

# Wide Bay Hospital and Health Board

## Audit and Risk Committee Charter

December 2020



## Our vision

*Care Comes First...Through Patients' Eyes*

## Our purpose

We support people to improve their lives by delivering patient-centred, high-quality healthcare for Wide Bay.

## Our Strategic Directions

Wide Bay Hospital and Health Service's vision and the Strategic Plan 2018-2022 consider and support the Queensland Government's objectives for the community *Our Future State: Advancing Queensland's Priorities*, with a particular contribution towards the objectives to keep Queenslanders healthy and give all our children a great start. In this context, five strategic directions have been developed and committed:

- **Enhance holistic health care:** we will put patients, carers and consumers at the centre of all we do;
- **Deliver more care locally:** we will provide high-quality, innovative services and develop our health technology;
- **Plan today for future infrastructure:** we will develop our health infrastructure to meet our region's needs;
- **Develop and support our staff:** we will invest in and nurture our staff;
- **Excellence through innovation:** we will improve our services through strategic partnerships and active innovation.







# Board Audit and Risk Committee Charter

## 1.0 Purpose

The purpose of the Charter is to outline the functions, role, duties, responsibilities, composition, processes of the Committee.

Section 8(1)(b) of Schedule 1 of the HHB Act provides the Board must establish committees prescribed under the HHB Regulation which includes the Committee (s 31(1)(c) of the HHB Regulation). Section 30(3) of the FPMS also requires the Service to have regard of the Guidelines.<sup>1</sup>

## 2.0 Functions<sup>2</sup>

The functions of the Committee are stated in s 34 of the HHB Regulation and s 8(4) of Schedule 1 of the HHB Act.

The Committee has the following functions (s 34(1) of the HHB Regulation):

- (a) advising the Board about the matters stated in paragraphs (b) to (h);
- (b) assessing the adequacy of the Service's financial statements, having regard to the following:
  - (i) the appropriateness of the accounting practices used;
  - (ii) compliance with prescribed accounting standards under the FAA;
  - (iii) external audits of the Service's financial statements;
  - (iv) information provided by the Service about the accuracy and completeness of the financial statements;
- (c) monitoring the Service's compliance with its obligation to establish and maintain an internal control structure and systems of risk management under the FAA, including:
  - (i) whether the Service has appropriate policies and procedures in place; and
  - (ii) whether the Service is complying with the policies and procedures;
- (d) if an internal audit function is established for the Service under the FPMS - monitoring and advising the Board about its internal audit function;
- (e) overseeing the Service's liaison with the Queensland Audit Office in relation to the Service's proposed audit strategies and plans;
- (f) assessing external audit reports for the Service and the adequacy of actions taken by the Service as a result of the reports;

<sup>1</sup> *Audit Committee Guidelines – Improving Accountability and Performance, July 2020*

<sup>2</sup> In addition to the HHB Act and HHB Regulations, section 61 of the FAA imposes functions on the Service to achieve reasonable value for money by ensuring the operations of the Service are carried out efficiently, effectively and economically; to establish and maintain appropriate systems of internal control and risk management; to establish and keep funds and accounts in compliance with prescribed requirements; to ensure annual financial statements are prepared, certified and tabled in Parliament in accordance with the prescribed requirements; to undertake planning and budgeting; to perform other functions conferred under the FAA or another Act or the FPMS.



- (g) 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;
- (h) assessing the Service's complex or unusual transactions or series of transactions, or any material deviation from the Service's budget;
- (i) any other function given to the Committee by the Board, if the function is not inconsistent with a function mentioned in paragraphs (a) to (h).<sup>3</sup>

The Committee also has the following functions (s 8(4) of Schedule 1 of the HHB Act):

- (a) to advise and make recommendations to the Board about matters, within the scope of the Board's functions, referred by the Board to the Committee; and
- (b) to exercise powers delegated by the Board.

