

Capability Scotland

Finance and Audit Committee

Remit

1. Purpose

The purpose of the Finance and Audit Committee (the Committee) shall be to assist Capability Scotland's Trustees in fulfilling their governance obligations by ensuring that:

- 1.1 There are financial systems and controls in place to monitor financial performance and demonstrate best value.
- 1.2 Appropriate action is taken to ensure the safety of financial assets and ensure the financial viability of the organisation.
- 1.3 There are systems and controls in place to manage and monitor risk across the organisation.
- 1.4 There is overview and scrutiny of internal and external audit activities.
- 1.5 There is oversight of the on-going development and operation of Information Technology (IT) systems and policies.

2. Membership

- 2.1 The Committee shall consist of a minimum of three Trustees. Members of the Committee shall be appointed by the Board.
- 2.2 The Board shall appoint the Committee Chair who shall be a non-executive director. In the event of an absence of the Committee Chair, the remaining members present shall elect one of their number to chair the meeting who would qualify under these terms of reference to be appointed to that position by the Board.
- 2.3 The Chair of the Board may attend committee meetings ex-officio, however, following recognised practice, the Chair of the Board should not be a member of the Finance & Audit Committee.
- 2.4 At least one member shall have recent and relevant financial or auditing experience.
- 2.5 With Board approval, the Committee may co-opt individuals with relevant experience to serve on the Committee. Such co-opted members shall have full voting rights and shall count towards a quorum at meetings. Co-opted members shall serve until the following Annual General Meeting at which point their co-option will end and will be eligible for renewal by the Board.

3. Secretary

- 3.1 Unless otherwise decided by the Committee, the Governance & Executive Assistant, in the role of Secretary to the Board, shall act as the Secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

4. Quorum

- 4.1 The quorum necessary for the transaction of business shall be two Members of the Committee.

5. Meeting Arrangements

- 5.1 The Chief Executive and the Director of Finance & Resources shall normally attend the meetings. In addition, other staff may be asked to attend by the Chief Executive, as appropriate.
- 5.2 The Committee shall normally meet four times per year and otherwise as required.
- 5.3 Officers shall agree an agenda for each Committee meeting with the Chair of the Committee.
- 5.4 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend, no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees, as appropriate, at the same time.
- 5.5 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 5.6 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee.
- 5.7 The minutes of the Committee shall also be circulated to the following meeting of the Board for information.

6. Annual General Meeting

- 6.1 The Committee Chair should attend the Annual General Meeting to answer any questions on the Committee's activities.

7. Duties

The Committee shall:

- 7.1 Advise the Board on all aspects of the organisation's finances, financial policies, procedures, systems and controls.
- 7.2 Receive and review the organisation's annual budget proposal and make recommendations for approval to the Board.
- 7.3 Receive and review the draft Annual Trustees' Report and Accounts, ensuring compliance with law and regulations and make recommendations for approval to the Board.
- 7.4 Receive and review the quarterly Management Accounts and other information relating to financial performance and report to the Board.
- 7.5 Regularly review the Financial Regulations and accounting policies of the organisation and, when necessary, make recommendations to improve financial practice.
- 7.6 Receive and review the External Auditor's Audit Report and Management letters and report on this to the Board.
- 7.7 Consider the appointment of the External and Internal Auditors, review the audit fees chargeable and assess the performance of the auditors.
- 7.8 Evaluate requests for capital expenditure, in line with agreed authorisation limits, and make recommendations to the Board.
- 7.9 Consider and agree the annual Internal Audit Programme, ensuring that work is planned with due regard to risk and coverage.
- 7.10 Monitor progress and achievement of Internal Audit recommendations.
- 7.11 Review and approve annual insurance cover requirements and insurance policy proposals.
- 7.12 Receive and review the Corporate Risk Register and monitor the Risk Management Strategy, ensuring that appropriate actions are taken to identify and mitigate risk.
- 7.13 Consult with the Trustees of the Final Salary Pension Scheme on matters pertaining to valuations, investments and amendments to rules and benefits that will have a financial impact on the organisation.
- 7.14 Review and agree the limits of authority contained in the organisation's overall Schedule of Financial Delegated Authority.
- 7.15 Advise the Board generally on investments, borrowings and other treasury management activity and seek appropriate advice from external sources.

7.16 Review the organisation's IT Strategy and consider reports regarding the on-going operation and performance of its IT systems

7.17 To consider any other relevant matters delegated by the Board of Trustees.

8. Reporting Responsibilities

8.1 The Committee Chair shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities, highlighting areas of good practice, any areas of concern and any actions required.

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

9. Other Matters

The Committee shall:

9.1 Have access to sufficient resources in order to carry out its duties, including access to the members of the Executive Team for assistance as required.

9.2 Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members.

9.3 Give due consideration to laws, regulations and any published guidelines or recommendations regarding service delivery or quality standards and any other applicable rules, as appropriate.

9.4 Arrange for periodic reviews of its own performance and review its remit at least every two years, to ensure it is operating at maximum effectiveness and to recommend any changes it considers necessary to the Board for approval.

10. Approval and Review of Committee Remit

10.1 This remit is effective after the approval of the Board.

10.2 Any material amendment to the remit must be approved by both the Committee and the Board. Non-material amendments may be approved by the Committee and provided to the Board for information.

10.3 The Remit of the Committee shall be reviewed at least every two years with the next review due by **November 2022**.