

Charter

Board Audit and Risk Committee as at December 2020

1. Purpose

The West Moreton Hospital and Health Service (**WMHHS**) Board Audit and Risk Committee is responsible for assisting the Board in its oversight of West Moreton Health's (**WMH**) financial statements, internal control structure, internal audit functions, risk management systems and compliance systems. It is also responsible for overseeing WMH's liaison with the Queensland Audit Office and for assessing external audit reports and actions taken in response to such reports. In fulfilling its responsibilities, the Committee will observe and promote the organisational values of connect, respect and excel.

2. Authority

The *Hospital and Health Boards Act 2011* (the **HHBA**) requires the West Moreton Hospital and Health Board (the **Board**) to establish an audit committee under section 35 of the *Financial Performance Management Standard 2009* with the functions set forth under Part 7 *Hospital and Health Boards Regulation 2012* (**Regulation**). In accordance with this requirement, and in order to assist the Board to effectively and efficiently perform its functions, the Board has established a committee to be known as the Audit and Risk Committee (the **Committee**).

The Committee endorses the Queensland Treasury publication, *Audit Committee Guidelines – Improving Accountability and Performance June 2012*, and will adopt the guidelines insofar as they apply to WMHHS circumstances.

The Committee is an advisory committee of the Board and has no executive powers, unless the Board, by resolution, delegates a certain power to the Committee. The Committee may examine any matter in relation to its functions as it sees fit or as requested by the Board. Where a matter for consideration is beyond the scope of the Committee's functions, the decision is to be referred to another committee of the Board where relevant, or to the Board.

3. Functions

a) Specified in the *Hospital and Health Boards Regulation 2012*

In accordance with section 32 of the *Hospital and Health Boards Regulation 2012*, the Committee has the following functions:

- Advising the Board about the matters stated below
- Assessing the adequacy of WMH'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 WMH's financial statements.
- Information provided by WMH about the accuracy and completeness of the financial statements.
- Monitoring WMH'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 WMH has appropriate policies and procedures in place.
 - Whether WMH is complying with the policies and procedures.
- Monitoring and advising the Board about its internal audit function;
- Overseeing WMH's liaison with the Queensland Audit Office in relation to WMH's proposed audit strategies and plans;
- Assessing external audit reports for WMH and the adequacy of actions taken by WMH as a result of the reports;
- Monitoring the adequacy of WMH's management of legal and compliance risks and internal compliance systems, including the effectiveness of the systems in monitoring compliance by WMH with relevant laws and government policies;
- Assessing WMH's complex or unusual transactions or series of transactions, or any material deviation from WMH's budget;
- Any other function given to the Committee by the Board, if the function is not inconsistent with a function mentioned above.

b) Other Functions

The Committee also has the following functions:

Financial Statements

- Reviewing the appropriateness of accounting policies.
- Reviewing the appropriateness of significant assumptions made by management in preparing the financial statements.
- Reviewing the financial statements for compliance with prescribed accounting and other requirements.
- Reviewing, with management, the internal and external auditors, the results of the external audit and any significant issues identified.
- Ensuring there is proper explanation for any unusual transactions or trends or material variations from budget.
- Seeking that assurance with respect to the accuracy and completeness of the financial statements is given by management.

Risk Management

- Reviewing the risk management framework for identifying, monitoring and managing significant business risks, including fraud.
- Satisfying itself that insurance arrangements are appropriate for the risk management framework, where appropriate.
- Liaising with management to ensure there is a common understanding of the key risks to WMH. These risks will be clearly documented in a risk register which will be regularly reviewed to ensure it remains up-to-date.

- Assessing and contributing to the audit planning processes relating to the risks and threats to WMH.
- Reviewing effectiveness of WMH's processes for identifying and escalating risks, particularly strategic risks.

