



Aboriginal and Torres Strait Islander Health Practice	Occupational Therapy
Chinese Medicine	Optometry
Chiropractic	Osteopathy
Dental	Pharmacy
Medical	Physiotherapy
Medical Radiation Practice	Podiatry
Nursing and Midwifery	Psychology

Australian Health Practitioner Regulation Agency

Finance, Audit and Risk Management Committee

Terms of Reference

1. Purpose

- 1.1 The Finance, Audit and Risk Management Committee (FARMC) is the principal committee of the Agency Management Committee which provides oversight of risk at the enterprise level. It is responsible to the Agency Management Committee (AManC) for leadership, strategy and assurance in relation to:
- the financial strategy, financial performance and sustainability of AHPRA and National Boards;
 - providing recommendations on the integrity and acceptance of the financial statements by the Agency Management Committee;
 - assuring an effective and independent audit and risk assessment function for AHPRA;
 - providing independent advice and assurance to the AManC on processes of governance, risk management and internal control in line with leading practice;
 - internal processes and controls for ensuring compliance with statutory and regulatory requirements, codes of conduct and reasonable community expectations.

2. Powers and Responsibilities

- 2.1 The FARMC has the authority to request any information it requires from AHPRA or any employee and to discuss any matter with the external auditors.
- 2.2 The FARMC is authorised to seek independent, professional advice as it considers necessary.
- 2.3 The FARMC has no executive powers, supervisory functions or decision-making authority in relation to the operations of AHPRA or the National Boards. It functions in an oversight and review role.
- 2.4 Committee members are responsible for ensuring the efficient and effective operation of the FARMC and with support from AHPRA, for taking appropriate steps to ensure they have the requisite knowledge and training to undertake their role.
- 2.5 The FARMC will encourage the development of high standards of probity and ethical behaviour in everything AHPRA does.

3. Membership

- 3.1 Membership is appointed by the AManC and consists of up to 7 members. Membership shall always consist of at least four members. A quorum comprises at least three members with a majority of members being from the AManC.
- 3.2 The Chair of the Committee shall be a member of the AManC.
- 3.3 In combination, its members need:
- A sound understanding of NRAS governance issues (including AManC and health practitioner board perspectives) and effective strategic and communication linkages with AManC.
 - Professional and independent advice on finance, audit and risk (including IT risk) at an enterprise level. This may require the recruitment of external members to the committee.
- 3.4 The following capabilities are deemed requisite for the Committee as a whole, and Committee members should demonstrate at least two of the following.
- A sound understanding National Registration and Accreditation Scheme governance and the core functions of AHPRA.
 - Financial literacy and commercial acumen.

- Management of internal audit programs and external auditors.
- Experience and competence in advising on the treatment of enterprise risk.
- A sound understanding of IM&IT enterprise strategy and risk.

3.5 Members will normally be appointed for a minimum term of two years but no more than five years. The Agency Management Committee will review the membership on an annual basis.

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

4. Meetings

4.1 The FARMC will meet at least four times a year. Additional meetings may be held as required. The Chair is required to convene a meeting if requested to do so by another FARMC member or by the Agency Management Committee. A quorum will be 50% of members.

4.2 The CEO, Executive Director Business Services, National Director, Finance and Procurement, Corporate Counsel and Manager Corporate Risk and Compliance will be present at all meetings. The Executive Director will be responsible for providing secretariat support and reports for meetings.

4.3 Other directors and senior managers will be invited to attend FARMC meetings when the Committee is discussing areas of risk or operation that are the responsibility of those directors and managers.

5. Specific Terms of Reference

In fulfilling its broad responsibilities, the FARMC will carry out the following functions:

5.1 External Audit

- 5.1.1 Make recommendations to the AManC as to the appointment, re-appointment or replacement of the external auditor and rotation of the auditor's engagement partner.
- 5.1.2 Review with the external auditor the scope and timing of the annual audit, and the proposed audit fee and make recommendations to the AManC.
- 5.1.3 Review the annual financial statements of AHPRA, meet with the external auditor, and recommend the approval or otherwise to the AManC.
- 5.1.4 Review all external audit reports together with the appropriateness of AHPRA's management responses to any issues raised in the auditor's management letters. Monitor the implementation of findings.
- 5.1.5 Monitor the quality and effectiveness of the audits conducted by the auditors.
- 5.1.6 Require the external auditor to disclose any relationship that may impact on its objectivity or independence, and recommend any appropriate action to confirm the auditor's independence