### 3.0 Role<sup>4</sup>

The role of the Committee is to provide independent assurance and assistance to the Board on:

- The Service's risk, control and compliance frameworks,
- The Service's external accountability responsibilities including under the FAA, *Financial Accountability Regulation 2019*, FPMS, *Auditor-General Act 2009*, and *Crime and Corruption Act 2001*.

The Committee does not replace or replicate the Service's established management responsibilities and delegations, the responsibilities of other executive management groups within the Service, or the reporting lines and responsibilities of either internal audit or external audit functions. The Committee will provide prompt and constructive reports on its findings to the Board, particularly when issues are identified that could present a material risk or threat to the Service.

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

- Recommend investigations into matters within its scope of responsibility;
- Access information, records and personnel of the Service for such purpose;
- Request the attendance of any employee, including executive staff, at Committee meetings;
- Conduct meetings with the Service's internal and external auditors, as necessary; and
- Seek advice from external parties, as necessary.<sup>5</sup>

### 4.0 Duties and Responsibilities

The Committee is directly responsible and accountable to the Board for the exercise of its duties and responsibilities. In carrying out its duties and responsibilities, the Committee must at all times recognise that primary responsibility for management of Service rests with the HSCE.

<sup>3</sup> Example of a function for paragraph (i) — overseeing improvements in the quality of the Service's systems and procedures

<sup>4</sup> Based on Appendix A Guidelines (for sections 3 to 4 of this Charter)

<sup>5</sup> Subject to budget, Board approval, Board Charter and the HHB Act





The Committee's duties and responsibilities are as follows.

#### **4.1 Financial Statements**

- Review the appropriateness of accounting policies adopted by the Service and ensure the accounting policies adopted are relevant to the Service and its specific circumstances.
- Review the appropriateness of significant assumptions and critical judgements made by management, particularly around estimations which impact on reported amounts of assets, liabilities, income and expenses in the financial statements.
- Review the financial statements for compliance with prescribed accounting and other requirements.
- Review, with management and the external auditors, the results of the external audit and any significant issues identified.
- Exercise scepticism by questioning and seeking full and adequate explanations for any unusual transactions and their presentation in the financial statements.
- Analyse the financial performance and financial position and seek explanation for significant trends or variations from budget or forecasts.
- Ensure that assurance with respect to the accuracy and completeness of the financial statements is given by management.

#### **4.2 Risk Management**

- Review the risk management framework for identifying, monitoring and managing significant risks, including fraud.
- Satisfy itself that insurance arrangements are appropriate for the risk management framework, where appropriate.
- Liaise with management to ensure there is a common understanding of the key risks to the Service. These risks will be clearly documented in a risk register which will be regularly reviewed to ensure it remains up-to-date.
- Review project risk mechanisms (including reporting arrangements) for material projects (ICT and otherwise) to ensure that sound and effective risk mitigation strategies have been implemented, and identify any emerging project risks.
- Assess and contribute to the audit planning processes relating to the risks and threats to the Service.
- Review effectiveness of Service's processes for identifying and escalating risks, particularly strategic risks.

#### **4.3 Internal Control**

- Review, through the internal and external audit functions, the adequacy of the internal control structure and systems, including information technology security and control.
- Review, through the 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 complied with.
- Review, through the chief finance officer (or equivalent), whether the financial internal controls are operating efficiently, effectively and economically.



#### 4.4 Performance Management

- Review the Service's compliance with the performance management and reporting requirements of the FAA, the FPMS and the *Annual Report Requirements for Queensland Government Agencies*.<sup>6</sup>
- Review whether the performance management systems in place reflect the Service's role/purpose and objectives (as stated in the Strategic Plan 2018-2022).
- Assess whether the Service uses appropriate benchmarks, targets and trend analysis.

#### 4.5 Internal Audit

- Review the budget, staffing and skills of the internal audit function.
- Review and approve the internal audit plan, its scope and progress, and any significant changes to it, including any difficulties or restrictions on scope of activities, or significant disagreements with management.
- Review the proposed internal audit strategic plan and annual plan to ensure they cover key risks and that there is appropriate co-ordination with the external auditor.
- Review the findings and recommendations of internal audit and the responses to them by management.
- Review the implementation of internal audit recommendations accepted by management.
- Ensure that there is no material overlap between the internal and external audit functions.

