



BEECHWORTH HEALTH SERVICE



FINANCE AND AUDIT COMMITTEE CHARTER

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Finance and Audit Committee Charter

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Document control sheet

Version history

Version	Version date	Summary of Changes
1.0	23 10 2014	Development of a Finance and Audit Committee Charter and Annual Work Plan having regard to the roles and responsibilities outlined in the <i>Health Services Act, Financial Management Act, Audit Act, Standing Directions of the Minister for Finance and the Financial Management Compliance Framework</i> .
1.1	18 12 2014	Minor amendments to the role of the committee in that it provides advice.
1.2	21 03 2017	Major revision incorporating Standing Directions 2016
1.3	20.9.2018	Correct reference from internal auditor to external auditor in external auditor section of Charter
1.4	20.10.2020	Reviewed – no changes.
1.5	23.02.2021	Reviewed – no changes.
1.6	26 th April 2022	Reviewed and minor clarifications made to appointment of Chair and Consumer representation with reference to <i>Standing Directions 2018b Under the Financial Management Act 1994 Issued 11 October 2018 Incorporating revisions to 26 March 2019</i>
1.7	27 th April 2023	Reviewed – no changes.
1.8	July 2023	Revised to include reference to gender equity and diversity statements.
1.9	March 2025	Updated legislative references (e.g. Public Administration Act 2004, Financial and Prudential Standards 2024), clarified committee role and independence, restructured duties and responsibilities, added new compliance section, strengthened membership and diversity requirements, updated Executive Officer appointment, simplified ethical and governance content, and modernised formatting and language.

The Charter

This document, known as the Finance and Audit Committee Charter, is established and approved by the Beechworth Health Service Board of Management (the Board) to define the role, responsibilities, composition, and operating procedures of the Finance and Audit Committee (the Committee).

The Charter ensures compliance with:

- The *Financial Management Act 1994*;
- The *Health Services Act 1988*;
- The *Public Administration Act 2004*;
- The Standing Directions of the Minister for Finance;
- The Financial and Prudential Standards 2024, including the Financial and Prudential Management Standard, Liquidity Standard, and Investment Standard.
- The Code of Conduct for Directors of Victorian Public Entities 2024.

This Charter replaces any previous versions of the Committee's Terms of Reference.

Authority and Independence

The Committee operates under the authority of the Board, in compliance with Section 65 of the *Health Services Act 1988* and the *Financial Management Act 1994*.

In fulfilling its oversight responsibilities, the Committee has the authority to:

- Access internal and external auditors without management present;
- Have direct communication with the Accountable Officer, the Director of Corporate Services, and the organisation's management team;
- Request explanations and additional information from management;
- Seek independent expert advice, where necessary, to support its functions.

The Committee operates independently of management to ensure objectivity in financial oversight and audit functions.

Role of the Committee

The Committee provides independent advice to the Board regarding:

- The financial performance of the organisation;
- The effectiveness of financial risk management, control, and compliance frameworks;
- The Board's external accountability responsibilities, as per the relevant legislation;
- The Board's integrity framework, including fraud prevention and misconduct risk management.

The Committee does not assume management functions but provides oversight and strategic financial guidance to the Board.

Duties and Responsibilities

The Committee's duties and responsibilities are to:

Financial Reporting & Statements

- Review the appropriateness of accounting policies and their consistent application across the organisation.
- Assess significant assumptions, estimates, and judgements applied by management in financial reports.
- Ensure compliance with prescribed accounting standards and legislative requirements.
- Review and recommend approval of annual financial statements to the Board.
- Oversee the accuracy and integrity of financial reporting to ensure it fairly represents the financial position and performance of the organisation.

- Monitor significant financial transactions, trends, and performance indicators, ensuring early detection of potential financial issues.
- Liaise with external auditors to discuss findings and ensure timely corrective actions are taken.

Integrity Oversight and Misconduct Prevention

- Provide oversight, direction and guidance on the organisation's integrity framework to ensure it is functioning effectively.
- Monitor the effectiveness of statutory disclosure requirements and ensure compliance with integrity legislation and relevant government policies.
- Ensure compliance with the Code of Conduct for Directors of Victorian Public Entities.
- Provide advice and recommendations on integrity issues to the Board and Executive as necessary.
- Monitor misconduct trends and prevention measures, including fraud and corruption.
- Ensure compliance with Independent Broad-based Anti-Corruption Commission (IBAC) requirements and recommendations.

Risk Management

- Review, ratify, and oversee the risk management framework for identifying, monitoring, and managing significant risks, including fraud.
- Liaise with management to ensure a shared understanding of key risks, documented in a regularly updated risk register.
- Review insurance arrangements and their alignment with identified risks.
- Assess and contribute to audit planning processes relating to strategic risks.
- Evaluate the effectiveness of risk identification and escalation processes.

Internal Control

- Assess the adequacy and effectiveness of the internal control framework, including IT and data security.
- Review whether policies and procedures are current and complied with, including those governing financial delegations.
- Review management's assurance certifications to confirm internal controls are operating effectively, efficiently, and economically.

