

# Terms of Reference

Document ID: MHHB-TOR-005

## Audit and Risk Committee Mackay Hospital and Health Board

### 1. Purpose

The Mackay Hospital and Health Board (**Mackay HHB**) has ultimate responsibility for risk oversight and risk management in regard to the Mackay Hospital and Health Service (**Mackay HHS**).

As a committee of the Mackay HHB, the Audit and Risk Committee is responsible to the Mackay HHB for:

1. Monitoring the Mackay HHS' compliance with its obligation to establish and maintain an internal control structure and systems of risk management under the *Financial Accountability Act 2009*.
2. Assessing the Mackay HHS' financial statements in regard to:
  - a. the appropriateness of the accounting practices; and
  - b. compliance with accounting standards prescribed under *Financial Accountability Act 2009*.
3. Oversighting the establishment and implementation of the Mackay HHS risk management framework<sup>1</sup>; and
4. Reviewing the effectiveness of that risk management framework in identifying and managing risks and controlling internal processes.

### 2. Authority

The Audit and Risk Committee is a prescribed committee under section 47 of the *Hospital and Health Boards Regulation 2023* (Qld).

### 3. Membership

The Mackay HHB shall appoint the members of the Audit and Risk Committee and review the composition of the Audit and Risk Committee from time to time. The Audit and Risk Committee will consist of at least three (3) Board Members with at least one member from the Safety and Quality Committee.

The Mackay HHB shall appoint one of the Board Members as the chair of the Audit and Risk Committee. In the temporary absence of the Committee Chair, the Committee Members shall appoint the chair of that Audit and Risk Committee meeting. In the permanent absence of the Committee Chair, the Mackay HHB must nominate a new Committee Chair.

The Audit and Risk Committee Members are:

- Dr Maureen Chapman\* – Committee Chair
- Mr William Cooper – Committee Member
- Ms Monica McKendry – Committee Member
- Associate Professor Luke Lawton\* – Committee Member

\* *Safety and Quality Committee member*

<sup>1</sup> The objectives of the Mackay HHS risk management framework are to ensure the provision of safe, quality services and direct the culture, processes and reporting structures in all Mackay HHS facilities and throughout the corporate group to take advantage of opportunities while managing and monitoring risks that may adversely impact the achievement of Mackay HHS' business objectives.

The Board Chair is an ex officio member of the Audit and Risk Committee (if not already appointed as a Committee Member by the Mackay HHB).

The following positions will be invited to attend each meeting:

- Chief Executive
- Executive Director Corporate Services (co-Executive Sponsor)
- Executive Director Strategy and Governance (co-Executive Sponsor)
- Program Manager, Internal Audit
- Director Financial Accounting

The Executive Sponsor, with the approval of the Committee Chair, may invite additional Mackay HHS staff to attend meetings.

Representatives from Queensland Audit Office and Mackay HHS's appointed external auditors will also be invited to Audit and Risk Committee meetings.

#### 4. Duties and Responsibilities

The duties and responsibilities of the Audit and Risk Committee shall be as follows:

- a) Advising the Mackay HHB about the matters stated in paragraphs (b) to (h).
- b) Assessing the adequacy of the Mackay HHS' 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 Mackay HHS' financial statements; and
  - iv. information provided by the Mackay HHS about the accuracy and completeness of the financial statements.
- c) Monitoring the Mackay HHS' 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 Mackay HHS has appropriate policies and procedures in place; and
  - ii. whether the Mackay HHS is complying with the policies and procedures.
- d) If an internal audit function is established for the Mackay HHS under the *Financial and Performance Management Standard 2019*, part 2, division 5 - monitoring and advising the Mackay HHB's about its internal audit function.
- e) Overseeing the Mackay HHS' liaison with the Queensland Audit Office in relation to the Mackay HHS' proposed audit strategies and plans, and provide feedback as required.
- f) Assessing external audit reports for the Mackay HHS and the adequacy of actions taken by the Mackay HHS as a result of the reports.
- g) Monitoring the adequacy of the Mackay HHS' management of legal and compliance risks and internal compliance systems, including the effectiveness of the systems in monitoring compliance by the Mackay HHS with relevant laws and government policies.
- h) Assessing the Mackay HHS' complex or unusual transactions or series of transactions, or any material deviation from the Mackay HHS' budget.
- i) Any other function given to the Audit and Risk Committee by the Mackay HHB's, if the function is not inconsistent with a function mentioned in paragraphs (a) to (h). This includes -
  - i. Promoting a culture of proactive risk management throughout the Mackay HHS.
  - ii. Providing oversight of the Mackay HHS's risk management framework, to ensure effective risk identification, management and compliance with internal guidelines and external requirements.