#### 4.6 External Audit

- Consult with external audit on the function's proposed audit strategy, audit plan and audit fees for the year.
- Review the findings and recommendations of external audit (including from performance audits) and the responses to them by management.
- Review responses provided by management to ensure they are in line with the Service's risk management framework.
- Review the implementation of external audit recommendations accepted by management and where issues remain unresolved ensure that satisfactory progression is being made to mitigate the risk associated with audit's findings.

#### 4.7 Compliance

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

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<sup>6</sup> <https://www.forgov.qld.gov.au/sites/default/files/annual-report-requirements.pdf>



## 5.0 Reporting

The Committee receives the following reports:

Report	Description	Frequency	Responsibility
Internal Audit Progress Report	Summary of findings from internal audit and WBHHS's progress against recommendations	Quarterly	Internal Audit
Queensland Audit Office (QAO)	<ul style="list-style-type: none"> <li>Review of financial reports and audit findings</li> <li>Client strategy, including audit timetable, staffing and audit fee</li> </ul>	Quarterly/Annual	QAO/Audit Engagement Leader
External Audit Reports	External Audit Plan (including strategy), Interim Report, Progress Reports, and Closing Reports (including Management Letter).	Quarterly/Annual	QAO/External Audit
Risk and Compliance Management Framework	Annual Review of Risk Management Framework – purpose, process compliance and appropriateness to risk appetite	Annual	Executive Director Governance
Risk, Compliance and Assurance Report	Quarterly review of WBHHS's risk profile: <ul style="list-style-type: none"> <li>A summary of the status of risks – organisational and strategic</li> <li>Exception report identifying progress of control and mitigation strategies on all high and very-high level operational risks and risks that are new or have had a significant change in risk status.</li> <li>Compliance and assurance reports.</li> </ul>	Quarterly	Executive Director Governance
Annual Financial Statements (Draft and Final)	Review of draft financial statements, CFO assurance statement, financial reporting timetable/plan, accounting policy changes for the financial year, and assumptions for assets, liabilities, incomes and expenses	Annual	Executive Director Finance and Performance
Internal Audit Plan/Internal Audit Charter	Recommend endorsement of Internal Audit Strategic and Annual plan and Internal Audit Charter	Annual	Chair/Secretariat
Integrity Oversight	Reports on integrity framework, contact with lobbyists, public interest disclosures, CCC reporting, fraud and misconduct trends.	Quarterly	Executive Director Human Resources
Other	As directed by the Committee. <sup>7</sup>	As directed by the Committee	HSCE

<sup>7</sup> Also see Annual Work Plan



Reports are provided by the Committee as follows:<sup>8</sup>

Recipient	Report	Frequency	Responsibility
Committee Members Standing Invitees	Committee minutes	Quarterly	Board Secretary
Board	Committee minutes and meeting summary report	Quarterly	Committee Chair
Board	Annual Financial Statements (Final)	Annually	Committee Chair
Board	Annual Report (summarising past year's performance and achievements)	Annually	Committee Chair
Board	Charter, Internal Audit Charter, Internal Audit and External Audit Plans (including annual and strategic plans); Internal Audit and External Audit fees and appointments <sup>9</sup>	Annually	Committee Chair
Board	Risk, Compliance and Assurance Report	Quarterly	Board Secretary
Board	Other plans, policies and reports for Board approval (from reports as received by the Committee)	Quarterly	Board Secretary
Board	Other matters and reports including for the Board or as directed by the Board	As required	Committee Chair

## 6.0 Committee Composition

### 6.1 Committee Membership

Committee members<sup>10</sup> are Board members appointed by the Board to the Committee.

The Committee will have at least three (3) members. At least one member will have financial expertise<sup>11</sup> and at least one member will have health and hospital expertise.

The Board shall determine the number of Committee members appointed.

