



**Danila Dilba**  
Health Service

## Audit and Risk Management Committee

### Terms of Reference

*This Policy sets out the responsibilities and key protocols of the Audit and Risk Management Committee as a subcommittee of the Board*

<b>Category</b>	<b>Organisation</b>	<b>Policy number:</b> GOV010
<b>Related forms, policies and procedures</b>	<ul style="list-style-type: none"> <li>• Clinical Governance Framework</li> <li>• Financial Delegations</li> <li>• Delegation of Authority Policy</li> </ul>	
<b>Key words</b>	Compliance, risk, governance, clinical, finance, review, control, audit, patient safety, business continuity	
<b>Relevant legislation</b>		
<b>References and resources</b>	<ul style="list-style-type: none"> <li>• Corporate Governance Principles and Recommendations</li> <li>• RACGP Standards for General Practice, 4th edition, 2013</li> </ul>	

<b>Review due by</b>	Chief Executive Officer	April 2018
<b>Approved by</b>	Board	April 2021

Version	Date	Author	Summary of changes
1	16.01.17	CEO	Initial policy
2	27.04.18	CEO	Amended to include the Committee's responsibilities relating to clinical safety and quality and reflect best practice guidelines for audit committees.

**Danila Dilba Health Service policy**

**Audit and Risk Management Committee**  
**Terms of Reference**

## 1. ROLE

- 1.1. The role of the Audit and Risk Management Committee (**Committee**) is to provide assurance and advice to the Board of Danila Dilba Health Services (**DDHS** or the **Corporation**) in relation to the matters set out in these Terms of Reference.
- 1.2. The purpose of the Committee is to oversee and advise the Board on:
- (i) the effectiveness of the safety and quality systems (in relation to both clinical and cultural safety) implemented and maintained by DDHS; and
  - (ii) the integrity of financial reporting by DDHS.
- 1.3. The Committee will also review the effectiveness of internal control and risk management systems and the processes for monitoring compliance with laws, regulations, and internal standards and policies within the Committee's areas of responsibility.
- 1.4. The Committee acts primarily as an advisory body to the Board. The Committee does not have the power or authority of the Board in dealing with matters on which it advises except where certain powers are specifically set out in these Terms of Reference or are otherwise delegated by the Board.

## 2. RESPONSIBILITIES

### 2.1. Clinical safety and quality

- Gain an understanding of the current areas of greatest clinical risk and how these are being managed.
- Oversee the systems and processes implemented by management for identification and mitigation of clinical safety and quality risks for clients using DDHS services and workplace health and safety risks for DDHS employees.
- Monitor operational performance in respect to clinical quality and safety against key performance indicators.
- Monitor and evaluation reports of worker and other injuries related to workplace health and safety.

## **2.2. Financial reporting**

- Gain an understanding of the current areas of greatest financial risk and how these are being managed.
- Oversee the systems and process implemented by management for managing budgets forecasting and financial reporting.
- Review the annual financial statements and annual budget before submission to the Board for approval.
- Meet with management and the external auditor to review financial statements, key accounting policies and the results of the external audit.
- Review the annual report before its publication and consider whether the information is understandable and consistent with member's knowledge about DDHS and its operations.
- Review the company's compliance with income tax, goods and services tax, payroll tax and other tax obligations; and
- Review the appropriateness of significant finance related policies and practices adopted by DDHS and ensure that they are generally in line with accepted industry practices.

## **2.3. Risk management and internal control**

- Ensure that management has appropriate processes for identifying, assessing and responding to risks in accordance with DDHS's risk appetite and that those processes are operating effectively.
- Understand the internal control systems implemented by management for the recording and processing of financial data.
- Evaluate the overall effectiveness of DDHS's internal control and risk management frameworks.
- Monitor DDHS's exposure to fraud and the standard of corporate conduct in areas such as arms-length dealings and likely conflicts of interest.
- Determine whether a sound and effective approach has been followed in establishing DDHS business continuity planning arrangements, including whether business continuity and disaster recovery plans have been periodically updated and tested.

## **2.4. Compliance with laws, regulations, policies and industry standards**

- Obtain regular updates from management about compliance matters that may have a material impact on the Corporation's financial position, strategy, operations or reputation.
- Review the policies, processes and framework for identifying, analysing and addressing complaints (including whistleblowing) and review material complaints and their resolution.
- Support DDHS's continuous quality improvement journey and oversee efforts by management to ensure that the Corporation's accreditation by the Australian General Practice Accreditation Limited (AGPAL) is maintained.

## **2.5. Internal audit**

- Review the proposed strategic internal audit plan for the coming three year period and ensure it addresses key areas of risk.
- Ensure that key findings from internal audits are reviewed and discussed by management and appropriately acted on.

