



PORTSMOUTH CATHEDRAL

Terms of Reference: Finance Committee

(A) Duties and Responsibilities

The Chapter members, as the charity trustees, are collectively responsible for managing the financial assets of the Cathedral. The Finance Committee (the “Committee”) must keep the activities and management of the Cathedral under review and enable Chapter members to meet their responsibilities by providing independent oversight of the Cathedral’s systems of internal control, risk management and financial reporting, and through supervision of the quality, independence and effectiveness of auditors as specified in these Terms of Reference.

The Committee is responsible for:

- (1) monitoring and reviewing the overall financial strategies and financial policies of the Chapter and making recommendations as appropriate to Chapter.
- (2) exercising oversight of the financial procedures and delegations across the Cathedral and making recommendations to Chapter as required.
- (3) reviewing the Chapter’s draft budget, including proposed capital expenditure and major projects, and providing advice to Chapter to assist Chapter’s consideration and approval of the budget.
- (4) monitoring the most recently prepared financial management information including management accounts, performance against budget, relevant key performance indicators, forecasts and cash flow forecasts, and reporting to the Chapter.
- (5) exercising oversight of financial implications of proposed and actual major projects and developments, including scrutinising judgements and financial management systems, and making recommendations to Chapter as appropriate.
- (6) considering and recommending to the Chapter all banking arrangements including selection of bank counterparties and bank mandate arrangements.
- (7) monitoring borrowing requirements, including any overdraft facilities and any loans taken out by the Cathedral, and reporting regularly to the Chapter.
- (8) monitoring and reviewing the Chapter’s arrangements in relation to investments and property to yield the best financial return within the level of risk considered acceptable by the Chapter, including review of the investment policy, ensuring that investment arrangements are aligned with the Chapter’s long-term objectives and ethical policy and ensuring compliance with endowment restrictions.



- (9) monitoring performance of investment managers and making recommendations to the Chapter in relation to the appointment, reappointment and removal of the Chapter's investment advisors and managers.
- (10) receiving periodic performance reports covering the main income generating activities of the Cathedral and those activities where significant costs are incurred and reporting to the Chapter as required.
- (11) reviewing the Chapter's arrangements in relation to reserves, including its reserves policy and making recommendations to the Chapter.
- (12) reviewing the annual report and financial statements, paying particular attention to accounting policies, areas involving significant judgement or estimation and compliance with financial reporting requirements and accounting standards, and recommending them to Chapter for approval;
- (13) reviewing the scope and results of audit work, including the adequacy of management responses;
- (14) reviewing the performance of auditors, including recommending the appointment and remuneration of external auditors to Chapter when required;
- (15) monitoring the processes for assessing, reporting, mitigating and owning business risks and their financial implications, including financial, governance and safeguarding risks;
- (16) reviewing the risk register at least annually, and ensuring Chapter's internal processes facilitate the prompt reporting of serious incidents, control failures and emerging risks;
- (17) reviewing and recommending to Chapter the organisation's policies for counter-fraud, anti-money laundering, whistle-blowing and cyber and information security; and
- (18) reviewing arrangements by which staff may, in confidence, raise concerns about possible improprieties relating to finance or other aspects of the Cathedral's operations to ensure that arrangements are in place for the investigation of such matters and for appropriate follow-up action.

(B) Membership

- (1) The Committee must have a minimum of five members.
- (2) The Chapter shall appoint all members of the Committee, having consulted the Nominations Committee. The Chapter may appoint up to four members of the Committee who are not Chapter members.



- (3) The Committee members should, collectively, possess appropriate knowledge and skills in accounting, risk management, audit, financial governance, investment strategy and any other technical issues relevant to the business and strategic management of the Cathedral.
- (4) The Dean must not be a member of the Committee but is entitled to attend any meeting of the Committee. If the Dean does attend, he or she may speak but may not vote¹.
- (5) The chair of the Committee must be appointed by Chapter. The person appointed to chair the Committee must:
 - (a) be a non-executive member of Chapter; and
 - (b) have recent and relevant financial experience.
- (6) Each member is appointed for a term of office of up to three years.
- (7) A member may be reappointed, provided that any member who has served more than three consecutive terms is not eligible for appointment as a member until at least one year has passed since the member last held the office.
- (8) A Committee member may resign by notice in writing to the Chief Operating Officer and the Dean.
- (9) The Chapter may remove a member of the Committee in accordance with the provisions of the Statutes.
- (10) Members must declare any conflicts of interest or loyalty in accordance with the Chapter's conflicts of interest policy.

(C) Quorum

A duly convened meeting of the Committee at which a quorum of three members is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee, provided that at least one member present is a non-executive member of Chapter.

(D) Frequency of Meetings

- (1) A Chief Officer shall, at the request of the chair, arrange a meeting of the Committee.
- (2) The Committee must meet at least four times a year.



