



Terms of Reference for Finance and Audit Committee (FAC)

Purpose

The purpose of the FAC is to provide a structured, systematic oversight of Amal's governance, financial, risk management and internal control processes and practices. This oversight mechanism also serves to provide confidence in the integrity of these practices. The Committee assists the Board and management by providing independent, objective advice and guidance on the adequacy of and potential improvements to these processes and practices.

This oversight includes:

- Monitoring whether Amal secures sufficient resources to fulfil its mission and meet its budgeted income requirements.
- Monitoring spending in the best interests of Amal.
- Monitoring the expenditure of restricted funds received by Amal to ensure they are being spent in accordance with donors' wishes.
- Monitoring Amal's sustainability.
- Recommending the appointment of independent examiners/auditors and agreeing their fee level.
- Scrutinising the annual financial statements and budgets and recommending them to the Board.
- Approving and reviewing financial and other policies as appropriate.
- Reviewing the reserves policy periodically.
- Reviewing the management accounts on a quarterly basis.
- Obtaining reasonable assurance with respect to Amal's procedures for the prevention and detection of fraud.
- Assessing and monitoring risk for the organisation including with respect to the adequacy of Amal's controls in responding to risks within the organisation's governance, operations and information systems.
- Reviewing Amal's processes and policies established to monitor compliance with laws, regulations and best practice standards of conduct and identifying and dealing with any shortfalls in these processes and policies.
- Reviewing the insurance provision for the organisation.

The FAC reports back to the main Board of Trustees at each quarterly meeting.

Membership and attendance

The Board will appoint at least two Trustees as members of the FAC and such other advisers or co-opted members (i.e. not Trustees) as it thinks fit provided there are a greater number of Trustee than co-opted members.

One of the Trustee Committee members will be appointed by the Board as the Chair of the FAC.

The Projects Manager will attend all the meetings and will arrange the meetings and minutes. The Chief Executive will also attend the meetings. The Chair may also invite other staff members to attend to contribute on specific matters.

There will be an annual review of Committee membership and the Chair at the last Board meeting of the year. The term of office for an FAC member will normally be three years.

Quorum

The minimum number of people required to be present at any meeting is two members plus either the Projects Manager or the CEO. At least one of those present must be a Trustee.

If the Chair is not present or late, the other member/s will nominate a Chair for the meeting in their place.

Delegated authority

The FAC may approve financial and other policies, referring such of these policies to the Board as it thinks fit. Otherwise, its role is a monitoring and advisory one and decision-making rests with the Board.

Frequency

Meetings will be held at least quarterly, approximately two weeks before the main Board of Trustees' meetings. As required, meetings may be held more frequently.

Duration

Meetings will last for one to two hours.

Reporting procedure

The FAC reports to the Board at each Trustee meeting or by email for decisions needed between meetings. The minutes of each FAC meeting will be circulated to FAC members and the Board promptly.

Urgent business can be conducted by email.

Conflict(s) of interest

It is the responsibility of FAC members to disclose any conflict of interest or appearance of a conflict of interest to the Committee. If there is any question as to whether FAC member(s) should recuse themselves from a vote, the Committee should vote to determine whether the member should recuse himself or herself.