

Terms of Reference

FINANCE COMMITTEE [FinCom]

Committee Name

The committee shall be named the "Finance Committee" and abbreviated to "FinCom" replacing the former Investment Committee and, later, the Finance & Audit Committee.

Type

FinCom shall be a Standing Committee by authority of the Board of Trustees under the provisions of RPS By Law 19.

Purposes, Duties and Responsibilities

The *general purposes* of FinCom shall be to:

- (1) advise the BoT on matters relating to the Society's financial strategy, standing, performance and financial risk profile
- (2) to oversee key aspects of the RPS financial affairs including Reporting, Performance and Financial Control
- (3) advise the Board of Trustees on matters relating to the Society's investment portfolio, Investment Policy and the Society's Investment Managers

Specific *duties and responsibilities* of FinCom shall be:

A. The fundamental responsibilities of Fin are to exercise oversight regarding:

- (a) Financial governance, management and control.
- (b) The management and control of assets including investments.
- (c) The actual financial results and achievement of budgeted targets.
- (d) Budgeting, financial planning, Cash flow projections.

B. FinCom will carry out the duties below for the RPS, its subsidiary undertakings and the group as a whole:

Financial reporting and control

- i. Review and recommend approval to the Council of RPS's Annual Report and Consolidated Financial Statements, together with the Letter of Representation to the Auditor, in accordance with applicable company and charity law and regulations, and financial reporting standards.
- ii. Review and recommend approval to the relevant boards of directors of the subsidiaries' annual directors reports and financial statements in accordance with company law and applicable financial reporting standards.

- iii. Review policies disclosed each year in the consolidated financial statement of RPS including the Reserves Policy and the Investment Policy.

Financial Strategy

- iv. Review and recommend the annual budget of RPS for each financial year for approval by the BoT.
- v. Consider the need for other forecasts and longer term financial plans and review these as appropriate.
- vi. Review the most recent Financials, Management Accounts and Key Performance Indicators for RPS and report on such to the BoT.
- vii. Approve changes to RPS bank accounts or bank mandates.
- viii. Be empowered to engage external expert assistance in any financial or internal control matters that warrant such action.

Investments

- ix. Advise the Board of Trustees on matters relating to the Society's investment portfolio, Investment Policy and the Society's Investment Managers;
- x. Manage all aspects of the RPS Investment Portfolio to maximise the available financial returns, within the parameters of the RPS Investment Policy (copy appended hereto);
- xi. Provide instruction to the Society's Investment Manager in accordance with the terms of their appointment and authorised by at least one Trustee.
- xii. Monitor the performance of the Investment Portfolios and their Investment Managers and recommend to the Council any proposed changes in investment mandates.
- xiii. Approve withdrawal of funds from and deposit of funds to investment portfolios.

For the avoidance of doubt, those Purposes, Duties and Responsibilities described above shall include but shall not be limited to the following:

Investment Managers

- Continually evaluate the performance, financial and otherwise, of the RPS Investment Managers;
- Manage the process of selecting a new Investment Manager,
- Consider the skills, experience and qualities of the Investment Manager;
- Oversee the selection process for market testing of Investment Managers.

Investment Performance

- Ensure that the Investment Managers are delivering a financial return which is within the parameters as would be expected, taking account of general market conditions pertaining to investments at the time and the risk appetite of the Society, as defined by its Investment Policy.

Investment Policy

- To create and monitor an appropriate Investment Policy for the RPS, taking advice thereon from experts where the committee feels this to be appropriate;
- Set a target for risk appetite and investment returns or performance;

- Recognise the principles of ESG, as advised by the Environment and Social Responsibility Committee (ESRC)
- Make recommendations to the Board of Trustees on any matters involving the RPS Investment Portfolio where there are any issues or concerns; and
- Such other matters in relation to financial management and investment, or any other duties, as may from time-to-time be required by the Board of Trustees.

Scope

The FinCom shall undertake only those “Purposes” stated above unless further purposes are otherwise instructed, from time to time, in writing, by BoT and only then for such time as may be prescribed by the Board of Trustees for those further purposes in that written instruction. F&A has no power to contract on behalf of the Society; its function is to review, report and advise the BoT.