5.2 Internal audit and risk management.

- 5.2.1 Advise AManC on the effectiveness of the internal audit function and that it meets all mandatory requirements and provides appropriate independent assurance to the FARMC, Chief Executive and AManC.
- 5.2.2 Review and recommend approval of the Internal Audit Strategy, the annual Audit and Risk Assessment Plan and any detailed program of reviews to ensure that they are consistent with the audit needs of AHPRA. This evaluation is to include the auditor's costings through the tender process.
- 5.2.3 Consider the major findings of internal audit reports and AHPRA management responses.
- 5.2.4 Receive regular reports of progress with implementation of agreed internal audit recommendations and any other actions associated with internal control, and satisfy itself that effective and timely management action has been taken.
- 5.2.5 Review the performance of the Internal Auditor annually and make recommendations to the AManC,
- 5.2.6 Provide assurance that risk is properly controlled and treated through the Risk Management Framework and annual plan.
- 5.2.7 Advise AManC on emerging or untreated enterprise risk and propose treatments, including clarifying accountabilities where risk is shared.
- 5.2.8 Establish protocols for escalation of risk from management to AManC and from National Boards to AManC.

- 5.2.9 Review insurance coverage and provide assurance on the appropriateness of coverage in place.
- 5.2.10 Monitor and review AHPRA's financial governance including financial reporting frameworks, financial controls and counter fraud policy and measures.
- 5.2.11 Review arrangements by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.
- 5.2.12 Monitor any instance discovered, or affecting AHPRA, of fraud or financial misdemeanour and obtain assurance that satisfactory management action has been taken.
- 5.2.13 Monitor the effectiveness of AHPRA's policies and practices in complying with laws, regulations, and accounting standards.
- 5.2.14 Review and monitor related party transactions.
- 5.2.15 Advise on the scope and conduct of special reviews or audits
- 5.2.16 Review and advise on AHPRA's process for assessing and improving the effectiveness of its audit and risk assessment functions.
- 5.2.17 Receive and review reports on the performance and management of Workplace Health and Safety (WHS).

5.3 Information security and governance

- 5.3.1 Provide assurance that policies and procedures for information governance and information security are maintained.

5.4 Investment management

- 5.4.1 Advise AManC as required on investment management, including investment policies and procedures, investment objectives and expected rates of return.
- 5.4.2 Review investment performance and compliance.

5.5 Financial management

- 5.5.1 Review direction and advise on financial policy parameters for the financial sustainability of NRAS entities, including key performance indicators and financial parameters, three year financial strategy and investment strategy, appropriate and financial delegations.
- 5.5.2 Review draft operating and capital budgets and cash flow forecasts to ensure they align with the Agency's corporate plan and financial strategy.
- 5.5.3 Provide oversight of the financial performance of NRAS entities, including ensuring the annual budget objectives align with strategy and that the process is transparent. Monitor the accounts to ensure alignment with financial parameters.
- 5.5.4 Commission short, analytical, executive reports based on KPIs and financial parameters, key risks and risk treatments.
- 5.5.5 Provide advice to the AManC on risks to the financial performance and sustainability of the enterprise (including co-regulatory arrangements and their cost) and recommend risk treatments.
- 5.5.6 Review and recommend to the AManC all significant changes to AHPRA's accounting policies;
- 5.5.7 Determine the appropriate form of financial risk management necessary for NRAS Boards other than AManC, including the role of NRAS Boards in financial management.
- 5.5.8 Review business cases that require AManC to enter into contracts that are above the CEO's delegations and recommend action to AManC.
- 5.5.9 Review National Board fee proposals and make recommendations to the AManC.

6. Reporting to the Agency Management Committee

- 6.1 The draft minutes of the FARMC should be considered at the subsequent AManC meeting after they have been reviewed by the FARMC Chair. In addition, the FARMC should report at least annually on its overall program of work.
- 6.2 The FARMC must and any member of the FARMC may report to the AManC any significant matters of concern which may impact on the operations of AHPRA or the National Boards and their committees.
- 6.3 Review and provide advice on key financial performance indicators.
- 6.4 Provide the AManC with an annual report on the activities and operations of the FARMC and the achievements against its charter and the annual Audit and Risk Assessment Plan.

6.5 The Executive Director will meet informally with the Chair of the FARMC in advance of each meeting.

7. Review

7.1 The Chair of the FARMC will initiate a review of the performance of the Committee at least annually.

7.2 The FARMC will review this charter at two-yearly intervals to ensure it remains relevant and effective and will advise the AManC on any recommended changes.

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