



Finance, Audit and Risk Management Committee

Annual report to Ahpra Board 2023/24

Australian Health Practitioner Regulation Agency
National Boards

GPO Box 9958 Melbourne VIC 3001 [Ahpra.gov.au](https://www.ahpra.gov.au) 1300 419 495

Ahpra and the National Boards regulate these registered health professions: Aboriginal and Torres Strait Islander health practice, Chinese medicine, chiropractic, dental, medical, medical radiation practice, midwifery, nursing, occupational therapy, optometry, osteopathy, paramedicine, pharmacy, physiotherapy, podiatry, and psychology

Foreword

In accordance with its' charter the Finance, Audit and Risk Management Committee (FARMC) has conducted a review of its activities for the financial year 2023/24 and provides this annual report to the Ahpra Board and for publication on the Ahpra website.

The financial year 2023/24 has been another productive year, with members completing an extensive program of work over virtual, blended and face to face meetings to meet its obligations.

Members expressed gratitude to Ahpra Board member Ms Jenny Taing OAM and noted her strong contribution to Ahpra and the National Scheme. The Committee was pleased to welcome new Ahpra Board representative, Ms Leanne O'Shannessy PSM. Her expertise in leading major regulatory reforms and extensive experience in health regulation and compliance is invaluable.

Several Committee members declared past professional engagements, however, no conflicts of interest were identified.

I would like to acknowledge and thank FARMC members, staff and auditors for their diligence and contribution to the work of FARMC throughout the year.

I am pleased to present the FARMC annual report 2023/24.

Barbara Yeoh AM

Chair

Finance, Audit and Risk Management Committee

Annual report 2023/24

Introduction

The FARMC function is to provide oversight of risk at the Scheme-wide level and to provide advice to the Ahpra Board. FARMC monitors the effectiveness of the corporate assurance framework, risk management, financial strategy and sustainability, and internal audit functions, and provides oversight of the external audit process.

This report summarises the main work undertaken by FARMC in 2023/24. It has been produced in accordance with the FARMC Charter to support the Ahpra Board in its governance role and for publication on the Ahpra website.

FARMC composition, other attendees, and meetings

2023/24 FARMC member and meeting attendance

Ms Jenny Taing's term on the Ahpra Board expired 16 September 2023. The Ahpra Board appointed Ms Leanne O'Shannessy PSM as the new Ahpra Board member representative on the FARMC for a term of 2 years, effective 1 February 2024 to 7 November 2026.

Name	Membership status	Attendance
Barbara Yeoh AM, Chair	Member, Ahpra Board	Aug, Nov 2023, Mar, Jun 2024
Anthony Evans	National Board member (Optometry)	Aug, Nov 2023, Mar, Jun 2024
David Balcombe	External member	Aug 2023, Mar, Jun 2024
Jenny Taing OAM	Member, Ahpra Board	Aug 2023
Kim Jones	National Board member (Dental)	Aug, Nov 2023, Mar, Jun 2024
Leanne O'Shannessy PSM	Member, Ahpra Board	Mar, Jun 2024
Lynton Norris	Member, Ahpra Board	Aug, Nov 2023, Mar, Jun 2024
Susan O'Dwyer	National Board member (Medical)	Aug, Nov 2023, Mar, Jun 2024

2023/24 FARMC meeting other attendees

Members of Ahpra's executive and senior management were in attendance as required to provide information to meet FARMC's requirements and receive constructive feedback.

Internal and external auditors were in attendance and other independent assurance providers joined as guests to present reports and respond to questions.

Attendees	Position
Ahpra staff	
Martin Fletcher	Chief Executive Officer
Liz Davenport	Executive Director, Finance and Risk
Clarence Yap	Chief Information Officer
Grant Barker	Acting Chief Information Officer
Will Garton	Interim Chief Technology Officer
Mike Rillstone	Interim Chief Technology Officer
Chris Robertson	Executive Director, Strategy and Policy
Damian Byass	National Director, IT Management
Jarryd Osteraas	National Director, Corporate Risk and Assurance
Jamie Orchard	General Counsel
Rachel Garland	Corporate Counsel
Kelly Johnston	National Director, Finance

