

# TERMS OF REFERENCE QUALITY, FINANCE, AUDIT AND RISK COMMITTEE

## **INTRODUCTION**

The Quality, Finance, Audit and Risk Committee is a sub-committee of the Board of the Canterbury DHB established in terms of Section 38 of Schedule 3 of the New Zealand Public Health and Disability Act 2000 (The Act). These Terms of Reference are supplementary to the provisions of the Act and to the Standing Orders of the Canterbury DHB and are effective from 13 August 2010.

## **FUNCTIONS**

The functions of the Quality, Finance Audit and Risk Committee of the Board are to:

- Monitor the overall financial performance and financial position of the Canterbury DHB (which incorporates the funder, hospital and specialist service and associated subsidiaries); and
- Review any additional budget requests above the Chief Executive's limit and make recommendations to the Board on these; and
- Monitor the financial separation of the funder and hospital and specialist service of the Canterbury DHB; and
- Monitor the financial and non-financial risks, of the Canterbury DHB both as funder and provider, including Major Property Projects (MPPs); and
- Monitor the effectiveness of the internal audit functions and review and approve the relevant audit plans and progress made by management in implementing recommendations that arise from both internal and external audits, including audits of non government providers ; and
- Monitor and ensure that the clinical risks relative to the responsibilities of the Canterbury DHB funder and provider arms are appropriately monitored, addressed and mitigated.
- Support, promote and monitor the development and continuance of a quality and safety environment across the Canterbury DHB in order to ensure the sustainable provision of patient centred, quality and safety focused, evidence based and systems minded health care to the population served by the Canterbury DHB.
- Oversee the effectiveness of management control of Canterbury DHB assets (and MPPs excluding those projects that may be overseen by the Facility Development Project Committee under authority from the Board); and
- Make recommendations on approval of MPPs (with budgets exceeding \$1m); excluding Facility Development Master Plan Projects overseen by the Facility Development Project Committee under authority from the Board; and
- Monitor the planning and construction process for MPPs; and
- Monitor the performance of MPPs against budget, programme and specifications and management's compliance with tendering, purchasing and probity policies; and
- Make recommendations on disposal of surplus land of the Canterbury DHB.
- Receive and if appropriate endorse decisions by the Chief Executive in respect to the appointment and remuneration of directors and chairpersons to Canterbury DHB subsidiary companies as outlined in the "Policy on the Appointment of Directors to Canterbury DHB Subsidiary Companies"

It will also be a function of the Quality, Finance, Audit and Risk Committee to make recommendations to the Board:

- On the robustness of the financial and risk components of the Canterbury DHB's Annual Plan (AP), and associated plans and Regional Health Services Plan.
- On the Canterbury DHB's financial statements and disclosures; and
- On those finance-related policies which require Board approval, including delegation of authority policies.

## **ACCOUNTABILITY**

The Quality, Finance, Audit and Risk Committee is a sub-committee of the Board and as such its members are accountable to the Board and will report regularly to the Board.

- The Board may delegate to the Quality, Finance Audit and Risk Committee the authority to make decisions or take action on its behalf, or if it deems appropriate any of the functions, duties or powers of the Board (note: in the event of the Board delegating decisions to the Committee the requirements of Schedule 3, Clause 5 of The Act will apply to the Committee).
- Members of the Quality, Finance, Audit and Risk Committee are to carry out an assessment and monitoring role but are not to be advocates of any one health sector group. They are to act in an impartial and objective evidence based manner for the overall aims of the Committee.
- Legislative requirements for dealing with conflicts of interest will apply to all Quality, Finance, Audit and Risk Committee members and members will abide by the Canterbury DHB's Media Policy, its Probity Policy and with its Standing Orders.
- The Committee Chair will annually review the performance of the Quality, Finance, Audit and Risk Committee and members.

## **LIMITS ON AUTHORITY**

The Quality, Finance, Audit and Risk Committee must operate in accordance with directions from the Board and unless the Board delegates decision making power to the Committee it has no delegated authority except to make recommendations or provide advice to the Board

- The Quality, Finance, Audit and Risk Committee provides advice to the Board by assessing and endorsing recommendations on the reports and material submitted to it.
- Requests by the Quality, Finance, Audit and Risk Committee for work to be done by management or external advisors should be made by the Chair and directed to the Chief Executive or their delegate (the Principal Administrative Officer).
- There will be no alternates or proxy voting of Committee members.
- All Quality, Finance, Audit and Risk Committee members must comply with the provisions of Clause 38, Schedule 3 and Clauses 38 and 39 of Schedule 4 of the New Zealand Health and Disability Act 2000.

