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By-Law

Finance and Risk Management Committee

**BY-LAW PURSUANT TO THE CONSITUTION OF THE ROYAL AUSTRALASIAN
COLLEGE OF PHYSICIANS FOR THE ESTABLISHMENT AND MAINTENENACE
OF A COMMITTEE OF THE COLLEGE TO BE KNOWN AS THE FINANCE AND
RISK MANAGEMENT COMMITTEE**

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1. INTRODUCTION

- 1.1** The Finance and Risk Management Committee (“Committee”) has been established by the Board of Directors (“Board”) of the Royal Australasian College of Physicians (“College”).
- 1.2** The purpose, members, responsibilities, and powers of the Committee are set out in this By-Law.
- 1.3** The scope of the Committee includes all activities of the College both in Australia and in Aotearoa Zealand.

2. PURPOSE

- 2.1** The Board has responsibility for:-
 - a) approving Annual Financial Statements and the Annual Report;
 - b) appointing external auditors and agreeing their remuneration;
 - c) agreeing the scope of the external audit each year;
 - d) reviewing the control environment and audit and compliance resources, structures and processes and consider and approve any changes;
 - e) reviewing any significant audit and compliance issues identified and approve any action and remediation plan approved;
 - f) reviewing major risks the College is, and is likely to be, exposed to in the achievement of its strategic plans and objectives;
 - g) reviewing risk management strategies, resources, structures and processes within the College and consider and approve any recommended changes; and
 - h) reviewing the processes implemented by management to ensure the College complies with its statutory and regulatory obligations.
- 2.2** The Board has established the Committee to assist the Board in discharging its responsibilities as set out in 2.1 above within the terms of these By-Laws.
- 2.3** The Committee will work in conjunction with other Board Committees as required to assist the Board to fulfil its responsibilities.
- 2.4** The Committee has no executive power in relation to the operation of the College as it primarily performs a reviewing and recommending function only.
- 2.5** The provision of advice by the Committee does not diminish the responsibilities of the Board, management, or external auditors in the proper execution of their roles.

3. MEMBERSHIP

- 3.1** The Committee’s members will be appointed by the Board of Directors. The Committee will comprise up to three (3) members of the Board and there may also be up to three (3) non-Board Members (non-College members or College Member may be appointed) as members of the Committee.

At least one (1) member of the Committee must be a Aotearoa New Zealand based Member of the College (Fellow or Trainee), who will be nominated for appointment by the Aotearoa New Zealand Committee. This nominee may or may not be a current member of the Aotearoa New Zealand Committee, at that committee’s discretion.

As a point of clarification if a member of the Committee satisfies more than one category such as being both a Director and a community member, that member will be deemed to occupy one category only, to be determined by the Board on the advice of the Committee, thus providing more flexibility in the number and category of members that may be appointed to the Committee.

- 3.2** The President of the College will attend all meetings of the Committee in an 'ex officio' capacity.
- 3.3** The Honorary Treasurer will be the chair of the Committee, unless the Board determines otherwise.
- 3.4** Members of the Committee shall have the appropriate skills and experience and time to fulfil the responsibilities of the Committee as set out in this By-Law.
- 3.5** At the Committee's discretion, the Chief Executive Officer, Director of Finance and Commercial Services, Company Secretary and Risk and Compliance Manager will have a standing invitation to attend all meetings of the Committee.
- 3.6** The Committee may also invite other persons to attend its meetings as it shall determine, including the external auditor.

4. MEETINGS

- 4.1** A regular schedule of meetings (at least six (6) per year) shall be held with pre-arranged dates having regard to fulfilling the objectives of this By-Law. Additional meetings may be necessary where matters arise that may require further deliberation and/or urgent consideration.
- 4.2** A quorum will comprise three Committee members present one of whom must be a Board member. A Committee member may be present if in attendance by electronic means.
- 4.3** All Meetings shall be minuted and signed by the Chair. A copy of the minutes shall be distributed to the Board upon approval by the Committee. All members of the Committee will be provided with a draft copy of the minutes for review and comment before the next Committee meeting.
- 4.4** The Committee, without management present, may meet separately with the College's external auditor.

5. RIGHT TO ACCESS AND INFORMATION

- 5.1** The Board of Directors authorises the Committee, within the scope of its responsibilities, to seek any information it requires from:
 - 5.1.1** the Chief Executive Officer or Director of Finance and Commercial Services or the Risk and Compliance Manager of the College with such requests to be directed through the Committee Chair with such officers to fully co-operate with any reasonable request made by the Committee;
 - 5.1.2** external parties;

5.1.3 and to obtain outside legal or other professional advice, subject to the appropriate delegations;

5.1.4 and to request the attendance of College officers at meetings, as appropriate;

5.2 Any employee is entitled to raise any concerns or report any matters of a “whistleblowing” nature with the Committee at any time, through the Committee Chair.

