

# FINANCE, AUDIT AND RISK COMMITTEE

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## TERMS OF REFERENCE

**1. NAME**

Finance, Audit and Risk Committee, referred to as “the Committee”.

**2. RELATIONSHIP TO THE CHURCH**

The Committee is accountable to the General Church Board, referred to as “the Board”, and shall fulfil its responsibilities in keeping with the Constitution and the policies of the Church.

**3. PURPOSE**

The Committee shall assist the Board in fulfilling its responsibilities prescribed in Section 8.4.2 of the By-Laws of the Church and in respect to relevant legislation. It will provide independent comment, advice and counsel to the Board on matters considered by the Committee at its regular meetings.

**4. AUTHORITY**

4.1 The Committee does not replace or replicate established management responsibilities and delegations.

4.2 There is no standing delegated decision-making authority from the Board to the Committee.

**5. MEMBERSHIP**

5.1 The Committee shall be appointed by the Board and shall consist of four [4] members:

5.1.1 one [1] member of the Board; and

5.1.2 three [3] members of the Church with finance/risk/audit-related qualifications and relevant experience.

5.2 The Board shall appoint the Chairperson of the Committee from its members.

5.3 The Executive Officer of the Church and Business Manager of the Church are to attend all meetings.

5.4 The term of appointment for all members will be for a Synodical term.

5.5 The Committee may engage advisers to provide specialist input and expertise.

**6. MEETING ARRANGEMENTS AND REPORTING**

6.1 The minutes of all Committee meetings and a report by the Chairperson of the Committee detailing the findings and recommendations of the Committee must be tabled at the Board meeting following each Committee meeting.

6.2 The Board shall be made aware as soon as practicable of any finance, risk or audit matters which may impact the Church.

6.3 The Committee will meet at least three [3] times each year.

**7. RESPONSIBILITIES**

The Committee shall

7.1 assess and contribute to an assessment of the risks and threats to the Church, taking into account the financial and operational environment in which it operates;

7.2 assess and enhance the governance of the Church, including its systems of internal control as articulated in appropriate policies and procedures;

- 7.3 evaluate the quality, and support the practical implementation of, the internal systems, particularly in respect of planning, budgeting, monitoring and reporting;
- 7.4 oversee and appraise the financial and operational reporting processes of the Church;
- 7.5 provide advice to the Board on the financial management reports for Church boards, councils and committees, LCA Consolidated and the Districts of the Church;
- 7.6 monitor and evaluate the risk management systems in place to protect the Church, including reviewing, in consultation with the LCA Insurance Fund, the adequacy of insurance policies in place;
- 7.7 monitor and evaluate, in consultation with the Loans Management Committee, the loan-related policies and systems in place, particularly in respect of assessment, approval criteria and conditions, risk profile, loan monitoring and management of 'at risk' loans;
- 7.8 provide advice to the Board on setting a maximum debt ceiling for the Church that takes into account contingent liabilities;
- 7.9 monitor and evaluate the effectiveness of the compliance by the Church with applicable laws, regulations, standards and best practice guidelines, and propose changes where necessary;
- 7.10 recommend the appointment of the external auditor and provide advice on the quality and results of the audit;
- 7.11 consult with external auditor on the proposed audit strategy and audit fees for each year;
- 7.12 examine the Annual Audited Financial Statements before submission to the Board, focussing particularly on
  - 7.12.1 any changes to accounting policies and practices;
  - 7.12.2 major judgement areas, for example accruals, provisions or estimates which significantly affect the financial statements;
  - 7.12.3 significant adjustments resulting from the audit; and
  - 7.12.4 compliance with accounting standards, government and legal requirements;
- 7.13 consider issues arising from the external auditor's management letter and propose action, as appropriate; and
- 7.14 liaise with and, as necessary, provide guidance to other entities of the Church to ensure adequacy of internal policies and risk assessments and consistency with Church policies and procedures.

## **8. REVIEW**

- 8.1 The Terms of Reference for the Committee shall be reviewed by the Board during each synodical term.
- 8.2 Any changes to the Terms of Reference shall be approved by the Board, upon review by the Standing Committee on Constitutions.
- 8.3 The Committee shall review annually its own performance against its duties as outlined in the Terms of Reference, and report the outcome to the Board.