
FINANCE, AUDIT AND RISK MANAGEMENT COMMITTEE TERMS OF REFERENCE

Approved by the Board on 28 February 2020

1. INTRODUCTION

The purpose of this Terms of Reference is to document the objectives, responsibilities, composition and administration of the Finance, Audit and Risk Management Committee ("FARM" or "Committee") of the Western Queensland Primary Health Network ("WQPHN").

2. OBJECTIVES

The primary objective of the Committee is to assist the Board to meet its corporate governance obligations, specifically with respect to its oversight of the company's financial policies and reporting obligations, and the identification and management of its strategic risks. Specifically, the role of the Committee is to assist the Board in discharging its obligations with respect to ensuring:

- a. oversight of the integrity of the group's statutory financial reports and statements;
- b. monitoring that an appropriate framework is in place to identify and manage risk;
- c. monitoring compliance with regulatory, prudential, legal and ethical standards;
- d. compliance with all internal guidelines, policies and procedures; and
- e. any other tasks referred by the Board to the Committee.

3. RESPONSIBILITIES

The main duties and responsibilities of the Committee are:

Finance

- a. reporting and making recommendations to the Board on all matters concerning or affecting the financial position of WQPHN;
- b. liaison with management to ensure development and implementation of appropriate budgets and formal financial statements for presentation to the Board for adoption as required;
- c. reviewing the financial statements prepared by management in preparation for all regular Board meetings, and advise management of relevant requirements for the preparation and presentation to the Board of the financial statements;
- d. making recommendations to the Board on appropriate financial or accounting policies to be applied in the preparation of the financial statements;
- e. monitoring the financial statements for preparation in accordance with approved Board policies;
- f. liaison at the regular meetings of the Committee with the CEO, senior representatives from contracted financial and audit service providers, and other finance personnel of WQPHN on as-needs basis, to enable it to discharge these objectives and functions; and
- g. carrying out other functions in relation to financial and resource management of WQPHN and funds under its control as directed by the Board from time to time.

Audit

- a. liaison with external auditors concerning the development and execution of an annual audit of WQPHN;
- a. evaluation of the overall effectiveness of the external audit through periodic meetings with the auditors, including at least part of those meetings being absence of all members of management and staff of the organisation;
- b. determining that management is not placing any undue restrictions on the auditors (e.g. access to information etc);
- c. assisting the Board to evaluate the adequacy and effectiveness of the administrative, operating, and accounting policies and controls of the organisation through active communication with management and the external auditors;
- d. requiring reports from management and the external auditors of any significant proposed regulatory changes, including accounting standards, to assess the potential impact upon the organisation's financial reporting processes; and
- e. carrying out other responsibilities in relation to the audit functions of WQPHN as directed by the Board from time to time.

Risk Management

- a. liaison with management to ensure development and implementation of appropriate Risk Management policies, plans and procedures for the organisation;
- b. approving for submission to the Board the identified controls and treatments for all material strategic, governance, financial and other key risks to the organisation;
- c. monitoring and reviewing Risk Management plans and controls for reporting to the Board in the manner required by the Board from time to time; and
- d. carrying out other responsibilities in relation to risk for WQPHN as directed by the Board from time to time.

Compliance Responsibilities

- a. agreeing policy and procedures, subject to approval by the Board, for ensuring compliance by WQPHN with:
 - i. relevant legislation (including Corporations Act and ACNC Act),
 - ii. internal policies and procedures of WQPHN;
- b. ensuring that the disclosure obligations of WQPHN are compliant with relevant laws;
- c. monitoring compliance obligations with respect to all other aspects of WQPHN's operations;
- d. making recommendations to the Board with respect to:
 - i. required changes to all such compliance plans and procedures;
 - ii. corrective action required in the case of identified non-compliances;
- e. implementation of WQPHN's complaints and dispute resolution procedures where necessary; and
- f. carrying out other responsibilities in relation to overseeing, fostering and encouraging a culture of compliance throughout WQPHN, as directed by the Board from time to time

4. COMPOSITION AND MEETINGS

4.1 Membership and attendance at meetings

- a) The Committee shall comprise of up five (5) members including:
 - a. at least two (2) current Board Directors;

- b. The Chair of the Committee appointed by the Board, and may be a member other than a non-executive Director; and
 - c. up to two (2) other parties nominated by the Board with relevant financial and/or risk management expertise or experience
- b) A quorum of the Committee is any three (3) members of the Committee
 - c) The CEO and the Financial Controller may attend the Committee by invitation
 - d) From time to time, the Committee may invite other people to attend Committee meetings as it considers necessary. The external auditors can be invited to attend any meeting and during the meeting can meet with the committee in the absence of management.
 - e) The secretary of the Committee is the Company Secretary, or another person nominated by the Chair

4.2 Meetings

The Committee will meet:

- a. at least four (4) times per year; and
- b. one of the meetings will be set at a date to enable the draft annual financial reports and statements to be reviewed prior to presentation to the Board and will be attended by the external auditors.

5. AUTHORITY

- a) The Committee is directly accountable to the Board for the exercise of its responsibilities. In carrying out its responsibilities, the Committee must at all times recognise that primary responsibility for governance of the WQPHN rests with the Board
- b) The Committee has no executive powers, except those that may be expressly provided by the Board to the Committee
- c) The Committee may task WQPHN staff through the CEO
- d) The Committee may, in its discretion, delegate some or all of its objectives and responsibilities to the Chair.

6. REPORTING

The Chair of the Committee shall report the findings and recommendations of the Committee to the Board after each meeting. The papers and minutes of all Committee meetings shall be made available to the Board.

7. REVIEW OF TERMS OF REFERENCE AND COMPOSITION

The Committee is to review its composition and Terms of Reference annually and recommend any changes to the Board at the first meeting after the Annual General Meeting. The Committee may review its Terms of Reference at other times deemed necessary by the Committee or the Board.