<sup>8</sup> The model charter in Appendix A of the Guidelines states that the Committee must submit quarterly reports to the Board outlining relevant matters that have been considered by it as well as the Committee's opinions, decisions and recommendations; circulate minutes of the Committee meetings to the Board, Committee members and invited guests as appropriate; prepare an annual report to the Board summarising the performance and achievements for the previous year. An interim program of the planned activities for the coming year is also to be provided; and submit a summary of its activities for inclusion in the Annual Report.

<sup>9</sup> As applicable, eg KPMG appointment under contract

<sup>10</sup> Including the Committee Chair

<sup>11</sup> See Guidelines section 3.3, p 10





Appointment of a Board member to the Committee will be determined by the Board on the recommendation of the Board Chair for such period as determined by the Board or in the absence of a stated period, ongoing for the term of appointment as a Board member, subject to Board review.<sup>12</sup>

Committee membership may be reviewed at the Board's discretion with Committee membership amended from time to time having regard to the skills, abilities, experience of Board members and other factors as determined by the Board.

## 6.2 Committee Chair

The Committee Chair is a Committee member appointed by the Board for such period as determined by the Board or in the absence of a stated period, ongoing for the term of appointment as a Committee member, subject to Board review.

The Committee Chair will possess sound communication and strong leadership skills.

The Committee Chair is to preside at all meetings of the Committee. If the Committee Chair is not present at a Committee meeting, the Committee may choose an alternate Committee member in attendance at the meeting to preside.

For any extended periods of approved absence of the Committee Chair, the Board Chair may nominate an alternate Committee member be appointed as acting Committee Chair for the period of absence of the Committee Chair. The appointment of an acting Committee Chair is subject to Board ratification.

## 6.3 Standing Invitees

The following WBHHS and other positions<sup>13</sup> are not members of the Committee, however are invited to and expected to attend all Committee meetings:

- HSCE
- Executive Director Governance
- Executive Director Finance and Performance
- Financial Controller
- Director Financial Accounting and Compliance
- Manager Risk and Compliance
- Internal Audit Manager<sup>14</sup>
- External Audit Manager<sup>15</sup>
- QAO Representatives

The Committee Chair is authorised and does not require Board or Committee approval to amend the standing invitees but should do so in consultation with the Board Chair (and cannot remove the HSCE).

With the approval of the Committee Chair, standing invitees may send a proxy if they are unable to attend.

<sup>12</sup> The Committee Chair shall not be the Board Chair

<sup>13</sup> Including any amendment to the title of these positions where substantially the same functions and duties are performed.

<sup>14</sup> KPMG (contracted by the Service and including one other attendee nominated by Internal Audit Manager)

<sup>15</sup> TNR Chartered Accountants (contracted by QAO and including one other attendee nominated by External Audit Manager)



## **6.4 Board Secretary**

The Board Secretary will provide secretariat support to the Committee, including the preparation of meeting papers, administrative support and recording of minutes, actions, decisions and recommendations of the Committee.

## **7.0 Meetings**

### **7.1 Frequency**

The Committee will meet at least four (4) times per year. The schedule of Committee meetings will be agreed and notified in advance to Committee members. Additional Committee meetings may be scheduled by the Committee Chair as required.

The Committee Chair must call a Committee meeting if requested by the Board.

### **7.2 Attendance at Meetings**

Attendees are to attend Committee meetings in person or by teleconference or videoconference where directed or approved by the Committee Chair.

A Committee member who takes part in a Committee held in such a manner is taken to be present in the meeting.

Proxies are not permitted if a Committee member is not able to attend a Committee meeting.

### **7.3 Quorum**

The quorum for a meeting of the Committee is one-half the number of its Committee members, or if one-half is not a whole number, the next highest whole number. If a quorum for the meeting is not met, the following must occur:

- at the Committee Chair's discretion, the continuation of the Committee meeting will be decided; and
- if the meeting proceeds, all decisions and recommendations will be preliminary and will then proceed to a quorum consensus out of session or be dealt with by flying minute.

