

# Terms of reference

## CQHHS Board Audit & Risk Committee

	Developed	Reviewed	Next Review Date
Date:	21.06.2012	November 2023	By end 2024

### Purpose

Section 30 of the *Financial Performance Management Standard 2019* requires that where an audit committee is established, the accountable officer or statutory body must prepare a terms of reference, also known as the audit committee's charter.

The role of the Board Audit & Risk Committee (the Committee) is to assist the Board in its oversight of Central Queensland Hospital and Health Service (CQHHS) financial statements, internal control structure, internal audit function, risk management systems and compliance systems.

The Committee is also responsible for overseeing CQHHS's liaison with the Queensland Audit Office and for assessing external audit reports and actions taken in response to such reports.

The Committee does not replicate or replace established management responsibilities and delegations. The Committee is an advisory committee of the Board and has no executive powers.

The Committee will provide prompt and constructive reports on its findings directly to the CQHHS Board (the Board) highlighting issues for escalation. The Committee also refers recommendations to the Board.

In fulfilling its responsibilities, the Committee will observe and promote the organisational values of Care, Integrity, Respect and Commitment.

### Membership

#### Membership

- Members, including the Chair, are Board Members appointed to the Committee by the Board.
- A minimum of three members are appointed to the Committee.
- At least one member will have 'financial expertise' as described in the Queensland Treasury publication, *Audit Committee Guidelines – Improving Accountability and Performance*, July 2020.
- Where the necessary skills do not exist on the Board, the Board may appoint external advisors to attend Committee meetings.
- Members are appointed on the basis of personal qualities and skills and proxies are not permitted if the member is unable to attend meetings.
- Member terms and conditions are to be disclosed in the Letter of Appointment.

#### Chair

- The Chairperson of the Committee shall be a member of the Committee as nominated by the Board.

### **Attendance**

The Health Service Chief Executive is to attend all meetings of the Committee, unless excused by the Chair of the Committee. Other members of the Executive Team may be called upon to attend meetings as determined by the business before the Committee.

### **Proxies**

Proxies are not permitted if the member is unable to attend meetings.

### **Quorum**

A quorum for Committee meetings will consist of a simple majority.

### **Ethical Practices**

- Members are required to declare any interests that could constitute a real, potential or apparent conflict of interest with respect to participation on the Committee
- The declaration must be made on appointment to the Committee and in relation to specific agenda items at the outset of each Committee meeting and be updated as necessary.
- Members of the Committee may from time to time be in receipt of information that is regarded as “commercial in confidence”, clinically confidential or have privacy implications.
- Members acknowledge their responsibility to maintain confidentiality of all information that is not in the public domain. Members will maintain the Committee papers in a confidential manner from any other business or responsibilities of the members.

## **Governance, Duties and Responsibilities**

---

The Central Queensland Hospital and Health Service is a statutory body under the *Financial Accountability Act 2009* and the *Statutory Bodies Financial Arrangements Act 1982* and is a unit of public administration under the *Crime and Corruption Act 2001*.

*The Hospital and Health Boards Act 2011*

*Public Service Act 2008*

*Financial Accountability Act 2009*

*Human Rights Act 2019*

*Clinical Governance Framework*

*Destination 2030*

*Health Equity Statement*

*Service agreement*

In discharging its responsibilities, the Committee has the authority to:

- Conduct or authorise investigations into matters within its scope of responsibility.
- Access information, records and personnel of the Central Queensland Hospital and Health Service for such purpose.
- Request the attendance of any employee, including executive staff, at Committee meetings.
- Conduct meetings with the Central Queensland Hospital and Health Service internal and external auditors, as necessary.
- Seek advice from, or engage with approval from the Board, external parties as necessary.
- Create sub-committees deemed necessary to assist the Committee in discharging its responsibilities.

In accordance with section 34 of the *Hospital and Health Boards Regulation*, the Committee must exercise the following functions:

### **Financial Statements**

- Assessing the adequacy of the Service's financial statements, having regard to the following:
  - the appropriateness of the accounting practices used
  - compliance with prescribed accounting standards under the *Financial Accountability Act 2009*
  - external audits of the Service's financial statements
  - information provided by the Service about the accuracy and completeness of the financial statements.

