Audit and Risk Committee Charter
Sunshine Coast Hospital and Health Board
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## Document control sheet

### Contact for enquiries and proposed changes

<table>
<thead>
<tr>
<th>Contact Officer</th>
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<tbody>
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### Version history

<table>
<thead>
<tr>
<th>Version</th>
<th>Version date</th>
<th>Summary of Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0</td>
<td>17 December 2013</td>
<td>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, <em>Audit Committee Guidelines – Improving Accountability and Performance</em>, June 2012 for consideration by the Audit (and Risk) Committees of the SCHHS, WBHHS and CQHHS.</td>
</tr>
<tr>
<td>1.1</td>
<td>7 January 2014</td>
<td>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 functions of the committee as listed under s34 of HHBR, include a section of Standing Invitees to meetings.</td>
</tr>
<tr>
<td>1.2</td>
<td>9 January 2014</td>
<td>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.</td>
</tr>
<tr>
<td>1.3</td>
<td>19 February 2014</td>
<td>Incorporate feedback from SCHH Board Audit and Risk Committee members then endorsed for Board approval.</td>
</tr>
<tr>
<td>2.0</td>
<td>4 March 2014</td>
<td>Final version signed by Board Chair and Audit and Risk Committee Chair.</td>
</tr>
<tr>
<td>4.0</td>
<td>January 2017</td>
<td>Secretariat function to be performed by the Manager Board Operations</td>
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<tr>
<td></td>
<td></td>
<td>The annual self-assessment will be conducted in February in line with the Committee Charter and Work Plan review.</td>
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</table>
Standing invitees list updated

| 4.1 | February 2018 | Contact person for changes to Charter amended to MBO Executive Director Innovation Quality Research and Education added as standing invitee |

The charter

This document, to be known as the Audit and Risk Committee Charter has been approved by the Sunshine Coast Hospital and Health Board (the Board).

Any previous version of the Charter/Terms of Reference is hereby revoked.

The purpose of this Charter is to outline the role, responsibilities, composition and operating guidelines of the Audit and Risk Committee (the committee).

Authority and independence

The Sunshine Coast Hospital and Health Service is a statutory body under the Financial Accountability Act 2009 and the Statutory Bodies Financial Arrangements Act 1982, and is a unit of public administration under the Crime and Corruption Act 2001.

The committee functions under the authority of the Board in accordance with the Hospital and Health Boards Act 2011, Section 30.

The committee is prescribed, and the functions of the committee listed, under the Hospital and Health Boards Regulation 2012 Part 7 – Sections 31 and 34 respectively. In establishing the audit committee, due regard has been given to the “Audit Committee Guidelines – Improving Accountability and Performance” issued by Queensland Treasury as required by Section 35 of the Financial and Performance Management Standard 2009.

In discharging its responsibilities the committee has the authority to:

- Conduct or authorise investigations into matters within its scope of responsibility.
- Access information, records and personnel of SCHHS for such purpose.
- Request the attendance of any employee, including executive staff, at committee meetings.
- Conduct meetings with SCHHS internal and external auditors, as necessary.
- Seek advice from, or engage with approval from the Board, external parties as necessary; and
- Create sub-committees deemed necessary to assist the committee in discharging its responsibilities.

Role

The role of the committee is to provide independent assurance and assistance to the Board on:

- The risk, control and compliance frameworks;
- The Board’s external accountability responsibilities as prescribed in the Financial Accountability Act 2009, the Hospital and Health Boards Act 2011, the Hospital and Health Boards Regulation 2012 and the Statutory Bodies Financial Arrangements Act 1982; and
- The Board’s integrity framework.

The committee does not replace or replicate established management responsibilities and delegations, the responsibilities of other executive management groups within the SCHHS, or the reporting lines and responsibilities of either internal audit or external audit functions.

The committee will provide prompt and constructive reports on its findings directly to the Board, particularly when issues are identified that could present a material risk or threat to the SCHHS
Duties and responsibilities
The committee’s duties and responsibilities are to:

Financial statements
- Review the appropriateness of the accounting policies adopted by the SCHHS and ensure they are relevant to the HHS and its specific circumstances.[1]
- Review the appropriateness of significant assumptions and critical judgements made by management, particularly around estimations which impact on reported amounts of assets, liabilities, income and expenses in the financial statements.[2]
- Review the financial statements for compliance with prescribed accounting and other requirements.[3]
- Review, with management and the external auditors, the results of the external audit and any significant issues identified.[4]
- Exercise scepticism by questioning and seeking full and adequate explanations for any unusual transactions and their presentation in the financial statements.
- Analyse the financial performance and financial position and seek explanation for significant trends or variations from budget or forecasts.[5]
- Ensure that assurance with respect to the accuracy and completeness of the financial statements is given by management.[6]

