# RISK AND FINANCE COMMITTEE TERMS OF REFERENCE

## 1. Background

The Risk & Finance Committee supports the Board by overseeing SCA (NSW)'s financial sustainability, risk governance, and key compliance obligations. Established under the Constitution and guided by the Board Charter, the Committee provides assurance that the organisation's financial management, internal controls, and risk governance systems are effective and aligned with SCA (NSW)'s strategic objectives.

The Committee operates within the broader governance framework, including the Risk Management Framework, Compliance Plan, financial management policies, Enterprise Risk Register, and external audit processes. Through this oversight, the Committee helps ensure the Association remains financially sound, well-governed, and resilient to emerging risks.

## 2. Scope

The Committee's scope covers the key areas of financial governance, organisational risk, and compliance. It provides advice to the Board on matters that may affect SCA (NSW)'s financial position, risk profile, or ability to meet regulatory and policy commitments.

Within this scope, the Committee considers matters relating to:

- Financial planning, performance, sustainability, and reserves
- The organisation's risk profile, key risk themes, and emerging risks identified through the Risk Management Framework
- Compliance obligations, internal financial controls, and supporting governance policies
- Insurance arrangements, external audit outcomes, and risk reporting
- External or internal developments that may affect SCA (NSW)'s financial stability or risk exposure

## 3. Composition

The Committee comprises a maximum of six members and includes:

- Chair, appointed by the Board
- Four Directors appointed by the Board
- One representative of the SCA (NSW) Secretariat

Members are chosen based on their financial literacy, risk and governance experience, and ability to contribute to the Committee's objectives. Collectively, the Committee should possess capacity in financial management, risk oversight, audit process and strategic governance.

The Professional Standards Compliance Manager (PSCM) or other Secretariat staff may attend meetings by invitation for specific agenda items related to financial, risk, or compliance matters.

## 4. Appointment and Term

The Board appoints committee members. The Chair is selected from among the appointed Directors. Appointment to the Committee is for a one-year term, commencing from the first Committee meeting after the Annual General Meeting or from the date determined by the Board. Members may be reappointed for subsequent terms at the Board's discretion.

A member may resign from the Committee at any time by notifying the Chair in writing. The Board may appoint a replacement member to fill any vacancy or to ensure the Committee retains the capability required to fulfil its responsibilities.

## 5. Activities

The Committee carries out the following activities to support the Board's oversight of financial governance, risk management, and compliance obligations:

**A. Financial Governance**

- Review the annual budget and present it to the Board for approval.
- Monitor financial performance, including revenue, expenditure, forecasts, cash flow, and reserves and recommend any adjustments to the board.
- Review financial reports to ensure accuracy, timeliness, and alignment with the Board's expectations.
- Guide financial sustainability, long-term planning, and the effective management of organisational resources.
- Assess the adequacy and effectiveness of internal financial controls.

**B. Risk Management**

- Monitor the organisation's risk profile and recommend to the Board key risks, emerging risks, and changes identified through the Risk Management Framework.
- Review the Enterprise Risk Register (ERR), including inherent and residual risk ratings, controls, and treatment plans.
- Suggest updates of the ERR or risk treatment strategies to the Board when necessary.
- Evaluate the effectiveness of risk controls and ensure that gaps or deteriorations are escalated and addressed by the board.
- Offer advice on risk appetite, risk tolerance, and risk culture across the organisation.
- Ensure risk management practices remain current with regulatory requirements, sector developments, and good governance principles.

**C. Compliance and Assurance**

- Monitor compliance obligations as outlined in the Compliance Plan and relevant policies.
- Review findings from external audits, regulatory reviews, and internal compliance reporting.
- Oversee the implementation of audit recommendations and corrective actions.
- Review insurance arrangements to ensure adequate protection of SCA (NSW)'s assets, activities, and strategic operations.
- Consider insights from complaints, enquiry trends, financial irregularities, and external developments that may affect organisational compliance.

**D. Policy and Framework Review**

- Review and recommend updates to the financial, risk, and compliance-related policies to ensure they remain current and effective.
- Endorse updates to financial-related policies, including financial delegations, procurement, internal financial controls, budgeting and forecasting, and reserve management.
- Review changes to SCA (NSW)'s organisational insurance arrangements and recommend adjustments to the Board as required.
- Consider audit scopes, external audit reports, and management responses before they are presented to the Board.

- Review business continuity, incident response, and related governance documents where they intersect with risk or financial exposure.
- Endorse any new or materially revised policies that impact financial management, organisational risk, or compliance obligations before they are submitted to the Board.
- Endorse amendments to the Risk Management Framework, Compliance Plan, and financial management policies before Board consideration.

## 6. Reporting and Recommendations

The Committee provides regular reports to the Board, supporting informed financial and risk governance.

The Committee will:

- Provide a clear quarterly report to the Board that consolidates key updates from the period, including financial performance, shifts in the risk profile, compliance matters, audit outcomes, and any recommendations made during the period.
- Make recommendations to the Board whenever necessary, especially when reviewing the annual budget, financial policies, risk assessments, updates to the Enterprise Risk Register, audit findings, compliance issues, or insurance arrangements.
- Highlight significant risks or emerging concerns that may require timely Board oversight and escalate urgent matters between meetings if necessary.
- When amendments, new policies, updated frameworks, financial summaries or risk reports are presented by the Secretariat, the Committee will review, endorse and submit them to the Board for consideration.

Recommendations from the Committee guide the Board's decision-making but only take effect once formally approved.

## 7. Frequency of Meetings

The Committee plans to meet every six weeks, with additional meetings scheduled as needed to address urgent financial, risk or compliance matters. The Committee may meet more frequently during periods of increased activity or when significant issues arise.

## 8. Conflict of Interest

Committee members must act impartially and in SCA (NSW)'s best interests. Any actual or perceived conflict of interest should be declared as soon as possible. The Chair will determine how the conflict will be managed, which may include asking the member to abstain from participating in the discussion.

## 9. Review of the Terms of Reference

These Terms of Reference will be reviewed annually, or more frequently if needed, to ensure they remain current and aligned with the Association's governance, strategic priorities, and legislative requirements. The SCA (NSW) Board must approve any modifications to the Terms of Reference.