



Royal Society of New South Wales

Finance, Risk and Governance Committee

Terms of Reference

1. Introduction

1.1. Context

This document provides the initial terms of reference of the Finance, Risk, and Governance Committee. As such, it contains descriptions relating to the motivation for the committee's establishment and contextualisation for aspects of its potential workplan.

Following a year of work, it is recommended that the committee review its terms of reference and make recommendations to the Council for updated terms of reference that will serve its operation in the longer term, without the need for added context.

1.2. Background and Context

The Royal Society of NSW (the Society, RSNSW) traces its origins to the Philosophical Society of Australasia, which was established on 27 June 1821. The Society received Royal Assent in 1866 and was incorporated by an Act of the NSW Parliament in 1881.

Today, the Society is an inclusive learned institution that aims to enrich lives through knowledge and inquiry. It encompasses a diverse group of people who are dedicated to ideas that matter, contributing to a just, secure, and sustainable society by:

- Mobilising the multidisciplinary expertise of Society members
- Providing authentic and authoritative information
- Addressing national and global challenges
- Recognising and promoting excellence.

1.3. Organisational Structure

The Council is responsible for delivering the initiatives of the 2025 Master Plan.

The organisational structure of the Society has been conceived as a collection of programs that are designed and implemented by Council, Committees, and Working Groups. The Committees and Working Groups undertake the detailed work of the Society, providing reports and advice to Council on the present and future conduct of the programs.

This document sets out the roles and responsibilities of the RSNSW Finance, Risk and Governance Committee, in accordance with the Society's Rules, Values, Strategic Plan, Policies, Programs, and Council Handbook.

2. Role and Responsibilities

2.1. Purpose

The Finance, Risk and Governance Committee (FRGC) provides oversight of the Society's finances, analyses and monitors financial and operational risks, reviews, from time to time, the effectiveness of the Society's governance, and supports Council in meeting its statutory obligations.

Its role is to ensure that the Society:

- Manages its limited financial resources responsibly, providing Council, through the Treasurer, with clear and timely financial information
- Identifies and monitors major risks that could affect business operations and reputation, reporting to Council as required
- Oversees the annual audit and all other formal reporting requirements, including the preparation of the annual financial report
- Operates in accordance with Australian Government legislation, Australian Taxation Office requirements, regulations of the Australian Charities and Not-for-profits Commission, and other relevant legislation, regulations, and guidelines
- Reviews the effectiveness of the Society's governance, recommending to Council changes to the Rules and operating procedures, as necessary.

This Committee is advisory only; all decisions remain with Council.

2.2. Authority

The Committee is established by Council and may:

- Review financial reports and budgets
- Undertake reviews of risks and the effectiveness of the Society's governance
- Request information from the Treasurer or relevant officers
- Recommend actions to Council.

The Committee may not approve expenditure, enter contracts, or direct staff or volunteers.

2.3. Policies and Guidelines

The Society has several documents that govern the workings of Council and each Committee. These are the:

- Diversity and Inclusion Policy
- Conflict of Interest Policy
- Future Fund Policy
- Privacy Policy
- Guidelines for Sponsorship and Donations
- Advocacy Guidelines
- Council Handbook.

These documents will be made available to the Committee by the Secretary of the Society.

3. Specific Tasks and Responsibilities

3.1. Financial Oversight

The oversight of the Society's finances entails:

- Review of periodic financial statements (from the secretariat), forecasts, etc.
- Monitoring cashflow, expenditure and general adherence to the budget
- Monitoring the accuracy of financial reports and adequacy of the management/oversight services provided by our secretariat
- Review of the draft annual budget before submission to Council
- Advising Council on issues relating to financial sustainability, noting matters raised by the Treasurer
- Oversight of contracts, notably the annual service contract with The Association Specialists (TAS), and other contracts, e.g., renewal of communications officer contract, insurance, etc.
- Oversight of the annual external audit, including the review of audited financial statements and addressing recommendations from the auditor.

3.2. Risk Assessment and Monitoring

Context

In the years since the COVID pandemic, the Society's operating environment has changed markedly — a consequence of our greater activity profile, the greater use of information technology and social media, and the need to operate with limited financial resources by insourcing (to volunteers) work that has been undertaken previously by our secretariat, or which did not exist in earlier times.

In 2026, our secretariat, The Association Specialists (TAS), provides financial services and administration, membership services (renewals, induction of new members, membership billing), and basic membership communications (mailbox and telephone).

All other operations are undertaken or overseen within the Operations Portfolio, almost exclusively by volunteers. These include event management (including management of registrations, preparation of registration sites, the provision of communications for all branches, and logistics), the management of IT systems (Microsoft 365 email and collaboration systems (OneDrive, SharePoint and Teams), a Zoom subscription (for webinars), a Mailchimp subscription for bulk email communication (events, The Bulletin, subscriber newsletter, broadcast emails to the membership, etc.), and the updating and generation of website content. Website maintenance is outsourced (under annual contract) to our web developer. The bulk of our social media outreach is undertaken by a part-time employee, while the content generation for and the administration of our YouTube channel is undertaken by a volunteer.

