

Terms of Reference – Finance, Risk and Audit Committee

1. Name of Group

- 1.1 Finance, Risk and Audit Committee (FRAC) – an advisory committee of the Physiotherapy New Zealand Executive (PNZ Executive).

2. Role and Purpose

- 2.1 The role of FRAC is to support the PNZ Executive with the governance of PNZ. This includes the integrity of PNZ's financial and accounting systems, financial reporting both internally to PNZ Executive and externally to members and other stakeholders, its internal controls, regulatory compliance and risk management systems.
- 2.2 FRAC is an advisory committee of the PNZ Executive. It has no authority to make decisions on behalf of the PNZ Executive, to approve financial expenditure or commit PNZ to activities or undertakings not otherwise approved by the PNZ Executive.
- 2.3 FRAC provides a formal forum to improve the efficiency of the PNZ Executive by allowing for delegated issues to be discussed in sufficient depth.
- 2.4 The purpose of FRAC is to assist the PNZ Executive with its responsibilities to exercise due care, diligence and skill in relation to the oversight of:
 - a. Financial reporting and underlying financial policies;
 - b. Working with the external auditor;
 - c. Compliance with laws, regulations, ethical requirements and industry standards including Health and Safety;
 - d. Identifying, assessing and managing business and organisational risk;
 - e. Oversight of the investment funds for PNZ and the Physiotherapy Scholarship Trust;
 - f. Financial management and reporting of fraud; and
 - g. Other responsibilities as delegated from the PNZ Executive.

3. Membership

- 3.1 The PNZ Executive is responsible for the appointment of members to the Committee.
- 3.2 FRAC will consist of a minimum of four (4) and up to ~~five~~ seven (7) voting members. This will include:
 - a. ~~Up to Three~~ (3) PNZ Executive members, ~~minimum of two~~ (2);
 - b. One (1) and up to two (2) PNZ members
 - ~~b-c.~~ At least one (1) and up to two (2) lay person(s) who are independent to the organisation.
- 3.3 All members should have a knowledge of finance, accounting procedures and business. It is desirable that members should encompass a suitable mix of relevant skills and experience to perform the duties expected as members of the Committee.
- 3.4 The FRAC Chair shall be appointed by the PNZ Executive at the first meeting of each calendar year. In the Chair's absence, any committee member, with the agreement of the members present, may Chair that particular meeting.
- 3.5 The Chief Executive Officer (CEO), the Operations & Business Services Manager (OBSM) and PNZ Accountant are to attend all meetings and have speaking, but not voting rights. FRAC may, in its sole discretion, exclude the CEO, OBSM and PNZ Accountant from their deliberations.
- 3.6 The Chair, in addition to the role of a Committee member:
 - a. Sets the agenda for each meeting and ensures all relevant documentation is provided to members in advance of meetings;
 - b. Makes the purpose clear for each meeting, clarifies and summarises what is happening throughout each meeting;
 - c. Keeps the meeting moving and actively seeks participation from all members;
 - d. Reports to the PNZ Executive on behalf of FRAC following each meeting.



- e. Provide the information relating to the Finance Risk and Audit Committee in the PNZ Annual Report;
- 3.7 Secretariat support for FRAC will be provided by the PNZ Office, with direction from the Chair.
- 3.8 All PNZ Executive members (not being members of the Committee) are welcome to attend scheduled meetings at any time as observers. The CEO may also from time-to-time, arrange for other employees to attend scheduled meetings in order to participate in a specific discussion on a subject matter with which they have expertise.
- 3.9 The Committee, at its discretion, may invite outside specialist advisors from time-to-time to attend a FRAC meeting (but without voting rights) in order to bring additional skills or experience.

4. Term

- 4.1 The term of Committee members who are members of the PNZ Executive will coincide with their PNZ Executive tenure.
- 4.2 The term for appointed members will be for three (3) years, not to exceed two (2) terms.
- 4.3 A Casual Vacancy may arise if a person does not serve out their full term of office. The appointment of these positions is at the sole discretion of the PNZ Executive, seeking advice from FRAC Chair and PNZ Office as required.

