

GAR015 Finance Audit and Risk Management Committee Terms of Reference



Document Details

Document Name	Finance, Audit and Risk Management Committee Terms of Reference
Document ID	GAR015
Authority	Board
Responsible Role	Company Secretary

1 Introduction

The Finance, Audit and Risk Management (FARM) Committee (the Committee) is established as a Committee of the Board. The Committee will continue indefinitely until such time as terminated by the Board.

These Terms of Reference outline the role, responsibilities, and operating procedures of the Committee, and shall be reviewed by the Board at least every two years. These Terms of Reference should be read in conjunction with relevant NT PHN policies and procedures as they apply to Committee members.

2 Purpose of Committee

The Committee's purpose is to assist the Board in relation to the Board's oversight responsibilities relating to financial management and reporting, audit, and risk management matters, as defined in these Terms of Reference or as may be directed by the Board.

3 Role and Responsibilities

The Committee makes recommendations to the Board and does not have any decision-making authority. The main responsibilities of the Committee are to:

3.1 Financial and business performance reporting

- review, in consultation with management and the external auditors, where applicable, the content and integrity of financial reporting and any narrative analysis of the financial information, including the quarterly financial reports, solvency and liquidity statements, half-year and annual financial statements, annual financial report and financial content in the annual report, focusing specifically on the following:
 - whether the financial statements and notes have been prepared in accordance with the Australian Accounting Standards, the Australian Charities and Not-for-profits Commission Act 2012 and the Corporations Act 2001, to the extent applicable
 - whether the Company made appropriate estimates and judgements, taking into account the views of the external auditor
 - whether the relevant accounting and tax policies and principles have been applied
 - any significant adjustments to the financial statements resulting from the audit
 - the basis on which the Company has been determined as a going concern
 - whether there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable
- review the content and integrity of the annual report
- consider the activity work plans and performance reports under the Australian Government Department of Health core funding agreements, as approved by the CEO.

3.2 Annual budget

Review the annual budget (and any significant amendments thereto), including the appropriateness of parameters and assumptions used in the preparation of the budget.

3.3 Risk management

- oversee the development and regular review of the risk management framework and key policies used to identify and mitigate strategic and operational business risks, and monitor the implementation thereof
- ensure that management considers and implements appropriate risk responses
- assess the levels of risk tolerance and appetite and monitoring that risks are managed within the levels of tolerance and appetite, as approved by the Board
- consider the effectiveness of the Company's procedures for detecting fraud
- review any material incident involving fraud or a breakdown of the entity's risk controls
- consider reports from management on new and emerging risks and the risk controls and mitigation measures that management has put in place to deal with those risks
- consider the adequacy and effectiveness of the systems of internal control
- consider whether the overall levels of insurance are appropriate
- consider the Board Delegations Policy and the appropriateness of the delegations included in the policy
- oversee the development and regular review of an appropriate compliance management system and key policies, and monitor the implementation thereof
- assess compliance with the Work Health and Safety Act 2011, including the quarterly Persons Undertaking a Business or Undertaking Report
- assess compliance with the funding agreements by the Company and compliance with the service agreements by subcontractors
- review any significant compliance risk matters identified and monitor the process in rectifying these matters
- review the adequacy and security of the Company's arrangements, including the Whistleblower Policy, for enabling protected whistleblower disclosures in accordance with relevant legislation.

3.4 External audit

- oversee the appointment/re-appointment/removal and remuneration of the external auditor
- review the external auditor's independence and performance
- monitor issues raised by the auditor, together with the implementation of management's responses
- meet with the external auditor as required, but at least once a year to discuss the auditor's closing report in respect of the annual audit and any issues arising from the audit.

3.5 Internal audit

- monitor the use of internal audit to test the integrity of controls being relied upon to mitigate risks, and to identify opportunities for improvement in internal controls
- approve the appointment/removal and performance assessment of the internal auditor, as may be appropriate from time to time
- review and assess the annual internal audit plan

- consider reports from the internal auditors and monitor management's implementation of audit recommendations
- meet with the internal auditor at least once a year to discuss their remit and any issues arising from the internal audits carried out, with the option to meet without management being present.

The Committee is authorised by the Board to:

- investigate any activity within its terms of reference
- seek any information it requires from any Director or, through the CEO or Committee Secretary, any employee, consultant or other provider of services to the Company, in order to perform its duties
- have direct access to the Company's internal and external auditors
- obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference in accordance with the provisions of the Board Charter
- call any employee, through the CEO or Committee Secretary, to provide information at a meeting of the Committee as and when required.

