



FINANCE & RESOURCES COMMITTEE TERMS OF REFERENCE

1. CONSTITUTION

The Committee was constituted at a full meeting of the Registered Members held on 9 May 2016 in accordance with the articles of association of the Architectural Association (Inc.).

2. DUTIES AND TERMS OF REFERENCE

- 2.1 The Finance & Resources Committee shall have responsibility for setting and ensuring the prudent management of annual budgets, monitoring revenue and voluntary income and/or benefit streams, ensuring prudent financial planning, and overseeing the commitment of financial resources to long-term contracts (including property leases), and the investment of monies.
- 2.2 The Committee shall advise Council on the sustainability of the Architectural Association's financial and non-financial (e.g., intellectual property, personnel, etc.) assets and resources to ensure the organisation continues to deliver programmes and activities in relation to the objects of the Architectural Association (Inc.) as set out in its Articles of Association.
- 2.3 On behalf of Council, the Committee shall have authority to review and monitor:
 - (a) The implementation and delivery of aspects of approved organisational strategy relating to financial management, and to the overall management and administration of the AA;
 - (b) The delivery against the annual budget as approved by the Council;
 - (c) The deployment and use of the AA's non-financial resources (e.g., personnel, collections, intellectual property, etc.) in the best commercial interests of the organisation, in keeping with the objects of the Architectural Association (Inc.) as set out in its Articles of Association.
- 2.4 If the Committee is not satisfied with any aspect of the Architectural Association's financial management, performance or administration, it shall report its views to the Council.
- 2.5 The Committee shall advise and recommend to Council:
 - (a) The annual operating budget for the organisation;
 - (b) Any significant implications for the AA arising from any financial memoranda or framework agreements with funding bodies, donors, etc;
 - (c) The approval or otherwise of any proposals for the establishment or termination of AA subsidiaries or partnerships.

2.6 The Committee's general responsibilities shall be to:

- (a) Consider strategic planning and policy development matters relating to financial management, and in other areas with major resource implications, making recommendations to Council as appropriate;
- (b) Receive the accounts section of the financial statements and refer any matters of concern to the Audit & Risk Committee before it recommends to Council approval of the financial statements;
- (c) Authorise changes in banking arrangements, signatories and signatory limits on behalf of Council;
- (d) Consider the financial implications of developments needed to enable the organisation to meet its statutory obligations (e.g., health and safety), quality assurance and validation requirements, and related matters at the request of Council;
- (e) Consider any significant resource implications of policies proposed within the AA relating to employment and staff development; and
- (f) Maintain an overview of the organisation's charitable and commercial activities and partnerships, reporting to Council as appropriate.
- (g) Review the adequacy and security of the AA's arrangements for its employees, contractors and other stakeholders to raise concerns, in confidence, about possible financial mismanagement, misuse or misappropriation of resources or other administrative wrongdoing, and to ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow-up action.

2.7 The Committee's responsibilities regarding the AA School shall be to:

- (a) Ensure that student fee income is protected and sustainable;
- (b) Ensure that provisions for student financial support are adequate and sustainable; and
- (c) Consider the financial and resource implications of proposals for international collaboration and partnerships, ensuring that proper costing, income projections and other due diligence have been undertaken.

2.8 The Committee's responsibilities regarding AA subsidiaries:

- (a) Ensure the protection of the Architectural Association (Inc.)'s interests as the owner/shareholder of AA Publications, Ltd.;
- (b) Review and consider the subsidiary's business plan, strategy and annual budget, and monitor the effectiveness of the its management in relation to those;
- (c) Consider and propose opportunities to increase revenue from the subsidiary (or protect against loss); and
- (d) Receive an annual report from the directors of AA Publications, Ltd.

- 2.9 The Committee's responsibilities regarding the management of the AA shall be to:
- (a) Consider and propose the full range of opportunities to increase the organisation's revenue, within the scope of the organisation's charitable objects;
 - (b) Meet the Head of Finance at least once a year, independently of other management being present; and
 - (c) Meet other staff having significant revenue generation or other commercial responsibilities within the organisation at least once a year, independently of other management being present.

