



British Paralympic
Association



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Terms of Reference – Finance and Audit Committee

1. Role

- 1.1 The Finance and Audit Committee (Committee) is responsible to the Board for the financial controls and policies that are employed by the British Paralympic Association (BPA) and all its subsidiaries (BPA Group) and where applicable its risk management policies.
- 1.2 Its purpose is to understand the financial issues which face the BPA. It will then enable financial, audit and control policies to be shaped for overall approval by the BPA Board.
- 1.3 It will provide members with greater clarity and more information about the underlying position and put into context the framework for financial, audit and control issues to be addressed. It will also be the Committee which helps to shape the financial and risk management strategy.

2. Accountability

- 2.1 The Committee is accountable to the BPA Board.

3. Priorities

The Finance Committee will:

- Assess whether financial management achieves economy, effectiveness, efficiency, probity and accountability in the use of resources
- Actively support all employees to promote openness, honesty, probity, accountability, and the economic, efficient and effective use of resources
- Monitor financial reporting progress
- Monitor the effectiveness of the BPA Group's internal control, internal audit and where applicable risk management systems
- Monitor the external audit of the annual and consolidated accounts
- Review and monitor the independence of external accounts and in particular the provisions of additional services to the BPA Group

- Actively support and monitor the HR systems to ensure openness, probity, accountability, employee welfare and the economic and efficient use of resources

4. Particulars

1. Membership

- 1.1 Members of the Committee must be appointed by the Board, in consultation with the Chairman of the Committee. The Committee must be made up of at least three current Non-Executive Directors of the BPA Board.
- 1.2 External expertise can be co-opted onto the Committee as required for specific agenda items/ discussions.
- 1.3 The Chairman of the BPA Board must not be a member of the Committee.
- 1.4 Only members of the Committee have the right to attend Committee meetings. However, the CEO (BPA Accountable Officer) and Director of Finance and Corporate Services (Company Secretary) will normally be in attendance. Other individuals such as the Chairman of the BPA Board, other directors, and individuals responsible for risk, compliance and internal audit and representatives from the finance function may be invited to attend all or part of any meeting as and when appropriate, and in doing so have speaking rights at the meeting, but cannot vote.
- 1.5 The external auditors can be invited to attend meetings of the Finance Committee.
- 1.6 Appointment to the Committee is for a period of up to four years, which may be extended for one further four year period.
- 1.7 The BPA Board must appoint the Committee Chairman who must be a non-executive director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present must elect one of their number to chair the meeting.

2. QUORUM

- 2.1 The quorum necessary for the transaction of business is the Director of Finance and at least two Non-Executive Directors of the BPA Board.
- 2.2 A duly convened meeting of the Committee at which a quorum is present is competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

3. **FREQUENCY OF MEETINGS**

- 3.1 The Committee will meet at least three times a year at appropriate times in the reporting and audit cycle and as appropriate before a full BPA Board Meeting. Additional meetings will be called by the Director of Finance and Corporate Services where/when required.

4. **NOTICE OF MEETINGS**

- 4.1 Meetings of the Committee must be called by the Director of Finance and Corporate Services.
- 4.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, must be forwarded to each member of the Committee, any other person required or invited to attend. Supporting papers must be sent to Committee members and to other attendees as appropriate, at the same time.

5. **MINUTES OF MEETINGS**

- 5.1 The Director of Finance and Corporate Services or BPA Company Secretary must minute the proceedings and resolutions of all meetings.
- 5.2 The Director of Finance and Corporate Services must ascertain, at the beginning of each meeting, the existence of any interests in proposed or existing transactions or arrangements which have been authorised by or declared to the BPA Board by committee members and minute them accordingly.
- 5.3 Minutes of the Committee meetings must be circulated promptly to all members of the Committee and the Chairman of the BPA Board and, once agreed, to all other members of the Board.

6. **ANNUAL GENERAL MEETING**

- 6.1 The Chairman of the Committee must attend the Annual General Meeting prepared to respond to any questions on the Committee's activities.

