

FINANCE AND RISK COMMITTEE

TERMS OF REFERENCE

Authority

The Committee is constituted as a permanent Committee of the Council.

The function of the Committee is to ensure the future viability and development of the Society, in accordance with the animal welfare objectives determined by Council.

The Committee may form subcommittees as necessary, including an investment sub-committee, in order to undertake specific tasks in accordance with these terms of reference.

The Committee is authorised by the RSPCA Council to:

- investigate any activity within its terms of reference
- seek any information that it requires from any employee of the Society and all employees are directed to cooperate with any request made by the Committee; and
- obtain outside legal, financial or professional advice, at the Society's expense, and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

The proceedings of the Committee are regulated by the Society's Byelaws.

Constitution

Appointment of members

The Committee shall be formed of trustees, with the addition of independent members if deemed necessary to add specialist skills or experience. Trustee members shall be appointed by the RSPCA Council. The Committee will consist of:

- suitably experienced members of Council, to include the Honorary Treasurer and Deputy Treasurer
- no more than two co-opted independent member(s) with specialist experience or qualifications

Term of office

The appointment of members of Council will be aligned to the arrangements for appointing trustees; that is, the appointment will be made annually and there is no limit to the number of terms such a member can serve.

The co-opted member(s) will be reappointed annually as required.

Chair

The Committee is Chaired by the Honorary Treasurer, with the Deputy Treasurer acting as Chair in the absence of the Honorary Treasurer.

FINANCE AND GENERAL PURPOSES

Role

1. To ensure that sound and robust internal controls are in place to protect the Society's funds and resources.
2. To ensure that the Society's funds, investments and resources are managed in accordance with the Society's ethical investment policy and its ethical policy statement.
3. To safeguard and ensure the proper use of the Society's assets.
4. To develop and implement the Society's reserves policy and monitor the Society's reserves.
5. With appropriate support from the Investment Sub-Committee, to develop and implement the Society's investment strategy and monitor the Society's investments. To appoint investment managers and review their performance. To approve changes to the Society's investment portfolio, subject to the limits laid down by Council and in accordance with the RSPCA's ethical investment policy.
6. To ensure the preparation of the Society's long-term financial plan, in relation to the Society's strategic plan and make recommendations to Council. This will include the proposed usage of all resources, i.e. staff, capital and facilities.
7. To review and monitor the Society's performance against the long-term financial plan and report back to Council. Reporting will include key data and progress updates against the business plan.
8. To ensure the preparation of the Society's annual budget, as part of the long-term financial plan and make recommendations to Council.
9. To monitor the financial performance of the Society including a review of the monthly management accounts and key performance indicators. To report results back to Council.
10. To oversee the production of the annual report and accounts and report to Council.
11. To receive reports from the Society's auditors, to discuss their recommendations and ensure that all agreed recommendations are implemented.
12. To review the financial performance of RSPCA Trading Limited.
13. To oversee and manage the Society's response to changes in the surplus/deficit on the defined benefit pension scheme and any other changes in pension regulations which may affect the Society's cash flow.

14. To monitor the Society's insurance requirements and ensure that adequate insurance cover is in place.
15. To oversee the policies for human resources and ensure that they remain fit for purpose in a changing environment.
16. To oversee the policies for IT and ensure that they remain fit for purpose in a changing environment.
17. To oversee the policies for procurement and ensure that they remain fit for purpose in a changing environment, and that they comply with the Society's ethical policy statement (i.e. to seek where possible to source and/or advise the use of products from companies whose products have been manufactured and produced in a manner consistent with the Society's animal welfare policies).
18. To ensure the Society complies with all its legal obligations in relation to finance and resources.
19. To receive reports on the management of properties owned by the Society, including transactions.
20. To receive reports from the Chief Legal Officer on the management of the Society's legal affairs.
21. To receive management reports from the Director of Resources, IT and Planning and the Director of People and Culture concerning the work of the departments within the Resources directorate.
22. To resolve all legacy matters referred by the Legacy Committee.¹
23. To approve the overall level of grants and loans to be awarded and to resolve unusual individual cases referred to FGPC.
24. To utilise, in furtherance of the above, the following specific delegated powers:
 - to open bank accounts on behalf of the Society;
 - to approve staff signing authorities;
 - to annually review the delegated authorities for all methods of payment in relation to the Society's bank accounts, to ensure that they are fit for purpose;
 - to make the following appointments: Auditors, Bankers, Actuaries/Pension Scheme Administrators, Insurance Brokers, Investment Managers/Advisers.
25. To scan the external environment for economic or regulatory threats and opportunities which may affect the financial position of the Society and to devise an appropriate response.

