

# Finance, Audit and Risk Committee Terms of Reference

## Role of the Committee

The Finance, Audit and Risk Committee is a committee of the Board of Australian Nursing and Midwifery Accreditation Council Limited (ACN 143 879 396) (**ANMAC**) as established under clause 44 of the Constitution of ANMAC. The role of the Committee is to assist the Board to perform its fiduciary duties and to fulfil its responsibilities in relation to the efficient governance and performance of ANMAC in respect of:

- All aspects of financial management and financial reporting, including the budget process
- External audit of the year-end financial statements
- Internal audits and review of the internal control framework
- Risk management
- Financial and KPI reporting to Ahpra

## Accountability

The Committee is an advisory committee of the Board of ANMAC and has no authority to make decisions on behalf of the Board except as set out in these Terms of Reference or otherwise delegated by the Board.

The Committee will carry-out all its functions not inconsistent with ANMAC's Constitution and Board policies.

## Authority

The ANMAC Board authorises the Committee, in accordance with its role and responsibilities, to:

- Obtain any information it requires from any staff member or external party (subject to any legal obligation to protect information)
- Discuss any matters with ANMAC's auditors, or other external parties (subject to confidentiality considerations)
- Request the attendance of any staff member or any members of the Board at Committee meetings
- Obtain legal or other professional advice or incur costs at the entity's expense within budget and with the Board Chair's approval, as considered necessary to meet its responsibilities.

All recommendations of the Committee are to be referred to the Board for decision, other than:

- Internal audit – the appointment of internal auditor(s) and the internal audit plan and budget
- Compliance and financial management frameworks

## Functions of the Committee

In fulfilling its role, the Committee will carry-out, but not be limited to, the following functions:

### General

1. Address any matter referred to the Committee, by the Board, in a timely manner

### Budgeting

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2. Review the proposed annual budget to ensure that financial resources are aligned with business plans, and submit a recommended annual budget to the Board for approval
  3. Undertake a mid-year review of the annual budget and recommend changes to the Board as appropriate
  4. Review the 5-year Capital Expenditure Budget and make recommendations to the Board

### **Financial reporting**

5. Review quarterly financial reports, keeping the Board informed of any significant changes in trends or financial matters.
6. Review the Board financial dashboard and make recommendations for improvements to content, format and presentation
7. Assess any recent or upcoming developments in accounting standards, policies and interpretations that are relevant to ANMAC. Assess the implications and keep the Board informed of material consequences to ANMAC's Financial Reports
8. Review the year-end Financial Statements and provide advice to the Board/CEO, (including whether appropriate action has been taken in response to audit recommendations and adjustments) and make a recommendation to the Board regarding the signing of the Directors Declaration
9. Review the processes in place designed to ensure that financial information included in the entity's annual report is consistent with the signed financial statements

### **External audit**

10. Review the timetable and plans for the upcoming external audit
11. Provide feedback to the Board regarding the audit process and advice on action to be taken on significant issues raised during the audit process
12. Act as a forum for communication between the CEO, the Director Corporate Services and the external auditor.
13. Hold a Committee members-only session with the external auditors
14. Periodically review the appointment, terms of engagement and remuneration of the external auditor

### **Internal controls and internal audit**

15. Review whether management's approach to maintaining an effective internal control framework, including over external parties such as contractors and advisors, is sound and effective
16. Review whether management has in place relevant internal policies and procedures and that these are periodically reviewed and updated, and are being followed/applied by the relevant people
17. Review Board policies that fall within this Committee's purpose, including the CEO's financial delegations and the procurement policy. Make recommendations to the Board as required
18. Approve and oversight ANMAC's internal audit work plan, ensuring coverage is aligned with ANMACs key risks
19. Review the outcomes of all internal audit investigations and ensure appropriate recommendations are implemented by Management, including identification and implementation of best practice

### **Risk management**

20. Assess whether management has in place a current and sound risk management framework and associated procedures for effective identification and management of ANMACs business and financial risks, including fraud