### **Internal Controls**

- Monitoring the Service's compliance with its obligation to establish and maintain an internal control structure and systems of risk management under the *Financial Accountability Act 2009*, including:
  - whether the Service has appropriate policies and procedures in place; and
  - whether the Service is complying with the policies and procedures.

### **Internal Audit**

- Monitoring and advising the Service's board about its internal audit function.

### **External Audit**

- Overseeing the Service's liaison with the Queensland Audit Office in relation to the Service's proposed audit strategies and plans.
- Assessing external audit reports for the Service and the adequacy of actions taken by the Service as a result of the reports.

### **Compliance and Risk Management Systems**

- Monitoring the adequacy of the Service's management of legal and compliance risks and internal compliance systems, including the effectiveness of the systems in monitoring compliance by the Service with relevant laws and government policies.
- Assessing the Service's complex or unusual transactions or series of transactions, or any material deviation from the Service's budget.

Detailed functions include:

### **Cross Agency Collaboration and Outsourced Arrangements**

- Oversee outsourced arrangements with service providers providing clinical care to CQHHS community, eg radiology, radiation oncology, ophthalmology, etc.
- Provide advice and recommendations on integrity issues to the Board and Executive management, as necessary.

### **Legislative, Regulatory and Other Requirements**

- Determine whether management has considered legal and compliance risks as part of the HHS's risk assessment and management arrangements.
- Review the effectiveness of the system for monitoring the HHS's compliance with relevant laws, regulations and government policies.
- Review the findings of any examinations by regulatory agencies, and any auditor observations.

## Principles of Operation

---

- The Committee may co-opt other attendees from appropriate Departments/Services/Facilities or professional groups, to attend and advise on specific items relating to their particular expertise.
- Standing invitees at meetings will include the Health Service Chief Executive and the Chief Finance Officer.
- The Committee will meet at least 4 times per year.
- The Committee Chairperson may hold such additional meetings as may be necessary to address any matters referred to the Committee or in respect of matters the Committee wishes to pursue.
- Urgent matters can be progressed out-of-session by a flying minute with agreement of the Chair.
- The Secretariat will manage the out of session process with the Chair's approval.
- Generally, two working days is allowed for consideration by members of an out-of-session item. The Secretariat will collate members' responses and prepare for endorsement by the Chair. The final decision in respect of the paper will be recorded in the minutes of the next meeting.
- The Committee meetings will abide by normal meeting procedure, will be minuted and an agenda will be distributed before each meeting. Secretariat support will be provided to the Committee.
- Draft Minutes of the Committee's meetings will be provided to the Chair for review within five working days of them m Meeting. Feedback will be sought from the members within 7 days after distribution to them after which point, they will be regarded as confirmed.
- The Minutes of the Committee and a summary brief highlighting key points will be included with the meeting papers for the Board.
- Electronic and written records of the committee's activities, including agendas, minutes, related papers and out-of-session papers from all meetings will be maintained in accordance with the requirements of the *Public Records Act 2002* and the Queensland Government's General Retention and Disposal Schedule for Administrative Records.
- The Board Secretary will coordinate the annual review of the Committee's Charter, Annual Work Plan and the annual self-assessment of the Committee.

## Reporting Relationships

---

The Committee will develop two-way communications through formal and ad hoc reporting to the Board.

### Internal Audit

- The Committee will act as a forum for internal audit and oversee its planning, monitoring and reporting processes. This process will form part of the governance processes that ensure that the Central Queensland Hospital and Health Service internal audit function operates effectively, efficiently and economically.
- The Director, Internal Audit will have a standing invitation to attend committee meetings.
- The Chair may hold executive sessions with internal audit, if required.

### External Audit

- The Committee has no power of direction over external audit or the manner in which the external audit is planned or undertaken but will act as a forum for the consideration of external audit findings and will ensure that they are balanced with the views of management.

- The external auditor will have a standing invitation to attend committee meetings.
- The Chair may hold executive sessions with external audit, if required.

### Other Committees

The Committee shall liaise with other groups as required to ensure:

- That its statutory and operational responsibilities are met.
- That there is no material over-lap between the functions and duties of the groups.
- Frank and meaningful interchange of information.

## Escalation Methodology

Issues, recommendations or escalations are to be sent to the secretariat of the Board by the Chair.

