

Portfolio	Operations	Ref. No.	RES-MGT-007
Department	Operations		
Title	Finance, Audit and Risk Management Committee Terms of Reference		

1. PURPOSE AND SCOPE

The Finance, Audit and Risk Management Committee (FARM) of the Royal Australasian College of Surgeons (the College) will provide assistance to Council in fulfilling its corporate governance and oversight responsibilities.

The Committee will assist the Council to focus on core governance and business oversight of RACS Finances, Budget, Risk Management, Audit, Insurance and Investment functions.

2. KEYWORDS

Committee, Council, Finance, Audit, Risk Management, Insurance

3. BODY OF POLICY

3.1. Objectives

The Committee's primary objectives are to:

- Assist the Council in discharging its responsibilities in relation to:
 - Financial, regulatory, compliance and reporting requirements
 - Accounting policies and standards
 - Risk management systems
 - Internal control structure
 - Internal Audit Reviews
 - External Audit of Annual Accounts and specific Projects
 - Business policies and practices
- Oversee the Risk Management program for College wide risks and implications for the internal and external audit activities.
- Provide a forum for communication between the Council, senior management and both the external and internal auditors.
- Oversee the implementation of recommendations made in audit and other reports to the Committee.
- Provide oversight and appraise the activities of the College's finance and administrative functions.
- Provide an additional review function over the annual and monthly financial statements.
- Review and consider the adequacy of College administrative, operating and accounting controls.
- Receive advice from management on significant proposed regulatory, accounting and reporting issues so that the Committee can assess their impact on the College and its activities.
- Develop, coordinate and monitor policies for the effective management of all College financial and investment assets.

The Committee's responsibilities are to:

3.1.1 Oversight of Financial Management

- To oversee all activities to ensure adequate coordination and integration with College financial policies.
- To develop strategies to ensure the delivery of services to all areas of the College, are supported financially.
- To advise on budget policy and priorities.

Portfolio	Operations	Ref. No.	RES-MGT-007
Department	Operations		
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- To initiate, establish priorities, implement and review policies relating to the resources of the College.
- To review the annual and monthly financial statements.
- To identify and direct any special projects or investigations deemed necessary with respect to financial dealings.
- To monitor the standard of corporate conduct in areas such as arm's length dealings and any likely conflicts of interest.

3.1.2 Oversight Compliance and Reporting of the Risk Management Program

- Review and assess the processes used by management to monitor and ensure compliance with laws, regulations and other requirements relating to external reporting by the College of financial and non-financial information.
- Assess current and pending litigation which might involve a risk exposure for the College.
- Review the current risk management program, and associated procedures for effective identification and management of the College's financial and business risks, including fraud.
- Review the College's business continuity planning arrangements, including whether disaster recovery plans have been tested periodically.
- Monitor and review the adequacy of the insurance program.
- Review and approve the Strategic and Annual Audit Plans for RACS to mitigate the College's exposure to risk.
- Monitor the standard of corporate conduct in areas such as arm's length dealings and any likely conflicts of interest.
- Identify and direct any special projects investigations deemed necessary.
- Review all significant accounting policy changes.
- Assess the adequacy and effectiveness of College administration, operating and accounting policies.
- To identify and develop policies relating to risk management.

3.1.3 Oversight of Financial Statements and Disclosures

- Review and assess the appropriateness of College accounting policies and principles and any significant changes therein.
- Review the financial reports and make recommendation to Council.
- Review and assess any significant estimates and judgements in financial reports.
- Review and assess information from internal and external auditors that may affect the quality of financial reports.
- Review and assess documents and reports to regulators and make recommendations to Council as required.
- Review and assess the management processes and the internal control environment as part of the annual risk review.
- Recommend to Council whether the financial and non-financial statements should be signed.

3.1.4 Oversight of Internal Controls

- Consider the effectiveness of the internal control system of the College including information technology and security.

Portfolio	Operations	Ref. No.	RES-MGT-007
Department	Operations		
Title	Finance, Audit and Risk Management Committee Terms of Reference		

- Understand the scope of internal and external auditors' review of internal controls over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

3.1.5 Oversight of External Audit Activities

- Make recommendations to Council on the appointment, effectiveness and independence of the external auditor.
- Review external auditors' proposed audit scope and approach, including coordination of audit effort with internal audit.
- Discuss issues arising from the audit.
- Consider the external auditor's management letters and management's response.
- Meet with the external auditor without management present at least once per year and discuss and resolve any issues within the Committee's remit.