Performance Management

- Review compliance with performance management and reporting requirements under the Health Services Act 1988 and Financial Management Act 1994.
- Ensure alignment of performance management systems with the organisation's role, purpose, and strategic objectives.
- Evaluate whether performance information includes benchmarks, targets, and trend analysis to drive improvement.

Internal Audit

- Review the adequacy of internal audit resources, skills, and budget.
- Approve the internal audit plan, ensuring it aligns with strategic risks and priorities.
- Monitor progress against the audit plan and address any scope or scheduling concerns.
- Review audit findings and management's responses.
- Monitor implementation of accepted audit recommendations.
- Conduct independent discussions with internal auditors when necessary.

External Audit

- Consult with external auditors on audit strategy, scope, and fees.
- Review external audit findings and assess management responses.
- Monitor implementation of accepted recommendations.

- Conduct independent discussions with external auditors when necessary.

Compliance

- Determine whether legal and compliance risks are appropriately addressed within risk management.
- Review systems and processes for monitoring compliance with legislation, regulations, and government policies.
- Review findings of regulatory agency reviews and audit observations.

Relationships

- The Committee will act as a forum for internal audit and oversee its planning, monitoring and reporting processes. This forms part of the governance mechanisms ensuring the internal audit function operates effectively, efficiently and economically.
- The Internal Auditor will have a standing invitation to attend Committee meetings.
- The Chair may hold executive sessions with internal audit if required.
- The Committee will act as a forum for external audit and consider external audit findings in balance with management responses.
- The External Auditor will have a standing invitation to attend Committee meetings.
- The Chair may hold executive sessions with external audit if required.
- The Committee shall liaise with other Board sub-committees and groups as needed to ensure:
 - Statutory and operational responsibilities are met;
 - No material overlap occurs between the functions of various groups;
 - Information is exchanged in a frank and meaningful manner.

Financial & Prudential Standards Compliance

- Assess the effectiveness of internal financial controls, ensuring they provide adequate protection against errors, fraud, and non-compliance.
- Ensure there are robust delegation policies governing financial decision-making within the organisation.
- Review and evaluate the implementation of automated financial controls, including IT security for financial data.
- Ensure compliance with best practices in financial governance and internal control frameworks.

Membership and Meetings

Membership

The Committee shall consist of a minimum of three Board members, appointed by the Board, with:

- At least one member with financial expertise.
- Experience in risk management and governance.
- A balance of skills and gender representation, in line with Victorian Government diversity policies.
- A minimum of two consumer representatives, ensuring the perspective of service users is incorporated into financial decision-making.

Attendees

The following positions attend meetings but do not have voting rights:

- Director of Corporate Services (DCorpSrv)
- Chief Executive Officer (CEO)
- Financial Management Representative

Chair

- Must be an independent non-executive director.
- Cannot be the Board Chairperson.

- Provides leadership and ensures effective Committee functioning.

Executive Officer

- The Executive Officer of the Committee shall be appointed by the Chief Executive Officer (CEO).
- The Executive Officer is responsible for coordinating meetings, preparing agendas and minutes, and ensuring all documentation is appropriately maintained.
- The Executive Officer will provide administrative and governance support to facilitate the efficient functioning of the Committee.

Ethical practices

- Members must adhere to the Code of Conduct for Directors of Victorian Public Entities.
- Declare and manage any conflicts of interest.
- Maintain confidentiality and ensure integrity in all Committee matters.
- Uphold ethical principles in decision-making and financial oversight.

Meetings & Attendance

- The Committee will meet at least six times per year, with the schedule of meetings agreed in advance.
- Members are expected to notify an apology if they are unable to attend, at their earliest convenience, to the Executive Officer.
- The Chair may call additional meetings as required.
- Urgent matters can be progressed out-of-session via a flying minute, with the agreement of the Chair.
- The Executive Officer will manage the out-of-session process with the Chair's approval. Generally, two working days will be allowed for consideration of an out-of-session item. The Secretariat will collate responses and prepare the item for endorsement by the Chair. The final decision will be recorded in the minutes of the next meeting.
- A quorum consists of a simple majority of members. Any meeting that fails to achieve a quorum will be deferred, with a new date determined by the attending members.
- Digital attendance is permissible.

Meeting Agenda

- The Committee will 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.

Evaluation of Committee Activities

- The Committee will undertake an annual self-assessment of its performance.
- 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 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 by the Committee to ensure it remains consistent with the Committee's authority, objectives and responsibilities.
- All amendments to the Charter must be approved by the Board.

Approval of the Charter

The BHS Finance and Audit Committee Charter is endorsed by the resolution of the committee and approved by the Board.

A handwritten signature in black ink, appearing to read 'Donald Mace', written on a light-colored background.

Name: Donald Mace
Chair of Finance and Audit Committee
22 April 2025

A handwritten signature in black ink, appearing to read 'Isabel Paton', written on a light-colored background.

Name: Isabel Paton
President Board of Management
22nd April 2025