

HIMAA FINANCE, AUDIT & RISK MANAGEMENT COMMITTEE

TERMS OF REFERENCE

DOCUMENT INFORMATION

This is a document controlled by the Chair of the Finance Audit & Risk Management Committee.

VERSION HISTORY

The following outlines the high level changes that have been made to each version of this document and who made them:

Version Notes Changes made by Date

1. Initial Draft Stefan Perkovic April 2012
2. Reviewed by Board of Directors May 2012
3. Revised by Richard Lawrance May 2013
4. Reviewed by Finance Working Party May 2013
5. Approved HIMAA Board 27 June 2013

SIGN OFF

Endorsed by: Catherine Garvey

Chair

Finance Audit & Risk Management Committee

_27 June 2013_____

Date:

Approved: Sallyanne Wissmann

President

Health Information Management Association of Australia

_27 June 2013_____

Date:

REVIEW DATE

This document will be reviewed every year from date of approval.

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1. BACKGROUND

1.1 The Board of Health Information Management Association of Australia has established the Finance, Audit and Risk Management (FARM) Committee from the Board's Finance Working Party as part of its governance framework.

1.2 This document establishes the authority and responsibility of the Committee so that it may function effectively as part of the governance framework of the Association.

1.3 The Committee will report to the Board quarterly or as required.

2. PURPOSE

2.1 The role of the Committee is to:

- a) Recommend the annual budget to the Board for Approval;
- b) Ensure the budget is aligned with HIMAA's Strategic Plan and Business Plan;
- c) Monitor and report on HIMAA's financial performance against approved budgets;
- d) Formulate and monitor strategies for improving HIMAA's financial position, including the monitoring of HIMAA budget processes;
- e) Recommend the appointment of external auditors to review HIMAA financial reports for annual and other reporting requirements;
- f) Monitor and report on HIMAA risk management activity according to an enterprise risk management (ERM) framework;
- g) Ensure internal operational systems and processes are in place to effectively manage risk to the organisation's objects within this ERM framework.

2.2 The responsibilities of the Committee include:

- a) Recommend/Approve the annual budget;
- b) Ensure the budget is aligned with HIMAA's Strategic Plan and Business Plan;
- c) Recommend/Approve adjustments to budgets (where required) and reallocation of resources;
- d) Oversee the annual budget work up process, the Quarterly Review process and the annual deferral of funds processes;
- e) Formulate strategies for improving the HIMAA's financial position, including the approval and monitoring of HIMAA's budget process;
- f) Review HIMAA's financial performance against the business plan and approved budget;

- g) Endorse the quarterly report to be tabled to the Board for approval;
- h) Direct the undertaking of specific financial analysis, as and when required;
- i) Develop a financial management strategy that reflects the priorities, outputs and outcomes of HIMAA, while leaving senior management to determine resource demands within their areas of responsibility (as per delegation policy) and, where resource decisions will have a financial year impact at an organisational level, present proposals to the Board for approval;
- j) Prepare financial management report to be tabled at the Annual General Meeting;
- k) Consider the financial impact for materiality of decisions made by the board and cross reference with the FARM Committee;
- l) Monitor internal investments for approval to the Board;
- m) Recommend an external auditor for Board reporting processes from a competitive range of auditors with experience in not-for-profit companies on the basis of specific fit for professional associations and HIMAA in particular;
- n) Monitor external auditor reports for quality, cost-effectiveness and risk management;
- o) Oversee a schedule of auditor selection to ensure rotation of auditors every 5 years (in line with public listing precedence);
- p) Direct the delivery and periodic review of an enterprise risk management (ERM) framework;
- q) Monitor and report to the Board on the ERM risk register as necessary to ensure Board governance;
- r) Ensure internal operational systems are in place to identify and manage risk;
- s) Review and recommend risk appetite to the Board on an annual basis as part of the business planning cycle, and as required to enable Board governance;
- t) Escalate risks for Board attention – financial, regulatory, legal, environmental, industrial, cultural, operational and organisational – with recommendations as required.

3. MEMBERSHIP

3.1 Membership of the Committee consists of the following:

- Treasurer, HIMAA Board Director (Chair)
- HIMAA Board Director (Deputy Chair)
- HIMAA Board Director (Junior Vice President or delegate)
- HIMAA Member representative
- Chief Executive Officer (CEO), HIMAA

- Financial Controller, HIMAA

3.2 A person acting in any of the above positions is considered to be a member of the Committee for the term of the acting arrangement.

3.3 HIMAA Member representative will be selected by the Board based on an Expression of Interest (EOI) process.

3.4 The period of term for any Committee member is for two years, with unrestricted successive appointment subject to review of EOIs by the Board at the Board's discretion.

3.5 If the Chair is temporarily unable to perform their duties (e.g. they are unable to attend a meeting) the Deputy Chair will act as Chair.

