

TERMS OF REFERENCE

FINANCE, AUDIT AND VALUE COMMITTEE

Purpose

The responsibilities of the EMPHN Board are set out in clause 3.4 of the EMPHN Board Charter and include oversight of the finances, values and culture, and risk and compliance frameworks of EMPHN. Pursuant to clause 17.6 of the Constitution of Eastern Melbourne Healthcare Network Ltd (trading as Eastern Melbourne PHN – EMPHN) a committee of the Board will be known as the Finance, Audit and Value Committee (“the Committee”). The primary objective of the Committee is to assist the Board to fulfil its duties and responsibilities for financial stewardship, including financial management and reporting, accounting policies, internal control and information technology systems, internal and external audit functions, protection of the company’s asset; financial strategy, including monitoring of expenditure in terms of strategic alignment, fit for purpose and value for money and quality management 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 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 Chair and membership of the Committee will be reviewed and determined by the Board annually.

Secretary

The Board Secretariat will be the Secretary of the Committee.

Attendance by Non-Committee Members

The Committee can invite any persons, including management and officers of EMPHN, external and internal auditors, or others to attend the meetings of the Committee and may refer matters deemed to require attention directly to the appropriate executive officers (for audit matters).

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

- **Financial Reporting**

- Review and approve the annual financial statements and make recommendations to the Board as appropriate, including whether statements should be signed.
- Review and approve EMPHN’s draft annual budget and recommend to the Board it be approved.
- Approve month-end financial statements.
- Monitor EMPHN’s financial performance (long term and short term) against budget and approved financial performance indicators and targets, and any corrective actions required to achieve budget objectives.

- Oversees and review the adequacy of EMPHN's corporate and financial reporting and disclosure process.
- Monitor policies relating to financial matters and financial risk management.
- **Financial and internal controls**
 - Discuss with management, the internal auditor and the external auditor, the adequacy and effectiveness of EMPHN's accounting, financial, and internal controls including EMPHN's policies and processes to assess, monitor and manage these controls.
 - Obtain reports on internal control findings raised by the internal auditor and any external auditors, together with management's responses to these findings.
 - Oversee and provide high-level direction in relation to EMPHN's annual internal controls certification process, including the methods employed to gain assurances from management that internal controls have operated effectively over the specified financial reporting period.
 - Review annually the Instrument of Delegation.
- **Investment Strategy**
 - Review of the performance of investments on a quarterly basis.
 - Approve the annual investment plan and recommend it be received by the Board.
- **External Audit**
 - Make recommendations to the Board on the appointment, remuneration and monitoring of the effectiveness and independence of the external auditors.
 - Oversee EMPHN's relationship with the external auditors.
 - Review and agree with the external auditors the scope of the audit plan before the audit commences and subsequently the result of the audit.
 - Review audit reports including reviews of accounting procedures and recommendations for improvements in internal controls and management responses.
- **Internal Audit**
 - Ensure the independence of the internal audit function.
 - Provide adequate oversight of the internal audit function and a structured reporting line to the Committee.
 - Review and approve the annual internal audit program and ensure adequate coverage of EMPHN's significant business risks, the system of internal controls and the efficiency and effectiveness of EMPHN's operations.
 - Monitor the progress of the internal audit plan and approve any changes to the planned scope.
 - Review reports for the internal auditor and the recommendations contained therein.
 - Review any significant findings and recommendation made by the internal auditors and ensure they are received, considered and responded to by management on a timely basis.
 - Monitor follow up action in response to internal audit's recommendations and management's agreed action plans.
 - Consider any difficulties encountered by internal audit during the course of its work, including any restrictions on the scope of the planned work or access to required information.
- **Value**
 - Review management's value for money framework.
 - Receive and review reports on efficiency, effectiveness and value for money.

- **Quality**
 - Receive updates to monitor the ISO certification cycle.
 - Review the Quality Framework and associated policies, ensuring that appropriate monitoring and benchmarking parameters are incorporated.
 - Approve quarterly quality reports.
 - Review and approve EMPHN's insurance coverage annually.
- **Other Responsibilities**
 - Approve significant policies that pertain to the Committee's functions and responsibilities.
 - Contribute as required to the internal audit program and monitor implementation of internal audit recommendations.
 - The Committee will, in discharging its duties, seek to co-ordinate its activities with the Strategy and Risk Committee where appropriate. The Committee Chair will liaise with the Chair of the Strategy and Risk Committee on an ongoing basis to ensure that no material matter is overlooked by the two Committees.
 - 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.
- 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
3.3	Format updates only	Board	22 August 2025
3.2	Update to Committee Chair and membership – annual Board review	Board	15 March 2024
3.1	Update to ensure harmonisation with TOR of other Committees of the Board	Board	10 Jul 2020
3	Update to reflect new Committee structure @1 Jan 2020 with inclusion of responsibilities around quality and value, and integration of risk and culture responsibility in all aspects of the organisation's business	Board	17 Apr 2020
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
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