



Sunshine Coast Hospital and Health Board

Audit and Risk Committee Charter

OVERVIEW

1. Introduction

The *Hospital and Health Boards Act 2011* (the **HHBA**) requires the Sunshine Coast Hospital and Health Board (the **Board**) to establish an audit committee under section 30 of the *Financial Performance Management Standard 2019* with the functions set forth in the *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 July 2020*¹, and will adopt the guidelines insofar as they apply to Sunshine Coast Hospital and Health Service's (**SCHHS**) circumstances.

2. Purpose and Structure of this Charter

The purpose of this Charter is to clearly outline the respective roles and responsibilities of the Committee, its members, the Committee Chair, the Board Secretariat, the Chief Executive, the Chief Finance Officer and the Executive Director Legal Commercial and Governance 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.

This Charter is divided into four main sections, aligned with recommendations made by Australian governance experts, Geoffrey Kiel, Gavin Nicholson, Jennifer Ann Tunny and James Beck, in *Directors at Work: A Practical Guide for Boards* as to the areas where boards should discuss and define their policies:

- Part A: Defining Governance Roles
- Part B: Key Committee Functions
- Part C: Committee Processes
- Part D: Committee Effectiveness.

This Charter will be periodically reviewed to maintain its alignment with excellence in governance standards and compliance with legislation, policy and best practice.

In the event that this Charter is inconsistent with the HHBA (including the schedules to the HHBA and/or the *Hospital and Health Boards Regulation 2012* (the **Regulation**), the HHBA and/or the Regulation prevails.

¹ As updated from time to time

PART A: DEFINING GOVERNANCE ROLES

3. Committee Composition

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 the SCHHS and the environment in which it operates, including its strengths, weaknesses, opportunities and threats
- A commitment to the continual improvement of SCHHS'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 SCHHS'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 on an annual basis.

At least one Committee member will have "financial expertise" as described in the Queensland Treasury publication, *Audit Committee Guidelines – Improving Accountability and Performance July 2020*. (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.)

4. Role of the Committee

The Committee is responsible for assisting the Board in its oversight of SCHHS's financial statements, internal control structure, internal audit functions, risk management systems and compliance systems. It is also responsible for overseeing SCHHS's liaison with the Queensland Audit Office and for assessing external audit reports and actions taken in response to such reports.

Part B: Key Committee Functions describes the Committee's functions in further detail.

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.

5. Role of the Committee Members

The matters set out in section 5 of the Board Charter (Role of the Board Members) with regard to the following matters apply to the Committee and its members as if all references in that section to the Board or its members are references to the Committee or its members.

6. Role of the Committee Chair

The Board will appoint a member of the Board to be the Chair of the Committee.

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.

7. Role of the Manager Board Operations

The Manager Board Operations is responsible 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
- Monitoring that Committee procedures and protocols are followed.

All members have direct access to the Manager Board Operations for advice and services relating to the operation of the Committee.

PART B: KEY COMMITTEE FUNCTIONS

8. Functions 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 SCHHS 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 SCHHS financial statements.
 - Information provided by SCHHS about the accuracy and completeness of the financial statements.
- Monitoring SCHHS 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 SCHHS has appropriate policies and procedures in place.
 - Whether SCHHS is complying with the policies and procedures.
- Monitoring and advising the Board about its internal audit function;
- Overseeing SCHHS liaison with the Queensland Audit Office in relation to SCHHS proposed audit strategies and plans;
- Assessing external audit reports for SCHHS and the adequacy of actions taken by SCHHS as a result of the reports;



- Monitoring the adequacy of SCHHS management of legal and compliance risks and internal compliance systems, including the effectiveness of the systems in monitoring compliance by SCHHS with relevant laws and government policies;
- Assessing SCHHS complex or unusual transactions or series of transactions, or any material deviation from SCHHS budget;
- Any other function given to the Committee by the Board, if the function is not inconsistent with a function mentioned above.

9. Detailed Functions

The detailed functions to support the statutory functions of the Committee (above) include:

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 SCHHS. 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 SCHHS.
- Reviewing effectiveness of SCHHS 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 annually.
- Reviewing the adequacy of the budget, staffing, skills and training of the internal audit function, having regard for SCHHS risk profile.
- Reviewing the appointment and termination of the Director Internal Auditor.
- Reviewing and recommending approval by the Board of the internal audit strategic and annual plan, scope and progress, and any significant changes, including monitoring 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.
- Assessing whether there is a material overlap between the internal and external audit plans.
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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 the extent of reliance placed by the external auditor on internal audit work and monitoring external audit reports and SCHHS response to those reports.

