

Terms of Reference

Audit and Risk Committee *(January 2021)*

The *Hospital and Health Boards Act 2011* (the HHBA) requires the Children's Health Queensland Hospital and Health Board (the Board) to establish committees prescribed under the *Hospital and Health Boards Regulation 2012* (the Regulation). The Regulation prescribes the establishment of an audit committee and provides that the Board may assign a different name to a committee if the name is appropriate having regard to the committee's function. Consequently, the Board has established the Audit and Risk Committee (the Committee).

In reviewing and applying the Committee's terms of reference consideration must be given to the Board Charter.

1. Terms of Reference Purpose

The purpose of the terms of reference is to clearly outline the respective roles and responsibilities of the Committee, its members, the Committee Chair, the Board Secretary and the Health Service Chief Executive with respect to the Committee. It also sets out the key functions of the Committee and the processes used by the Committee to fulfil its role, responsibilities and functions. In the event that the Committee terms of reference are inconsistent with the HHBA (including schedules to the HHBA or the Regulation), the HHBA and/or the Regulation prevails.

In fulfilling its responsibilities, Committee members strive to personally demonstrate the Children's Health Queensland values of:

- Respect: We listen to others
- Integrity: We do the right thing
- Care: We look after each other
- Imagination: We dream big

2. Role of the Committee

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 has the following functions:

- (a) Advising the Board about the matters stated in paragraphs (b) to (n);
- (b) Assessing the adequacy of Children's Health Queensland's financial statements, having regard to:
 - (i) the appropriateness of the accounting practices used;
 - (ii) compliance with prescribed accounting standards under the *Financial Accountability Act 2019*;
 - (iii) external audits of Children's Health Queensland's financial statements;
 - (iv) information provided by Children's Health Queensland about the accuracy and completeness of the financial statements;
- (c) Monitoring Children's Health Queensland's compliance with its obligation to establish and maintain an internal control structure and systems of risk management under the *Financial Accountability Act 2019*, including:
 - (i) whether Children's Health Queensland has appropriate policies and procedures in place; and
 - (ii) whether Children's Health Queensland is complying with the policies and procedures;
- (d) Monitoring and advising the Board about its internal audit function;
- (e) Overseeing Children's Health Queensland's Internal Audit co-source partnership including outcomes of performance assessments and make recommendations to the Board in relation to contract changes, extensions or renewal.



- (f) Overseeing that the Internal Audit activities abide within the parameters of Children’s Health Queensland’s Internal Audit Charter;
- (g) Endorsing the CHQ Internal Audit Charter;
- (h) Overseeing Children’s Health Queensland’s liaison with the Queensland Audit Office in relation to Children’s Health Queensland’s proposed audit strategies and plans;
- (i) Assessing external audit reports for Children’s Health Queensland and the adequacy of actions taken as a result of the reports;
- (j) Monitoring external reports not directly related to CHQ to determine if lessons can be learned;
- (k) Monitoring the adequacy of Children’s Health Queensland’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;
- (l) Monitoring the adequacy of CHQ’s performance management system for reporting appropriate and relevant information;
- (m) Assessing Children’s Health Queensland’s complex or unusual transactions or series of transactions, or any material deviation from the Service’s budget;
- (n) Making recommendations to the Board or Executive in relation to the effectiveness of and improvements to the risk management framework and internal control systems, including:
 - (i) Conducting an annual review of and making recommendations to the Board in relation to changes to the Children’s Health Queensland’s Risk Appetite Statement and risk tolerance settings;
 - (ii) Overseeing an annual review of the effectiveness of the implementation of Children’s Health Queensland’s risk management and internal control systems; and
 - (iii) Receiving reports from management on top line risks (material business risks), fraud control and other matters to ensure a common understanding of key risks to Children’s Health Queensland and allow the Committee to confirm the effectiveness of processes for identifying, escalating and managing risks (in particular strategic risks).
- (o) Any other function given to the Committee by the Board, if the function is not inconsistent with a function mentioned in paragraphs (a) to (n).

Standing Agenda Items

The Committee will receive the following reports as standing items:

- Queensland Audit Office – in-camera
- Enterprise Risk Report
- Compliance Report
- Internal Audit Report
- Finance and Corporate Report

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 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.

3. Committee composition

The Committee membership is determined by the Board and consists of at least three Board members, one of which is appointed as the Committee Chair. At least one member will have the financial expertise as described in the Queensland Treasury publication *Audit Committee Guidelines – Improving Accountability and Performance*.



4. Role of the Committee Chair

The role of the Committee Chair includes:

- Setting the Committee agenda
- Facilitating the flow of information and discussion
- Conducting Committee meetings and other business
- Ensuring the Committee operates effectively
- Reporting to the Board on the activities of the Committee.

5. Role of the Committee Members

The duties and obligations of Board members set out in the Board Charter apply to Committee members. These duties and obligations include:

- Meeting attendance and preparation
- Disclosure of interests
- Gifts and benefits disclosures
- Confidentiality
- Board (Committee) solidarity
- Code of Conduct
- Storage of information
- Media and protocols

6. Role of the Board Secretariat

The Committee is supported by the Board Secretariat which is responsible for ensuring that Committee business is conducted in a manner consistent with good governance practice.

The Board Secretariat is accountable for:

- Organising Committee meetings and Committee member attendance
- Coordinating the completion and dispatch of Committee agendas, Committee papers and briefing papers
- Preparing minutes of meetings and resolutions of the Committee
- 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 terms of reference and procedures.

All members have direct access to the Board Secretary and to the Health Service Chief Executive. The Chair has direct access to the Executive Leadership Team if the matter is procedural in nature; matters of a substantive nature are to proceed to the Executive Leadership Team member via the Health Service Chief Executive.

7. Authority

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.

8. Committee Meetings

Time and Place of Meetings

Meetings of the Committee are to be held at the times and places the 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.

Quorum

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

Attendees

Attendees at Committee meetings comprise all members plus:

- Health Service Chief Executive
- Executive Director Clinical Services - Chief Finance Officer
- Executive Director Legal, Governance and Risk
- Senior Director Financial Performance and Sustainability
- Manager Internal Audit
- Queensland Audit Office representatives (specific items)
- Internal Audit Panel Partners (specific items)
- Board Secretary.

In addition, the Committee Chair or a majority of members may request the attendance at any meeting of any person (including external experts or specialists) who, in their opinion, may be able to assist the Committee in any matter under consideration.

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

Written Resolutions

In extraordinary circumstances, a valid resolution may be made outside of a Committee meeting via the Board portal as outlined in the Board Charter

9. Committee Papers

Responsibilities as set out in the Board Charter apply to Committee meetings.

10. Committee Evaluation

The Committee will undertake an annual self-assessment of the Committee's performance, including its performance against the Board Charter to ensure that the Committee remains fit for purpose and identify any areas in which the effectiveness of the Committee could be improved.

The Committee will provide a prompt and constructive report on its findings directly to the Board highlighting issues it considers warrant Board discussion, approval or noting.

11. Review

The Committee will review the terms of reference as the need arises, but at least once every two years. Any amendments must be approved by the Board.

12. Publication

A copy of the terms of reference will be made available at www.childrens.health.qld.gov.au.