Attendees	Position
Kiran Sarai	National Director, Commercial Development
Sam Clausen	National Director, Business Transformation
Michael George	Director, Financial Control and Procurement
Sangeetha Masilamani	Program Manager, Government Relations
Bjorn Arne Berge	Security Operations and Platform specialist
Nick Heggie	Director, Financial Reporting and Analysis
Victorian Auditor General's Office	
Sanchu Chummar, Director, Financial Audit	Victorian Auditor-General's Office
Yvonne Liu, Senior Manager, Financial Audit	Victorian Auditor-General's Office
Natalia Stephenson	Victorian Auditor-General's Office
Internal auditors	
Stuart Painter	Ernst & Young
Ashlea McLeod	Ernst & Young
Kylie McRae	The Institute of Internal Auditors
Other attendees	
Jamie Reid	Finity
Adam Jupp	Finity
Gurnoor Brar	Victorian Funds Management Corporation (VFMC)
Liam Keegan	Victorian Funds Management Corporation (VFMC)
Dan Jefferson	KPMG
Laura Andrews	KPMG
Oliver Crane	KPMG

FARMC achievements 2023/24

Unqualified external audit opinion 2022/23

FY2022/23 financial statements were recommended to Ahpra Board for adoption, following a smooth process, once again an unqualified Victorian Auditor General's Office (VAGO) independent audit opinion of the statements was received in time to meet reporting obligations.

Major program investment

Reviewed and noted quarterly reporting on the Transformation Program, Ahpra's major program to improve the future state experience for practitioners, staff, community, and regulatory partners and endorsed funding releases to the Ahpra Board.

Considered the Melbourne office relocation project status, within an approved budget and a design that balances the needs of the employees with the needs of boards and committees. The design intends to minimise the environmental footprint, support safe, efficient and effective operations and encourage positive engagement.

Cyber security and risk management

Implemented quarterly Cyber security program reports by management, to be presented to the Committee by the CIO and interim CTO and undertook benchmarking against the *Cyber Security Governance Principles*, AICD & Cyber Security Cooperative Resource Centre, October 2022.

Delegations to support legislative amendments

Considered and endorsed changes to the Instrument of delegations, to support National Law amendments passed during FY2023/24. The legislative amendments were made to strengthen public protection and increase public confidence in health services provided by practitioners registered under the National Scheme.

Review of the use of consultants and contractors

Considered Ahpra's use of consultants and contractors for specialist skills, services and advice that cannot be provided through internal workforce capacity or capability.

Data Strategy

Considered the Ahpra Data strategy 2023-2028, that sets the strategic direction for the collection, use and disclosure of the data held and future data projects, and noted the importance of the Strategy to public protection and effective operations.

Legislative compliance reporting

A legislative compliance report was noted by FARMC for implementation and reporting of FY2022/23 statutory compliance.

Income diversification strategy

Commenced initial works to explore an income diversification strategy. KPMG was contracted to present a business case and initial findings. The business case was recommended to the Ahpra Board for endorsement

Governance

FARMC observed best practice corporate governance through:

- a standing invitation to internal and external auditors to attend for the duration of all meetings
- meeting 'in camera' at each meeting with internal and external auditors without Ahpra management
- declaration of conflicts of interest at start of meeting by all members and all others present.
- receiving regular advice on significant changes to legislation, including accounting standards
- annual review of FARMC Charter

- annual FARMC effectiveness review for reporting to Ahpra Board
- activities to ensure compliance
- meetings with the Chair of the Regulatory Performance Committee and the Chair of People and Remuneration Committee, to inform the FARMC strategic internal audit plan
- Chair updates on Ahpra Board decisions on recommendations from FARMC

FARMC has no delegated power from the Ahpra Board, however the Ahpra Board may authorise FARMC to agree or approve a specific matter on its behalf. There were no such matters referred to FARMC in 2023/24.

Annual financial statements and external audit

VAGO provided a clear audit opinion and final management letter for FY2022/23, reporting on three medium level control risks, which were accepted for resolution by management.