6. INDEPENDENCE

6.1 Members of the Committee with a real or perceived conflict of interest will inform the Chair of the Committee as soon as a conflict arises and the nature of the conflict. Any conflicts of interest disclosed will be managed in accordance with the College’s Conflicts of Interest Policy.

7. ROLE AND RESPONSIBILITIES

The Committee’s role and responsibilities include:

7.1 Risk Management

The Committee is required to understand the College’s structure, controls, business and nature and types of financial transactions it undertakes in order to adequately review, assess, monitor, and manage all material and significant financial risks faced by the College. A significant part of the Committee’s responsibilities is to identify areas of financial and operational risk and recommend appropriate mitigation strategies to deal with those risks and safeguard the College’s assets.

These risks will include, but not be limited to:

- Financial risk (credit risk, market risk, liquidity risk and capital management)
- Operational Risk including but not limited to:
 - Important judgements and accounting estimates
 - Litigation and claims arising from the College’s financial reporting
 - Fraud and theft
 - Review of the College’s insurance program annually and approval of renewal terms and changes to policy wording.

In fulfilling this function, the Committee will:-

7.1.1 Assess, prioritise, and advise the Board on major risks to which the College is, or likely to be, exposed in the achievement of its strategic plans and objectives;

7.1.2 Advise the Board on the parameters that will underpin risk management strategies, resources, structures, and processes within the College;

7.1.3 Advise the Board on the management of the College’s brand, image and reputation;

7.1.4 Advise the Board on the processes implemented by management to ensure that the College complies with its statutory and regulatory obligations;

- 7.1.5 Working with appropriate College staff and committees, oversee the implementation of risk management strategies and ongoing management and reporting of operational and strategic risk at the College, including maintenance of the College Risk Register;
- 7.1.6 Be the College Body to which College Members, staff and other College Bodies can raise risk issues in the first instance; and
- 7.1.7 Oversee the activities of such internal audit function as the College may from time to time require.

7.2 Internal Control

- 7.2.1 Review and assess the effectiveness of management's internal control processes and systems and plans for business continuity. Make recommendations to the Board to improve management's internal control processes and systems.
- 7.2.2 Review and assess management's progress towards implementing any agreed recommendations of the external auditor to improve the College's internal control processes and systems. The Committee is also to be advised of the reasons why any recommendations have not been accepted by management.
- 7.2.3 Evaluate whether management has implemented appropriate systems to manage the risk of fraud including, but not limited to, timely reporting of suspected or actual acts of fraud or theft.

7.3 Investment

- 7.3.1 Oversee the College's investment strategy and policy and appoint, and oversee the performance of, any professional funds manager retained to manage the College's funds. The Committee will provide recommendations to properly match risk and returns taking into account specific requirements of the College such as, but not limited to, its responsibility over funds held for specific purposes.

7.4 Financial Reporting

General

- 7.4.1 Oversee the College's financial reporting process on behalf of the Board and report the results of its activities to the Board.
- 7.4.2 Recommend to the Board appropriate accounting policies and principles to be used by the College in the preparation of its financial statements and reports.
- 7.4.3 With respect to the control of reporting of financial information and the appreciation of financial risk management policies, the Committee shall satisfy itself, in consultation with the external auditor, that management is effectively managing the financial risks of the College, and that management has considered significant accounting and reporting issues, including, but not limited to, recent professional and regulatory pronouncements, and understands their impact on the College's financial statements and reports.

Annual Financial Statements

- 7.4.4** Review the annual financial statements and determine whether they are complete and consistent with the information known to Committee members; assess whether the financial statements reflect the College's accounting policies and principles, and comply with applicable accounting standards to present a true and fair view.
- 7.4.5** Focus on areas in the financial statements where judgment is required to assess appropriateness of values such as, but not limited to, valuation of assets and liabilities; guarantees; litigation reserves; other commitments and contingencies and complex or unusual transactions, and assess whether appropriate principles and reasoning were applied in the determining those matters.
- 7.4.6** Meet with management and the external auditor, as necessary, to review the financial statements and the results of the audit.
- 7.4.7** Review the annual report before its release and consider whether the information is reasonably consistent with the Committee's knowledge about the College and its operations and accurately reflects a true and fair position of the financial position of the College.
- 7.4.8** Make a recommendation to the Board whether the financial statements should be approved.

7.5 External Auditors

With respect to the oversight of the external audit function, the Committee shall:

- 7.5.1** Review the external auditor's terms of engagement and audit scope and ensure no unjustified restrictions or limitations have been placed on the auditors. The Committee is to be provided with details of any significant disagreements with management.
- 7.5.2** Discuss with the external auditor, as needed, the overall scope of the external audit, including identified risk areas and any additional agreed-upon procedures.
- 7.5.3** The Committee shall also review the external auditor's compensation to ensure that an effective, comprehensive and complete audit can be conducted for the agreed compensation level.
- 7.5.4** Satisfy itself as to the independence of the external auditor.
- 7.5.5** Review and make, where required, recommendations in respect of:
 - 7.5.5.1** The appointment (or removal) of the external auditor;
 - 7.5.5.2** Procedures for selecting and appointing the external auditor;
 - 7.5.5.3** Procedures relating to the engagement of the external auditor to provide any non-audit services.

