



## Finance Committee

Terms of Reference

*Date approved by the Board: 28<sup>th</sup> November 2022*

### I. Purpose and Scope

- I.1 The Finance Committee's principal purposes are to provide oversight and recommendations on financial and budgetary matters for the Board, to ensure that the Board is informed in advance of the financial consequences of future plans, to monitor financial performance, to monitor compliance with sponsorship arrangements with third-parties and to oversee an appropriate investment of British Rowing's reserves.
- I.2 To deal with other matters referred to it by the Board of British Rowing
- I.3 Oversight of British Rowing's investment portfolio on behalf of the Board to ensure the appropriate investment of British Rowing's reserves.
- I.4 For the Finance Committee to fulfil its role successfully British Rowing will wherever possible and relevant work to the best practise of reviewing financial information such as performance or budget at the Finance Committee before presentation to the Board. This enables the Finance Committee to meet their delegated authority for the Board and efficient and effective working practises.
- I.5 The terms of reference of the Finance Committee will be reviewed every 2 years and recommended changes submitted to the Board for approval.

<b>Last updated</b>	<b>Commentary</b>	<b>Board Approval</b>
Summer 2021	Periodic review and including comments from new Chair Finance Committee	September 2021
October 2021	Updated to include the terms from the Investment Committee which will be merged into the Finance Committee	January 2022



November 2022	Updated to ensure that the Finance Committee has the pre-requisite skills on it to carry out its duties effectively.	November 2022
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## 2. Reporting & Procedures

The Finance Committee shall report to the Board.

- 2.1 The Committee shall always take into account the impact of its decisions with regard to wider BR policies, including equal opportunity, diversity and inclusion to ensure consistency and compliance with policies and the strategy of British Rowing.
- 2.2 The Finance Committee shall meet as often as may be appropriate but, in any case, not less than four times per year. Meetings may be held in person, by telephone or other online media. A quorum shall be 3 members entitled to vote at the meeting.

## 3. Membership – voting

The Finance Committee is a committee of the Board. Its members shall usually be not less than four people, which shall include:

- 3.1 At least two Independent Directors, one of whom shall chair the Committee;
- 3.2 At least one Director who has been elected by the Regional Representatives to the Board;
- 3.3 The Home Nations Director
- 3.4 Any additional members whether or not a member of the British Rowing Board with the relevant skillsets and expertise required appointed by the Board of British Rowing on the recommendation of the Nominations Committee.
- 3.5 In the absence of the Chair of the Committee, the Chair will appoint a deputy in advance from the other members of the Finance Committee who are also on the Board of British Rowing. In the event the Chair is unable to do this ahead of time on the day the voting members present will appoint one of their number to chair the meeting.



3.6 All members of the Committee should have the relevant skills and experience.

#### **4. Attendance – non-voting**

Persons who would normally attend but not vote at the Finance Committee shall be:

- 4.1 The Chief Executive Officer;
- 4.2 Senior representatives of the relevant teams such as the Head of Finance and / or COO (typically they will perform the secretariat role for the Committee);
- 4.3 Relevant members of the senior management team when their future budgets are reviewed, or when otherwise requested by the Chair; and
- 4.4 Such other persons as may be needed to enable the Finance Committee to carry out its functions in an appropriate and timely manner and pre-agreed with the Chair of the Finance Committee.

#### **5. The Functions of the Finance Committee shall be:**

- 5.1 To propose a medium term (3-5 year) financial strategy to the Board for approval.
- 5.2 To review and provide input on British Rowing's annual budgets and recommend to the Board for approval; This includes P&L, BS, cash flow and any other relevant measures as agreed from time to time e.g., headcount, spend on external consultancy.
- 5.3 To review and, if appropriate, provide input on budgets for events organised and underwritten by British Rowing or any of its subsidiary companies or funded by a third-party stakeholder.
- 5.4 To review and, if appropriate, provide input on (a) any subsequent material changes to those budgets (b) any proposals from the CEO, which might have a material impact on the income, expenditure or financial situation of British Rowing and (c) any contracts which might have a material impact on the income, expenditure or financial situation of British Rowing and to review the resultant impact of these suggested changes on the forecasts and achievement of budget or revised targets and recommend to Board for approval.