- VAGO representatives invited to attend all FARMC meetings
- FARMC endorsed the 2022/23 Financial statements to the Ahpra Board for adoption
- Noted the 2022/23 VAGO final management letter and 2022/23 external audit report
- Noted the 2022/23 VAGO Independent assurance of the controls, in relation to the notifications component of registration fees paid to the NSW Councils via Health Professional Councils Authority (HPCA)
- Noted the 2023/24 VAGO financial audit strategy
- Noted VAGO engagement by HPCA for 2023/24 of the controls, in relation to the notifications component of registration fees paid to the NSW Councils via HPCA
- Noted 2023/24 VAGO financial audit status updates, and 2023/24 interim management letter

Financial management reports

FARMC noted

- financial year 2022/23 financial management report for Ahpra and National Boards
- quarterly 2023/24 financial reports of operations against budget for Ahpra and National Boards
- quarterly 2023/24 investment performance reports
- quarterly 2023/24 cash flow reports.

Operating and capital budgets 2024/25

FARMC

- endorsed the Ahpra budget assumptions 2024/25 to Ahpra Board for approval
- endorsed the FY2024/25 Ahpra and National Boards operating budgets and registration fees to Ahpra Board for approval and inclusion in Health Profession Agreements
- endorsed the FY2024/25 Ahpra capital budget to Ahpra Board for approval

2023/24 internal audit program

FARMC undertook the following activities with respect to the internal audit strategy

- endorsed the FY2024 Strategic internal audit plan and three-year rolling internal audit plan for approval by Ahpra Board
- noted the eight strategic risk themes, areas of focus and their associated key controls and treatments
- noted results of the internal audit effectiveness survey

FARMC agreed terms of reference for internal audits of

- Budget process review
- Payroll (employees)
- Project management
- Flexible working arrangements
- Corporate compliance framework
- Cyber security
- Financial year 2023 Ahpra management actions follow up

Independent audit reports presented to FARMC during 2023/24

Financial year 2023 Ahpra management actions follow up

- The annual internal audit reported on outstanding internal audit recommendations, including revised due dates for two overdue management actions which had a medium risk rating.

Budget process review

- Considered Ahpra's established processes and controls to support the efficient and timely development of the annual Ahpra Operating Budget (including the Ahpra Directorate level budgets and budgets for National Boards).
- Recommendations were provided to ensure that Ahpra's budgeting process is effectively governed and supports the consistent and timely development of the Ahpra operating budget across its Directorates and its National Boards (as required by the Health Profession Act). This facilitates sound financial business decisions and the delivery of Ahpra's responsibilities under the National Scheme.

Payroll (employees)

- Considered Ahpra's payroll processes and controls to support the accurate and timely payment of employees as well as performed selected data analytics over the Employee Masterfile and Payroll.
- Recommendations were provided to ensure effective and robust processes and controls to support accurate, complete and timely payments to employees. This is fundamental for Ahpra to maintain trust with employees and support key legislative requirements. Furthermore, effective payroll processes and controls are essential to minimise fraudulent or inappropriate payroll practices which can lead to financial loss and reputational damage.

Project management

- Considered the design and application of Ahpra's project management framework, including how the project management framework was applied in practice for a sample of three projects.
- Recommendations were provided to ensure effective project management and governance which is essential to support Ahpra in delivering projects on time, within budget, consistent with the agreed scope, and that support the achievement of its strategic objectives.

Flexible working arrangements

- Considered Ahpra's processes and controls established to support flexible working, in adherence to the Flexible working policy.
- Recommendations were provided to ensure there are strong processes and controls supporting the establishment and management of Flexible Working Arrangements in accordance with employees' statutory rights. Flexibility aims to increase employee engagement, productivity and performance, improved work-life balance and job satisfaction.

Internal control and risk management

FARMC

- reviewed and noted quarterly reports for on strategic risk themes, enterprise risk management and controls
- reviewed and endorsed the Integrated Assurance Implementation plan to embed integrated assurance and enhance risk management processes.

National Quality Assurance Team (NQAT)

FARMC reviewed and noted

- the NQAT annual report 2022/23
- quarterly progress updates on the quality assurance work plan for 2023/24
- the FY2024/25 NQAT workplan in developing the internal audit plan 2024/25

Health safety and wellbeing (HSW)

FARMC reviewed and noted

- quarterly HSW reports that include key metrics and emerging issues
- refresher due diligence training planned for persons conducting a business or undertaking.