Authority

The FinCom shall have authority delegated by the BoT to undertake those purposes detailed above. Under provision of By Law 19.2, the FinCom may, with the approval of the BoT, create and administer one or more sub-committees, reporting directly to the FinCom. Under provision of By Law 19.4, the BoT may dissolve this or any other Committee at any time.

Membership

The members of FinCom shall be a maximum of eight persons:

- (1) **RPS Honorary Treasurer** (who shall also be the Chair of FinCom);
- (2) **RPS President & Chair of Trustees** (if unable to attend, the President may nominate a deputy to attend on their behalf);
- (3) A maximum of **two further RPS Trustees** nominated by the Board of Trustees;
- (4) A maximum of **four co-opted advisory members** with full voting rights (who may not also be RPS Trustees), each to be appointed by the Board of Trustees subsequent to the recommendation of the Honorary Treasurer and seconded by another member of FinCom.

Note that appointments under (4) are subject to a probationary period of not less than three months or three meetings of FinCom (whichever shall first occur) and for a duration of service agreed by the FinCom but not exceeding three years whereupon the member may be re-appointed under these same terms.

The Honorary Treasurer may appoint any member of FinCom under (4) to act as Deputy Chair of FinCom. In the absence of the Honorary Treasurer and the Deputy Chair of FinCom, the President will chair the meeting.

Note that only the above-mentioned members of the Committee, together with a Secretary to the Committee, have the absolute right to attend FinCom meetings. However, other individuals may be invited to attend for all or part of any meeting, when the Committee Chair deems it appropriate. The following may be invited to attend as non-voting participants but shall not be considered ‘members’ of FinCom:

- (5) The RPS Chief Executive Officer;
- (6) The RPS Director of Finance;
- (7) Any other person as may from time-to-time be deemed necessary by the Chair of FinCom or by the majority of members of FinCom and for a duration agreed by FinCom.

Removal from Finance Committee

Any member of Finance Committee nominated under (3) above, or appointed under (4) above may be removed from FinCom if requested by the Honorary Treasurer with the support of one other member of FinCom but only with the subsequent majority support of the Board of Trustees.

Minute Secretary

Note that the business of FinCom shall be minuted by the RPS Director of Finance or by another person providing the service of Secretary to FinCom if so agreed by the members of FinCom.

Meeting arrangements

FinCom shall meet a minimum of four times per year and, in any event, with a minimum of 14 days notice required for the calling of a meeting of FinCom. Meetings of FinCom shall be scheduled, wherever possible, to take place to coincide with the receipt of the quarterly investment reports received from the Society's Investment Managers.

Meetings of FinCom shall be conducted under whatever mechanism is deemed appropriate, by the Chair of FinCom, for the effective and efficient execution of its purposes. Urgent decisions or recommendations outside of the planned meeting cycle may be dealt with by e-mail.

The proceedings of all meetings shall be minuted using conventional committee procedure. The approved minutes of meetings shall be deposited with the Chief Executive Officer for filing. They shall be available for inspection by all InvestCom members, the Chief Executive Officer and members of the RPS Board of Trustees.

Quorum

The quorum shall be any two members of FinCom or half of the members of the Committee (rounded up to a whole number), whichever is the greater.

Reporting

FinCom shall provide a copy of Minutes of all meetings to the Board of Trustees via the Chair of Trustees or, if the Chair of Trustees has a conflict of interest, then via the Deputy Chair of Trustees. In the event that both the Chair and Deputy Chair of Trustees having conflict of interest, then via the Chief Executive.

FinCom shall make available all relevant information to Trustees and provide Investment Reports (including but not limited to a report on overall investment performance) to the Board of Trustees via the Honorary Treasurer or, if the Honorary Treasurer has a conflict of interest then via the Chair of Trustees or, if the Chair of Trustees has a conflict of interest, then via the Deputy Chair of Trustees. In the event that the Chair of Trustees, the Deputy Chair of Trustees and the Honorary Treasurer have a conflict of interest, then via the Chief Executive.

