, will circulate a draft agenda for information and additions in the week before the meeting.</p>
<p>Quorum</p>	<p>The Quorum for the FSC is two members of which one must be the Treasurer and one either the Finance Manager or the Director.</p> <p>Discussions can take place at an inquorate meeting with any recommendations ratified at a later meeting. Any discussions which lead to recommendations to the Board on significant financial matters – approval of the budget, requests for use of</p>

	reserves, procurement decisions and the annual risk workshop must take place within quorate meetings.
Frequency of meetings	<p>The FSC meets in advance of each Board Meeting at appropriate times in the reporting cycle and otherwise as required.</p> <p>Typically, the FSC meets a minimum of five times per year, with key meeting dates as follows:</p> <ul style="list-style-type: none"> • Meetings ideally in March, June, September and December to consider quarterly management accounts prepared by the Finance Manager (Quarterly end dates – March, June, September and December) – <i>these dates may be revised</i>. • Meeting to consider draft audited financial statements (To be agreed with the auditors – typically in line with lender requirements for sign off by mid-September following financial year end). • Meeting to consider draft budget (Date to be agreed with Finance Manager – typically March latest). <p>In addition, FSC reviews the following:</p> <ul style="list-style-type: none"> • Reserves Policy and the calculation of the amount to be held in reserve/free reserves twice a year. (After the year end and when we have the statutory accounts); • Risk Register – annual formal review of the Risk Register through a Risk Management Workshop with the full board (April provisionally) and a second review of the Risk Register during the course of the year including an update on actions (potentially December). • Insurance – review of the adequacy of insurance limits on an annual basis (September Meeting as policies renew in November annually). • Policies and Procedures – annual review of finance standing orders/delegations and financial procedures including procurement.
Record of meetings	<ul style="list-style-type: none"> • Formal minutes will be taken at each FSC Meeting. The person who will record the minutes will be agreed in the meeting.
Communication and Accountability	<ul style="list-style-type: none"> • The minutes of each FSC Meeting shall be made available to the Board. • The Treasurer shall report to Board on significant matters considered at each FSC meeting or where he/she has been asked to provide information or guidance; • The FSC will make recommendations to Board within its remit. Such recommendations should either be included in the Finance Sub-Committee minutes or be the subject of a specific written report.