Serious incidents

FARMC

- reviewed and noted quarterly reports on serious incidents, and
- considered an NQAT report on breaches of privacy.

Insurance

FARMC reviewed and noted

- insurance placement and policy coverage for FY2023/24
- quarterly insurance incidents and claims report.

Delegations and administrative authorisations

Conducted its annual review of register of financial administrative authorisations, noting changes to the financial administrative authorisations within the Delegation, Sub-delegation and Administrative Authorisation Manual (the manual) for the calendar year.

Members considered and endorsed increases to specific financial administrative authorisations within the manual to improve Ahpra's efficiency and effectiveness. The increased limits will allow for necessary and reasonable expenditure decisions to be made in accordance with the approved budget and business purpose. The new limits are comparable to other government entities. Governance and risk controls remain in place to ensure appropriate decision making.

Corporate policy recommendations to Ahpra Board

Policies and frameworks developed, reviewed, and noted or endorsed for approval by Ahpra Board.

Policies considered by FARMC	Outcome
Capital expenditure recognition policy	Approved by Ahpra Board Nov 2023
Related party policy and procedure	Approved by Ahpra Board Apr 2024
Procurement policy	Approved by Ahpra Board Apr 2024
Modern slavery statement	Approved by Ahpra Board Nov 2023
Materiality policy	Approved by Ahpra Board Jun 2024
Implementation of Tranche 2 changes (Delegation manual)	Approved by Ahpra Board Sep 2023
Delegation, sub-delegation, and administrative authorisation manual	Approved by Ahpra Board Nov 2023
Incident management framework	Approved by Ahpra Board Jun 2024
Operating and capital expenditure budget preliminary assumptions	Approved by Ahpra Board Nov 2023

Reports and reviews

Other periodic reports reviewed and noted by FARMC

Procurement

FARMC noted quarterly reports on procurement exemptions granted by the CEO and contracts entered with a commitment value over \$500k until November 2023, and commitment value over \$1m from December 2023 onwards, subsequent to the approved increases to specific financial administrative authorisations within the manual.

Gifts, benefits, and hospitality

Noted the Annual report of Gifts, benefits, and hospitality 2022/23 which had been prepared in accordance with the revised policy adopted in 2021/22.

Delegations and administrative authorisations

FARMC reviewed and endorsed the changes made during the annual review of financial administrative authorisations to the Ahpra Board for approval.

Legislative compliance

FARMC endorsed the scope for Compliance framework as part of the internal audit plan 2024/25.

Fraud and corruption

FARMC noted the Fraud and corruption control annual report for 2022/23 and were provided an overview of the three fraud related incidents and reviewed and noted actions taken to strengthen controls.

Public interest disclosures

FARMC noted seven referrals were received under the Public Interest Disclosure (PID) policy, but none met the criteria of being a PID.

Strategic investments and project governance

Strategic initiatives

FARMC noted

- quarterly Strategic initiatives portfolio reports
- quarterly Business Transformation Program reports
- income diversification strategy business case

Transformation Program

In overseeing the Transformation Program, Ahpra's major program to improve the future state experience for practitioners, staff, community and regulatory partners, the Committee:

- reviewed and noted the quarterly status reports
- noted the independent gateway review reports for the Transformation Program in [month] and [month] and met with the external expert reviewers
- endorsed the gateway reviews for Ahpra Board approval to release funding
- endorsed procurement approval, for the CEO to execute agreement above the CEO financial authorisation limit
- endorsed a change in the cost allocation methodology for the build phase of the Transformation Program
- noted general correspondence from PwC Consulting Australia in relation to adverse media attention, arising from its breach of confidential government information, and further correspondence from PwC Australia/Scyne [Advisory?] expressing their commitment to Ahpra's Transformation Program.

Income diversification strategy business case

The Committee

- noted a proposed income diversification strategy (IDS) business case
- noted further ongoing work including a second independent expert legal opinion
- recommended Ahpra Board approve the business case as a strategic project.