- iii. Reviewing reports by management on the efficiency and effectiveness of risk management and associated internal compliance and control procedures.
- iv. Assessing reports from management concerning the risk implications of new and emerging risks, legislative or regulatory initiatives, organisational changes and major new business strategies.

## 5. Reporting Relationships

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The Audit and Risk Committee reports directly to the Mackay HHB.

The Committee Chair may give a verbal or written report at any meeting of the Mackay HHB at the invitation of the Board Chair.

The Audit and Risk Committee can only endorse matters to the Mackay HHB for approval.

The Audit and Risk Committee is advisory in nature, and does not hold financial, procurement or any other form of delegation to approve matters on behalf of the Mackay HHB.

## 6. Meetings

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The Audit and Risk Committee will meet on a quarterly basis (at a minimum). The Audit and Risk Committee Chair shall decide if any additional meetings are required to fulfil the Audit and Risk Committee's duties and responsibilities.

Exceptional circumstances aside, Committee Members will be provided with at least 48 hours' notice of meetings.

## 7. Quorum

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A quorum for a meeting of the Audit and Risk Committee is one-half the number of its members, or if one-half is not a whole number, the next highest whole number.

## 8. Agenda

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

The Secretariat, in conjunction with the Committee Chair and the Executive Sponsor, is responsible for preparing the agenda for each Audit and Risk Committee meeting.

The Committee Chair is responsible for ensuring that items included on the agenda reflect matters that, according to this Terms of Reference, sit within the Audit and Risk Committee's duties and responsibilities.

Committee Members and Executive Leadership Team members may contribute to the agenda by submitting items for the Committee Chair's consideration, either directly to the Committee Chair or via the Secretariat. Any such request should be made at least 10 business days prior to the Audit and Risk Committee meeting.

## 9. Meeting Briefs

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The Secretariat is responsible for the collation and distribution of meeting briefs.

All meeting briefs must be approved by the relevant Executive Leadership Team member prior to submitting to the Secretariat for finalising. The finalised meeting briefs will be submitted to the Chief Executive for sign-off and, once given, distributed to Committee Members.

The Secretariat retains electronic copies of all meeting briefs including copies of all briefs and documents tabled during the relevant meeting.

The treatment of any additional copies of meeting briefs distributed to individual Committee Members and their respective annotations and notes is the responsibility of each individual Committee Member 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.

## 10. Minutes

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

The Secretariat is responsible for taking the minutes. The minutes should be prepared by the Secretariat within five business days of the meeting and submitted to the Committee Chair for review and acceptance within three business days of receipt.

The minutes will be tabled at the subsequent Mackay HHB meeting for noting, and the next Audit and Risk Committee meeting for approval. Committee Members are responsible for ensuring minutes are accurate and reflect a true and correct record of the procedures and decisions of meetings.

## 11. Written Resolutions

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The following procedure applies to a notice of a written resolution, pursuant to the requirements under *Hospital and Health Board Act 2011 (Qld) (HHBA)*, Schedule 1, section 6(6):

- a) The notice must be proposed in writing (e.g. by email).
- b) The full wording of the proposed resolution and the reasons for the proposal must be attached to the notice.
- c) The notice can be given by any Committee Member or the Secretariat on behalf of a Committee Member.
- d) The proposed written resolution is passed once the Secretariat has received the necessary quorum of votes from eligible Committee Members.

