

Terms of Reference

Board Audit and Risk Committee *as at March 2019*

1.0 Purpose

The purpose of the Children's Health Queensland (CHQ) Board Audit and Risk Committee (the Committee) is to provide independent assurance and assistance to the Board on:

- CHQ risk, control and compliance frameworks; and
- CHQ external accountability responsibilities as prescribed in the *Financial Accountability Act 2009*, *Auditor-General Act 2009*, *Financial Accountability Regulation 2009* and *Financial and Performance Management Standard 2009*.

The Committee has an oversight role and does not replace management's primary responsibilities for the management of risks, the operations of internal audit and risk management functions, the follow up of internal and external audit findings or governance of CHQ generally. The Committee will provide prompt and constructive reports on its findings directly to the Board highlighting issues it considers are not being adequately addressed by management. In fulfilling its responsibilities, the Committee will observe and promote the core organisational values of respect, care, integrity and imagination.

2.0 Authority

The Committee is a prescribed committee under Part 7 of the *Hospital and Health Boards Regulation 2012* and reports to the Children's Health Hospital and Health Board. The terms of reference are approved by the Children's Health Queensland Hospital and Health Board. The Board has authorised the Committee, within the scope of its responsibilities to:

- examine any matter in relation to its purpose and function as it sees fit or as requested by the Board;
- engage external resources if necessary to obtain independent advice in relation to Committee matters with the approval of the Board; and
- have access to all levels of management via the Health Service Chief Executive in order to seek information from any employee to assist in carrying out the Committee responsibilities.

The Committee has no executive powers and is an advisory committee of the Board.

3.0 Functions

The Committee will:

- a) Advise the Board and Health Service Chief Executive about the following matters:
 - (i) the appropriateness of the accounting practices used;
 - (ii) compliance with prescribed accounting standards under the *Financial Accountability Act 2009*;
 - (iii) external audits of CHQ financial statements; and
 - (iv) information provided by CHQ about the accuracy and completeness of the financial statements.
- b) Monitor and advise the Board regarding the internal audit function.
- c) Oversee CHQ liaison with the Queensland Audit Office in relation to the CHQ proposed audit strategies and plans.
- d) Monitor the adequacy of CHQ management of legal and compliance risks and internal compliance systems, including the effectiveness of the systems in monitoring compliance by CHQ with relevant laws and government policies.
- e) Assess CHQ complex or unusual transactions or series of transactions, or any material deviation from the CHQ budget.
- f) Oversee the CHQ Internal Audit co-source partnership including outcomes of performance assessments and make recommendations to the Board in relation to contract changes, extensions or renewal.
- g) Oversee that the Internal Audit activities abide within the parameters of the CHQ Internal Audit Charter
- h) Monitor CHQ compliance with its obligation to establish and maintain an internal control structure and system of risk management under the *Financial Accountability Act 2009*, including whether:

- (i) CHQ has appropriate policies and procedures in place; and
 - (ii) CHQ is complying with the policies and procedures.
- i) Make recommendations to the Board or Executive in relation to the effectiveness of and improvements to the risk management framework and internal control systems; This includes
- (i) Conducting an annual review of and making recommendations to the Board in relation to changes to the CHQ Risk Appetite Statement and risk tolerance settings;
 - (ii) Overseeing an annual review of the effectiveness of the implementation of CHQ 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 CHQ and allow the committee to confirm the effectiveness of processes for identifying, escalating and managing risks particular strategic risks.

4.0 Reporting

The Committee will prepare prompt and timely reports to the Board outlining relevant matters that have been considered by it, as well as the Committee's opinions and recommendations thereon. The minutes of Committee meetings will be provided to the next meeting of the Board. The Chair will report to the Board on a regular basis. The Committee will provide the following to the Board:

- Annual meeting schedule
- Confirmed meeting minutes

The Committee will receive the following reports as standing items:

- External Audit Report
- Internal Audit Report, in addition to the Annual Internal Audit Program
- Risk Report

5.0 Membership

Membership is determined by the Board. Members, including the Chair, may be members of the Board or, where the necessary skills do not exist on the Board, the Board may appoint an external member of the Committee. In accordance with better practice, membership may include up to 2 independent members and 3 members of management.

The term of the appointment is for one year and can be extended for a further term subject to an assessment of individual member performance and the composition and skill requirements of the Committee. The appointment of the Committee Chair and Board members on the Committee will be minuted at the appropriate Board meeting.

At least one (1) member will have 'financial expertise' as described in the Queensland Treasury publication, *Audit Committee Guidelines – Improving Accountability and Performance 2008*.

Chair:

If the Chair is absent from a meeting or vacates the Chair at a meeting, the Chair must appoint another member to act as the Chair on a temporary basis.

Standing invites:

The following positions will be invited to attend each meeting:

- Health Service Chief Executive
- Chief Finance Officer
- Executive Director Legal, Governance and Risk
- Financial Controller
- Manager Internal Audit
- Queensland Audit Office Representatives (specific items)
- Internal Audit Co-Source Partners (specific items)

Proxies:

Proxies are only permitted if approved by the Chair.

6.0 Other Participants

The Chair may request Health Service Executive management team members, employees or external parties to attend a meeting of the Committee. Persons officially acting in a standing invitees' position may attend and participate in committee deliberations / contribute to committee recommendations provided they are suitably briefed prior to the

meeting.

7.0 Quorum

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

8.0 Out-of-Session Papers

Urgent matters can be progressed out-of-session with the agreement of the Chair.

9.0 Performance

The Committee will undertake an annual self-assessment of its performance to ensure that the Committee remains fit for purpose and to identify and action any areas in which the effectiveness of the Committee could be improved. The Committee will provide a report on the annual review of outcomes to the Board.

10.0 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.

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. CHQ 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.

11.0 Secretariat

Secretariat support will be provided by Board Secretary or another officer. The secretariat will be responsible for the preparation and circulation of the meeting agenda and accurately minuting all decisions of the Committee, in consultation with the Chair. The secretariat will also be responsible for the timely tabling of all correspondence, reports and other information relevant to the Committee's activities.

12.0 Meeting Schedule

Meetings will be held at least four times a year and a schedule of meetings will be agreed in advance. In addition, the Chair may call additional meetings as necessary to address any matters referred to the Committee or in respect of matters the Committee wishes to pursue within its Terms of Reference.

13.0 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 CHQ 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.

14.0 Terms of Reference Review

The Terms of Reference will be reviewed annually by the Committee to ensure it remains consistent with the Committee's authority, purpose function and responsibilities.