Compliance

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

Integrity Oversight and Misconduct Prevention

- Review reports on integrity framework including contacts with lobbyists, public interest disclosures, Crime and Corruption Commission reporting, fraud and misconduct trends
- Review investigation and prevention measures
- Provide advice and oversight of investigations on integrity issues to Executive Management

10. 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.

11. Reporting to the Board

The Committee, via the Committee Chair, will provide prompt and constructive 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 30(5) of the Financial and Performance Management Standard 2019.

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.

PART C: COMMITTEE PROCESSES

12. Committee Meetings

Application of HHBA schedule 1 (as attached)

HHBA Schedule 1 applies to the conduct of all business by the Committee.

Time and Place of Meetings

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.

Attendees

Standing invitees at meetings will include the:

- Health Service Chief Executive
- Chief Finance Officer
- Executive Director Legal Commercial and Governance
- Director of Internal Audit
- Principal Internal Auditor – SCHHS
- External Audit representatives

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.

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

Subject to the presence of any conflict of interest all Board members are entitled to attend Committee meetings.

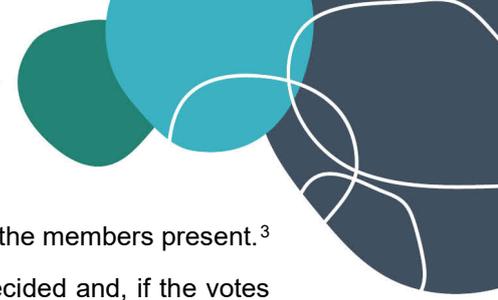
Quorum

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.²

Presiding at Meetings

The Committee Chair is to preside at all meetings of the Committee at which the Committee Chair is present. If the Committee Chair is not present, a member of the Committee chosen by the members is to preside.

² HHBA, Schedule 1, Section 4.



Voting at Meetings

A question at a meeting of the Board is decided by a majority of the votes of the members present.³

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.⁴

A member present at the meeting who abstains from voting is taken to have voted for the negative.⁵

Non-member attendees at meetings are not able to vote on questions to be decided by the Committee at the meeting.

Use of Technology

The Committee may hold meetings, or permit members to take part in meetings, by using any technology that reasonably allows members to hear and take part in discussions as they happen (e.g. teleconferencing or video conferencing). A member who takes part in a meeting of the Committee held in such manner is taken to be present at the meeting.

In-Camera Session

From time to time the members may meet informally without anyone else present. The purpose of the in-camera session is to allow the members to raise or explore any issues of concern or clarification.

For the avoidance of doubt, in camera Sessions are not Committee meetings.

Written Resolutions/Flying Minutes

Items would typically only be managed by Flying Minutes in agreement with the Board Chair when the item is urgent and must be considered before the next scheduled meeting.

The following procedure applies to a notice of a written resolution under HHBA, Schedule 1, Section 6 (6):

- (1) The notice must be proposed in writing (e.g. by email).
- (2) The full wording of the proposed resolution and the reasons for the proposal must be attached to the notice.
- (3) The notice can be given by any Committee member or the Board Secretary on behalf of a Committee member.
- (4) The notice must allow for a period of two working days.
- (5) A Written Resolution/Flying Minute paper will be uploaded to Convene with a requested response date and members will vote on the resolution via Convene. Generally, 2 working days are allowed for consideration of Flying Minutes.
- (6) If a Member has no comment to make or is unable to comment on a Flying Minute, this needs to be conveyed to the Secretariat in writing.
- (7) The final decision in respect to the item will be entered into the Minutes of the next meeting.
- (8) The procedure set out above is deemed to have been complied with when the expiry of voting timeframe and majority decision is reached, or all members have cast a vote.

³ HHBA, Schedule 1, Section 6(1).

⁴ HHBA, Schedule 1, Section 6(2).

⁵ HHBA, Schedule 1, Section 6(3).



Minutes

The Committee must keep minutes of its meetings and a record of any written resolutions made by it.⁶

The Manager Board Operations is responsible for taking the minutes.

Committee members are responsible for ensuring minutes are accurate and reflect a true and correct record of the procedures and decisions of meetings.

Meeting Cycle

To assist the smooth running of Committee processes, the Committee has adopted an indicative meeting cycle as shown below. The indicative cycle aims to provide members with sufficient time to review the agenda and Board papers. This time frame should allow sufficient time to prepare for discussions and seek clarification or further information in advance on ambiguous items.

Item	Working Days
Agenda and Committee papers are distributed	-5
Committee meeting	0
Draft minutes sent to Chair	5
Draft minutes sent to members	15

All dates are calculated by reference to the day of the Committee meeting (Day Zero).