## 12. Work Plans

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The Secretariat, in consultation with the Committee Chair and the Executive Sponsor, shall maintain an annual work plan for the Audit and Risk Committee (see **Appendix 1**). The annual work plan shall identify the key matters for consideration and actions required by the Audit and Risk Committee during the year, and allocate those matters and actions to relevant meeting(s). The annual work plan enables the Audit and Risk Committee, and Executive Leadership Team to be aware of and plan for the year.

### 13. Disclosure of interests

Committee Members must act ethically and observe the highest standards of behaviour and accountability to support the continuation of public trust in the government.

*Welcome Aboard: A guide for members of Queensland Government Boards, committees and statutory authorities* outlines the obligations of members of government boards and those involved in the good corporate governance of government boards (<https://www.premiers.qld.gov.au/publications/categories/policies-and-codes/handbooks/welcome-aboard.aspx>). It states that:

*'Members of Government Boards should avoid actual or potential conflicts between their duties to the Government Board and their personal interests or their duties to others. Members of Government Boards should also be aware of possible perceived conflicts of interest.'*

Schedule 1, section 9 of the HHBA outlines the way in which the Audit and Risk Committee is to deal with disclosures of interests at meetings, in particular:

- A Committee Member must disclose if they have a direct or indirect interest in an issue being considered, or about to be considered, by the Audit and Risk Committee; and the interest could conflict with the proper performance of the Committee Member's duties about the consideration of the issue.
- This disclosure must be made as soon as practicable by the Committee Member.
- The Audit and Risk Committee will decide if the Committee Member must not be present when the Audit and Risk Committee considers the issue, or take part in a decision of the Audit and Risk Committee about the issue.
- A disclosure of interest must be recorded in the meeting minutes.

A Committee Member must not have access to information of the Audit and Risk Committee in relation to a matter in which they have a conflict of interest, unless otherwise authorised by the Committee Chair (or Board Chair in circumstances where it is the Committee Chair that has the conflict of interest).

From time to time a Committee Member may also be an employee or other service provider of Mackay HHS ("Employee Member"). This may give rise to potential conflicts of interest which need to be managed carefully. If, prior to a meeting, information is to be provided to Committee Members that may have a direct impact on the status or obligations of an Employee Member, the Chief Executive must discuss with the Committee Chair (or Board Chair in circumstances where it is the Committee Chair that is an Employee Member) what information is to be withheld from the Employee Member until the Committee Chair/Board Chair expressly decides that the information is to be provided to the Employee Member. If, during a meeting, a potential conflict of interest of the Employee Member is raised, the Audit and Risk Committee will proceed in accordance with HHBA, Schedule 1, section 9.

### 14. Confidentiality

Committee Members must keep all Audit and Risk Committee discussions and deliberations confidential. Similarly, all confidential information received by a Committee Member because they are or have been a Committee Member must be kept confidential and the Committee Member must not improperly use that information to gain an advantage for themselves or someone else or to cause detriment to Mackay HHS.

## 15. Secretariat

Secretariat support will be provided by the Board Secretary or another delegate.

The Secretariat will be responsible for the preparation and circulation of the meeting agenda as well as recording the minutes and passing resolutions at all Audit and Risk Committee meetings, in consultation with the Audit and Risk Committee Chair. The Secretariat must record any votes against a passing resolution in the minutes of the meeting.

The Secretariat will also be responsible for the timely tabling of all correspondence, reports and other information relevant to the Audit and Risk Committee's activities.

## 16. Inconsistencies

In the event that this Terms of Reference is inconsistent with the Mackay Hospital and Health Board Charter, the Mackay Hospital and Health Board Charter will prevail

In the event that this Terms of Reference is inconsistent with the HHBA and/or the HHBR, the HHBA and/or the HHBR prevail.

## 17. Publication

A copy of this Terms of Reference will be made available at <http://www.mackay.health.qld.gov.au/about-us/leadership/committees/>.

## 18. Review

The Audit and Risk Committee will review this Terms of Reference by no later than June of each year or as required.

## 19. Acceptance of Terms of Reference

This Terms of Reference was approved by the Mackay Hospital and Health Board on 9 May 2024. This version of the Terms of Reference comes into effect on 1 July 2024.