Accordingly, Society's risk profile now comprises both financial and operational elements. We do not presently maintain a formal risk framework/register, although operate with the following list of key risks.

Key Risks

These relate to:

- Financial sustainability
 - Insufficient revenue to maintain current operations without the sponsorship from the Office of the Chief Scientist (secured until 2031–32)
 - Rising cost of services, particularly from the secretariat, necessitating further insourcing
- Operational risks
 - Inability to either (a) adequately resource professional services or (b) attract sufficient appropriately skilled volunteers to guarantee business continuity or provide for new/additional services
 - Lack of robustness— through the possible loss of key volunteers or officers
 - IT and data issues
 - Paucity of skills and knowledge to ensure robustness and enable enhancement of services
 - Adequacy of the management and retention of Society's records and data
- Compliance risks
 - Lateness of reports or missed filings for key documents such as the ACNC Annual Information Statement or the report to our major sponsor, the Office of the NSW Chief Scientist and Engineer
 - Ensuring adherence with basic financial expectations/policies (delegations, payment schedules, and approvals)
- Reputational risks
 - Adequacy of adherence to advocacy guidelines, potentially raising reputational risk
 - Erroneous communications (seemingly, only a minor risk)
 - Failure to pay creditors (or employee(s)) on time — relating to the timeliness of our two-person approval processes

The Committee monitors risks, makes recommendations to the Council, and reviews this list annually, updating as required.

3.3. Governance

Context

The Society's governance is prescribed in the Act and Rules, which are updated from time to time. The last major review of the Rules took place in 2020, with minor amendments in 2023, 2024, and 2026. While the 2020 review provided for two appointed members (intended to meet the Council's skills requirements), and simultaneously reducing the number of elected members by two, there were no substantive changes to the roles of office-bearers.

The continued effectiveness of the current Rules, and particularly the composition of Council, now merits a further review, testing their fitness for purpose in 2026. One question that might be asked is whether the knowledge/skills mix of the Council is well served by our existing open elections process, without any specification of experience or skills, or the use of nominations.

Another relates to the lack of a defined leadership position for operations, given the profound transformation of the Society's operations since the last major review in 2020. Back in 2017, it was recognised that some element of technical leadership would be required, resulting in the appointment of the webmaster to the Council. Nearly a decade later, a further change is required, replacing the limited webmaster role by one specifically charged with the technical leadership and oversight of today's operations portfolio. At present, the operations leadership role is held by the Vice-President, although this happenstance cannot be relied on indefinitely. Any such change in the office-bearers will require a rule change before the next Council elections in 2027.

Key Tasks

The key tasks relating to governance are:

- Review of the effectiveness and current fitness for purpose of the Society's governance, particularly for office-bearer roles
- Review of the effectiveness of the existing election processes in selecting a Council which has the requisite skills and experience
- Providing Council with necessary recommendations relating to potential rule changes by August/September 2026 in sufficient time for any electronic ballot to be undertaken before the 2027 Council elections.

3.4. Compliance

Key tasks include:

- Assessment of the adequacy of existing measures for authorising expenditure that reduce/eliminate the potential for financial misconduct or fraud
- Monitor adherence to basic financial policies such as delegations, payments, and approvals — for approvals, reviewing the promptness with which two-person approvals are undertaken so that payments to creditors are not delayed
- Ensure the ACNC Annual Information Statement and other statutory filings, including the annual report to the Office of the Chief Scientist and Engineer, are completed on time.

3.5. Reporting

Reporting requirements include:

- A brief report for each Council meeting that supplements the Treasurer's report, addresses recent work undertaken by the committee and any issues arising, providing recommendations, as required, to the Council
- An annual report for inclusion in the Society's Annual Report that:
 - Summarises the Society's financial position of the Society
 - Addresses key risks and measures taken to address these
 - Provides commentary on audit outcomes and subsequent actions that may be required
 - Refers to Council any other matters that require its attention.

4. Committee Composition

4.1. Membership

- Chair, appointed by Council, with financial and governance expertise
- Treasurer (ex officio)
- Leader of the Operations Program (ex officio)
- 1–3 additional members with financial or governance experience, one of whom should serve as the committee secretary

4.2. Membership term and other attendees/members

- Committee members are appointed for a two-year term from the Annual General Meeting by Council resolution immediately following the Annual General Meeting or earlier should circumstances require it
- Rule 21 states that the President and the Secretary are ex officio members of all committees and have the right but not the obligation to attend Committee meetings
- External advisors may be invited for specific matters.

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