

5.2 – Attachment 1 Terms of Reference

Finance and Audit Committee



Purpose

The Finance and Audit Committee (“the Committee”) is a Committee of the Board of Eastern Melbourne Healthcare Network Ltd (EMHN Ltd, trading as Eastern Melbourne PHN, EMPHN) created to assist the Board with its duties and responsibilities for financial stewardship, including financial management and reporting, accounting policies, internal control and information systems, internal and external audit functions, protection of the company’s assets, and compliance.

Membership

The Committee shall comprise:

- At least three Directors who shall be appointed by the Board - at least two of these must have commercial and/or financial skills, and at least one must have an accounting qualification.
- The Chief Executive Officer (ex officio)

The Board will have the option to also appoint up to two non Board members with financial or other specialist expertise.

The Chair of the Committee will be a Director who is not the Board Chair.

The Members and Chair will be appointed to the Committee at the first meeting after the Annual General Meeting by the Board. The term of appointment to this Committee will be three years with a maximum term of six years. To ensure continuity of the membership of the Committee, it is desirable that no more than one third of the members of the Committee resign each year.

Secretary

The Board Secretariat will be the Secretary of the Committee.

Attendance by Non-Committee Members

The Executive Director Strategic Operations and the Finance Business Partner will attend the Committee as invitees but are not Members of the Committee.

The Committee will invite Auditors or others to attend meetings to provide pertinent information, as necessary. Non-members of the Committee may be asked to withdraw from all or part of the any meeting.

Meetings

The Committee shall meet as frequently as required or otherwise six times per year.

The Chair or the Secretary may call a meeting.

Two Members (who must be EMPHN Board Directors) shall constitute a quorum. In the Chair's absence from a meeting, the Members present will select a chair for that particular meeting.

Role and Responsibilities

The Committee shall report to the Board on all matters relevant to the Committee's role and responsibilities. The Committee has the following specific duties:

a) Financial Strategy

- Review financial strategies, and make recommendations to the Board as appropriate on:
 - Consistent financial policy and practices in accordance with established accepted accounting principles.
 - Systems to report accurate and consistent financial information to the Board.
 - The policies, processes and systems in place for financial management and budgeting.
- Develop and monitor financial key performance indicators.
- Assist Management in identifying critical strategic financial issues and solutions facing the organisation and report on these to Board.
- Review and advise Board and other Committees of the Board on the financial business cases for new strategic projects and initiatives; use of members' equity funds, and capital physical infrastructure and information technology projects.
- Explore opportunities to strengthen the organisation's financial position and growth and development.
- Approve the Instrument of Delegation policy, a Financial Management policy and other significant organisational policies relating to financial stewardship.

b) Financial Review

- Oversight of financial reporting, including:
 - Monthly review of financial performance.
 - Assessment of complex or unusual transactions.
 - Assessment of actions required to ensure positive financial performance.
 - Preparation of annual accounts and reports to funders.
 - Monitor and assess the impact of professional and regulatory changes.
- Oversight of the budget process, including review of the budget, approval of budget revision and recommendation to Board on the final financial year budget.
- Monitor progress in the implementation of the operational budget and assess actions required to achieve budget objectives.
- Monitor leasing and rental obligations.
- Monitor the Asset Register.
- Oversight of contracts and service agreements.
- Any other financial matters that pertain to the operation of organisation.

c) Investment Strategy

- Review and approve any policies and procedures required for the administration of investments.
- Review the performance of investments on a quarterly basis.
- Review and report accordingly on any breaches of the investment policy.
- Approve the opening/closure of any bank accounts upon the recommendation of the CEO.

d) External Audit

- Make recommendations to the Board on the appointment, remuneration and monitoring of the effectiveness and independence of the external audit provider.
- Review and approve the plan, scope of work for the external audit including, at the start of each audit, agreeing the terms of engagement with the provider.
- Review audit reports and management responses to audit findings and monitor implementation of audit recommendations.
- Review the Annual Financial Statements and make recommendations to the Board as appropriate, including whether statements should be signed.
- Report to the Board on any significant adjustments made to the financial statements as a result of the external audit.
- Assess significant estimates and judgements in financial reports.
- Meet with the external audit provider without management personnel being present at least once a year.

e) Internal Audit

- Review and approve an internal audit program that considers, inter alia:
 - The effectiveness of internal controls.
 - Risk management processes.
 - Performance management systems.
 - Efficiency, effectiveness and value for money in relation to the Company and commissioned services.
- Review internal audit reports and management responses to audit findings.
- Monitor implementation of internal audit recommendations.

- Report to the Board any matters of financial significance arising from the audit.
- Review and monitor the propriety of related party transactions.

f) Compliance

- Monitor compliance with financial management legislation, regulation and government funding requirements.

g) Other Responsibilities

- Advise the Quality, Risk and Safety Committee of significant or material financial, strategic or operational risks.
- Provide assurance that policies and procedures for information governance and information security are maintained.
- Perform other activities as requested by the Board.
- Institute and oversee special investigations as needed.
- Review and assess the adequacy of the Terms of Reference annually, requesting Board approval for changes and ensuring appropriate disclosure as required by-law or regulation.

Authority

In carrying out its duties the Committee shall have the authority to:

- Appoint, compensate and oversee the work of any registered company auditor employed by the organisation.
- Resolve any disagreements between management and the auditor on financial reporting.
- Pre-approve auditing and audit-related services.
- Retain independent counsel, accountants or others to advise the Committee or assist in the conduct of an investigation.
- Discuss directly with the CEO and where necessary senior management any issue within its remit and to request reports, explanations and information of any of the activities, procedures or accounts of the Company.

Reporting Procedures

The Committee shall keep minutes of its meetings. The Board Secretariat shall circulate the minutes of the meeting to all members of the Committee for comment within 10 working days of the meeting and make any amendments before being signed by the Chair of the Committee and circulated to the Board with the papers for the next Board Meeting.

Evaluation

The Committee will annually evaluate its performance against the roles and responsibilities as set out in the Terms of Reference. This evaluation will form part of a broader review of Board performance.

Amendment History			
Version	Details of change	Approved by	Date
2	Update to referenced positions to reflect the organisational structure at 1 Jan 2019.	Board	1 Mar 2019
1	Inaugural TOR	Board	4 May 2018