

Finance & Remuneration Committee Terms of Reference

1. Purpose and Scope

- 1.1 The Finance & Remuneration Committee (the Committee) is a sub-committee of the Board of Trustees:
- i) On behalf of the Board it ensures the system of internal control is satisfactory to deliver regulatory compliance, financial probity and value for money. It also reviews and challenges financial plans and performance including investment, in the interest of the long-term financial viability of the CQI.
 - ii) To review financial statements and to make to recommendations for their approval to the Board.
 - iii) To review the audit process.
 - iv) To act as Remuneration Committee.

2. Accountabilities and Communication

- 2.1 The Committee works in partnership with the Executive and is accountable to the Board.

3. Duties

The Committee's duties are as follows:

| Duty | Frequency | Scheduled for: |
|---|-----------------------------------|---|
| 3.1 To review the annual operational plan and budget together with the annual capital expenditure budget. | Annually | November 2019 |
| 3.2 To review the underlying risks in these plans and make recommendations to the Board accordingly. | Annually | November 2019 |
| 3.3 To review the processes, mechanisms and reporting structure in place for managing financial planning and performance | Every 2 years | September 2021 |
| 3.4 To regularly review the following policies, performance and risk profile, and recommend any changes to the Board: <ul style="list-style-type: none"> i) CQI's investment policy ii) CQI's reserves policy iii) Performance | Annually Annually Quarterly | September 2020 November 2019 March 2020 |

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| <p>3.5 To review annual statutory accounts and ensure they comply with all relevant legislation and best practice, paying particular attention to:</p> <ul style="list-style-type: none"> i) Critical accounting policies and practise, and any changes in them ii) Decision requiring a major element of judgment iii) The extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed iv) The clarity of disclosures v) Significant adjustments resulting from the audit vi) The going concern assumption vii) Compliance with accounting standards. | <p>Annually</p> | <p>Draft: March 2020</p> <p>Final: May 2020</p> |
| <p>3.6 Consider and make recommendations to the board in relation to the appointment, re-appointment and removal of the CQI's external auditors.</p> | <p>Every 10 years</p> | <p>Ahead of 2023 audit (as per decision in May19 FRC meeting)</p> |
| <p>3.7 Review and monitor the external auditor's independence, objectivity and the effectiveness of the audit process.</p> | <p>Annually</p> | <p>May 2020</p> |
| <p>3.8 Oversee the relationship with the external auditor.</p> | <p>Annually</p> | <p>May 2020</p> |
| <p>3.9 Review and approve the scope of the annual audit</p> | <p>Annually</p> | <p>March 2020</p> |
| <p>3.10 Review the findings of the audit and monitor progress on their implementation</p> | <p>Quarterly</p> | <p>May 2020</p> |
| <p>3.11 To Review and agree annual remuneration, goals, objectives and performance measures of the Chief Executive.</p> | | <p>Included within 3.12</p> |
| <p>3.12 To Review and Recommend to the Board the annual CQI remuneration policy (including annual increase).</p> | <p>Annually</p> | <p>November 2019</p> |
| <p>3.13 To review and recommend any changes to employment policies for all staff, including pension schemes and any general arrangements for performance related pay.</p> | | <p>Now moved to GRC remit</p> |

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| 3.14 To Review and recommend to the Board the succession plan for the Chief Executive and Senior Management Team. | As and when risks arise, as indicated to FRC by SMT | |
| 3.15 To review the performance of the Investment Fund Manager | Annually | March 2020 |

4. Constitution

- 4.1 The membership of the Committee is as follows:
- i) Honorary Treasurer
 - ii) Chair of the Board of Trustees
 - iii) Chief Executive Officer
 - iv) Head of Finance
 - v) Executive Director of Corporate Services
- 4.2 The Honorary Treasurer will be the Chair
- 4.3 The Committee will be supported by the Executive
- 4.4 The Committee may invite other people to attend meetings, including representatives of the external auditors.

5. Meetings

- 5.1 The committee will meet regularly as judged appropriate by the chair. The chair may call an additional Committee meeting at any time.
- 5.2 The business of each meeting shall be determined by the Chair.
- 5.3 There quorum will be two members, one of whom must be a Trustee.
- 5.4 Meetings may take place electronically, physically or by conference call. Voting shall be decided by a simple majority of members participating. The Chair of the meeting has the casting vote.

6. Responsibilities of Members

- 6.1 Members have a duty at all times to demonstrate attributes of integrity, honesty and openness and shall declare wherever appropriate any interests material to discussion or decisions.
- 6.2 All information forming part of the proceedings of the Committee shall be considered as confidential unless the Chair expressly indicates otherwise and all Members and volunteers are required to abide by the Volunteers Code of Conduct.
- 6.3 The CQI will reimburse non-Executive members for reasonable expenses incurred wholly and necessarily in carrying out the work of the Committee (Ref. Expenses Policy).

7. Changes to these Terms of Reference

- 7.1 The Committee will review its terms of reference annually and agree changes to these Terms of Reference in consultation with the Board of Trustees.