Faculty of
Pharmaceutical Medicine
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Finance, Audit and Risk Committee Terms of Reference

Background

The Faculty of Pharmaceutical Medicine (FPM) is a charity and membership body for physicians who advance health through innovations in medicines, vaccines, medical devices, precision therapies, diagnostics, and digital health technologies. Our small team works closely with the Board of Trustees and our 1,600 members to deliver on our mission and our strategic objectives, to improve the health of the public around the world.

Purpose

The Finance, Audit and Risk Committee is responsible for supporting and advising FPM's Board of Trustees in its duty to oversee the Charity's financial affairs by ensuring that there are effective arrangements for financial management and reporting, audit and internal control and risk management, and general governance matters. One of three governance committees, the Committee is chaired by a member of the Board of Trustees.

Principal responsibilities and outputs

The principal responsibilities of the Committee are to:

General

- Provide the Board of Trustees with clear information and guidance as to how it should proceed in any other matters delegated to it.
- Advise the Board of Trustees of any financial implications arising from the Board's strategic and policy decisions.

Finance

- Monitor the integrity of FPM's financial statements including management accounts and cash flow, and offer assurance to Trustees that the financial strategy and policies are robust and appropriate in the context of FPM's charitable objects and strategy, and flag any issues that may impact mid- to long-term.
- Conduct initial review of the annual budget, monitor actual income and expenditure and cash flow throughout the year, advise Trustees on the projected financial outturn for the year and on long-term forecasts of income and expenditure.
- Keep FPM's financial policies under regular review, including its reserves, investment and pensions policies, and advise Trustees on the appropriateness and/or potential impacts of any major financial commitments, including capital projects in line with the Fixed Asset policy.

- Drawing upon external professional help as appropriate, define and secure Trustee support for FPM's investment strategy, policies and principles and the key performance indicators by which those shall be measured.
- Review the content of the annual report and accounts and assure Trustees that they are fair, balanced and understandable, and provide the information necessary for members to understand FPM's, strategy, business model and performance.
- Work with the Chief Executive to ensure that the internal (staff) Finance function is appropriately resourced, and that funding, banking, delegated authority and other financing arrangements are in place and fit for purpose and are managed appropriately.

If/when the Committee is not satisfied with any aspect of the financial reports and accounts, it may report its views to the Board of Trustees.

Audit

- Monitor and assess the role and effectiveness of the internal audit function within the overall context of FPM's risk management system, its resources and access to information and its relationship with finance colleagues and the external auditor.
- Advise on the design, role and mandate for FPM's internal audit function, review and approve the annual internal audit plan to ensure its alignment with key business risks, and receive regular reports on work carried out.
- Review and make recommendations on the auditor selection process, including the requirements for the tender, and make recommendations to Trustees on appointment/re-appointment, terms of engagement and remuneration.
- Discuss with the external auditors, before the audit commences, the nature and scope of the audit.
- Upon completion of the audit, lead on reviewing with the auditors any major issues which arose during the audit, including (but not limited to) any accounting judgements, number and types of errors identified, going concern and others.
- Ensure any relevant management responses to findings and recommendations made by the auditor are acted upon and any omissions, shortfalls or errors identified are addressed as appropriate.
- Ensure that any letter(s) of representation required by the auditor have been prepared and are appropriate, and have gone through the appropriate checks and authorisations.
- In the event that an auditor resigns, investigate the issues leading to that decision and decide whether any action is required.

The external auditors shall be invited to attend relevant meetings of the Finance, Audit and Risk Committee, and to receive the minutes of the Committee's meetings.

Risk and internal controls

- Offer assurance to Trustees that the organisation maintains a risk register which is current, is managed effectively and kept under regular review, and that the register and/ or any additional information requested on major risks is shared with Trustees.
- On behalf of Trustees and in collaboration with the Chief Executive, investigate any matters that may put the organisation at risk, including undertaking more detailed investigation of any matters of particular concern.
- Keep under review the appropriateness and effectiveness of the organisation's internal controls that identify, assess, manage and monitor financial risks, and make recommendation to Trustees on any changes required to those controls.
- Where appropriate, work with the Chief Executive to ensure that appropriate and proportionate management action is being taken to mitigate identified risks, financial risks, and ensure that the reserves and other appropriate policies adequately address those risks.

Other responsibilities

- To act in compliance with the FPM's Governing Documents and Procedures.
- To follow the guidance set out in the FPM's Committee Guidance Document.
- To act in compliance with FPM's Policies, including its Equal Opportunities Policy.
- To act in compliance with FPM's values.

Membership of the Committee

Membership of the Committee will be drawn from the current list of FPM Fellows and Members in good standing, supported by the Chief Executive (or Deputy Chief Executive) and Finance Manager. The Committee Chair will be a Lay Trustee of FPM who should be an experienced business person with the requisite skills in finance, audit and risk oversight.

Meetings of the Committee will be considered to be quorate if 50% of members are in attendance.

Meeting frequency and location

The Committee will meet four times a year. Committee meetings will normally be held online although are expected to include at least one face to face meeting during the year.

Committee members and staff will also provide additional input on specific matters between meetings as required.

Reporting and authority

The Finance, Audit and Risk Committee will report to the Board of Trustees.

November 2025