Internal Control

- Reviewing, through the audit planning and reporting process of internal and external audit, the adequacy of the internal control structure and systems, including information technology security and control.
- Reviewing, through the audit planning and reporting process of internal and external audit functions, whether relevant policies and procedures are in place and up to date, including those for the management and exercise of delegations, and whether they are being complied with in all material matters.

Internal Audit

- Reviewing the Internal Audit Charter as required.
- Reviewing the adequacy of the budget, staffing, skills and training of the internal audit function, having regard for WMH's risk profile.
- Reviewing the appointment and termination of the Principal Internal Auditor.
- Reviewing and approving the internal audit strategic and annual plan, scope and progress, and any significant changes, including any difficulties or restrictions on scope of activities, or significant disagreements with management.
- Reviewing the proposed Internal Audit Plan for the coming year to ensure that it covers key risks and that there is appropriate co-ordination with the external auditor.
- Reviewing and monitoring internal audit reports and action taken.
- Reviewing and assessing performance of the internal audit operations against the annual and strategic audit plans.
- Monitoring developments in the audit field and standards issued by professional bodies and other regulatory authorities, in order to encourage the usage of best practice by internal audit.

External Audit

- Consulting with external audit on the function's proposed audit strategy and audit plan for the year.
- Reviewing the findings and recommendations of external audit and the response to them by management.
- Assessing whether there is a material overlap between the internal and external audit plans.
- Assessing the extent of reliance placed by the external auditor on internal audit work and monitoring external audit reports and WMH's response to those reports.

Compliance

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

4. Reporting to the Board

The Committee, via the Committee Chair, will provide prompt and constructive written and oral reports on its findings directly to the Board highlighting issues it considers warrant Board discussion, approval or noting.

The Committee must also, as soon as practicable after the end of each financial year, give the Board a report about the Committee's operations for the year, as required by section 35(5) of the *Financial and Performance Management Standard 2009*.

The minutes of each Committee meeting will be provided to the subsequent Board meeting or, if the subsequent Board meeting occurs within one week of the Committee meeting, the minutes will be provided to the following Board meeting.

5. Membership

The Committee consists of three or more members appointed by the Board, three of which must be members of the Board. Where the necessary skills do not exist on the Board, the Board may appoint an external member of the Committee.

Collectively, the Committee members will possess (or, with the consent of the Board, may obtain assistance from experts to assist them in possessing):

- A thorough understanding of the core activities of WMH and the environment in which it operates, including its strengths, weaknesses, opportunities and threats
- A commitment to the continual improvement of WMH's financial and non-financial performance management information and how this contributes to the Whole-of-Government performance management framework (i.e. the Government's ambitions and WMH's objectives and services)
- Strong business acumen and management skills
- A high level of understanding of best practice internal control, risk management and corporate governance
- A sound knowledge of information systems and emerging technology
- A high level of competency in financial and performance reporting and the ability to analyse complex financial reports.

The Board will review the Committee's composition as the need arises, but no less than annually.

At least one Committee member will have "financial expertise" as described in the Queensland Treasury publication, *Audit Committee Guidelines – Improving Accountability and Performance June 2012*. (A financial expert would generally include a person who is a qualified accountant, who is a current member of one of the professional accounting bodies in Australia and who has relevant financial experience in professional accounting or audit.)

Presiding at Meetings

The Committee Chair is to preside at all meetings of the Committee at which the Committee Chair is present. If the Chair is absent from a meeting or vacates the Chair at a meeting, a member of the Board chosen by the members is to preside on a temporary basis.

Attendees

Attendees at Committee meetings comprise all members plus the Chief Executive, the Chief Finance Officer, the Chief Strategy Officer and the Corporate Secretariat. A representative of the Queensland Audit Office (or nominee) will attend that part of any meeting during which the Committee considers external audit matters. The Principal Internal Auditor and Manager Governance, Risk and Compliance will attend that part of any meeting during which the Committee considers internal audit and governance and risk matters respectively.