Integrity oversight and misconduct prevention
- Provide oversight, direction and guidance on the HHS’s integrity framework to ensure it is functioning appropriately.[7]
- Oversee the HHS’s Lobbyists Contact Register reporting and any significant integrity issues arising.[8]
- Monitor the effectiveness of the HHS’s Public Interest Disclosure process.[9]
- Ensure the HHS complies with relevant integrity legislation (e.g. Crime and Corruption Act 2001, Public Sector Ethics Act 1994, Public Interest Disclosure Act 2010, Integrity Act 2009) and whole of government policies, principles and guidelines (including the Code of Conduct for the Queensland Public Service).[10]
- Provide advice and recommendations on integrity issues to the Board and Executive Management, as necessary.[11]
- Monitor HHS misconduct trends and prevention approaches and address any gaps in dealing with integrity issues in relation to misconduct (including fraud and corruption).[12]
- Ensure the HHS complies with any Crime and Corruption Commission requirements and recommendations to improve misconduct prevention and response.[13]

Risk management
- Review the risk management framework for identifying, monitoring and managing significant risks, including fraud.[14]
- Satisfy itself that insurance arrangements are appropriate for the risk management framework, where appropriate.[15]
- Liaise with management to ensure there is a common understanding of the key risks to the HHS. These risks will be clearly documented in a risk register which will be regularly reviewed to ensure it remains up-to-date.[16]
- Assess and contribute to the audit planning processes relating to the risks and threats to the HHS.[17]
- Review effectiveness of the HHS’s processes for identifying and escalating risks, particularly strategic risks.[18]

Internal Control
- Review, through the internal and external audit functions, the adequacy of the internal control structure and systems, including information technology security and control.[19]
- Review, through the 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 complied with.[20]
• Review, through the Chief Finance Officer and the System Manager assurance certifications, whether the financial internal controls are operating efficiently, effectively and economically.[21]

Performance management
• Review whether performance management systems in place reflect the HHS’s role/purpose and objectives (as stated in its strategic plan).[23]
• Identify that the performance reporting and information uses appropriate benchmarks, targets and trend analysis.[24]

Internal audit
• Review the budget, staffing and skills of the internal audit function.[25]
• Review the internal audit annual plan progress, and any significant changes to it, including any difficulties or restrictions on scope of activities, or significant disagreements with management.[26]
• Review and approve the proposed internal audit strategic plan and annual plan to ensure they cover key risks and that there is appropriate co-ordination with the external auditor.[27]
• Review the findings and recommendations of internal audit and the response to them by management.[28]
• Review the implementation of internal audit recommendations accepted by management.[29]
• Ensure that there is no material overlap between the internal and external audit functions.[34]

External audit
• Consult with external audit on the function’s proposed audit strategy, audit plan and audit fees for the year.[30]
• Review the findings and recommendations of external audit (including from performance audits) and the response to them by management.[31]
• Review responses provided by management to ensure they are in line with the HHS’s risk management framework.[32]
• Review the implementation of external audit recommendations accepted by management and where issues remain unresolved ensure that satisfactory progression is being made to mitigate the risk associated with audit’s findings.[33]

Compliance
• Determine whether management has considered legal and compliance risks as part of the HHS’s risk assessment and management arrangements.[35]
• Review the effectiveness of the system for monitoring the HHS’s compliance with relevant laws, regulations and government policies.[36]
• Review the findings of any examinations by regulatory agencies, and any auditor observations.[37]

Reporting
• Submit reports (or minutes of committee meetings) to the Board outlining relevant matters that have been considered by it as well as the committee’s opinions, decisions and recommendations.[38]
• Circulate minutes of the committee meetings to the committee members and standing invitees as appropriate.[39]
• Prepare an annual report to the Board summarising the performance and achievements for the previous year. [40]
• Submit a summary of its activities for inclusion in {name of HHS} Annual Report. [41]
Membership and meetings

Membership

- Members, including the Chair, are Board members appointed to the committee by the Board.
- A minimum of three members are appointed.
- At least one member will have ‘financial expertise’ as described in the Queensland Treasury publication, *Audit Committee Guidelines – Improving Accountability and Performance*, June 2012.
- Where the necessary skills do not exist on the Board, the Board may appoint external advisors to attend Committee meetings.
- Members are appointed on the basis of personal qualities and skills and proxies are not permitted if the member is unable to attend meetings.

Chair

- The Audit and Risk Committee Chair will not be the Chair of the Board.
- The Chair is to preside at all meetings of the Committee at which the Chair is present.