5. Responsibilities

- 5.1 FRAC does not take any actions or make decisions on behalf of the PNZ Executive unless specifically delegated.
- 5.2 The PNZ Executive has delegated the following functions to the committee:
 - a. Oversight of quarterly financial management and reporting matters,
 - b. Review annual budget to ensure alignment with strategic and business plans,
 - c. Responsible for recommending, to the PNZ Executive, the independent auditors for PNZ annually, including reviewing their independence and clarifying their role,
 - d. Meet with external auditors to review results and discuss adequacy and effectiveness of the financial controls and any issues the external auditors wish to raise,
 - e. Review the audited annual financial statements before their presentation to the PNZ Executive, to ensure they represent a true and fair record of PNZ's financial position, performance and cash flow.
 - f. Oversight of risk management across PNZ Governance and PNZ Operations and recommend strategies to mitigate identified risks through the risk management plan,
 - g. Monitor compliance with applicable laws, regulations, standards, contracts and best practice guidelines,
 - h. Monitor compliance with Health and Safety at Work Act 2015,
 - i. Review level and type of insurance coverage for PNZ and make recommendations to the PNZ Executive as required,
 - j. Oversight of the PNZ investment funds,
 - k. Investigating any activity covered by the Committee's Terms of Reference (in alignment with the delegations from the PNZ Executive),
 - l. Monitoring the solvency of PNZ and raising any concerns for the PNZ Executive's immediate attention
 - m. Any other matters referred to FRAC by the PNZ Executive.
- 5.3 As a separate legal entity to PNZ but for the benefit of members and secretariat support provided by PNZ, FRAC also provide oversight of the Physiotherapy Scholarship Trust investment funds.
- 5.4 Reporting to the PNZ Executive will consist of copies of all committee meeting minutes to be included in PNZ Executive papers. The Chair of FRAC or nominated PNZ Executive member of FRAC may report to the PNZ Executive, following each FRAC meeting. This will include any recommendations requiring PNZ Executive action or approval.
- 5.5 The CEO and OBSM will be responsible for drawing the committee's immediate attention to any material matter that relates to the areas of delegated responsibility for the



Committee, for example any material event of fraud or malpractice, or any material breakdown in internal controls.

6. Meetings

- 6.1 Formal meetings are to be held at least four times in each financial year with the agenda and FRAC papers for discussion to be distributed not less than 5 days prior. Attendance at the meeting can be virtual or other means by which those participating may hear each other simultaneously.
- 6.2 A quorum shall comprise a majority of the voting members of the Committee.
- 6.3 Meetings are generally to be conducted in accordance with commonly accepted standards and practices, with all decisions based on a simple majority of members voting. In the event that a particular resolution is controversial, and the vote is not clear-cut, the Chair shall have the prerogative to either defer the matter for further discussion in order to achieve a majority vote or have a casting vote.
- 6.4 Minutes of meetings are to be kept and a summary of all future action items to be compiled.
- 6.5 In the event that FRAC is required urgently to give effect to a pressing recommendation between scheduled meetings then a resolution can be obtained via email and acted upon. This will be tabled at the next scheduled meeting of FRAC and formally ratified post facto.

7. Confidentiality and Conflicts of Interest

- 7.1 As a member of the Committee, there will be exposure and access to confidential information in order to perform the duties required. It is important to not share or expose any confidential information as part of performing the duties of a Committee member.
- 7.2 Committee members are responsible for declaring a conflict of interest. In all cases where a conflict exists, or may be reasonably perceived to exist, FRAC member will withdraw themselves from the discussion and not participate in the deliberations and advice of the Committee.

8. Performance and Review

- 8.1 Performance of FRAC will be monitored and measured on an annual basis. This process will be conducted as a self-assessment and will be coordinated by the Chair of PNZ Executive.
- 8.2 Training needs will be monitored by the Chair of FRAC.
- 8.3 This Terms of Reference will be reviewed on an annual basis to ensure alignment with the requirements from the PNZ Executive. At this time, the Terms of Reference may be amended, varied or modified by the PNZ Executive after consultation with FRAC.

9. Definition of Terms

- 9.1 More information on descriptions and definitions of terms can be found within the “Rules of Physiotherapy New Zealand” document.

10. Date Ratified

- 10.1 This Terms of Reference was ratified by the PNZ Executive on [09 December 2023](#)
Reviewed by Rules & Policy Committee:
Ratified by PNZ Executive:
Next Review Date: [2026](#)