¹ The Legacy Committee is a staff committee and is therefore not part of the Council committee structure

Other Responsibilities

26. To provide oversight of the steps taken by staff to check nomination papers submitted by candidates in the national Council election each year.
27. To carry out all such other functions as Council may delegate to the Committee from time to time.
28. To determine the most effective arrangements for the Society's AGM – taking account of accessibility, costs and the rules of the Society.

RISK

Role

1. Purpose

To ensure that the top-level risks facing the Society are identified and managed by ensuring that the Society's risk management policy is fit for purpose and by monitoring such documents as the business continuity plan, the disaster recovery plan and the risk register. To highlight the key risks to Council, as appropriate.

The Committee is responsible for supporting and advising the RSPCA Council on audit / risk matters.

2. Duties

Financial reporting

- to review, and challenge where necessary, the actions and judgements of management, in relating to the Society's Trustee Report and Accounts, operating and financial review. Particular attention should be paid to:
 - critical accounting policies and practices and any changes in them
 - decisions requiring a significant element of judgement
 - the extent to which the Trustees Report and Accounts are affected by any unusual transactions in the year and how they are disclosed
 - the clarity of disclosures
 - significant adjustments arising from the audit
 - compliance with charity Statements of Recommended Practice
 - compliance with accounting standards
- to consider other topics as recommended by the RSPCA Council

Internal control and risk management

- to review the Society'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 financial matters or any other matters.
- to review the effectiveness of the systems for internal financial control, financial reporting and risk management
- to monitor the integrity of the Society's internal financial controls
- to review the statement in the Trustee Annual Report and Accounts on the Society's internal controls and risk management framework
- to assess the scope and effectiveness of the systems established by management to identify, assess, manage and monitor financial and non-financial risks

[Note: the RSPCA Council retains responsibility for the review of the effectiveness of the system of internal control and must form its own opinion despite aspects of that review being delegated to the Audit/Risk Committee]

Internal audit

- to consider annually whether there is a need for an internal audit function where no such function exists
- to review the internal audit programme and ensure that the internal audit function is adequately resourced and has appropriate standing within the Society
- to ensure that the internal auditor has direct access to the Chair of the RSPCA Council and the Audit/Risk Committee and is accountable to the Audit/Risk Committee
- to receive a report on the results of the internal auditor's work on a periodic basis
- to review and monitor management's responsiveness to the internal auditor's findings and recommendations
- to monitor and assess the role and effectiveness of the internal audit function in the overall context of the Society's risk management system

Legal risk

- To review and identify areas of legal risk

3. Reporting

- the secretary shall circulate the minutes of meetings of the Committee to all members of the RSPCA Council.
- the Committee shall annually review its terms of reference and its own effectiveness and recommend to the RSPCA Council any necessary changes
- the Committee shall prepare a report on its roles and responsibilities and the actions it has taken to discharge those responsibilities for inclusion in the Trustees Annual Report and Accounts. Such report should specifically include:
 - a summary of the role of the Audit/Risk Committee
 - the names and qualifications of all members of the Committee during the period
 - the number of Committee meetings and attendance by each member, and
 - the way the Committee has discharged its responsibilities.
- where disagreements between the Committee and the RSPCA Council cannot be resolved, the Committee shall report such an issue as part of the report on its activities in the Trustees Annual Report.
- the Committee chair shall attend the Society's AGM and shall answer questions through the chair of the RSPCA Council on the Committee's activities and its responsibilities.

Review of Terms of Reference

The Council will review these Terms of Reference annually.

Date of last review: FARCOM, November 2018