

# TERMS OF REFERENCE OF THE FINANCE COMMITTEE

Approved by the Board of Governors on 6 May 2002, amended on 28 April 2004, on 29 November 2004, on 3 May 2005, on 13 November 2005 and on 26 April 2006

## 1a. General purpose

Under the Act of Foundation Article V.1 *"The Foundation is administered by a Council of Foundation whose members are appointed in accordance with the Rules of Procedure supplementing this Act of Foundation"*.

Under Article V.2 *"The Board's functions include:*

- (i) adopting mission statements, strategic plans and general policies*
- (ii) directing and controlling the Foundation's business affairs*
- (iii) managing the Foundation's intellectual property rights, finances, investments, borrowings, property and other assets, including but not limited to the approval of annual budgets and the adoption of the annual accounts*
- (vi) establishing subordinate bodies with specific functions."*

In order to increase the time and expertise devoted to financial matters the Board of Governors (the Board) has established a finance committee with two principal roles:

- (i) oversight and expert advice to the council on the financial planning and management of the IB and (ii) risk policy and management.

The specific purposes, membership and rules of procedure of the finance committee for it to perform these two principal roles are set out in this document. Other than for matters delegated by the Board to the finance committee under article 16 of the Rules of Procedure of the Foundation, decisions of the finance committee shall be considered as recommendations to the Board.

## 1b. Specific purposes

Financial planning and management

- (i) to formulate and maintain for the council a financial plan to support the IB strategic plan
- (ii) to formulate for the Board budget policies, strategies and assumptions including the fees to be paid by schools
- (iii) to recommend to the Board the annual budget for income, recurrent expenditure and capital expenditure

- (iv) to monitor financial management of the activities of the IB including performance indicators and other reporting requirements
- (v) to have oversight of cash, borrowing and investment management
- (vi) to have oversight of the management of the intellectual property, property and other assets of the IB
- (vii) to advise the Board and the director general as appropriate on the business and financial policies of the IB
- (viii) to establish policies, regulations, and processes for maintaining high standards of financial probity throughout the IB and for providing assurance to the Board that the IB is complying with all matters necessary to fulfil its obligations at law.

## 2. Risk assessment

The IB finance director will supply the finance committee, at least once a year, with a report on risks relating to the work of the committee. The committee will consider the report and, as appropriate, comment on any management recommendations to mitigate against risk in the specific area of competence of the committee.

## 3. Membership

The finance committee shall comprise the following members:

- (i) The treasurer of the Board (chair, *ex officio*, voting)
- (ii) The chair of the Board (*ex officio*, voting)
- (iii) The chair of the heads council (*ex officio*, voting)
- (iv) The chair of the IBNA Board (*ex officio*, voting) or the treasurer of IBNA (*ex officio*, voting), nominated by the IBNA Board
- (v) Two other members of the Board of Governors approved by the Board for a period of three years, or less if their period of appointment to the Board has less than three years to run, renewable up to a maximum of six consecutive years or less if their period of appointment to the Board has less than a further three years to run
- (vi) One of the above voting members of the Board shall also be a member of the education committee
- (vii) At least one and not more than three persons with appropriate financial expertise not being a member of the Board approved by the council for a period of three years and being eligible for re-appointment for a total period not exceeding six consecutive years
- (viii) The director general (*ex officio*, non-voting)
- (ix) The finance director (*ex officio*, non-voting)

In case of a casual vacancy, the chair shall nominate a person, after consultation with the chair of the Board and the director general, to serve until the vacancy can be filled in accordance with the ordinary procedure.

**4. Timing of appointment**

The Board shall appoint members of the finance committee, as required, at its annual general meeting (usually in May). Their terms of office commence after the conclusion of the annual general meeting of the Board.

**5. Administration and secretarial support**

The finance director shall be responsible for the administrative and secretarial support of the committee.

**6. Rules of procedure**

The committee shall meet not less than four times each year at times consistent with IB's strategic and financial planning process, the annual budget process, and the adoption of the annual accounts. Meetings may be conducted face-to-face, by telephone or video conference or by such other means as the committee may agree. Additional meetings may be called either by decision of the treasurer or by a simple majority of the members.

The committee shall report its business, including minutes, to the Board. Unconfirmed minutes (that is minutes not yet approved by the committee) shall be issued on the authority of the treasurer in consultation with the secretary of the finance committee.

Participation of two thirds of the members appointed at any one time shall be necessary for a quorum. Decisions shall be taken by the affirmative vote of a majority of the members participating in the meeting. In the event of an equality of votes the treasurer may exercise a casting vote.

The chair of the finance committee and the chair of the audit committee will keep each other informed of any issues of relevance to the functions of the committees that arise and relate to reporting obligations to the Board.

**7. Meeting expenses**

The IB shall refund all reasonable travel, accommodation and subsistence expenses incurred by members attending meetings of the finance committee.

April 2006