Other Participants

In addition, the Committee Chair or a majority of members may request the attendance at any meeting of any person who, in their opinion, may be able to assist the Committee in any matter under consideration. Subject to the presence of any conflict of interest all Board members are entitled to attend Committee meetings.

Proxies

Members are not permitted to appoint a proxy to attend a meeting on their behalf.

6. Voting at Meetings

A question at a meeting of the Committee is decided by a majority of the votes of the members present. Each member present at the meeting has a vote on each question to be decided and, if the votes are equal, the member presiding also has a casting vote. A member present at the meeting who abstains from voting is taken to have voted for the negative. Non-member attendees at meetings are not able to vote on questions to be decided by the Committee at the meeting.

7. Quorum

A quorum for a meeting of the Committee is one-half of the number of its members, or if one-half is not a whole number, the next highest whole number.

8. Written Resolutions

Urgent matters can be progressed out-of-session with the agreement of the Chair. The Board Charter outlines processes for written resolutions of the Board and Board Committees.

9. Committee Evaluation

Unless otherwise determined by the Board, the Board will undertake an annual assessment of the Committee's performance, including its performance against the requirements of this Charter. Following each assessment, the Board will consider what, if any, actions need to be taken to improve the Committee's performance.

10. Confidentiality and Access

Members of the Committee may receive 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. This responsibility includes, but is not limited to, the obligations on Board Members outlined in the *Hospital and Health Boards Act 2011* in Part 7 Confidentiality.

Members of the Committee must ensure that all confidential or sensitive information is stored securely and otherwise in accordance with the requirements of the *Public Records Act 2002*. Committee members must notify the Chair if they believe that confidential or sensitive information has been accessed by anyone other than the Committee member.

The Committee has full, free and unrestricted access to all records, documentation and physical property and personnel as may be required to fulfil its responsibilities. WMH employees and management are expected to make themselves available to the Committee and frank, truthful and meaningful answers be given to questions asked of Committee members.

11. Secretariat

Secretariat support will be provided by the Corporate Secretariat. The secretariat will be responsible for:

- Organising Committee meetings and Committee member attendance
- Coordinating the completion and dispatch of Committee agendas, Committee papers and briefing papers, in consultation with the Committee Chair and the Chief Executive.

- Preparing minutes of meetings and resolutions of the Committee, in consultation with the Committee Chair.
- Providing a point of reference for communications between the Committee and the Executive
- Advising the Committee on good governance practices and adherence to applicable laws and Board and Committee charters and procedures.

All members have direct access to the Corporate Secretariat for advice and services relating to the operation of the Committee.

12. Meeting Schedule

Meetings of the Committee are to be held at the times and places the Committee Chair decides. Unless otherwise agreed, the Committee will meet at least four times each year. Exceptional circumstances aside, Committee members will be provided with at least 48 hours' notice of meetings.

13. Relationships:

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 to ensure the WMH internal audit function operates effectively, efficiently and economically. The Chair and other independent members will hold executive sessions with internal audit at least twice per year, 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. The Committee 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 Chair and other independent members will hold executive sessions with external audit, if required.

14. Charter Review

The Board will review this Charter as the need arises, but at least once every two years. Any changes to this Charter must be approved by the Board.

15. Publication of this Charter

A copy of this Charter will be made available at www.westmoreton.health.qld.gov.au.

16. Business Rules

This Committee Charter should be read in conjunction with the Board Charter. The Board Charter outlines the general provisions and corporate governance framework which also apply to Board Committee meetings.

17. Revision History

Version	Date	Comments
2.0	24 April 2015	Rewrite of Audit and Risk Committee Charter
3.0	14 October 2016	Rewrite of the Audit and Risk Committee Charter
4.0	27 July 2018	Rewrite of the Audit and Risk Committee Charter (reinstatement to Version 2.0 with some amendments)
5.0	04 December 2020	Rewrite of the Audit and Risk Committee Charter

This Charter was approved by the Board at its meeting on 04 December 2020.



Mr Michael Willis

Chair, West Moreton Hospital and Health Board