

**The Professional Standards Councils  
Finance, Audit & Risk Management Committees**

**Common Terms of Reference**

The following Terms of Reference are approved by the Professional Standards Councils for all states and territories for their corresponding Finance, Audit & Risk Management Committees.

**Objectives**

To assist the Councils to be informed about:

1. financial management and reporting;
2. departmental and/or audit reports of their operations;
3. the Councils' risks, including its areas of risks and risk management (incorporating its financial position, budget management and internal controls);
4. the annual reporting and compliance of occupational associations; and
5. the Councils' annual reporting.

**Membership**

The Committees should consist of at least three (3) members, no fewer than two (2) of whom must be members of the Councils. The Chair of the Councils cannot be the Chair of the Committees and any officer of the Professional Standards Authority must not be a member of the Committees.

A person who is not a Council member, but has the skills and expertise to contribute to the work of the Committees may, subject to the approval of the Council and with regard to statutory appointment processes (for example, the Ministerial approval provisions of s.62 of the *Professional Standards Act 2004* (Qld)), be invited to be a member.

The Committees are established by the Councils. Members will be appointed by the Councils for one year, including appointment of a member as Chair and as Deputy Chair of the Committees. A member may be reappointed.

All members of the Committees will declare all actual or potential conflicts of interest. A Conflicts of Interests Register will be maintained by the Authority and presented and updated at each meeting.

**Meetings**

The Committees will meet at least three times annually. In the first meeting after the end of financial year, the Authority will prepare a financial report for Committees and provide the draft of the Councils' Annual Report. The second meeting of the Committees will receive the proposed budget for the next financial year. The third meeting will receive the annual risk management plan report. A fourth meeting may be scheduled to deal with such other matters as may arise.

The Committees' meetings may be held in person or by electronic means in whole or in part, including by teleconference and by videoconference.

At times, out of session meetings may be required and these may be conducted by circulating minute conducted over email.

The procedures for calling and conducting Committee meetings will be the same as the procedures for calling and conducting Councils' meetings, unless the Councils determine otherwise.

### **Quorum**

A quorum will consist of a simple majority of members.

### **Duties and Responsibilities**

The Committees will consider any matters relating to the Committees' objectives. The Committees will examine any other relevant matters referred to them by the Councils. Specifically, the Committees will:

#### Financial management

1. Review and monitor financial forecasting, and financial and budgetary reporting. This includes provision of advice to the Councils as to the quality and reliability of information prepared for inclusion in financial reports.
2. Review and recommend to the Councils the budgets prepared by the Authority.
3. Monitor the performance of the Authority in its implementation of financial strategy and budgets.

#### Audit

1. Recommend to the Councils to notify the New South Wales Department of Customer Service of topics for internal audit of the financial stewardship and performance of the Authority, based on matters identified in the Councils' Risk Management Plans.
2. Recommend to the Councils to commission internal audits, or performance evaluations, where topics are identified by the Councils' Risk Management Plan or by other emerging circumstances, and where these matters are not the subject of financial or performance audits to be conducted by the New South Wales Department of Customer Service, in a timeframe suitable to the Councils.
3. Provide advice to the Chair of the Councils and any relevant Council members on annual financial statements requiring sign-off by the Chair.
4. Review the Authority's response to recommendations arising from internal and external audits and performance audits and evaluations.

#### Risk Management

1. Consider annual Risk Management Plans (including financial risks) developed by the Authority.
2. Identify new areas of risk for treatment, if necessary.
3. Monitor performance against the plans.
4. Advise the Councils on adopting Risk Management Plans, and report on risk management performance.
5. Monitor the statutory compliance calendar for the Councils.

### Association annual reporting and compliance (Professional Standards Improvement Plan (PSIP))

1. Review the PSIP analysis provided annually by the Authority.
2. Report to the Councils on the PSIP analysis, with attention to the status of regulated associations risk management practices.

### Councils' Annual Report

1. Review the Councils' combined Annual Report, provide comment to the Authority, and endorse a final draft.
2. Recommend to the Councils the approval of the Councils' Annual Report.

### **Minutes**

The Authority will provide the Committees with access to the draft minutes of Committees meetings, through the Chair, within fourteen (14) days of the date of the meeting.

### **Provision of the FARMCs' papers for audit purposes**

Internal and external audit processes will require the provision of the Councils' information on a co-operative basis. At the request of any duly authorised jurisdictional departmental or audit office official, the FARMCs' Chair will direct the Authority to provide copies of the relevant meeting papers required for the purposes of audit functions. These papers may include financial performance and forecast reports and risk management reports prepared for or on behalf of the FARMCs, and draft or final minutes cleared by the FARMCs' Chair.

### **Access**

The Committees will have access to the Councils' financial records and any officer of the Authority. With the best endeavours of the Chief Executive Officer, the Committees will have access to relevant officers of the relevant department.

### **Review of Terms of Reference**

The FARMCs Common Terms of Reference will be reviewed biennially or as requested by the Chair of Councils.

<b>DOCUMENT HISTORY</b>		
<b>Reason for revision</b>	<b>Date approved</b>	<b>Approver</b>
Biennial review and approval	15 June 2018	Councils
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