

# Finance and Risk Management Committee

## By-law

### BY-LAW PURSUANT TO THE CONSITUTION OF THE ROYAL AUSTRALASIAN COLLEGE OF PHYSICIANS FOR THE ESTABLISHMENT AND OPERATION OF BOARD COMMITTEES

<b>Area of College</b>	Governance
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<b>Associated RACP Documents</b>	Governance of College Body By-law, Appointments to College Bodies Policy, RACP Constitution
<b>Applicability</b>	Australia and Aotearoa New Zealand

*Note: This is a controlled document within the [RACP Policy Framework](#). The Framework covers all RACP policies, procedures, by-laws, terms of reference, guidelines, forms and so forth. Any new documents or amendments of existing documents or changes to approver, owner or area of college should be done in accordance with the RACP Policy Framework and Document Control (RACP Policy Framework) Procedure.*

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## 1. INTRODUCTION

The Board of the Royal Australasian College of Physicians has established the Finance and Risk Management Committee (the “Committee”). The Finance and Risk Management Committee of College Bodies By-law sets out the general provisions for governance of Board Committees. Both the Governance of College Bodies By-law and this By-law govern the Committee.

## 2. PURPOSE

The Board has established the Committee to assist the Board in discharging its responsibilities as set out below:

- 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.

The Committee will work in conjunction with other Board Committees as required to assist the Board to fulfil its responsibilities.

The Committee has no executive power in relation to the operation of the College as it primarily performs a reviewing and recommending function only.

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. FUNCTIONS

The functions of the Finance and Risk Management Committee include:

### 3.1. 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:

- a) 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;
- b) Advise the Board on the parameters that will underpin risk management strategies, resources, structures, and processes within the College;
- c) Advise the Board on the management of the College's brand, image and reputation;
- d) Advise the Board on the processes implemented by management to ensure that the College complies with its statutory and regulatory obligations;
- e) 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;
- f) Be the College Body to which College Members, staff and other College Bodies can raise risk issues in the first instance; and
- g) Oversee the activities of such internal audit function as the College may from time to time require.

### **3.2. Internal Control**

- a) 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.
- b) 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.
- c) 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.

### 3.3. Investment

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.

### 3.4. Financial Reporting

- a) Oversee the College's financial reporting process on behalf of the Board and report the results of its activities to the Board.
- b) Recommend to the Board appropriate accounting policies and principles to be used by the College in the preparation of its financial statements and reports.
- c) 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.

### 3.5. Annual Financial Statements

- a) 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.
- b) 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.
- c) Meet with management and the external auditor, as necessary, to review the financial statements and the results of the audit.
- d) 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.
- e) Make a recommendation to the Board whether the financial statements should be approved.

### 3.6. External Auditors

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

- a) 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.
- b) Discuss with the external auditor, as needed, the overall scope of the external audit, including identified risk areas and any additional agreed-upon procedures.
- c) 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.
- d) Satisfy itself as to the independence of the external auditor.
- e) Review and make, where required, recommendations in respect of:
  - The appointment (or removal) of the external auditor;
  - Procedures for selecting and appointing the external auditor;
  - Procedures relating to the engagement of the external auditor to provide any non-audit services.

### 3.7. Commercial Activities

- a) 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.
- b) The Board has delegated the oversight of these commercial activities to the Finance and Risk Management Committee.
- c) 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.

### 3.8. Other

- a) 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.
- b) The Committee shall also review material whistle-blower incidents and reports that pertain to its role and responsibilities.

## 4. COMMITTEE PROHIBITIONS

The Committee must not:

- Enter into any agreement binding upon it or on the College; or
- Represent or imply in any way that the Committee is a body independent of the College.

## 5. MEMBER COMPOSITION

The Membership of the Committee shall comprise a maximum of seven members and have the appropriate skills and experience and time to fulfil the responsibilities of the Committee, and shall comprise:

### 5.1. Ex-officio Members

- The RACP President.

