



Health Professional Councils Authority

## Health Professional Councils Audit and Risk Committee Charter

This Charter sets out the Health Professional Councils Audit and Risk Committee's objectives, authority, composition and tenure, roles and responsibilities, reporting and administrative arrangements.

The health professional Councils are independent statutory bodies established under the *Health Practitioner Regulation (National Law)* to regulate and manage the health, conduct and performance of health professionals practising in NSW.

The Health Professional Councils Authority (HPCA) provides secretariat and corporate support services to the health professional Councils, including oversight of audit and risk management.

NSW Treasury has granted the Councils an exemption from the requirement to attest to the governance arrangements prescribed in the Treasury *Internal Audit and Risk Management Policy for the NSW Public Sector* (TPP09-05). However the Audit and Risk Committee is established to provide Councils with the assurance that sound audit and risk management strategies are in place.

### Objective

The objective of the Committee is to provide independent assistance to the HPCA and the health professional Councils in relation to their governance, risk and control frameworks, and their external accountability requirements.

### Authority

The Director, HPCA (the Director), on behalf of the Councils, authorises the Committee, within the scope of its role and responsibilities, to:

- obtain any information it needs from any employee and/or external party (subject to their legal obligation to protect information)
- discuss any matters with the external auditor, or other external parties (subject to confidentiality considerations)
- request the attendance of any employee, including the Director, at committee meetings
- request the attendance of any Council President, or delegate, at committee meetings
- obtain external legal or other professional advice, as considered necessary to meet its responsibilities, at the organisation's expense.

### Composition and tenure

The Committee consists of three (3) members appointed by the Director. Two (2) members are independent members. The Chair is appointed by the Director, and is one of the independent members.

The HPCA Assistant Director, Allied Health and Nursing & Midwifery is the third member.

Members are appointed for an initial period up to four (4) years, after which they will be eligible for extension or re-appointment for a further maximum term of four (4) years, following a formal review of their performance.

The members, taken collectively, will have a broad range of skills and experience relevant to the operations of the HPCA and Councils. At least one member of the Committee must have accounting or related financial management experience with an understanding of accounting and auditing standards in a public sector environment.

The Chief Audit Executive; the Director; Assistant Director, Finance & Shared Services and Assistant Director, Medical are not members of the Committee, but may attend meetings as observers as determined by the Chair.

A representative of each of the health professional Councils may attend meetings as an observer, by open invitation and will be invited specifically to attend for the discussion of items that relate to a particular Council.

### **Roles and responsibilities**

The Committee has no executive powers. The Committee is directly responsible and accountable to the Director for the exercise of its responsibilities. In carrying out its responsibilities, the Committee must at all times recognise that primary responsibility for management of the HPCA rests with the Director and the operation of each health professional Council rests with the Council President.

The responsibilities of the Committee may be revised or expanded in consultation with, or as requested by, the Director from time to time.

The Committee's responsibilities are to:

#### ***Risk management***

- review whether HPCA management has in place a current and appropriate 'enterprise risk management' process, and associated procedures for effective identification and management of the HPCA's and Councils' financial and business risks, including fraud and corruption.
- review whether a sound and effective approach has been followed in developing strategic risk management plans for major projects or undertakings
- review the impact of the HPCA's risk management process on its control environment and insurance arrangements
- review whether a sound and effective approach has been followed in establishing the HPCA's business continuity planning arrangements, including whether disaster recovery plans have been tested periodically
- review the HPCA's fraud control plan and satisfy itself that appropriate processes and systems are in place to capture and effectively investigate fraud related information.

#### ***Control framework***

- 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
- review whether management has in place relevant policies and procedures, and that these are periodically reviewed and updated and complied with
- review whether appropriate policies and procedures are in place for the management and exercise of delegations
- consider how management identifies any required changes to the design or implementation of internal controls

- review whether management has taken steps to embed a culture which is committed to ethical and lawful behaviour.

### ***External accountability***

- review each Council's financial statements and provide advice to the Director and Council Presidents (including whether appropriate action has been taken in response to audit recommendations and adjustments), and recommend their signing by the Council Presidents
- satisfy itself that each Council's financial statements are supported by appropriate management signoff on the statements and on the adequacy of the systems of internal controls
- review the processes in place designed to ensure that financial information included in the Councils' annual reports is consistent with the signed financial statements
- satisfy itself that the HPCA has a performance management framework that is linked to organisational objectives and outcomes.

### ***Compliance with applicable laws and regulations***

- determine whether management has appropriately considered legal and compliance risks as part of the HPCA's risk assessment and management arrangements
- review the effectiveness of the system for monitoring the HPCA's and Councils' compliance with applicable laws and regulations, and associated government policies.

### ***Internal audit***

- act as a forum for communication between the Director, senior management, Councils and internal and external audit bodies
- review the internal audit coverage and annual work plan, ensure the plan is based on the HPCA's risk management plan, and recommend its approval by the Director and Councils
- oversee the coordination of audit programs conducted by internal and external audit and other review functions
- review all audit reports and provide advice to the Director on significant issues identified in audit reports and action taken on issues raised, including identification and dissemination of good practice
- monitor management's implementation of audit recommendations
- provide advice to the Director on the appointment or replacement of the Chief Audit Executive and/or recommend to the Director the appointment or replacement of the internal auditors.

