

Finance subcommittee

Terms of Reference



1. Purpose

The Finance Committee (“the committee”) is a sub-committee of the Community Living & Respite Services (CLRS) Board created to assist the Board in the effective discharge of its responsibilities for financial reporting, internal control structures, internal and external financial audit functions and financial risk management systems. For the avoidance of doubt this includes environmental matters.

2. Membership

The committee will consist at least 2 Board members, the CEO, the Operations Executive Director and Finance Manager. The committee has the authority to appoint an additional member as required to fill knowledge gaps.

The committee members must be appropriately financially literate and at least one member must have accounting or associated financial management experience. The Chairman, members, and term of appointment of each member shall be determined by the Board.

The Chairman of the committee must not be the President of the Board and is generally expected to be the Treasurer.

3. Meetings

The committee shall meet as frequently as required but not less than four times a year.

Meetings are held to ensure all areas of the committee program are completed.

The Chairman may call additional meetings.

Three members, one of whom must be a Board member, shall constitute a quorum.

The Committee can meet with the external auditors and/or the internal auditors without members of management being present whenever it is deemed appropriate by the Chairman of the Committee.

4. Duties

4.1. Oversight of Financial performance

The Committee will ensure the integrity of the financial statements by:

- reviewing the consistency of accounting policies on a year to year basis
- reviewing CLRS’ financial statements taking into account:

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- critical accounting policies and practices and any changes in them;
- decisions requiring a major element of judgement;
- financial performance against the Board approved budgets
- the extent to which the financial statements are affected by any unusual transactions;
- the clarity of disclosures;
- significant adjustments resulting from the audit;
- the going concern assumption;
- the Chief Executive Officer (CEO) and the Executive statements to the Board made pursuant to the requirements of CLRS' Risk Management Policy.

The committee will report and/or make recommendations to the Board regarding the financial performance of the organisation.

The Committee will ensure the integrity of annual budgets by doing the following:

- Ensuring budgets are developed on an annual basis using accurate and reliable information
- Review performance against budget on an as determined basis
- Ensuring reporting against budget is provided to the Board
- Identifying any opportunities for income generation (e.g. major grants, product sales, investments, etc.).
- Overseeing the management of short and long-term investments.

The Committee will recommend the selection of an auditor, work with the auditor and respond to the auditor's recommendations as required.

The committee will recommend to the Board that the information as presented at each Board meeting is recommended for acceptance.

4.2. Financial Risk Management

The committee will:

- Be responsible for the oversight and monitoring of financial risk
- Review the Board's risk appetite and risk tolerance, with respect to categories of risk which impact financial operations.
- review management's implementation of risk treatment and mitigation policies and procedures for financial operations, to assess compliance and effectiveness
- Review reports from management, external auditors, legal counsel, regulators, and consultants as appropriate, regarding financial risks CLRS faces and CLRS' management of those financial risks.

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- Address the effectiveness of the internal controls, risk management and performance management of financial systems with management and external auditors.
- Keep under review the effectiveness of CLRS' financial reporting and internal control policies and its procedures for the identification, assessment, reporting and management of financial risks.

4.3. External Accountability

The committee will ensure compliance with securities exchange and other legal requirements monitor compliance with legislative requirements relating to financial reporting.

This will be completed through monitoring and review of the legislative and compliance reporting calendar.

4.4. Board member Induction, orientation & training

- Identify opportunities for education of Board members in relevant matters of finance.
- Facilitate the orientation of new Board members in relation to the organisations financial performance & reporting.
- Facilitate the induction of new members of the Finance committee.

5. Authority

In carrying out its duties the Committee shall have the authority to discuss directly with management, or the external auditors any issue within its remit and to request reports, explanations and information of any of the activities, procedures or accounts of the CLRS.

The authority of the Committee is limited to providing advice and recommendations to the Board.

6. Performance & Review

The minutes of each committee meeting will be provided to the Board following each committee meeting.

The Committee's Terms of Reference shall be reviewed annually and updated as required.

The Committee program will be revised & endorsed annually.

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