(E) Attendance at meetings

- (1) The Chief Operating Officer and the Finance Officer will be expected to attend each meeting of the Committee unless the Committee decides that circumstances exist which justify excluding or excusing officers from the whole or part of the meeting. When attending a meeting, they may speak but not vote.
- (2) The Committee may invite any member of the Chapter or other person to attend the whole or part of a meeting, they may speak but not vote.
- (3) The members of the Committee may ask any or all of those who normally attend meetings of the Committee but who are not members of the Committee to withdraw from the discussion of particular matters to facilitate open and frank discussion.
- (4) All meetings will be chaired by the Chair of the Committee. In the absence of the Chair, the remaining members present shall elect one of their number to chair the meeting.
- (5) The Articles of the Constitution on remote participation apply to meetings of the Committee as they apply to a meeting of the Chapter.

(F) Notice of meetings

- (1) Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of the items to be discussed and any relevant papers should be sent to Committee members no later than five working days before the date of the meeting.
- (2) If it is not reasonably practicable for the relevant papers for a meeting of the Committee to accompany the notice of the meeting, the papers must be given to each person who received the notice of the meeting as soon as it is reasonably practicable.

(G) Minutes of the meetings

The Chief Operating Officer shall arrange for a record of the proceedings and decisions of each meeting to be made, including the names of those present and in attendance and any declarations of conflicts of interest or loyalty, in accordance with the Chapter's conflicts of interest policy.

(H) Authority

- (1) The Committee is authorised by the Chapter:
 - to seek any information it requires from any Cathedral office holder, employee or volunteer;
 - to investigate any activity it deems necessary to carry out its duties



(I) Reporting responsibilities

- (1) A draft of the minutes of each meeting must be circulated promptly to each member of the Committee.
- (2) Once the minutes of a meeting are approved, they must be sent to every member of Chapter and may be sent to other persons as the Committee thinks appropriate.
- (3) The Chair of the Committee must report all material matters discussed at the Committee, whether orally or in written form, to the Chapter at its next meeting following the Finance Committee meeting. The Chapter must consider any material matters arising from the minutes of a meeting of the Committee or the report of the Chair of the Committee.
- (4) The Chair of Committee must report issues of serious concern to the Chapter immediately.
- (5) The Chair of Committee should attend the Chapter meeting at which the Chapter discusses and adopts the audited Annual Report and Accounts.

(J) Periodic review

The Chapter shall review these Terms of Reference every three years.



APPENDIX 1

Extracts from the Cathedrals Measure 2021

5. Constitution: general provision²

(1) The constitution must—

(i) provide (subject to sub-paragraph (j)) for the establishment of a committee known as “the Finance Committee” and of a committee known as “the Audit and Risk Committee” (see section 16);

(j) provide that, if the Chapter considers that establishment of the committees referred to in sub-paragraph (i) is not practicable, a committee known as the “Finance Committee” must be established and the Chapter must make whatever arrangements are necessary to ensure appropriate governance of the Cathedral (including management of risk) and appropriate oversight of its internal and external audit, given the size and complexity of its financial affairs and the nature of its activities.

(6) In making arrangements of the kind referred to in subsection (1)(j), the Chapter must have due regard to any guidance issued by the Church Commissioners on the financial affairs of Cathedrals.

(7) Before issuing guidance of the kind referred to in subsection (6), the Church Commissioners must consult such bodies as appear to them to represent Cathedrals in relation to their financial affairs.

16. Finance Committee and Audit and Risk Committee

(1) It is for the Chapter to appoint the members of the Finance Committee and (if there is one) the members of the Audit and Risk Committee (the establishment of which is provided for in the constitution by virtue of section 5(1)(i)).

(2) The chair of the Finance Committee must be a non-executive member of the Chapter who has recent and relevant financial experience.

(3) The dean must not be a member of the Finance Committee or (if there is one) of the Audit and Risk Committee but is entitled to attend any meeting that either committee holds; and, at any meeting which the dean attends, he or she may speak but may not vote.

(4) The chair of the Audit and Risk Committee (if there is one) must not be a member of the Chapter and must have recent and relevant financial experience.

² relevant subsections included only
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- (5) The membership of the Audit and Risk Committee (if there is one) must include at least one non-executive member of the Chapter.
- (6) The membership of the Finance Committee and (if there is one) the membership of the Audit and Risk Committee may each include persons who are not members of the Chapter.
- (7) The Finance Committee and (if there is one) the Audit and Risk Committee must each keep under review the activities and management of the Cathedral in relation to such matters as the Chapter may specify in terms of reference for the committee.
- (8) In providing terms of reference for the purposes of this section, the Chapter must have due regard to any guidance issued by the Church Commissioners on the responsibilities of a Finance Committee and of an Audit and Risk Committee.
- (9) Before issuing guidance of the kind referred to in subsection (8), the Church Commissioners must consult such bodies as appear to them to represent Cathedrals in relation to their financial affairs.
- (10) Subject to the preceding provisions of this section, the statutes must make provision as to the composition, functions and proceedings of the Finance Committee and (if there is one) of the Audit and Risk Committee.
- (11) The terms of reference set by the Chapter for a Finance Committee or (if there is one) an Audit and Risk Committee may include provision which supplements the provision made by the constitution or statutes.