7. **AUTHORITY AND FINANCIAL AUTHORISATION**

The Audit and Finance Committee is authorised:

- (a) for orders/contracts valued between £25,000 and £100,000 the Committee can determine the successful quote and authorise the signing of the order/contract. The Committee will report these at the next BPA Board meeting;
- (b) the Committee will recommend successful tenders for contracts exceeding £100,000 for approval by the BPA Board;

- (c) to obtain, at the company's expense, outside legal or other professional advice on any matter within its terms of reference; and
- (d) to call any employee to be questioned at a meeting of the Committee as and when required.

8. DUTIES

The Committee should carry out the duties below for the BPA and its subsidiary undertakings as appropriate.

8.1 Financial reporting and policies

- (a) The Committee must monitor the integrity of the financial statements and standing of the BPA and any other formal announcement relating to its performance.
- (b) The Committee will review and recommend for approval the annual budgets/short-term financial plans to the BPA Board and recommend corrective action to Executive and BPA Board should year-end forecasts suggest that financial balance will not be achieved.
- (c) The Committee will act as a co-ordination group and provide the forum for discussions about financial issues to enable policies to be shaped for approval by the Board.
- (d) The Committee must review and challenge where necessary:
 - (i) the consistency of, and any changes to, accounting policies both on a year on year basis and across the BPA Group;
 - (ii) the methods used to account for significant or unusual transactions where different approaches are possible;
 - (iii) whether the BPA has followed appropriate accounting standards and made appropriate estimates and judgments, taking into account the views of the external auditor;
 - (iv) the clarity of disclosure in the BPA's financial reports and the context in which statements are made; and
 - (v) all material information presented with the financial statements, such as the operating and financial review and the corporate governance statement (in so far as it relates to the audit and risk management).

8.2 Internal controls and risk management systems

The Committee must:

- (a) keep under review the effectiveness of the BPA's internal controls and risk management systems; and
- (b) review and approve the statements to be included in the Annual Report concerning internal controls and risk management.
- (c) review the BPA's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee must ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action; and
- (d) review the BPA's procedures for detecting fraud and its Anti-Corruption and Bribery policy.

8.3 External audit

The Committee must:

- (a) consider and make recommendations to the BPA Board, to be put to Voting Members for approval at the AGM, in relation to the appointment, re-appointment and removal of the company's external auditor. The Committee must oversee the selection process for new auditors and make a recommendation. If an auditor resigns the Committee must investigate the issues leading to this and decide whether any action is required;
- (b) oversee the relationship with the external auditor including (but not limited to):
 - (i) approval of 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;
 - (ii) approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
 - (iii) assessing annually their independence and objectivity taking into account relevant UK professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;
 - (iv) 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 must meet the external auditor at least once a year, without management

being present, to discuss their remit and any issues arising from the audit;

- (v) review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement;
- (vi) review the findings of the audit with the external auditor. This must include but not be limited to, the following;
 - (1) a discussion of any major issues which arose during the audit;
 - (2) any accounting and audit judgments; and
 - (3) levels of errors identified during the audit.

(c) The Committee must also review the effectiveness of the audit and review any representation letter(s) requested by the external auditor before they are signed.

8.4 The Committee is responsible to the Board for the treasury management practices that are employed by the BPA and the BPA Group.

8.5 The Committee Chairman must report formally to the BPA Board on its proceedings after each meeting on all matters within its duties and responsibilities.

8.6 The Committee must make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

8.7 The Committee must compile a report to members on its activities to be included in the company's Annual Report.

9. **Other matters**

The Committee must:

- (a) have access to sufficient resources in order to carry out its duties;
- (b) be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- (c) be responsible for co-ordination of the internal and external auditors;

- (d) oversee any investigation of activities which are within its terms of reference; and
- (e) at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the BPA Board for approval.

9. Review of Terms of Reference

To be reviewed every two years.

To be agreed by the Committee and ratified by the Board.

Approved by the Committee:	7 July 2015
Ratified by the Board:	29 September 2015
Next Review:	2017