Committee members are expected to be fully prepared for Committee meetings to be able to provide appropriate and constructive input on matters for discussion.

4 Membership

4.1 Appointment and composition

The Committee will comprise of up to four Directors. If required, one additional independent member with financial, audit and/or risk management experience may be appointed by the Committee.

Committee members are appointed by the Board for a term of two years, with the possibility of being reappointed by the Board for subsequent terms.

The Committee members must have sufficient qualifications and experience to ensure that the Committee, as a whole, are able to fulfil their duties.

4.2 Chair and Deputy Chair

The Committee Chair and Deputy Chair, which appointment is in the discretion of the Committee, are appointed by a simple majority vote by the Board for a term of two years, with the possibility of being reappointed by the Board for subsequent terms.

All Committee meetings shall be chaired by the Committee Chair. In the absence of the Committee Chair and/or an appointed Deputy Chair, the remaining members present shall elect one of themselves to chair the meeting and to provide feedback to the Committee Chair as to the salient points and outcomes of that meeting.

4.3 Remuneration

The remuneration of Committee members, as well as the reimbursement of travel, accommodation and other expenses related to the attendance of Committee meetings will be made in accordance with the Directors Remuneration Policy (BRD004) and NT PHN's Travel Handbook (FIN0025).

5 Meetings

5.1 Frequency of meetings

The Committee will meet a sufficient number of times per year to carry out its responsibilities, being a minimum of four times per year. Additional meetings may be scheduled as directed by the Board or Committee Chair, or otherwise as necessary to discharge the responsibilities of the Committee.

5.2 Agenda and minutes

The agenda and agenda papers for Committee meetings will be circulated no less than five working days before each meeting.

The Committee Secretary shall finalise the agenda with the CEO and the Committee Chair prior to circulation to the Committee members. Any Committee member may submit an agenda point to the Committee Secretary within 10 working days before a meeting.

The Committee shall ensure that accurate minutes of all Committee meetings be prepared. The Committee Secretary must complete the draft minutes within five working days of the meeting and circulate it to the Chair for review. The minutes shall be presented to the Committee for approval at the next Committee meeting to be signed by the Committee Chair. The Committee Secretary will maintain a complete and up to date record of all meeting minutes and action items.

5.3 Attendance at meetings

Members are required to attend all Committee meetings in person or through such technology as may be deemed appropriate.

The CEO, Committee Secretary and respective author of each agenda paper shall attend all Committee meetings as standing invitees but may not vote on any decisions by the Committee. Other non-members, such as NT PHN management and professional advisors, may be invited by the Committee Chair to attend all or part of any Committee meeting as and when necessary.

The external auditor and the internal auditor shall be invited to meet with the Committee at least once a year.

5.4 Quorum

A quorum for meetings shall be at least half of the Committee members. If a quorum is not achieved, a decision to continue with the meeting will be made by those present. If the meeting continues, all decisions must be ratified at the next meeting or out-of-session.

5.5 Decision making

The Committee makes recommendations to the Board and does not have delegated decision-making authority from the Board.

The Committee will strive to make decisions on matters within their scope on a unanimous basis. In any instance where this cannot be achieved, the Chair will put the issue to a simple majority vote.

5.6 Out-of-session decisions

Matters requiring review, approval, or endorsement by the Committee, including matters requiring a vote, between scheduled Committee meetings may be submitted to the Committee out-of-session. The Committee Chair will determine matters to be considered by the Committee out-of-session and will approve all information and the form of any motion prior to it being sent to Committee members for consideration. The process for the submission of out-of-session papers as provided in the Board Charter, to the extent applicable to the Committee, will be followed.

Any out-of-session decision taken by the Committee shall:

- require unanimous support of all Committee members entitled to vote (excluding any Committee member who has been given leave of absence by the Board)
- be regarded as signed by a Committee member upon receipt of a favourable response using the electronic meeting platform or other electronic means (such as an email address) that establishes the identity of the member.

6 Secretariat

The Company Secretary or such other person nominated by the Company Secretary shall act as the secretary of the Committee. The Committee Secretary shall attend all Committee meetings and is responsible for making all administrative arrangements for Committee meetings, preparing, and circulating meeting papers and minutes, or such other secretariat support as may be required.

7 Reporting

The Committee reports to the Board. The Committee Chair, with the support of the management, must present a report at the next scheduled Board meeting following each Committee meeting, or if requested at any time.

