

# TERMS OF REFERENCE – 6.07

## AUDIT AND RISK COMMITTEE



<p><b>ROLE</b></p>	<p>To oversee and advise the Board on matters of accountability and internal control affecting the operations of East Grampians Health Service.</p>
<p><b>AUTHORITY</b></p>	<ul style="list-style-type: none"> <li>• The <i>Audit &amp; Risk Committee</i> is authorised by the Board to investigate any activity covered by its Terms of Reference. Notwithstanding any other EGHS governance policies, the <i>Committee</i> is authorised to seek any information it requires from the Chief Executive, Director of Finance or other EGHS staff through the Chief Executive, who will co-operate with any request made by the <i>Committee</i>.</li> <li>• The <i>Committee</i> shall have the authority of the Board to obtain legal or other independent professional advice, and to secure the attendance at meetings of third parties with relevant experience and expertise if it considers this necessary.</li> <li>• The <i>Committee</i> shall have no executive powers with regard to its findings and recommendations.</li> </ul>
<p><b>TERMS OF REFERENCE</b></p>	<ul style="list-style-type: none"> <li>• The <i>Committee's</i> activities shall, at all times, be confined to the review or monitoring of those activities or circumstances that the Board has defined in policy.</li> </ul> <p><b>The <i>Committee</i> will monitor and oversee the following:</b></p> <ul style="list-style-type: none"> <li>• The scope of work, performance and independence of the internal audit function including approval of the Internal Audit Plan.</li> <li>• The performance of the internal audit contractor.</li> <li>• The scope of work, independence and performance of the external auditor.</li> <li>• Review all internal and external audit reports, determine the appropriateness of management responses to recommendations and monitor the actions taken by management in response to auditor recommendations.</li> <li>• The operation and implementation of the risk management framework.</li> <li>• The management and review of insurance policies and registers.</li> <li>• Matters of accountability and internal control affecting the operations of EGHS.</li> </ul>



	<ul style="list-style-type: none"> <li>• The effectiveness of management information systems and other systems of internal control.</li> <li>• The endorsement of accounting policies adopted by EGHS and the acceptability, disclosure of and correct accounting treatment for significant transactions which are not part of EGHS’s normal course of business.</li> <li>• The financial reporting process, including review of the Annual Financial Statements.</li> <li>• EGHS’s process for monitoring compliance with laws and regulations and its own Code of Conduct and Code of Financial Practice.</li> </ul>
<b>REPORTS TO</b>	<p>The <i>Committee</i> shall report to the Board after each meeting or as specified or requested by the Board. <i>Committee</i> meetings shall be minuted, with a copy attached to the next Board meeting agenda.</p>
<b>MEMBERS</b>	<ul style="list-style-type: none"> <li>• The <i>Committee</i> shall be appointed by the Board and shall consist of a minimum of (3) members, all of whom are non-executive directors and a majority of whom are independent members. The independence of a member will be determined with reference to the definition and guidance contained in the Minister of Finance’s Standing Direction 2.2 “Financial Governance”. A Board member will not be excluded from being an independent member except in the circumstance described in Standing Direction 2.2.</li> <li>• All EGHS Board Members are eligible to attend any Board sub-committee meetings.</li> <li>• <i>Committee</i> members who are not Board members may be appointed to ensure an adequate and appropriate mix of skills. Such <i>Committee</i> members shall be appointed for up to a (3) year term which can be renewed.</li> <li>• All members of the <i>Committee</i> must have and maintain: <ul style="list-style-type: none"> <li>i Basic financial literacy;</li> <li>ii Reasonable knowledge of EGHS’s own risks and controls;</li> <li>iii Integrity, objectivity, accountability, honesty and openness;</li> <li>iv Dedication of time and effort;</li> <li>v An enquiring mind;</li> <li>vi Independence of judgement;</li> <li>vii Relevant industry knowledge; and</li> <li>viii Business experience in the public or private sector</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>• At least one member of the <i>Committee</i> must have appropriate expertise in financial accounting or auditing.</li> <li>• The Director of Finance is to provide all newly appointed members with all necessary information regarding the <i>Committee's</i> responsibilities and EGHS's operations and background to enable them to understand and discharge their responsibilities.</li> </ul>
<b>IN ATTENDANCE</b>	<ul style="list-style-type: none"> <li>• Invited to attend: <ul style="list-style-type: none"> <li>▪ Chief Executive</li> <li>▪ Director of Finance</li> <li>▪ Director of Development &amp; Improvement</li> </ul> </li> <li>• The <i>Committee</i> may have in attendance such members of management and such other persons as it deems necessary to provide appropriate information and explanations.</li> <li>• Internal and external audit representatives will be invited to attend <i>Committee</i> meetings as deemed appropriate by the Chairperson.</li> <li>• The <i>Committee</i> must have direct access to the internal and external auditors without EGHS management present.</li> </ul>
<b>CHAIR</b>	The Board shall elect the Chairperson of the <i>Committee</i> who shall be one of the independent members and not be the Board Chairperson.
<b>FREQUENCY</b>	<ul style="list-style-type: none"> <li>• At scheduled times during the year in accordance with the <i>Committee's</i> planned program.</li> <li>• Often enough to discharge the <i>Committee's</i> role and responsibilities effectively.</li> <li>• Not less than (4) times per year.</li> </ul>
<b>QUORUM</b>	A quorum shall be (2) members, at least one of whom shall be a Board representative.
<b>EVALUATION OF COMMITTEE</b>	The <i>Committee</i> shall annually conduct an assessment of its effectiveness and the contribution of individual <i>Committee</i> members.
<b>DATE RATIFIED</b>	March 2007
<b>DATE REVIEWED</b>	February 2015
<b>NEXT REVIEW</b>	February 2016