

NORTHLAND DISTRICT HEALTH BOARD
FINANCE, RISK AND ASSURANCE COMMITTEE
TERMS OF REFERENCE

1. Establishment and Authority

The Finance, Risk and Assurance Committee (FRAC) is established by the Board under clause 38, Schedule 3 NZ Public Health and Disability Act 2000 (the Act). The Board may amend the terms of reference from time to time.

2. Functions of Committee

The function of the FRAC is to receive and consider financial, audit and risk material from the Board, Management, internal and external audit, and duly recommend to the Board the appropriate action required.

The Committee should receive periodic briefings (operational as well as financial) on the various operational units of Northland DHB (NDHB). Management are encouraged to inform the Committee of relevant issues at an early stage and provide briefings on key operational and financial matters. The focus of the Committee is on the total financial and contractual aspects of NDHB.

Material referred to the Committee may include:

- Regional Internal Audit
- External Audit
- Financial Statements
- Accounting Policies
- Consumables, Services & Capital Projects Requiring Board Approval
- Monthly Financial Performance Reports including Treasury Activities
- Contract Schedules
- Risk Reports

Regional Internal Audit

- Endorse the appointment/dismissal of the regional internal auditor
- Review the charter for regional internal audit
- Review and confirm the regional internal audit plans and endorse the Regional Internal audit budget as they pertain to NDHB
- Instruct the regional internal audit on areas to be reported on
- Review internal audit reports and confirm the recommended action
- Consider and review with the regional internal auditor
 - (a) the adequacy of NDHB's internal controls including computerised information system controls and security.
 - (b) any related significant findings and recommendations together with Management's responses.

External Audit

- Review/discuss the external audit plan with the auditors
- Review external audit reports and confirm the recommended action
- Consider and review with the external auditor:

- (a) the adequacy of the NDHB's internal controls including computerised information system controls and security.
- (b) any related significant findings and recommendations together with Management's responses.

- Review audit fees.

Financial Statements

- Review at least the half yearly results and annual financial statements and any other statutory financial reports and recommend acceptance or otherwise by the Board.
- It is important that as part of this review the Committee specifically considers any significant Management estimates and understands the reasons underlying the estimates.

Accounting Policies

Review and advise the Board on accounting policies and procedures recommended by Management including:

- depreciation rates
- provisions
- income recognition
- asset valuations
- treasury

Consumables, Services & Capital Projects Requiring Board Approval

Review submissions made by Management to the Board. The FRAC may either support recommendations made by Management and forward to the full Board for consideration or will guide Management in any further work or actions required. The FRAC will periodically review the Procurement Policies and make recommendations to Management on any changes to those Policies

The Committee will undertake post implementation reviews of major capital projects and may advise the Board of the outcome of the review.

Quarterly Financial Performance Reports including Treasury Activities

Review the quarterly financial performance reports including treasury activities supported by Executive Management explanations and provide guidance to the full Board on any material issues arising.

3. Membership

The Committee will consist of at least three and not more than five members appointed by the Board. The members, taken collectively, will have a broad range of skills and experience relevant to the operations of NDHB. It is desirable that at least one member has accounting or related financial management experience with an understanding of accounting and auditing standards in the public sector environment.

Membership will be for a term not exceeding three years and will end at the conclusion of the Board's term of office. Members will be eligible for re-appointment.

The Board will appoint one Committee member, other than the Board Chair, to be the FRAC Chair.

4. Relationship with Board and Management

The Committee is established by and accountable to the Board. The Committee's role is advisory only, and unless specifically delegated by the Board from time to time in accordance with clause 39(4) of Schedule 3 of the Act, no decision-making powers are delegated to the Committee.

The Committee shall receive all material and information for its review or consideration through the Chief Executive or the Regional Internal Auditor.

5. Meeting Procedure

The Committee shall meet at least quarterly and more frequently if required. Meetings shall be conducted in accordance with the Board's Standing Orders.

The Committee may invite other NDHB officers and employees to attend as required. Where necessary the Committee may have "committee only" time enabling members to discuss issues and questions without the Chief Executive or staff being present.

Internal and External Auditors and healthAlliance will attend meetings by invitation. The following executive staff, while not members of the FRAC, will also be in attendance by invitation:

- Chief Executive
- Chief Financial Officer
- Deputy Chief Financial Officer
- Executive Leadership team when appropriate

FRAC minutes, risk reports and any other material as decided from time to time will be provided to the following Board meeting. The FRAC Chair will also give a report to the Board.

NDHB's internal and external auditors have the right of direct access to the FRAC Chair and Board Chair. The Committee expects to be advised of any areas requiring its special attention.

6. Conflicts of Interest

Any matters relating to conflicts of interest will be managed in accordance with the Board's conflict of interest protocols. Committee members must declare any conflicts of interest at the start of each meeting or before discussion of the relevant agenda item. Details of any conflicts of interest will be recorded in the meeting minutes and the Board's Interests Register.

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