8 Confidentiality and Privacy

In accordance with NT PHN's Confidentiality Undertaking Policy, all non-public information that Committee members acquire in the course of performing their duties should be treated as confidential, which obligation continues to apply when a member no longer serves on the Committee. Other than as authorised by NT PHN or as required by law, Committee members shall not divulge such confidential information, use, or appear to use such confidential information for personal advantage or for the advantage of a third person. Any personal information shall be treated in accordance with the Privacy Policy.

9 Conflicts of Interest

In accordance with the Corporations Act and the Declaration and Management of Interests and Related Party Transactions Policy, Committee members must act with honesty and integrity, be open and transparent in dealings, and avoid personal interests to conflict with the interests of the Company and, where it exists, to identify and disclose any potential, perceived or actual conflicts of interest or related party transactions.

The declaration of interests will remain a standing agenda item for each Committee meeting and Committee members will be expected to declare the nature and extent of any actual, potential, or perceived conflict of interest at the start of each Committee meeting if it is likely to have an impact on a discussion or decision being made by the Committee.

Any standing declarations of interests shall be referred to the Board for consideration in accordance with the Declaration and Management of Interests and Related Party Transactions Policy.

10 Further Information

<p>Definitions</p>	<p>Board – the Board of Directors of NT PHN</p> <p>CEO – the Chief Executive Officer of NT PHN</p> <p>Committee – the Finance, Audit and Risk Management Committee of the Board</p> <p>Committee Secretary – the Company Secretary or such other person nominated by the Company Secretary to act as the secretary of the Committee</p> <p>Company or NT PHN – Health Network Northern Territory Ltd operating as Northern Territory PHN and the Rural Workforce Agency NT</p>
<p>Related Controlled Documents</p>	<p>BRD003 Declaration and Management of Interests and Related Party Transaction Policy</p> <p>BRD004 Directors Remuneration Policy</p>

	BRD004-A Directors Remuneration Schedule of Rates DIN017 Privacy Policy DIN032 Confidentiality Policy PPC007 Code of Conduct BRD012 Board Delegations Policy BRD012-A Schedule of Board Delegations GAR040 Risk Management Policy GAR020 Whistle-blower Policy BRD0026 Work Health and Safety Officer Compliance Policy BRD040 Board Charter FIN0024 Fraud Risk Management Policy FIN0025 Travel Handbook
Relevant Legislation	Corporations Act 2001 (Cth) Privacy Act 1988 (Cth) Work Health and Safety Act 2011 (Cth)
References	Nil

11 Version History

Date of Original Adoption		7 February 2013	Due date for Next Review		29 November 2023
Version	Author	Approved by	Date Adopted	Sections Modified	
1	-	NTML Board	04.02.2013	Adoption of BRD0005 Board Sub-Committees Policy.	
1.1	Ashley Marsh, Company Secretary	NTML Board	23.02.2015	Minor changes to BRD0005 Board Sub-Committees Policy.	
2	Ashley Marsh, Company Secretary	NT PHN Board	30.11.2015	Minor variations to BRD0005 Board Committees and Councils Policy. Committee's Terms of Reference attached.	
3	Ashley Marsh, Company Secretary	NT PHN Board	29.02.2016	Minor wording changes to fees.	
4	Board Support	NT PHN Board	29.02.2016	No relevant changes – amendments made to Councils' Terms of Reference attached to BRD0005.	
4.1	Board Support	NT PHN Board	23.08.2016 21.11.2016	No relevant changes – amendments made to Councils' and Workforce Committee's	

				Terms of Reference attached to BRD0005.
4.2	Office of CEO	NT PHN Board	28.08.2017	No relevant changes – amendments made to Councils’ Terms of Reference and Terms of Reference adopted for new Sponsorship and Development Committee.
4.3	Victoria Hirst, Strategy and Business Performance Manager	NT PHN Board	29.05.2018	Minor amendments.
4.4	Assurance Manager	NT PHN Board, Resolution 306	27.08.2018	Realignment of all Terms of Reference and inclusion of Attachment I (Supporting Documentation for Councils) to BRD0005.
5	Léanne Heerink, Company Secretary	NT PHN Board, Resolution 422	25.11.2019	Terms of Reference updated and placed on new template in accordance with Corporate Governance Handbook as a standalone controlled document. Document ID changed from BRD0005-F to GAR15.
6	Nutisha Todi, Company Secretary	NT PHN Board Resolution 651	29 November 2021	Updated to new document template. Change of Responsible role and document ID. Deletion of FARM Committee Liaison role and relevant changes in relation to the deletion.
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