## **2.6. Working with the external auditor:**

- Review the professional qualification of the external auditor and consider the independence.
- Review the performance of the external auditor on an annual basis.
- Make recommendations to the Board on the appointment, reappointment or termination of the appointment of the external auditor.
- Review significant findings and recommendations made by the external auditor and management's proposed responses thereto.

### 3. MEMBERSHIP

3.1. The Committee must consist of:

- (i) a minimum of three (3) and a maximum of five (5) persons to appointed by the Board;
- (ii) at least one (1) independent person who is not a Director or a Member of the Corporation; and
- (iii) at least two (2) Directors, one (1) of whom must be a Member of the Corporation (**Member-Director**).

3.2. Collectively, Committee Members must have a broad range of skills and experience relevant to the operations of DDHS and must be financially literate. As a minimum, one member must have recent and relevant financial experience with a sound understanding of national accounting and auditing standards, and one member must have at least three years' experience relating to clinical governance.

3.3. The Board will appoint an independent Chair of the Committee who is not a member of the Corporation and may not be a current Director.

3.4. Unless otherwise agreed by the Board, members will be appointed for an initial term not exceeding three years and are eligible for re-appointment for a further period not exceeding two years following a review of their performance.

### 4. MEETINGS

#### 4.1. Frequency and quorum

The Committee will meet as frequently as required to fulfil its duties but not less than four times a year.

The quorum for meetings is two (2) Committee members, one (1) of whom must be a Member-Director.

In determining whether a quorum is present, an individual attending as a proxy shall be counted.

#### 4.2. Proxies

A Member-Director of the Committee can send a proxy to attend and act for him or her in a Committee meeting.

The appointment of a proxy must be made by written notice to the Committee chair.

The proxy must be a Member-Director of the Corporation.

#### **4.3. Attendance**

It is expected that Members will attend at least half of the scheduled Committee meetings for the year in person.

Members may not substitute a representative to attend on their behalf.

Other Directors who wish to attend a Committee meeting should provide prior notification to the Committee Chair and Chairperson of the Board.

Any DDHS employee may be invited to attend a Committee meeting to discuss or report on particular agenda items. A standing invitation has been issued to the Chief Executive Officer.

A representative of the external auditor shall be invited to attend Committee meetings.

#### **4.4. Convening a meeting**

The Secretary is required to convene a meeting if requested to do so by the Chairperson of the Board.

The Secretary will convene a meeting at the request of any Committee member subject to agreement by the Committee Chair.

Meetings may be held using any technology consented to by all Members.

Members will be given at least three days' notice of meetings convened outside of the Committee's annual schedule of meetings.

#### **4.5. Secretarial**

The Corporation Secretary or a designate shall be Secretary of the Committee.

### **5. ADVICE AND RESOURCING**

**5.1.** The Committee will have available to it sufficient resources, as determined by the Committee, to run effectively.

**5.2.** Subject to prior approval by the Board, the Committee may engage and remunerate independent advisers as necessary for the purposes of meeting its objectives up to a limit of \$10,000 per annum.

- 5.3.** The Committee will determine the compensation payable to independent advisers and the Corporation Secretary and Chief Executive Officer will assist the Committee in securing the service determined necessary.

## **6. ACCESS AND CONFLICTS**

- 6.1.** The Committee shall have unrestricted access to all DDHS sites, documents, reports, records (other than client records), external auditors and personnel in pursuit of its objectives. Enquiries shall be directed to the Corporation Secretary or Chief Executive Officer.
- 6.2.** Conflicts of interest disclosed by Committee members are managed in accordance with the policy for managing Directors' conflicts of interest adopted by the Board.

## **7. REPORTING**

The Committee will:

- 7.1.** regularly update the Board about its activities and make appropriate recommendations.
- 7.2.** ensure that the Board is aware of matters that may significantly affect the financial condition/affairs of, or the safety and quality of services provided by, DDHS.
- 7.3.** through the Chief Executive Officer, receive reports prepared by the Clinical Director or Chair of the Clinical Safety and Quality Committee on clinical safety and quality and the work of that committee.
- 7.4.** through its Director members, receive updates on Board discussions and decisions relating to any matters on which it advises or that may be relevant to the work of the Committee.

## **8. EVALUATING PERFORMANCE**

- 8.1.** The Committee will evaluate its performance – that of individual members and collectively – on an annual basis, using the same methodology for evaluation adopted by the Board.
- 8.2.** The Committee will assess the achievement of the duties specified in these Terms of Reference and report the findings to the Board.

## **9. REVIEW OF TERMS OF REFERENCE**

- 9.1.** The Committee will review these Terms of Reference annually and discuss any required changes with the Board.
- 9.2.** Changes to these Terms of Reference are subject to approval by the Board.