4. MEETINGS

4.1 The Committee will meet monthly or as required by the Chair.

4.2 Meetings will be conducted by teleconference.

4.3 Meetings will be conducted on a formal basis and be minuted.

4.4 A quorum consists of the Chair (or Acting Chair) plus two committee members.

5. AGENDA

5.1 An agenda is to be prepared for meetings with relevant issues papers attached and distributed to members, preferably at least 48 hours prior to the meetings.

5.2 Agenda items may be considered out of session by electronic or other means and should be minuted at the next available meeting.

5.3 Financial concerns from the Board are to be scheduled in the next FARM agenda.

6. MINUTES

6.1 Minutes of the meeting must be forwarded to members within 2 weeks after the meeting.

6.2 The Minutes must record the following:

- Date of meeting;
- Attendees, apologies and absentees;
- Agenda items discussed;
- Action items (including responsibility and timeframe);
- Decisions taken (including rationale for decisions).

6.3 Minutes of the preceding meeting must be confirmed at each subsequent meeting, which includes a review of the action items outstanding.

6.4 The Minutes must be approved by the Chair.

6.5 Once approved, the Minutes of the meeting will be emailed to all Committee members and are made available on the HIMAA Board closed access document management website (for information purposes).

7. REPORTS

7.1 The following reports (known as Standing Reports) will be tabled at each meeting:

- Net Asset Analysis
- Monthly Income & Expenditure Report
- Risk Management

8. SECRETARIAT

8.1 Secretariat support will be provided by the CEO (or staff delegate).

8.2 The Secretariat will be responsible for the preparation and circulation of the meeting agenda and minuting meetings, and the lodgement of meeting papers on the FARM Committee closed access document management website.

8.3 The CEO will ensure that electronic copies of all relevant documents to the Committee (including agendas, position papers and minutes) are stored in central file that is backed up.

9. INDUCTION OF NEW MEMBERS

9.1 As a form of induction, it is the responsibility of the Chair to provide new Standing Members and Invited Members with a copy of the following documents prior to their first meeting:

- the Terms of Reference (if not already supplied);
- the Governance framework;
- the minutes of the last three meetings of the Committee.

10. ANNUAL REVIEW

10.1 Each November the HIMAA Board will undertake a review of the operation and functioning of the Committee with particular reference to the extent to which the committee has discharged its roles and responsibilities. Where appropriate the review should make recommendations for improvements.

10.2 A copy of the review report is to be provided to the Committee.

Attachment 1

**Annual Performance Measures
for the
HIMAA Finance, Audit and Risk Management Committee**

Performance Measure	Assessment			
	1	2	3	Comments
Recommend/Approve the annual budget.				
Ensure the budget is aligned with HIMAA's Strategic Plan and Business Plan.				
Recommend/Approve adjustments to budgets (where required) and reallocation of resources.				
Oversee the annual budget work up process, the Quarterly Review process and the annual deferral of funds processes.				
Formulate strategies for improving the HIMAA's financial position, including the approval and monitoring of HIMAA's budget process.				
Review HIMAA's financial performance against the business plan and approved budget.				
Endorse the quarterly report to be tabled to the Board for approval.				
Develop a financial management strategy that reflects the priorities, outputs and outcomes of HIMAA, while leaving senior management to determine resource demands within their areas of responsibility (as per delegation policy) and, where resource decisions will have a financial year impact at an organisational level, present proposals to the Board for approval.				
Prepare financial management report to be tabled at the Annual General Meeting.				
Consider the financial impact for materiality of decisions made by the board and cross reference with the FARM Committee.				
Monitor internal investments for approval to the Board.				
Recommend an external auditor for Board reporting processes from a competitive range of auditors with experience in not-for-profit companies on the basis of specific fit for professional associations and HIMAA in particular.				
Monitor external auditor reports for quality, cost-effectiveness and risk management.				
Oversee a schedule of auditor selection to ensure rotation of auditors every 5 years (in				

Performance Measure	Assessment			
line with public listing precedence).				
Direct the delivery and periodic review of an enterprise risk management (ERM) framework.				
Monitor and report to the Board on the ERM risk register as necessary to ensure Board governance.				
Ensure internal operational systems are in place to identify and manage risk.				
Review and recommend risk appetite to the Board on an annual basis as part of the business planning cycle, and as required to enable Board governance.				
Escalate risks for Board attention – financial, regulatory, legal, environmental, industrial, cultural, operational and organisational – with recommendations as required.				
Attendance at meetings.				
Frequency of meetings.				
Reporting to Board.				

1 = poor, 2 = average, 3 = above average

Where a Performance Measure is not met this is to be reflected in the Comments column with a clarifying comment.

Reviewed at the Committee's November meeting in preparation for submission to the Board's first meeting of the Calendar Year, or at such other time as Committee and Board determine.