### 5.2. Appointed Members

- Board Director appointed as the Honorary Treasurer will chair the Committee, unless the Board determines otherwise.
- A minimum of two and up to three Board Directors (inclusive of the Honorary Treasurer and the RACP President).
- A minimum of four and up to five Non-Board members (non-College members or College Member may be appointed).
- At least one (1) member of the Committee must be a New Zealand based Member of the College (Fellow or Trainee), who will be nominated for appointment by the New Zealand Committee. This nominee may or may not be a current member of the New Zealand Committee, at that committee's discretion.

## 6. MEETING

This section is to be read in conjunction with the Governance of College Bodies By-law.

At the Committee's discretion, the Chief Executive Officer, Executive General Manager of Shared Services, Company Secretary and Risk and Compliance Manager will have a standing invitation to attend all meetings of the Committee.

The Committee may invite other persons to attend its meetings as it shall determine, including the external auditor.

### 6.1. Number of Meetings

The College Body shall hold a minimum of six meetings per calendar year and shall meet by teleconference, face to face or videoconference.

### 6.2. Chair

The Chair or their appointee will Chair all meetings.

## 6.3. Quorum

A quorum is one half of the total Committee membership, one of whom must be a Board member.

## 6.4. Voting

Decisions will be made by consensus of the majority of members.

## 6.5. Minutes

The proceedings of all meetings of the Committee shall be recorded in the minutes.

## 6.6. Secretariat

Meeting agenda, supporting papers and minutes or outcomes will be provided prior to the date of the meeting.

## 6.7. Committee Reviews

The Committee is to undertake a skill and experience review annually.

The Committee is to review their performance against this By-law every two years.

## 7. REPORTING

The Committee must report and make recommendations to the Board as required.

The Committee is required to provide to the Board each year:

- a new or updated Work Plan (Work Plans may be one or two years).
- a report against the preceding years' Work Plan.

## 8. REVIEW OF BY-LAW

This By-law will be reviewed every three years.

## 9. DEFINITIONS

<b>Term</b>	<b>Means</b>
Board	The Board of Directors of The Royal Australasian College of Physicians
College	The Royal Australasian College of Physicians, an incorporated body limited by guarantee ACN 000 039 047.
College Body	Has the same meaning as in the College Constitution
Ex-officio	Has the same meaning as the Governance of College Bodies By-law
Fellow	Has the same meaning as the Governance of College Bodies By-law
Member	Has the same meaning as the Governance of College Bodies By-law
Parent Body	Has the same meaning as the Governance of College Bodies By-law
Trainee	Has the same meaning as in the College Constitution.



**10. HISTORY**

<b>Commencement</b>		
This By-law was approved by the Board and commenced on 13 May 2016.		
<b>Revision</b>	<b>Effective Date</b>	<b>Summary of Changes</b>
1.0	13 May 2016	This By-law was approved by the Board of the College and commenced on this date.
2.0	8 April 2016	Risk Management function expanded to assume the responsibilities previously undertaken by the Risk Management Committee.
3.0	20 July 2018	The total membership of the Committee reduced from 12 to 6 members.
4.0	4 July 2023	Updated the By-law to the new format. Amend the member composition of the Committee to a maximum member composition of six members, comprising a minimum of two and up to three Board Directors and a minimum of three and up to four Non-Board Members.
5.0	2 May 2025	Amend the member composition of the Finance and Risk Management Committee By-law (cl 5) to ‘...comprise a maximum of seven members ...’, and amend (cl 5.2, 3rd dot point) to ‘A minimum of four and up to five non-Board members (non-College members or College Member may be appointed)’.

## COMMERCIAL ACTIVITIES

### Annexure A

<b>Commercial Activity</b>	<b>Finance and Risk Management Committee responsibility</b>	<b>Task</b>	<b>Input/Collaboration with other Board subcommittees</b>
<b>Congress &amp; ASMs</b>	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
<b>Congress &amp; ASMs</b>	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
<b>Publications</b>	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	
<b>Workshops</b>	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	