

# Board Audit and Risk Committee Charter



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## Board Audit and Risk Committee

### 1. Purpose

The Sunshine Coast Hospital and Health Board (the Board) Audit and Risk Committee is responsible for assisting the Board in its oversight of Sunshine Coast Hospital and Health Service (SCHHS) 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. The committee does not replicate or replace established management responsibilities and delegations. In fulfilling its responsibilities, the Committee will observe and promote the organisational values of Integrity, Compassion, Accountability and Innovation.

### 2. Legislative Authority

The *Hospital and Health Boards Act 2011* (the Act) requires 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 to assist the Board to perform its functions effectively and efficiently, the Board has established a committee to be known as the Audit and Risk Committee (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 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.

### 3. Functions

In accordance with section 34 of the Regulation, the Committee has the following functions:

- (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 Financial Accountability Act 2009;*
  - (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 Financial Accountability Act 2009, 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 Financial and Performance Management Standard 2009, part 2, division 5—monitoring and advising the Service's 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;

(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; and

(h) assessing the Service's complex or unusual transactions or series of transactions, or any material deviation from the Service's budget.

(2) In this section:

**external audit** means an audit conducted by or for the Queensland Audit Office.

**Queensland Audit Office** means the Queensland Audit Office established under the Auditor-General Act 2009, section 6(3).

## 4. Detailed functions

In accordance with the provision in the Regulation allowing the Board to assign to the Committee any other relevant function, the Board has assigned the following additional functions to the Committee:

### 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 having regard to the Risk Appetite Statement and risk tolerances outlined in it.

### 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.

### 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.

## 5. Risk Management

A proactive approach to risk management will underpin the business of the Committee. The Committee will:

- Identify risk, and mitigating strategies, associated with all decisions made; and
- Implement processes to enable the Committee to identify, monitor and manage critical risks as they relate to the functions of the Committee.

## 6. Reporting

The Committee provides the following reports to the Board:

Report	Frequency	Responsibility
Summary of Committee meetings	Quarterly	Chair, A&R Committee

The Committee receives the following reports:

Report	Description/type	Frequency	Responsibility
External Audit	Summary report	Quarterly	Executive Director Legal and Governance
Internal Audit	Summary report	Quarterly	Executive Director Legal and Governance
Risk Management	Summary report	Quarterly	Executive Director Legal and Governance
Compliance	Summary report	Quarterly	Executive Director Legal and Governance
Fraud and Corrupt Conduct	Summary report	Quarterly	Executive Director Legal and Governance

The Committee may also receive reports as required or as requested where the report is relevant to the Committee's functions.

The Committee, via the Committee Chair, will provide written and verbal reports and recommendations to the Board highlighting issues it considers warrant Board discussion.

## 7. Committee Composition

The Committee consists of three (3) members appointed by the Board. Members will be members of the Board, or, where the Board considers it does not have the necessary expertise, it may appoint an external member to 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.

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.)

In addition, the Committee 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.

The Board will review the Committee’s composition as required but no less than annually.

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

Standing invitees at meetings include the:

- Health Service Chief Executive
- Chief Finance Officer
- Executive Director Legal and Governance
- Director Internal Audit
- Risk Manager
- Nursing Director Compliance, Policy and Procedure.

## 8. 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.

## 9. Role of the Executive Director Legal and Governance

The Executive Director Legal and Governance as the executive lead will:

- Liaise closely with the Committee in relation to audit and risk issues
- Ensure that all relevant audit and risk issues and proposals are placed on the Committee's agenda and that appropriate staff members are available to brief the Committee
- Provide expert and authoritative advice to the Committee on audit, risk and compliance management practices and regulatory responsibilities.

## 10. 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.

## 11. Conduct of Committee Meetings

### 11.1 Committee Agenda and Papers

The Committee Chair, EDLG and Manager Board Operations are responsible for preparing agendas in line with the committee work plan and any other matters that fit within the remit of the committee's functions and priorities.

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

### 11.2 Meetings and attendance

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.

### 11.3 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.<sup>1</sup>

### 11.4 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.

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<sup>1</sup> HHBA, Schedule 1, Section 4.



## 11.5 Decision making

As an advisory committee the recommendations of the Committee will be regarded as a collective decision or advice unless there is material dissension.

If consensus cannot be reached, the Chair of the Committee reserves the right to escalate the matter to the Board.

The minority view will be recorded in the minutes of the meeting and placed before the Board.

## 11.6 Minutes

The Committee must keep minutes of its meetings and a record of any written resolutions made by it.<sup>2</sup>

The Manager Board Operations is responsible for taking the minutes.

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

Minutes of Committee meetings are available to all members on Convene.

## 11.7 Confidentiality

All attendees at Board or Committee meetings are required, as officers and or fiduciaries of Sunshine Coast Hospital and Health Service, to keep confidential all information presented to (whether written or oral) or discussed at Board and Committee meetings.

## 12. Written Resolutions/Out of session

Items would typically only be managed out of session in agreement with the Committee Chair when the item is urgent and must be considered before the next scheduled meeting.

## 13. Evaluation of Committee Performance

The Committee will undertake an annual self-assessment of its performance, including its performance against the requirements of this Charter and the performance against the annual work plan. This self-assessment will feed into the annual Board and Committee performance review.

## 14. Committee Work Plan

The Manager Board Operations, in consultation with the Committee Chair and the EDLG 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.

## 15. Business Rules

The Committee Charter should be read in conjunction with the Board Charter which outlines the general governance provisions that apply to the Board Committee meetings.

## 16. Publication of this Charter

A copy of this Charter will be made available at [www.schhs.health.qld.gov.au](http://www.schhs.health.qld.gov.au)

<sup>2</sup> HHBA, Schedule 1, Section 7(1).

## 17. Interpretation

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

Act	<i>Hospital and Health Boards Act 2011</i> (Qld)
The Board	The Sunshine Coast Hospital and Health Board
Committee	The SCHH Board Audit and Risk Committee
Executive	The SCHHS Executive team
Service	A Hospital and Health Service established under the Act.
Minister	Minister for Health and Ambulance Services
Regulation	<i>Hospital and Health Boards Regulation 2012</i> (Qld)
SCHHS	Sunshine Coast Hospital and Health Service – a statutory body established under the Act.

## 18. Revision History

### Document history

Version date	Summary of Changes
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.
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 <b>functions</b> of the committee as listed under s34 of HHBR, include a section of Standing Invitees to meetings.
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.
19 February 2014	Incorporate feedback from SCHH Board Audit and Risk Committee members then endorsed for Board approval.
4 March 2014	Final version signed by Board Chair and Audit and Risk Committee Chair.
17 February 2015	Amend Crime and Misconduct Commission and Crime and Misconduct Act to Crime and Corruption Commission and Crime and Corruption Act 2001
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
February 2018	Contact person for changes to Charter amended to MBO
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
October 2020	Full Revision of Charter
May 2022	Full Revision of Charter

## 19. Next review date

This Charter will be reviewed in June 2023.

This Charter was approved by the Board at its meeting on 7 June 2022.

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Ms Sabrina Walsh  
Chair, Sunshine Coast Hospital and Health Board