Resources and budget

All FinCom members and advisers are volunteers and no fees shall be paid in any circumstance. FinCom shall conduct its business via online video conferencing. In the event that the members of FinCom decide that a face-to-face meeting would be beneficial, then normal RPS expense approval and reimbursement procedures will apply.

Deliverables

Notwithstanding the reporting obligations detailed above, FinCom shall deliver to the Chair of Trustees, as soon as practically possible, a report on any matter that has been considered by FinCom detailing any opinion or recommendations that FinCom feels should be presented to the Board of Trustees or is requested by the Board of Trustees.

Review

These Terms of Reference shall become effective only upon approval of the Board of Trustees and they may be revised, amended or otherwise altered by the Board of Trustees. Any revision, amendment or alteration shall be notified in writing to the Chair of FinCom, or in absence of the Chair to another voting member of FinCom, at least 28 days prior to the date upon which such revision, amendment or other alteration shall take effect.

Upon annual (or more frequent if required) review of these Terms of Reference, FinCom may petition the Board of Trustees, in writing to the Chair of Trustees, for a revision, amendment or other alteration to these Terms of Reference. The Board of Trustees shall be obliged to consider such petition as soon as practicable but, in any event, not more than 56 days from receipt of such petition by the Chair of Trustees. After consideration of the petition, the Chair of Trustees shall notify FinCom of the decision and confirm the detail of any revision, amendment or other alteration to these Terms of Reference.

Confidentiality

All information received by FinCom and all matters discussed by FinCom shall be considered and must remain strictly confidential to FinCom save for the legitimate reporting of the business and recommendations of FinCom to the Board of Trustees or the appointed Auditors. Any breach of this shall be considered gross negligence.

Governing Authority

In the event of any error, omission or ambiguity in these Terms of Reference, or in the event of any dispute over the interpretation of these Terms of Reference, the Board of Trustees shall have full and final authority.

Document version control

210701	Investment Committee ToR DRAFT	Original draft [SH]
210810	Investment Committee ToR (rev1)	Ratified by Board of Trustees
211122	Investment Committee ToR (rev2)	Revised by InvestCom
220606	Finance & Audit Committee ToR (rev3)	Revised by Tony Cearns
220718	- - -	Ratified by Board of Trustees
230406	Finance Committee ToR (rev4)	Revised by Charlotte Fraiberg
230417	- - -	Submitted for Board Ratification
240715	Finance Committee (rev5) [with subsequent revisions]	Revised by Simon Hill (to create Deputy Chair role)

A note concerning the duties and responsibilities not within scope of FinCom

For the avoidance of doubt, the following Duties and Responsibilities rest with the Board of Trustees:

Systems of performance appraisal and remuneration

- i. The audit processes and financial reporting.
- ii. Keep under review the requirement for establishing and monitoring any internal audit functions within RPS.
- iii. Compliance including Audit and Charity legislation.
- iv. Processes and policies relating to risk management and internal control pertaining to financial risks whether reputational, compliance, strategic or operational in nature.
- v. Approve the auditor's engagement letter for RPS and any amendments thereto.
- vi. Consider the appointment, dismissal or resignation of the auditor, and oversee the process for selecting the auditor and to make appropriate recommendations to the Council.
- vii. Assess the independence and objectivity of the auditor, including ensuring those are not impaired by the amount of any non-audit undertaken.
- viii. Discuss with the auditor the nature, scope and effectiveness of the annual audit process, taking into account relevant UK professional and regulatory requirements and to review the auditor's quality control procedures and the steps taken by the auditor to respond to changes in regulatory and other requirements.
- ix. Review the auditor's audit findings report and management's response thereto and relevant impact on compliance, policies and internal controls.

Remuneration

- x. Review and recommend to BoT remuneration policies and practices to ensure in line with good practise and benchmarking data.
- xi. Review systems and processes for objective setting and performance appraisals of senior staff are in line with policy and good practise.

Other

- xii. Review reports on fraud, investigations, whistleblowing and serious incidents including those reportable to the Charity Commission or other regulatory bodies.
- xiii. Any other tasks deemed by FinCom to be a matter for the Board of Trustees including, for example, insurance arrangements and the consideration of significant transactions involving property including leasehold arrangements.