

TERMS OF REFERENCE:

A Terms of Reference (TOR) document establishes a particular board or committee and details the specific authority that board or committee has to oversee a delegated area of responsibility. It should clearly set out the roles, responsibilities, operations, tenure and obligations, in accordance with any specific legislative requirements.

The benefit of creating TOR is to provide boards or committee members and key stakeholders a common understanding of the scope, objectives and operational processes of the board/committee and any legislative requirements (e.g. under a governing act or the *Financial Management Act 1996*).

Across individual boards and committees the TOR document will differ in its context and structure, however there are a number of key elements any TOR document should include.

The following information is provided as a guide to assist administrative units with the development of TOR documents for their relevant committees:

Role of the [name] Committee:

- The purpose of this section is to identify why the particular board or committee has been established. It should outline the specific objectives of the committee or purpose to be achieved including requirements under governing legislation.

Responsibilities of the [name] Committee:

- This part of the TOR specifies how the purpose of the committee is to be met.
 - For e.g. “The Financial Advisory Board is responsible for advising on the financial affairs of organisation X, this entails responsibility for financial reporting, audit, continuous disclosure etc...”
- This section should include reference to any applicable regulations or requirements that relate to the duties, responsibilities or operations of the committee.

Powers of the Committee:

- This section should reference the authority of the committee, i.e. the areas of responsibility for which the committee can make recommendations, has rights to decision-making or can authorise particular action.
- The TOR should clearly state whether the committee has been empowered to carry out certain acts, or whether the remit of the committee is advisory in nature only.

Membership:

- This section specifies the composition of the board or committee and can detail specific requirements, i.e. the minimum or maximum number of members, the number of executive or non-executive positions or ex-officio positions and term limits

Expertise:

- The TOR should specify the skills and expertise required of members to the board or committee and should state any requirements required under legislation.
 - For e.g. “At least X members of the committee must have a significant understanding of [area/industry].”

Chair:

- This section should outline how the Chair of the committee is to be appointed and the procedure by which an acting chair is nominated if the Chair is absent.
- The TOR should also specify any requirements or restrictions on who can be appointed to the chair position.

Operation of the Committee:

- This section of the TOR details the procedures the committee must use to exercise its functions. This section can also be titled 'meetings' or 'proceedings'.
- It is good practice for the operation of the committee to be clearly outlined, with detail provided on the operation of the following matters:
 - Who will provide secretariat support to the committee?
 - How often will the committee be required to meet?
 - Who has the ability to call a meeting? Who can attend meetings?
 - What conditions are required for the meeting to proceed?
 - How will the committee capture and document their decisions, advice or recommendations?

Review and assessment of the Committee:

- This section should outline the process by which the committee undergoes regular evaluations of its performance.
- In considering performance, it is good practice for the committee to utilise external assessment measures to assist with the review. An external, independent evaluator can assess how the committee has addressed the areas delegated to it.

Terms of Reference

Introduction:

[For Example - This document sets out the roles and responsibilities of the xxx Board/Committee. It provides guidance on the board/committee's purpose, roles, responsibilities, operations, tenure and obligations, in accordance with any specific legislative requirements.]

Role of the [name] board/committee

[For Example - The xxx board/committee has been established to xxxxx in accordance with xxx Act. It should outline the specific objectives of the committee or purpose to be achieved including requirements under governing legislation]

Responsibilities of the [name] committee

Powers of the Committee

Membership

Expertise

Operation of the Committee

Review and Assessment of the Committee