This is an indicative cycle only. The actual timing of events in the lead up to and following Committee meetings will depend upon the circumstances surrounding each meeting.

13. Committee Meeting Agenda

The Committee meeting agenda assists in focusing discussion. It helps to ensure that the Board's discussion progresses through the full list of items to be addressed and that time spent during meetings reflects the Board's priorities.

The Manager Board Operations, in conjunction with the Chair and the Chief Executive, is responsible for preparing the agenda for each Committee meeting.

The Chair is responsible for ensuring that items included on the agenda reflect matters that, according to this Charter, sit within the Committee's roles, responsibilities and functions and align with the Board's and Committee's priorities.

Committee members may contribute to the agenda by submitting items for the Chair's consideration, either directly to the Chair or via the Manager Board Operations. The Executive may submit items for the Committee Chair's consideration via the Manager Board Operations. Any such request should be made at least 15 working days prior to the Committee meeting.

14. Committee Papers

Preparation and Distribution of Committee Papers

The Manager Board Operations is responsible for the collation and distribution of Committee papers.

All Committee papers must be approved by the relevant Executive Director and the Chief Executive prior to being submitted to the Manager Board Operations for distribution to Committee members.

⁶ HHBA, Schedule 1, Section 7(1).



Templates for Committee papers will be approved by the Chair. All papers must be submitted to the Manager Board Operations using the appropriate template.

Sunshine Coast HHS uses Convene for the distribution of Committee papers. All Committee papers must be uploaded to Convene a minimum of 5 working days before the Committee meeting, unless otherwise approved by the Chair.

Committee papers or supplement papers may only be tabled at the Committee meeting if the majority of members present agree. If no objection is raised by any member immediately after the tabling occurs, agreement is deemed to have been given by all members present.

Retention of Committee Papers and Meeting Notes

The Manager Board Operations retains hard and soft copies of all Board papers including copies of all papers and documents tabled during the relevant meeting.

The treatment of any additional copies of Committee papers distributed to individual Committee members and members of the Executive (“Dutyholders”) and their respective annotations and notes is the responsibility of each Dutyholder taking into account (inter alia) their confidentiality obligations as well as the law with regards to the destruction of documents that may become relevant in present or potential or anticipated litigation or formal inquiries or investigations.

15. Committee Work Plan

The Manager Board Operations, in consultation with the Committee Chair and the Chief Executive, shall maintain an annual work plan for the Committee. The annual work plan shall identify the key matters for consideration and actions required by the Committee during the year and allocate those matters and actions to a relevant meeting(s). The annual work plan enables the Committee, the Chief Executive and the Executive to be aware of and plan for the year and may attend any Committee meeting.

PART D: COMMITTEE EFFECTIVENESS

16. Committee Member Protection

Except as specified below, the matters set out in section 19 of the Board Charter (Board Member Protection) with regard to the following matters apply to the Committee and its members as if all references in that section to the Board or its members are references to the Committee or its members:

- Communication with Executive
- Access to Independent Professional Advice (although the Committee may only do this with the prior approval of the Board)
- Protection from Liability (does not apply to external Committee members)
- Queensland Government Indemnity Guideline (does not apply to external Committee members)
- Deed of Indemnity, Insurance and Access (does not apply to external Committee members)
- Directors’ and Officers’ Insurance (does not apply to external Committee members).

17. 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.

GENERAL

18. Breach of this Charter

Any member of the Committee who considers another member has breached this Charter should consult with the Committee Chair. The Committee Chair, in consultation with the Chair of the Board, is responsible for determining appropriate action which may include, investigation of the concerns raised.

Where concerns raised relate to the Committee Chair, the concerns should be raised directly with the Chair of the Board. If the Chair of the Board is the Committee Chair, the concerns should be raised directly with Deputy Chair

19. Review of this Charter

The Committee will review this Charter every two years or as required.

Any changes to this Charter must be approved by the Board.

20. Publication of this Charter

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

21. Interpretation

The following terms when used in this Charter have the meaning given to them below:

Board	means the Sunshine Coast Hospital and Health Board, comprised of members appointed by the Governor in Council, by gazette notice, on the recommendation of the Minister.
Committee	means a Committee of the Board
Director-General	means the Director-General, Department of Health.
Executive	means Sunshine Coast HHS's Executive.
HHBA	means the <i>Hospital and Health Boards Act 2011</i> (Qld)
Hospital and Health Service	means a Hospital and Health Service established under the HHBA.
Minister	means the Minister for Health.
Regulation	means the <i>Hospital and Health Boards Regulation 2012</i> (Qld)
Service Agreement	has the meaning given to it in the HHBA.
Sunshine Coast HHS	means Sunshine Coast Hospital and Health Service, the statutory body established under the HHBA.