### ***External audit***

- act as a forum for communication between the Director, senior management, Councils and internal and external audit bodies
- provide input and feedback on each Council's financial statements and performance audit coverage proposed by external audit and provide feedback on the audit services provided
- review all external plans and reports in respect of planned or completed audits and monitor management's implementation of audit recommendations
- provide advice to the Director on action taken on significant issues raised in relevant external audit reports and better practice guides.

## **Responsibilities of members**

Members of the Committee are expected to understand and observe the requirements of the NSW Treasury *Internal Audit and Risk Management Policy for the NSW Public Sector* (TPP09-05), NSW Treasury Circular *Internal Audit and Risk Management Policy* (NSW TC 09/08 August 2009) and NSW Health Policy Directive *Internal Audit* (PD2010\_039).

Members are also expected to:

- contribute the time needed to study and understand the papers provided
- apply good analytical skills, objectivity and good judgement
- express opinions frankly, ask questions that go to the fundamental core of the issue and pursue independent lines of enquiry.

## **Reporting**

The Committee will regularly, but at least once a year, report to the Director and Councils on its operation and activities during the year. The report should include:

- a summary of the work the Committee performed to fully discharge its responsibilities during the preceding year
- a summary of the HPCA's progress in addressing the findings and recommendations made in internal and external reports
- an overall assessment of the HPCA's risk, control and compliance framework, including details of any significant emerging risks or legislative changes impacting the HPCA and Councils
- details of meetings, including the number of meetings held during the relevant period, and the number of meetings each member attended.

The Committee may, at any time, report to the Director any other matter it deems of sufficient importance to do so. In addition, at any time an individual committee member may request a meeting with the Director or a Council President.

## **Administrative arrangements**

### ***Meetings***

The Committee will meet at least four (4) times per year. Additional special meetings will be held to review the Councils' annual financial statements. The Chair is required to call a meeting if requested to do so by the Director or another Committee member.

A meeting plan, including meeting dates and agenda items, will be agreed by the Committee each year. The meeting plan will cover all of the Committee's responsibilities as detailed in this Charter.

### ***Attendance at meetings and quorums***

A quorum will consist of a majority of Committee members. A quorum must include at least one (1) independent member. Meetings can be held in person, by telephone or by video conference. The Director, Chief Audit Executive, Assistant Director, Finance & Shared Services and Assistant Director, Medical will be invited to attend each meeting, unless requested not to do so by the Chair of the Committee. The Committee may also request other employees attend Committee meetings or participate for certain agenda items.

A representative of each of the health professional Councils may attend meetings as observers, by open invitation. Council Presidents, or their nominee, may be invited to attend Committee meetings to participate in specific discussions or provide strategic briefings to the Committee as determined by the Chair.

The Committee will meet separately with the external auditors at least once a year, and may meet with the auditors undertaking internal audits as required.

## **Dispute resolution**

Members of the Committee and the HPCA's management should maintain an effective working relationship, and seek to resolve differences by way of open negotiation. However,

in the event of a disagreement between the Committee and management, including the Director, the Chair may, as a last resort, refer the matter to the Secretary, NSW Health to be dealt with independently.

**Secretariat**

The HPCA Manager, Corporate Governance provides secretariat support to the Committee.

The Secretariat will ensure the agenda for each meeting and supporting papers are circulated, after approval from the Chair, at least one (1) week before the meeting, and ensure the minutes of the meetings are prepared and maintained. Minutes must be approved by the Chair and circulated within two (2) weeks of the meeting to each member and Committee observers, as appropriate.

**Conflicts of interest**

Once a year the Committee members will provide written declarations to the Director stating they do not have any conflicts of interest that would preclude them from being members of the Committee. Committee members must declare any conflicts of interest at the start of each meeting or before discussion of the relevant agenda item or topic.

Details of any conflicts of interest should be appropriately minuted. Where members or observers at committee meetings are deemed to have a real, or perceived, conflict of interest it may be appropriate that they are excused from Committee deliberations on the issue where a conflict of interest exists.

**Induction**

New members will receive relevant information and briefings on their appointment to assist them to meet their committee responsibilities.

**Assessment arrangements**

The Director, in consultation with the Chair of the Committee, will establish a mechanism to review and report annually on the performance of the Committee, including the performance of the Chair and each member. The review will be conducted on a self assessment basis (unless otherwise determined by the Director) with appropriate input sought from the Director, management, Council Presidents and any other relevant stakeholders, including auditors, as determined by the Director.

**Review of Charter**

The Committee will review this Charter once a year. This review will include consultation with the Director. Any substantive changes to this Charter will be recommended by the Committee and formally approved by the Director.

**Publication of Charter**

The Charter will be published on the HPCA website.

**Signatories**

Alexander Smith  
Chair, Audit and Risk Committee

Ameer Tadros  
Director, HPCA

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