2.10 The Committee shall:

- (a) Have access to sufficient resources in order to carry out its duties, including access to the Company Secretary and senior staff of the Architectural Association for assistance as required;
- (b) Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- (c) Give due consideration to applicable laws and regulations, the provisions of the UK Corporate Governance Code, and relevant portions of the Charities Act and related Charity Commission advice as appropriate;
- (d) Oversee any investigation of activities that are within its terms of reference;
- (e) Arrange for periodic review of its own performance and, at least once a year (ideally at the start of each year), review its constitution and terms of reference to ensure it is operating at maximum effectiveness, and recommend any changes it considers necessary to the Council for approval; and
- (f) Keep under review and revise as appropriate other policies not specifically dealt with in other Committees.

2.11 The Committee shall make whatever recommendations to the Council it deems appropriate on any area within its remit where action or improvement is needed.

2.12 The Committee shall consider such other matters as may be requested by the Council.

3. MEMBERSHIP

3.1 The Council shall appoint the members of the Committee at the first meeting of each Council Session, and as may be needed at other times in the year.

3.2 The Committee shall have at least three members who are elected members of the Council, and a quorum shall be at least two such members. Additional members, who may or may not be elected members of the Council shall be appointed to ensure the Committee is able to operate effectively.

3.3 At least one member of the Committee shall be a member of the Estates & Infrastructure Committee.

- 3.4 Appointments to the Committee shall be for a period of one year, renewable at the discretion of the Council.

4. BUSINESS OF MEETINGS

- 4.1 At the first meeting of each session, the Committee shall select from among its members a member who shall be Chair of the Committee. Where the appointed Chair is unavailable to Chair, the Committee shall select a Chair from the members attending. If there is disagreement among the Committee, the matter shall be put to vote and the Chair selected by majority.
- 4.2 If a matter that is considered by the Committee is one where a member of the Committee, either directly or indirectly has a personal interest, that member shall declare the interest and, at the discretion of the Committee, remove him/herself from the discussion and any voting.
- 4.3 In accordance with Article 39 of the Articles of Association, all acts and proceedings of the Committee must be fully reported on a timely basis to Council.

5. ATTENDANCE AT MEETINGS

- 5.1 The Committee shall meet at least quarterly in each Council session (i.e., between 1 June and 31 May), and may meet at other times during the year as agreed between the members of the Committee or as required for the Committee to responsibly carry out its duties.
- 5.2 Outside of the formal meeting programme, the Chair will maintain a dialogue with key individuals involved in the Architectural Association's deployment of resources, including the President, School Director, Head of Finance, Head of Human Resources, and other members of senior staff.
- 5.3 Only members of the Committee have the right to attend Committee meetings. The School Director shall attend Committee meetings at the discretion of the Committee. Other individuals may be invited to attend all or part of any meeting as and when appropriate.
- 5.4 The Company Secretary or his/her nominee shall be the secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to all issues.

6. NOTICE OF MEETINGS

- 6.1 Meetings of the Committee shall be called by the secretary of the Committee at the request of any of its members or at the request of the external auditors if they consider it necessary.
- 6.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of the matters to be discussed at the meeting shall be forwarded to each member and any other person required to attend no later than three working days before the date of the meeting. Any supporting papers shall be sent to each member of the Committee and to other attendees (as appropriate) at the same time.

7. AUTHORITY

The Committee is authorised by the Council to examine any activity within its terms of reference and to obtain, at the Architectural Association's expense, professional advice on any matter within its terms of reference. The Committee is authorised to seek any information it requires from any employee or director, and all such employees or directors will be directed to co-operate with any request made by the Committee.

8. REPORTING

- 8.1 In accordance with Article 39 of the Articles of Association, all acts and proceedings of the Committee must be fully reported on a timely basis to Council. Such report shall be made by the Chair, or other nominated member of the Committee.
- 8.2 The proceedings and resolutions of meetings of the Committee, including the names of those present and in attendance, shall be minuted. The minutes of each meeting will be circulated with the papers of the next subsequent meeting for review and approval. Once approved, the minutes of each meeting will be kept on file by the Company Secretary for inspection by any other member of the Council.

9. GENERAL MATTERS

The members of the Committee should make themselves available at each Annual General Meeting of the Architectural Association to answer questions concerning the Committee's work.