22. Revision History

Version	Version date	Summary of Changes
1.0	17 December 2013	Development of an Audit and Risk Committee 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 Audit (and Risk) Committees of the SCHHS, WBHHS and CQHHS.
1.1	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 HHBR, include a section of Standing Invitees to meetings.
1.2	9 January 2014	Incorporate feedback from WBHHS: inclusion of Statutory Bodies Financial Accountability Act, 1982 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 externally reviewed periodically.
1.3	19 February 2014	Incorporate feedback from SCHH Board Audit and Risk Committee members then endorsed for Board approval.
2.0	4 March 2014	Final version signed by Board Chair and Audit and Risk Committee Chair.
3.0	17 February 2015	Amend Crime and Misconduct Commission and Crime and Misconduct Act to Crime and Corruption Commission and Crime and Corruption Act 2001
4.0	January 2017	Secretariat function to be performed by the Manager Board Operations The annual self-assessment will be conducted in February in line with the Committee Charter and Work Plan review Standing invitees list updated
4.1	February 2018	Contact person for changes to Charter amended to MBO
5.1	5 February 2018	Executive Director Innovation Quality Research and Education removed as standing invitee Executive Director Strategy Performance and Governance added as standing invitee as risk and compliance is within this portfolio
6	October 2020	Full Revision of Charter

This Charter was approved by the Board at its meeting on 1 December 2020.

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Dr Lorraine Ferguson AM
Chair, Sunshine Coast Hospital and Health Board



Attachment 1

Extract from HHB Act section 19:

Functions of Services

- (1) *A Service's main function is to deliver the hospital services, other health services, teaching, research and other services stated in the service agreement for the Service.*
- (2) *A Service also has the following functions:*
 - (a) *to ensure the operations of the Service are carried out efficiently, effectively and economically;*
 - (b) *to enter into a service agreement with the chief executive;*
 - (c) *to comply with the health service directives that apply to the Service;*
 - (d) *to contribute to, and implement, Statewide service plans that apply to the Service and undertake further service planning that aligns with the Statewide plans;*
 - (e) *to monitor and improve the quality of health services delivered by the Service, including, for example, by implementing national clinical standards for the Service;*
 - (f) *to develop local clinical governance arrangements for the Service;*
 - (g) *to undertake minor capital works, and major capital works approved by the chief executive, in the health service area;*
 - (h) *to maintain land, buildings and other assets owned by the Service;*
 - (ha) *for a prescribed Service, to employ staff under this Act;*
 - (i) *to cooperate with other providers of health services, including other Services, the department and providers of primary healthcare, in planning for, and delivering, health services;*
 - (j) *to cooperate with local primary healthcare organisations;*
 - (k) *to arrange for the provision of health services to public patients in private health facilities;*
 - (l) *to manage the performance of the Service against the performance measures stated in the service agreement;*
 - (m) *to provide performance data and other data to the chief executive;*
 - (n) *to consult with health professionals working in the Service, health consumers and members of the community about the provision of health services;*
 - (o) *other functions approved by the Minister;*
 - (p) *other functions necessary or incidental to the above functions.*



Attachment 2

Extract from HHB Act Section 13:

Guiding Principles

(1) the following principles are intended to guide the achievements of this Act's object:

- (a) the best interests of users of public sector health services should be the main consideration in all decisions and actions under this Act;*
- (b) there should be a commitment to ensuring quality and safety in the delivery of public sector health services;*
- (c) providers of public sector health services should work with providers of private sector health services to achieve coordinated, integrated health service delivery across both sectors;*
- (d) there should be responsiveness to the needs of users of public sector health services about the delivery of public sector health services;*
- (e) information about the delivery of public sector health services should be provided to the community in an open and transparent way;*
- (f) there should be commitment to ensuring that places at which public sector health services are delivered are places at which –*
- (g) there is a positive and safe workplace culture based on mutual trust and respect;*
- (h) employees are respected and diversity is embraced; and*
- (i) employees are free from bullying, harassment and discrimination;*
- (j) there should be openness to complaints from users of public sector health services and a focus on dealing with the complaints quickly and transparently;*
- (k) there should be engagement with staff, clinicians, consumers, community members and local primary healthcare organisations in planning, developing and delivering public sector health services;*
- (l) opportunities for research and development relevant to the delivery of public sector health services should be promoted;*
- (m) opportunities for training and education relevant to the delivery of public sector health services should be promoted.*