Secretary

- The Manager Board Operations will perform the secretariat function to facilitate the committee’s meetings and reporting duties.
- The secretariat, in consultation with the Chair, will prepare and send notices of meetings and agendas five business days prior to a meeting and accurately transcribe all decisions of the committee.
- The secretariat will table all correspondence, reports and other information relevant to the committee’s activities and operations.
- Draft Minutes will be provided to the Chair for review within 48 hours of the meeting. Minutes will be included in the papers for the next meeting, and are draft until they are confirmed by the Committee.
- The Secretariat will prepare, maintain and retain electronic and written records of the committee’s activities, including agendas, minutes, related papers and out-of-session papers from all meetings in accordance with the requirements of the *Public Records Act 2002* and the Queensland Government’s *General Retention and Disposal Schedule for Administrative Records*.
- The Secretariat will coordinate the annual review of the Committee’s Charter and Annual Work Plan.
- The Secretariat will coordinate the annual self-assessment of the Committee.

Ethical practices

- Members are required to declare any interests that could constitute a real, potential or apparent conflict of interest with respect to participation on the committee.
- The declaration must be made on appointment to the committee and in relation to specific agenda items at the outset of each committee meeting, and be updated as necessary.
- Members of the Committee may from time to time be in receipt of information that is regarded as “commercial in confidence”, clinically confidential or have privacy implications. Members acknowledge their responsibility to maintain confidentiality of all information that is not in the public domain. Members will maintain the Committee papers in a confidential manner from any other business or responsibilities of the member. Members will not comment publicly on matters related to the activities of the committee other than as authorised by the Board.

Meetings and attendance

- The committee will meet at least four times per year and the schedule of meetings will be agreed in advance.
- Standing invitees at meetings will include the:
  - Health Service Chief Executive
  - Executive Director Finance Business and Operational Services
  - Executive Director Innovation Quality Research and Education
  - Risk Manager
• Director of Internal Audit
• Principal Internal Auditor – SCHHS
• External Audit representatives.
• The Chair may call additional meetings as required.
• Urgent matters can be progressed out-of-session by a flying minute with agreement of the Chair.
• The Secretariat will manage the out of session process with the Chair’s approval. Generally two working days is allowed for consideration by members of an out-of-session item. The Secretariat will collate members’ responses and prepare for endorsement by the Chair. The final decision in respect of the paper will be recorded in the minutes of the next meeting.
• A quorum will consist of a simple majority of members.
• Attendance by tele/video conference is permissible.

Meeting agenda
• The committee should determine its own agenda, ensuring appropriate consultation to include emerging issues and emphasis on the most significant risks and threats.
• The agenda and relevant papers will be distributed to members at least five working days prior to the meetings.
• Late Agenda items will be tabled at the discretion of the Chair.

Relationships

Internal audit
• The committee will act as a forum for internal audit and oversee its planning, monitoring and reporting processes. This process will form part of the governance processes that ensure that the SCHHS’s internal audit function operates effectively, efficiently and economically.
• The Director, Internal Audit will have a standing invitation to attend committee meetings.
• The Chair may hold executive sessions with internal audit if required.

External audit
• The committee has no power of direction over external audit or the manner in which the external audit is planned or undertaken, but will act as a forum for the consideration of external audit findings and will ensure that they are balanced with the views of management.
• The external auditor will have a standing invitation to attend committee meetings.
• The Chair may hold executive sessions with external audit if required.

Other committees
The committee shall liaise with other groups as required to ensure:
• That its statutory and operational responsibilities are met.
• That there is no material over-lap between the functions and duties of the groups.
• Frank and meaningful interchange of information.

Evaluation of committee activities
• The committee will undertake an annual self-assessment of its performance for the previous twelve months in February.
• The committee will provide a report of the annual review outcomes to the Board.
• At least once every three years the committee will consider an external peer review of its operations and activities. The results of this review are to be provided directly to the Chair of the Board.
• The Chair will provide each individual member with feedback on that person’s contribution to the committee’s activities at least once during each member’s term of office. This assessment will include a review of any training needs of the member.
Review of the charter

- The charter will be reviewed annually in February by the committee to ensure it remains consistent with the committee’s authority, objectives and responsibilities.
- All amendments to the charter will be discussed and approved by the Board.

Approval of the charter

The SCHH Board Audit and Risk Committee Charter is endorsed by the resolution of the committee at the February 2018 meeting and approved by the Board at the April 2018 meeting.

Name: Mr Cosmo Schuh                Name: Dr Lorraine Ferguson AM
Chair, Audit and Risk Committee     Chair, SCHH Board
Date:     03/04/2018                 Date:      03/04/2018