3.1.6 Oversight of Internal Audit Activities

- Make recommendations to Council appointment of the internal auditor.
- Review the internal audit coverage and annual work plan, ensure the plan is based on College's risk management plan, and make recommendations to Council.
- Review any significant matters reported by the internal auditors and ascertain whether management's response is adequate.
- Confirm that the internal auditor has not been unduly influenced by management or experienced any problems with management.
- Meet with the internal auditor without management present at least once per year and discuss and resolve any issues within the Committee's remit.
- Review the performance of the internal auditors, including compliance with The Institute of Internal Auditors' Standards for the Professional Practice of Internal Auditing.

3.1.7 Reporting Responsibilities

3.2. Regularly report to Council about the Committee's activities Powers

The Council authorises the Committee, within the scope of its role and responsibilities, to:

- This may include approval of policies, manuals, position papers, advocacy and communication strategies and plans and appointment of members.
- Report to Council regularly and the status of the Risk Management Program and any compliance issues.
- Recommend to Council investigations into any matters within its scope of responsibility.
- Obtain any information it needs from the CEO (subject to their legal obligation to protect information).
- Discuss any matters with the external auditor, internal auditor or other external parties (subject to confidentiality considerations).
- Request from the CEO the ability to obtain external legal or other professional advice, as considered necessary to meet its responsibilities.

3.3. Composition of Committee

- The Committee is to be comprised of at least 4 members, of whom at least 2 members should be independent and the rest be drawn from Council.

Portfolio	Operations	Ref. No.	RES-MGT-007
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- Members will be appointed by Council for a period of 3 years which is subject to extension, renewal or termination.
- The composition of the Committee will be reviewed at least every 3 years.
- Committee members may not appoint an alternate to attend on their behalf.
- The appointment process for Committee members must ensure continuity of members throughout the life of this Committee.
- The Chair of the Committee will be the Treasurer as appointed by Council.
- All members of the Committee are required to take appropriate and timely action to ensure they have the requisite understanding of the College structure, operations, financial and management risks to enable them to discharge their responsibilities.
- The CEO, in consultation with the Chair, is to provide all newly appointed Committee members with all necessary and relevant information to enable them to understand the College and their duties and responsibilities.
- The CEO and College staff cannot be members of the Committee but attend Committee meetings on standing invitation.

3.3.1 Members

- Treasurer (Chair)
- President
- Vice President
- Censor-in-Chief
- Chair, Professional Development and Standards Board
- Deputy Treasurer
- Elected Representatives of Council
- Honorary Advisers – as appointed

3.3.2 In Attendance

- Chief Executive Officer
- College Staff

3.4. Meetings

- The Committee is to meet at least three times a year during Council week, with the authority to convene additional meetings, as circumstances require in order to fulfill its responsibilities.
- A quorum shall consist of 2 members.
- The Committee will also meet with the External Auditors to discuss the preparation of the annual accounts of the College. The meeting will be held in February each year prior to the regular Committee meeting.
- Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials.
- The Committee will minute the meetings to reflect work done by the Committee to address its roles and discharge its responsibilities. The minutes are to be provided to Council as required.
- In addition, the Chair is required to call a meeting of the Committee if requested to do so by any Committee member.

3.5. Accountability

The Committee is accountable directly to Council for fulfilment of the duties and responsibilities.

Portfolio	Operations	Ref. No.	RES-MGT-007
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3.6. Reporting Structure

- The Committee will undertake an annual review of its own performance and report the results of the review to Council in February each year.
- The Committee will also confirm annually that all responsibilities outlined in this Charter have been carried out.
- All members of the Committee must declare any actual, potential or perceived conflict of interest at the start of each meeting.
- Committee members must treat all information obtained in the role as members of this Committee as highly confidential and shall not disclose any information to outside parties.
- Access to all information should be adequately restricted to prevent any unauthorised access to printed or electronic material.

4. ASSOCIATED DOCUMENTS

- Appointment of Honorary Advisers to Committees

Approver CEO
Authoriser Council