7.6 Commercial Activities

- 7.6.1** The College undertakes a number of commercial activities in support of its core objective to support physicians throughout their professional lives, such as publications, conferences, and workshops.
- 7.6.2** The Board has delegated the oversight of these commercial activities to the Finance and Risk Management Committee.
- 7.6.3** Details of the various commercial activities undertaken and the Committee's oversight in respect of each activity is detailed in the schedule attached to this By-Law and identified as Annexure A.

7.7 Other

- 7.7.1** At the request of the Board, the Committee may conduct an investigation where there is suspicion that control measures are inappropriate or are being compromised. Where such an investigation is requested, the Committee shall provide a written report of its findings and recommendations (if any) to the Board, or as the Board directs at the conclusion of its investigation. The Board may also require the Committee to provide it with periodic progress reports during the course of an investigation.
- 7.7.2** The Committee shall also review material whistle-blower incidents and reports that pertain to its role and responsibilities.

8 ASSESSING THE PERFORMANCE OF THE FINANCE AND RISK MANAGEMENT COMMITTEE

- 8.1.1** Members of the Committee must act in a proper and prudent manner in the discharge of the Committee's role and responsibilities.
- 8.1.2** The Committee shall undertake an annual review of its performance and provide a summary of that assessment to the Board for its review.
- 8.1.3** On completion of the performance assessment, the Committee shall respond to the findings and take any appropriate action required, with the consent of the Board.
- 8.1.4** This By-law shall be reviewed annually by the Committee with any recommended changes submitted to the Board for approval.

Approved by the Board of the College on 13 May 2016

Last updated on 20 July 2018

By-Law History as from 13 May 2016		
Commencement of By-Law		
This By-Law was approved by the Board of the College on 13 May 2016 and commenced on that date.		
Subsequent amendments to By-Law		
Item	Amendment	Commenced
7.1	Expanded to assume the responsibilities previously undertaken by the Risk Management Committee	8 April 2016
5.6	Reduce the total membership of the Committee from 12 to 6 Members.	20 July 2018

COMMERCIAL ACTIVITIES

Annexure A

Commercial Activity	Finance and Risk Management Committee responsibility	Task	Input/Collaboration with other Board subcommittees
Congress & ASMs	Venue hire	Finalising contract	Member Services Committee
	Approve PCO	Finalising contract	Member Services Committee
	Authorisation of Bank transactions	Opening bank account & audit of transactions	
	Approve prices	Set individual fees	
	Approve sponsorship	Set sponsorship criteria	
	Approve speaker criteria	Set financial terms & conditions	
	Approving overall financial budget	Monitoring actuals vs. budget	Member Services Committee
Congress & ASMs	Approving seed funding	Determine the amount of seed funding for each conference/ASM/Congress	
	Determine Terms & Conditions of seed funding	Set terms & conditions by which seed funding will be provided	
	Determine final result	Set financial objective	Member Services Committee
Publications	Publishers	Finalise publishing contracts including costs	
	Approve Terms & Conditions	Set terms and conditions for advertisers	
	Advertising	Set framework for advertising prices	
	Carrier inserts	Set framework for carrier insert prices	
Workshops	Approve Terms & Conditions	Set terms and conditions for registrants	
	Approve prices	Set framework for registrant prices	
	Approve financial basis for financial results	Set financial objective of workshops	

Overseas Trained Physicians	Approve Terms & Conditions	Set terms and conditions for applicants	OTP Committee/NZ Committee
	Approve prices	Set framework for applicant prices	
Lectures	Approve Terms & Conditions	Set terms and conditions for registrants	Member Services Committee
	Approve IP Terms & Conditions	Set terms and conditions for IP relating to content provided by 3 rd parties	
	Approve financial objective of lectures	Set the financial objective for lectures	
On line advertising	Approve Terms & Conditions	Set terms & conditions for online advertisers	
	Approve prices	Set framework for advertising prices	
Hire of Library Books	Approve Terms & Conditions	Set terms & Conditions for the loan of College library books	Library Committee(s)
	Approve prices	Set prices for loan of College library books	
Merchandise	Approve prices	Set prices for the sale of College merchandise	
	Approve terms & conditions	Set terms & conditions for sale of College merchandising	
New commercial activities	Approve all new commercial activities	Review business cases submitted to support new commercial activities and determine if the new commercial activity can commence.	
Termination commercial activities	Approve all commercial activities to be terminated	Review business cases submitted to support terminated commercial activities and determine if the commercial activity can be terminated.	