## Evaluation /Communication

The Terms of Reference is to be reviewed and evaluated on an annual basis to ensure that it remains consistent with the Committee's authority, objectives and responsibilities.

The Committee will undertake an annual self- assessment of its performance, for the previous twelve months and report the outcome to the Board.

The Terms of Reference is endorsed by the Chair of the Committee and approved by the CQHHSB.

## Committee Work Plan

The Board Secretariat, in consultation with the Committee Chair and Executive Management shall maintain an annual work plan for the Committee. The annual work plan shall identify the key matters for consideration and actions required by the Committee during the year and allocate those matters and actions to a relevant meeting(s). The annual work plan enables the Committee, the Health Service Chief Executive and the Executive to be aware of and plan for the year ahead.

## Reporting

The Committee provides the following reports to the Board:

Report	Frequency	Responsibility
Summary of Committee meetings	Quarterly	Chair ARC

The Committee receives the following reports:

Report	Frequency	Responsibility
External Audit	Quarterly	Chief Finance Officer
Internal Audit	Quarterly	Executive Director Nursing, Midwifery, Quality & Safety (Director Internal Audit)

Report	Frequency	Responsibility
Internal Audit – Strategic & Annual Audit Plan	Annual (May of each year)	Executive Director Nursing, Midwifery, Quality & Safety (Director Internal Audit)
Internal Audit – Annual Performance Review	Annual (Feb each year)	Executive Director Nursing, Midwifery, Quality & Safety (Director Internal Audit)
Risk Management	Quarterly	Executive Director Nursing, Midwifery, Quality & Safety
Compliance	Quarterly	Chief Finance Officer
Integrity	Quarterly	Executive Director Workforce
Finance Matters	Quarterly	Chief Finance Officer
Information Security	Bi-annually	Chief Finance Officer (Director Information & Technology)
Insurance	Quarterly	Chief Finance Officer

## Endorsement

Next Review date: by end 2024

## Document Control

Date	Nature of Amendment
26/7/2012	Nik Fokas (v0.1)
17/12/2013	Development of an Audit and Risk Committee Charter and Annual Work Plan having regard to the roles and responsibilities outlined in the Queensland Treasury and Trade publication, <i>Audit Committee Guidelines – Improving Accountability and Performance</i> , June 2012 for consideration by the Audit (and Risk) Committees of the SCHHS, WBHHS and CQHHS. (v0.2)
7/1/2014	Incorporate feedback from SCHHS re name of the Board (Not HHS Board but Hospital and Health Board (the Board)), include that the Committee has no executive powers, explicitly state reference to the <b>functions</b> of the committee as listed under s34 of HHBR, include a section of Standing Invites to meetings. (v0.3)
9/1/2014	Incorporate feedback from WBHHS: inclusion of Statutory Bodies Financial Accountability Act, 1982 as an accountability responsibility, remove reference to independent member, included wording to allow for an advisor where financial expertise is not available, softened requirement for the audit committee to be externally reviewed periodically. (v0.4)
25/2/2014	Audit and Risk Committee (v.0.5)
21/3/2014	CQHH Board (v.1.0)
18/11/2014	Audit and Risk Committee Annual Review – no changes
19/8/2015	Audit and Risk Committee Annual Review - change of distribution of agenda from 5 business days to 5 days. New CQHHS template. No additional changes from Internal Audit (v.1.1)
4/9/2015	CQHH Board
16/11/2016	Audit and Risk Committee Annual Review – no changes
25 November 2016	CQHH Board
November 2018	Audit and Risk Committee Annual Review – addition of Standards statement
December 2018	CQHH Board
November 2019	Audit and Risk Committee Annual Review – minor amendments
November 2019	CQHH Board – Approval
November 2021	Audit and Risk Committee Annual Review – No changes made subject to revision of Board Charter and incorporation of relevant matters associated with implementation of the Health Equity Framework prescribed by the <i>Hospital and Health Boards Regulation 2011</i>
December 2021	CQHH Board – Approval
November 2022	Audit and Risk Committee Annual Review – minor amendments
24 February 2023	CQHH Board – Approval
November 2023	Audit and Risk Committee Annual Review - reviewed and realigned to be consistent with other Committees

November 2023	CQHHS – Approval
------------------	------------------