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Dr Maureen Chapman  
**Audit and Risk Committee Chair**  
**Mackay Hospital and Health Service**  
 09/05/2024

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Ms Helen Darch OAM  
**Board Chair**  
**Mackay Hospital and Health Service**  
 09/05/2024

*The signed version is held and retained by the Board Secretary*

## 20. Revision History

	Date	Amendment	Authorised by
1	28/05/15	Amended as part of Committee Structure review	Board Chair
2	25/08/16	Amended to insert new provisions	Board Chair
3	06/07/17	Amendments made to sections – Membership, Review and Acceptance of Terms of Reference	Board Chair
4	05/07/18	Significant changes to align with Mackay Hospital and Health Board Charter	Board Chair
5	04/07/19	Amendments made to sections – Membership, Meeting Briefs, Acceptance of Terms of Reference	Board Chair
6	04/06/20	Amendments made to sections – Membership, Acceptance of Terms of Reference	Board Chair
7	01/10/20	Amendments made to sections – Membership, Acceptance of Terms of Reference	A/Board Chair
8	08/07/21	Amendments made to sections – Membership, Acceptance of Terms of Reference	Board Chair
9	08/09/22	Change in Committee Membership	Board Chair
10	07/09/23	Amendments made to sections - Membership, Acceptance of Terms of Reference; Inclusion of <i>Appendix 1 – Annual Work Plan</i>	Board Chair
11	09/05/24	Amendments made to sections - Membership, Acceptance of Terms of Reference	Board Chair

## Appendix 1: Annual Work Plan

Deliverable	Owner	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
<b>Governance</b>													
1. Terms of Reference	Chair						X						
2. Annual Work Plan	Chair						X						
3. Queensland Audit Office briefing note	QAO			X			X			X			X
<b>Financial Accountability</b>													
4. Build and Land Valuation Outcomes Report	EDCS				X								
5. Mackay HHS Annual Financial Statements (Proforma)	EDCS				X								
6. Financial Management Assurance Self-Assessment	EDCS				X								
7. Interim Report	EDCS						X						
8. Mackay HHS Annual Financial Statements	EDCS								X				
9. Closing Report	EDCS								X				
10. Final Management Report	EDCS									X			
11. Building and Land Valuation Methodology	EDCS									X			
12. Framework, Strategy and Procedures for Financial Statements	EDCS												X
13. External Audit Plan	EDCS												X
14. Financial Management Practice Manual (chapters) <sup>2</sup>	EDCS			X			X			X			X
<b>Internal Audit</b>													
15. Internal Audit Charter <sup>3</sup>	EDSG												
16. Internal Audit Plan	EDSG									X			
17. Internal Audit Quarterly Report	EDSG			X			X			X			X
18. Internal Audit Reports <sup>4</sup>	EDSG			X			X			X			X

<sup>2</sup> FMPM Charters will be amended as required so there may be meetings where no chapters are submitted.

<sup>3</sup> Submitted on a three-yearly cycle with the next submission in December 2025.

<sup>4</sup> Internal Audit Reports are submitted when audits are completed so there may be meetings where no reports are submitted. The audit Co-Source Provider (if used) will be invited to present on the audit.

Deliverable	Owner	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
<b>Risk and Compliance</b>													
19. Risk Management Framework <sup>5</sup>	EDSG												
20. Risk Appetite Statement <sup>6</sup>	EDSG												
21. Risk Management Report	EDSG			X			X			X			X
22. Deep Dive into a specific risk	Assigned ED <sup>7</sup>			X			X			X			X
23. Litigation Management Report	EDSG			X			X			X			X
24. Legislative Compliance Review Report	EDSG												X
25. Legislative Compliance Report	EDSG			X			X			X			X
26. Renewal of Directors and Officers Liability Insurance Policy	EDSG						X						
27. Information Security Management System – Audit Report and Attestation Statement	EDCS						X						
28. Information Security Management System – Implementation Plan	EDCS			X			X			X			X

<sup>5</sup> Submitted on a three-yearly cycle with the next submission in March 2025.

<sup>6</sup> Submitted on a three-yearly cycle with the next submission in March 2025.

<sup>7</sup> Assigned Executive Director to be selected by Audit and Risk Committee for forward meeting.