

Terms of Reference – Finance, Audit, Risk and Governance Group (FARG)

1 Purpose

To maintain oversight of the charity and trading company's management of Finance, Audit, Risk and Governance making appropriate recommendations to the Board, and ensuring delivery of its delegated responsibilities.

2. The Role of the FARG

The terms reflect the requirements of the UK Corporate Governance Code and Sport England Code for Sports Governance.

FARG will at all times act in the best interests of the organisation, as well as acting with inclusivity, integrity, in an ethical manner and in accordance with Activity Alliance's Conflict of Interest policy.

The FARG should have oversight and carry out the duties below for the parent Charity, and subsidiary undertakings and the Group as a whole, as appropriate.

- (a) Financial management, ensuring appropriate systems and process are in place and scrutinising management accounts on behalf of the Board.
- (b) Reviewing the annual audited accounts and recommending approval to the Board for sign off. Where FARG is not satisfied with any aspect of the proposed financial reporting by the company, it shall report its views to the Board.
- (c) Internal controls and risk management systems.
- (d) Maintaining oversight and compliance of Activity Alliance governance structures and arrangements, reviewing on an on-going basis and through a formal review every two years.
- (e) Consider and recommend to the Board an investment policy for monies within the Charity and/or Trading Company where appropriate.
- (f) Overseeing, guiding, and scrutinising Activity Alliance's compliance with the Sport England action plan for Code for Sport's Governance and making appropriate recommendations to Board to contribute to Sport England's review as and when required.
- (g) Consider and make recommendations to the board, to be put to shareholders for approval at the AGM, in relation to the appointment, re-appointment and removal of the company's external auditor
- (h) oversee the relationship with the external auditor. In this context the FARG shall:

- review their remuneration, including both fees for audit and non-audit services, and ensure that the level of fees is appropriate to enable an effective and high-quality audit to be conducted.
- review their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit. FARG will recommend to the Board the approval of audit fees for disclosure in the Trustees Report and Accounts.

3. **Membership**

FARG should be chaired by an Activity Alliance Trustee. The membership of FARG should include at least two other Activity Alliance Trustees, one of whom should be the Trustee with lead expertise and responsibility on Finance and governance.

The Board should satisfy itself that at least one member of the FARG has recent and relevant financial experience and that the FARG as a whole has competence relevant to the sector in which the Group operates.

The Chair of the Board shall not be a member of the FARG, although may attend as appropriate.

The Board shall appoint the FARG Chair. In the absence of the FARG Chair and/or an appointed deputy at a FARG meeting, the remaining members present shall elect one of themselves to Chair the meeting.

A quorum for FARG is at least two Trustees with one member of the Executive Team. FARG will be supported by the CEO/Director and the Finance Manager.

The lead Trustee on Finance and Governance should attend as a regular member of FARG.

FARG have the delegated authority to recruit an expert independent advisor with appropriate skills to benefit the work of FARG, for a set period of time as and when required.

Additionally, FARG have the delegated authority and responsibility to recruit an Independent Financial Director for the Charity Trading Company. This independent Financial Director should attend FARG meetings. The process for recruitment of both positions, should be managed by FARG, in consultation with, and with the guidance from the Nominations Committee, aligning itself with good recruitment practices established by the Nominations Committee.

4. **Reporting**

The FARG will report directly to the Activity Alliance Board at each Board meeting following the FARG meeting, by way of minutes, and any verbal update deemed necessary by the Chair of the FARG.

In situations where any adverse or imminent risk presents itself, which is deemed, by the Chair of FARG to require immediate attention between FARG and Board meetings, the Chair of FARG will immediately meet with and report issues to the Chair of Activity Alliance for action.

5. **Frequency of meetings**

FARG will schedule a minimum of four meetings a year either remotely, in person or hybrid as determined by the Chair of FARG.

Governance matters will be considered as and when arising throughout meetings, with one meeting a year have a substantial focus on Governance practice and compliance.

6. **Recommendation**

FARG are asked to recommend the approval of the revised terms of reference at the November 2023 Board.

7. **Document Review**

This policy will be reviewed by Trustees annually.

8. **Dissemination & Implementation**

The document will be shared with all Trustees & Executive and will be available to all staff on the shared drive.

9. **Document control & archiving**

The master version of this policy is the only controlled version. Any printed copies will be deemed only relevant as of the print date in the metadata.

Previous versions will be stored separately from the master version and archived accordingly.

Approved 22 November 2023