### **7.4 Out-of-session**

The Committee Chair may distribute meeting papers for decision on urgent matters which can be progressed by out of session papers (or flying minute for any matter delegated by the Board for which a decision is required).

In lieu of out of session papers, the Committee Chair may call an urgent out-of-session Committee meeting with limited notice. The meeting can be held through technology ie teleconference or videoconference.

If a flying minute for a decision is proposed, section 20 of the Board Charter shall apply with reference to the Board read as a reference to the Committee.

### **7.5 Agenda**

The Committee will determine its own agenda for meetings consistent with its functions.

The Board Secretary, in conjunction with the Committee Chair and HSCE, is responsible for preparing the agenda for each Committee meeting.





The Committee Chair is responsible for ensuring items on the agenda reflect matters within the Committee's functions.

Committee members and the HSCE may contribute to the agenda by submitting items for the Committee Chair's consideration, either directly to the Chair or via the Board Secretary.

Agenda items must be submitted to the Board Secretary in sufficient time for inclusion in the Committee papers. The agenda must be approved by the Committee Chair prior to distribution to Committee members.

The agenda and Committee papers will be distributed to Committee members seven (7) days prior to the meeting or otherwise in the timeframe approved by the Committee Chair.

Late agenda items will be tabled at the discretion of the Committee Chair.

## **7.6 Minutes**

Minutes:

- will be prepared by the Board Secretary within seven (7) days of the meeting for review and acceptance by the Committee Chair, subject to confirmation by the Committee at the next meeting;
- action items will be distributed to all Committee members and standing invitees in a timely manner;
- will be tabled at the next Board meeting for noting (with a Committee Chair summary of the meeting) and at the next Committee meeting for confirmation.

## **7.7 Decisions and Recommendations**

Committee decisions<sup>16</sup> and Committee recommendations/advice to the Board must be recorded in the minutes of the meeting.

Committee decisions and Committee recommendations/advice are made by a majority of the Committee members present.

For any Committee decisions, each Committee member has one vote on each question to be decided and if the votes are equal the Committee Chair has a casting vote. A Committee member who abstains from voting is taken to have voted in the negative.

## **8.0 Conflict of Interest**

Section 6 of the Board Charter applies for disclosure of interests to the Committee by Committee members and management of conflicts of interest.

All notifications of interests and agreed conflicts of interest will be noted in the minutes of the Committee meeting.

## **9.0 Confidentiality**

Committee members must keep all Committee discussions and deliberations confidential.

Section 6 of the Board Charter applies for Committee confidentiality where any reference to the Board shall be read as a reference to the Committee.

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<sup>16</sup> If exercising a power delegated by the Board, the Committee may make decisions otherwise the Committee will be advisory only reporting to the Board.



## 10.0 Induction of Committee Members

Newly appointed Committee members will be provided with an induction facilitated by the Board Secretary as approved by the Committee Chair. The induction will include details and copies of the following:

- Committee functions and membership
- Committee Charter
- Committee annual work plan and annual schedule of meetings
- The minutes from the previous three (3) Committee meetings
- A briefing on topical Committee issues and priorities; and
- Any other materials, induction training or requirements determined in accordance with this Charter or as agreed by the Committee Chair.

## 11.0 Committee Work Plan and Calendar

The Board Secretary, in consultation with the Committee Chair and the HSCE, shall develop and maintain an annual work plan for the Committee. The Board Secretary will also prepare an annual schedule of Committee meetings (which may be amended from time to time with the approval of the Committee Chair).

## 12.0 Evaluation

The Committee will review its performance annually, including compliance or otherwise with the Charter and annual work plan. A report of the outcomes of the annual review will be provided to the Board. The Board may commission an external peer review of the Committee's performance at its discretion.

The Committee Chair will provide each individual member of the Committee with feedback on their contribution to the Committee/performance at least once during the member's term of appointment to the Committee.

## 13.0 Training and Development

The Committee Chair may discuss training and professional development needs and opportunities with Committee members. Training and development requirements for Committee members shall be implemented in accordance with section 27 of the Board Charter.