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21. Review strategic risks identified and provide feedback on the mitigation strategies implemented by management
  22. Review and oversight the Directors and Officers and Professional Indemnity insurance policies
  23. Review whether a sound and effective approach has been followed in establishing ANMAC's business continuity planning arrangements, including whether disaster recovery plans have been tested periodically
  24. Review ANMAC's fraud control plan and satisfy itself that ANMAC has appropriate processes or systems in place to capture and effectively investigate fraud related information
  25. Regularly review the compliance report, keep the Board informed of any non-compliance and make recommendations as required
  26. Review the effectiveness of the system for monitoring ANMAC's compliance with relevant legislation, including employment, WH&S, privacy, GST and contracts

### **Reporting to Ahpra**

27. Review the draft Annual Workplan for Ahpra and recommend changes to the Board as appropriate
28. Review the draft annual Budget for Ahpra and recommend changes to the Board as appropriate
29. Review the Six-month KPI Report for Ahpra and make recommend changes to the Board as appropriate
30. Review the Annual KPI Report for Ahpra and make recommend changes to the Board as appropriate

### **Administration**

31. Receive and consider conflict of interest declarations
32. Review the Committee's Terms of Reference
33. Update the Committee's annual work plan and ensure it covers all responsibilities outlined in the Committee Terms of Reference
34. Review the Committee's performance for the year

## **Structure and Composition of the Committee**

### **Membership**

All members of the Committee must be non-executive Directors of the Board. The minimum number of members is three and the maximum number is five.

### **Expertise**

At least one member of the Committee must be able to demonstrate a significant understanding of financial and risk management as relevant to ANMAC.

### **Appointment**

The Board appoints, replaces or removes members to and from the Committee and reviews the composition of the Committee at least annually.

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## **Chair**

The Board will appoint a Chair of the Committee and that person cannot also be the Chair of the ANMAC Board. The Board reviews the appointment of the Chair annually.

If the Chair is absent from a meeting and no acting Chair has been appointed, the members of the Committee present at the meeting have authority to choose one of their number to be Chair for that particular meeting.

## **Operation of the Committee**

### **Secretariat support**

Secretariat support to the Committee is provided by the Company Secretary. All records of the Committee, including the agendas, minutes and all reports and recommendations, are prepared and kept by the Office of the CEO.

### **Frequency of meetings**

The Committee may meet as frequently as necessary to undertake its role effectively and, in any event, at least four times per year.

### **Notice for meetings**

The Chair of the Committee may call a meeting of the Committee if required by any Committee member, the Chair of the Board, the CEO, or any member of the Board. A notice of each meeting confirming the date, time, venue and agenda will be provided to each member of the Committee as soon as practicable prior to the meeting date. Committee meetings may be held using any technology consented to by all Directors.

### **Agenda and minutes**

The Company Secretary will coordinate with the Chair of the Committee to draft and prepare the agenda for the Committee meeting. The Company Secretary will also coordinate with the Chair of the Committee to ensure that the minutes of the meeting are promptly drafted and distributed to Committee members as soon as practicable after each meeting. The agenda for each meeting includes a standing item for Committee members to approve the minutes of the previous Committee meeting.

### **Meeting Attendance and Participation**

Committee members must commit the time necessary to understand the issues, participate vigorously and respectfully in debate and are genuinely committed to the role and functions of the Committee.

Any Director of the Board and any invitee of the Committee may attend and speak at a Committee meeting but are non-voting attendees.

The CEO and the Company Secretary attend all Committee meetings but are non-voting attendees.

### **Quorum for meetings**

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The quorum for the Committee shall be no less than two members of the Committee.

### **Committee member interests**

Members of the Committee must declare any actual or perceived conflict of interest they may have with any agenda item at the commencement of each meeting. The Committee will determine the appropriate way to manage the conflict and record their decision in the minutes of the meeting.

### **Formal mechanisms for reporting key matters to the Board**

If any matter raised in a Committee meeting needs to be brought to the attention of the Board Chair and/or the full Board immediately, the Chair of the Committee will report the issue following conclusion of the meeting. Otherwise, Committee recommendations or requests to the Board will be included in the appropriate section of the next Board meeting agenda. The approved minutes of the Committee meetings are included in the papers for the next Board meeting.

### **Review of the Committee**

The Committee will perform an annual review of its performance and the Terms of Reference for the Committee. Following any review, the Committee may make recommendations to the Board, as necessary. The Board will evaluate the performance of the Committee as required.