International Academy of Mediators (IAM)

Finance Committee – Terms of Reference

1. Purpose / Role

The Finance Committee ("**Committee**") is a standing committee of the IAM Board of Governors ("**Board**"). Its purpose is to assist the Board in overseeing IAM's financial affairs, ensuring sound financial planning, controls, and reporting. The Committee provides advice, review, and recommendations to the Board on budgets, investments, reserves, and financial risk, acts as liaison with external auditors or accountants, and ensures IAM's financial practices align with good governance and fiduciary standards, and with relevant regulatory obligations.

2. Authority and Delegation

The Committee acts under authority delegated by the Board. It may request pertinent documents, reports, or explanations from IAM staff, officers, or external advisors. It may engage external consultants, propose policies, and review financial performance, but final authority on financial matters rests with the Board.

3. Key Functions & Responsibilities

The Committee's responsibilities encompass:

1. Budget and Financial Planning
   Focus: Forward-looking financial strategy and resource allocation.
   - Reviews and recommends the annual operating budget.
   - Monitors performance against budget and financial forecasts.
   - Advises on long-term financial planning and sustainability.

2. Financial Reporting and Controls
   Focus: Accuracy, transparency, and integrity of financial information.
   - Reviews periodic financial statements.
   - Ensures adequate accounting systems and internal controls.
   - Oversees policies for expenditure, approvals, and safeguards against misuse of funds.

3. Audit and Assurance
   Focus: Independent verification and compliance.
   - Recommends appointment of external auditors.
   - Reviews audit scope, findings, and management responses.
   - Monitors corrective actions and compliance with accounting standards and regulations.

4. Investments and Reserves
   Focus: Stewardship of accumulated funds and long-term stability.
   - Oversees investment policy, asset allocation, and performance.

- Advises and recommends the Board on the use of surplus funds and the adequacy of reserves.
- Reviews proposals for significant capital or funding decisions.

5. Risk Management
   Focus: Identification and mitigation of financial and operational risks.
   - Reviews exposure to currency, liquidity, event, or donor risks.
   - Ensures insurance and contingency arrangements are adequate.
   - Advises the Board on strategies to reduce or manage financial risk.

6. Reporting and Communication
   Focus: Accountability and transparency to the Board and members.
   - Reports regularly to the Board on financial status and variances.
   - Prepares annual financial summaries for the Board or members.
   - Coordinates with other committees to align financial insights with operational activities.

The Committee also reviews its own performance and terms of reference periodically.

4. Membership and Composition

The Committee comprises 3 to 5 members, all of whom must satisfy the criteria set out in Article VI, Section 5 of the IAM By-Laws (Revised November, 2023). The Chair shall be the Treasurer. Members should have financial literacy and experience in non-profit finance. The IAM President serves *ex officio*, and the Executive Director attends in a non-voting capacity.

5. Meetings & Procedures

The Committee meets at least once quarterly. Agendas and materials are circulated at least 4 days in advance. A quorum is a majority of voting members. Minutes are recorded and may be shared with the Board. The Chair reports key recommendations at each Board meeting.

6. Reporting Lines & Accountability

The Committee reports to the Board. It provides an annual summary covering financial performance, audit outcomes, investment status, and key recommendations. The Committee advises but does not replace Board authority.

7. Confidentiality & Ethics

Members must maintain confidentiality of financial information, disclose conflicts of interest, and act with integrity and due care in IAM's best interest.

8. Review of Terms of Reference

These Terms of Reference shall be reviewed every two years by the Committee, with recommended amendments submitted to the Board for approval.