## 14.0 Review of Charter

This Charter will be reviewed by the Committee each year in conjunction with the Committee annual performance evaluation. This Charter may be altered following Committee consultation and recommendation, endorsement by the Committee Chair and approval of the Board.

## 15.0 Interpretation

In addition to the following definitions, any defined terms in the relevant legislation shall have the meaning stated in the legislation.

Board	means the Wide Bay Hospital and Health Board, comprised of Board members
Board Charter	means the Board Charter as approved by the Board (as amended from time to time)





Board Committee	means a committee of the Board
Board member	means a person appointed in accordance with sections 23-26 of the HHB Act by the Governor in Council, by gazette notice, on the recommendation of the Minister
CCC	Crime and Corruption Commission established under <i>Crime and Corruption Act 2001</i>
Charter	means this document
Committee	means the Board Audit and Risk Committee
Committee member	means a Board member appointed as a member of the Committee
external audit	means an audit conducted by or for the Queensland Audit Office <sup>17</sup>
Department	means the Queensland Department of Health
FAA	<i>Financial Accountability Act 2009</i> (as amended from time to time)
FPMS	<i>Financial Performance and Management Standard 2019</i> (as amended from time to time)
Guidelines	<i>Audit Committee Guidelines – Improving Accountability and Performance, July 2020</i>
HHB Act	means the <i>Hospital and Health Boards Act 2011</i> (as amended from time to time)
HHB Regulation	means the <i>Hospital and Health Boards Regulation 2012</i> (as amended from time to time)
Health Service Chief Executive (HSCE)	means the health service chief executive appointed for the Service under s 33 of the HHB Act
Queensland Audit Office/QAO <sup>18</sup>	Queensland Audit Office established under section 6(3) <i>Auditor-General Act 2009</i> (as amended from time to time)
WBHHS (Service)	means Wide Bay Hospital and Health Service, being the statutory body established under the HHB Act

## 16.0 Document History

Date	Nature of Amendment
27 August 2012	Original Terms of Reference adopted by the Board

<sup>17</sup> As defined in s34(2) HHB Regulation

<sup>18</sup> As defined in s34(2) HHB Regulation



17 December 2013	Original Terms of Reference rescinded and revised Terms of Reference adopted. Development of a 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 Committees of the SCHHS, WBHHS and CQHHS.
7 January 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 functions of the Committee as listed under s34 of HHB Regulation, include a section of Standing Invitees to
9 January 2014	Incorporate feedback from WBHHS: inclusion of <i>Statutory Bodies Financial Arrangements Act 1982</i> 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
19 February 2014	Incorporate feedback from SCHHS Audit and Risk Committee members then endorsed for Board approval.
19 March 2014	Incorporate feedback from WBHHS Audit and Risk Committee members, p6: clarify “External Audit” as QAO or their contracted auditor. Add “only Board Members can vote.”
26 April 2017	Name change from Terms of Reference to “Charter”.
31 May 2017	Members Register updated.
18 October 2017	Charter and recommended amendments to the Board.
1 November 2017	Revised Charter adopted by the Board.
9 November 2018	Annual review and revision – updated to reflect WBHHS Strategic Plan 2018-2022 and Government Objectives for the Community, reformatted for consistency with other committee charters.
11 November 2019	Annual reviewed and revision – updated to reflect alignment with contemporary charters across other HHSs, including reworded confidentiality requirements.
19 November 2019	Noted and endorsed by the Committee
4 December 2019	Noted and Endorsed by the Board
21 November 2020	Annual review and revision – rewrite to align with Board Charter, legislation and guidelines including Guidelines and FPMS
24 November 2020	Noted by the Committee and referred to out of session Committee meeting
15 December 2020	Noted and endorsed by the Committee
3 February 2021	Noted and endorsed by the Board



This Charter was formally approved by the Wide Bay Hospital and Health Board on 3 February 2021.

Approved: 03/02/2021

Signature: *Peta Jamieson*

Name: Peta Jamieson

Chair Wide Bay Hospital and Health Board