- 5.5 To review and, if appropriate, provide input on all major grant applications to major stakeholders (e.g., UK Sport, Sport England) and to monitor financial performance and conditionality adherence at least bi-annually.
- 5.6 To review and, if appropriate, provide input on the recommended level of membership fees for the forthcoming year in conjunction with the budget and recommend to the Board for approval.
- 5.7 To review and, if appropriate, provide input on the recommended level of expenses for the forthcoming year in conjunction with the budget.
- 5.8 To monitor financial performance throughout the year against budgets and prior years and, where appropriate, receive reports explaining any variances or unusual items.
- 5.9 To ensure that value for money is achieved in commercial contracts and trading activities entered into by British Rowing through a rolling schedule of periodic review with all material (as defined by Scheme of Delegation) contracts reviewed at least bi-annually if not reviewed as part of the renewal process.
- 5.10 To review budgeted capital expenditure and major project spend, as part of the review of the annual budgets and recommend to the Board for approval. In addition to reviewing the performance against approved business cases for these capital expenditure and major project spends on a periodic basis as per the schedule agreed in advance at the Finance Committee.
- 5.11 To oversee appropriate investment of British Rowing's reserves.
- 5.12 To oversee an appropriate handling of British Rowing's liquidity, foreign exchange exposure and financial investments including cash flow management requirements.
- 5.13 To appoint British Rowing's bankers and investment management agents and approve the designation of the bank account. To review their ongoing performance (including fees, decision making, risk and value for money criteria) on a periodic basis and where necessary retender as needed.
- 5.14 To have oversight, on behalf of the Board, to the exploitation of British Rowing's Intellectual Property.



- 5.15 To make recommendations to the Board and to advise them generally on financial matters.
- 5.16 To consider and recommend to the Board plans for major new activities that do not fall within the scope of the approved financial plan, and to monitor the performance of such activities.

## **6. Investment Related Requirements of the Finance Committee**

- 6.1 British Rowing will appoint one or more Investment Managers to manage its investments on a managed (i.e. not advisory) basis. The Finance Committee are responsible for the selection of Investment Managers for Board approval.
- 6.2 The Finance Committee will ensure the Investment Mandate and Investment Policy are regularly reviewed and up to date, at a minimum of annually,.
- 6.3 The Finance Committee will ensure the Investment Manager(s) operates under an Investment Mandate which will be reviewed regularly and include: -
- Investment Objectives
  - Time Horizon
  - Liquidity Requirements
  - Risk Profile
  - Permissible Assets or Asset Classes
  - Target weighting ranges for different asset classes
- 6.4 The Finance Committee will ensure the portfolio is diversified by asset class. Asset classes may include direct investments or funds or instruments in or backed by cash, bonds, equities, hedge funds, structured products, commodities, and any other asset that is deemed suitable within this Investment Policy.
- 6.5 The base currency of the investment portfolio is Sterling although some underlying holdings may be denominated in other currencies and occasionally investments may be made in non-Sterling assets.



- 6.6 Any written instructions given to or required by the Investment Manager(s) must be signed by 2 members of the Finance Committee.
- 6.7 The Finance Committee will review all Investment Managers performance periodically through regular reporting of performance, valuation and fees at least quarterly, ensuring compliance with the Investment Mandate and will present to the Finance Committee from time to time (at least every 6 months).
- 6.8 The Finance Team are responsible for the preparation of rolling multi year cash flow forecasts (normal and contingency scenarios), taking into account the Reserves Policy, to guide the formulation of the Investment Mandate as well as advising on the tax implications of investment returns.

## **7. Risk, Governance and Compliance**

The Finance Committee in all their operations will have oversight and accountability to ensure compliance with all internal and external rules, policies and regulations that are applicable and ensure the effectiveness of the financial control environment of British Rowing. This will include oversight and accountability for (but not limited to) the following areas: -

- 7.1 Any policies relevant to Finance and as agreed through the policy management process of British Rowing to be the responsibility of the Finance Committee – for example Reserve Policy, Investment Policy (including cash management) etc.
- 7.2 Oversight for the financial control environment and its performance including all relevant financial controls such as aged debtors, aged creditors, write offs etc.
- 7.3 Oversight for risk management, mitigation and the ongoing performance of any areas of the risk register as agreed as part of the risk management framework process for British Rowing, such as financial stability, use of investment funds for example.
- 7.4 In support of the interim and year end annual accounts process ensuring the final management accounts are complete, up to date and compliant with all accounting policies. Input to the update and relevance of all accounting policies for British



Rowing, including how they impact the balances in the management accounts e.g., reserves.

7.5 Complying with British Rowing's Scheme of Delegation and all delegated authority to the Finance Committee from the Board as delegated from time to time.

## **8. Committee Effectiveness**

Ensuring a regular review, at least annually of the effectiveness of the Committee including skillset, performance, areas for improvement and agreed actions to take forward to drive continuous performance.