## **RELATIONSHIPS**

The Quality, Finance, Audit and Risk Committee is to be cognisant of the work being undertaken by the other committees of the Canterbury DHB to ensure a cohesive approach to health and disability planning and delivery and as such will be required to develop relationships with:

- the Board
- Management of the Canterbury DHB
- Manawhenua Ki Waitaha
- the Community of the Canterbury DHB
- other Committees of the Canterbury DHB.

## **TERM**

These terms of reference shall apply until February 2014 at which time they will be reviewed by the newly elected Board of the Canterbury DHB who will also review the membership of the Committee.

- It is appropriate that membership is reviewed by newly elected Boards to consider the skills-mix of the committee and allow for a diverse and representative cross section of the community to have input into decision making.

## **MEMBERSHIP OF THE COMMITTEE**

The Chairperson of the Quality, Finance, Audit and Risk Committee will be a member of the Board and will be appointed by the Board. The Board may also appoint a Deputy Chairperson to the Committee. If not appointed as members of the Committee, the Chair and Deputy Chair of the Board will be ex-officio members of the Quality, Finance, Audit and Risk Committee and will have voting rights..

- Members of the Quality, Finance, Audit and Risk Committee will be appointed by the Board who will comply with requirements of the Act and endeavour, where appropriate, to ensure representation of Maori on the Committee.
- The Board will not appoint to the Quality, Finance, Audit and Risk Committee any member who is likely to regularly advise on matters relating to transactions in which that member is specifically interested. All members of the Quality, Finance, Audit and Risk Committee must make appropriate disclosures of interest.
- The Board may appoint additional members to the Committee from time to time, for specific periods, as it deems necessary, to assist in the work of the Committee.
- The Chair, Deputy Chair and members of the Quality, Finance, Audit and Risk Committee will continue in office for the period specified by the Board or until such time as:
  - the Chair, Deputy Chair or member resigns; or
  - the Chair, Deputy Chair or member ceases to be a member of the Quality, Finance, Audit and Risk Committee in accordance with clause 9 of Schedule 4 of the Act; or
  - the Chair, Deputy Chair or member is removed from office by notice in writing from the Board.

## **MEETINGS**

The Quality, Finance, Audit and Risk Committee will meet monthly as determined by the Board with the frequency/timing taking into account the times and dates of the other Advisory Committee meetings, and the Board meetings, but primarily the availability of relevant financial reports of the Canterbury DHB.

- Meetings shall be held in accordance with Schedule 4 of the New Zealand Public Health and Disability Act and the Canterbury DHB's Standing Orders.

It is not a requirement that these Quality, Finance, Audit and Risk Committee meetings are held public meeting unless the requirements of Schedule 3, Clause 5 of The Act apply in respect to delegated authority to make decisions on behalf of the Board being delegated to the Committee. Minutes and reports of the Committee will, however, be recorded as appropriate within the public open and public excluded sections of the Board agenda in accordance with Section 32 of Schedule 3 of the New Zealand Public Health and Disability Act 2000

## **REPORTING FROM MANAGEMENT**

Management will provide appropriate reporting to the Quality, Finance, Audit and Risk Committee to measure against financial performance, management controls, internal and external audits, contract performance and both clinical and non-clinical risk and quality as required.

## **MANAGEMENT SUPPORT**

In accordance with best practice and the delineation between governance and management, key support for the Quality, Finance, Audit and Risk Committee will be from staff designated from the Chief Executive Officer from time to time who will assist in the preparation of agendas, reports and provision of information to the Committee in liaison with the Chair of the Committee.

The Board may appoint advisors to the Quality, Finance, Audit and Risk Committee from time to time, for specific periods, to assist the work of the Committee. The Committee may also, through management, request input from advisors to assist with their work. Such advisors will not be members of the Committee and will not have voting rights..

### **REMUNERATION OF COMMITTEE MEMBERS**

In accordance with ministerial direction, members of the Quality, Finance, Audit and Risk Committee will be remunerated for attendance at meetings at the rate of \$250 per meeting up to a maximum of ten meetings, total payment per annum (\$2,500). The Committee Chair will be remunerated for attendance at meetings at the rate of \$312.50 per meeting, again up to a maximum of ten meetings total payment per annum (\$3,125). These payments may be reviewed by Ministerial direction

- Any officer or elected representative of an organisation who attends committee meetings which their organisation would expect their officer or elected representative to attend as a normal part of their duties, and who is paid by them for that attendance, should not receive payment.
- The Fees Framework for Crown Bodies includes the underlying principle that any employees of Crown Bodies should not receive remuneration for attendance at Committee meetings whilst being paid by their employer.
- Reasonable attendance expenses (ie: reasonable travel-related costs) for Committee members may be paid. Members should adhere to the Canterbury DHB's travel and reimbursement policies.

Adopted Board

18 February 2011