

Finance, Risk and Audit Committee

Terms of Reference

The Finance, Risk and Audit committee is an efficient mechanism for focusing the organisation on appropriate risk oversight and applying a level of monitoring of financial systems inherent in good governance. Overall responsibility for risk oversight and management rests with the full board.

1.0 OBJECTIVE

- 1.1** The Finance, Audit and Risk Committee (FRAC), is a committee of the board of directors of the Emergency Medicine Foundation Ltd (board). The purpose of the FRAC is to assist the board to carry out the following functions:
- a) Oversight of the integrity of the group's statutory financial reports and statements;
 - b) Monitoring that an appropriate framework is in place to identify and manage risk;
 - c) Monitoring compliance with regulatory, prudential, legal and ethical standards; and
 - d) Reviewing compliance with all internal guidelines, policies and procedures.
- 1.2** The committee may, within the scope of its responsibilities:
- a) Make recommendations to the board consistent with these terms of reference;
 - b) Engage independent advisors as necessary to carry out its duties at EMF's expense;
 - c) Require the attendance of company officers at meetings as appropriate; and
 - d) Have unrestricted access to management, employees and information.

2.0 MEMBERSHIP

- 2.1** The committee will have a minimum of three members, at least one of which is an independent non-executive director member, appointed by the board.
- 2.2** The board appoints the chair and all members of the committee for an initial term of one year and if agreeable to all parties, extended by up to three years with an option to renew.
- 2.3** Each member must be financially literate; at least one member must have accounting or related financial expertise and some members must have an understanding of the financial services industry and accounting standards.
- 2.4** The chair of the committee will ensure that there is an appropriate induction process for completion by each new member.
- 2.5** The secretary of the committee will be the company secretary, or such other person as nominated by the board.
- 2.6** The skills and performance of all committee members will be reviewed annually by the board.

3.0 MEETINGS

- 3.1** The committee meets formally at least three times a year and the schedule of meetings will be agreed in advance.
- 3.2** One of the meetings will be set at a date to enable the draft yearly financial reports and statements to be reviewed prior to presentation to the board and will be attended by the external auditors at the invitation of the committee.

- 3.3 Special meetings may be convened as required or requested by a director.
- 3.4 Attendance by members at committee meetings must be disclosed in the annual report.
- 3.5 A quorum is a simple majority of members of the committee.
- 3.6 The General Manager will be invited to attend all meetings, unless otherwise determined by the committee. The external auditors can be invited to attend any meeting and during the meeting can meet with the committee in the absence of management. Other senior executives/consultants will be invited by the committee to attend as required. Adequate notice should be provided where possible to ensure appropriate preparation for the meeting is available.
- 3.7 The agenda and supporting papers should be delivered to the committee members by the company secretary at least five days in advance of each meeting.
- 3.8 Draft minutes of each committee meeting are to be approved by the committee chair and circulated to all committee members by the company secretary within two weeks of the committee meeting.
- 3.9 After the minutes have been approved by the committee chair, a copy will be included in the papers for the next board meeting.
- 3.10 The action list from each committee meeting will be approved by the committee chair and circulated to all committee members with the minutes of the meeting.
- 3.11 Other members of the board are invited to committee meetings under a standing invitation.

4.0 RESPONSIBILITIES

4.1 Financial Reporting

- a) Review yearly financial reports and statements with management and with the external auditors as necessary prior to their approval by the board.
- b) Review any recommendations on accounting policy changes and make recommendations to the board on significant accounting and financial policy issues.
- c) Review the reports from the Financial Controller.
- d) Review processes for financial reporting to the board, including those of budgetary control, for completeness and accuracy of information provided to the board.
- e) Review the processes for external reporting for completeness and accuracy of information.

4.2 Risk Management

- a) Review the implementation and maintenance of a risk management framework and internal control system to manage material business risks that:
 - i) support the wider goals, objectives and strategies of EMF;
 - ii) ensures that all significant risks are identified, evaluated, treated and monitored; and
 - iii) is consistent in principle with nationally accepted standards.
- b) Manage the policies associated with confidential submissions by employees of concerns regarding misconduct within EMF.

4.3 Group Compliance

- a) Review reports from the executive officer in relation to compliance with any conditions of regulatory licences and other approvals held by EMF;
- b) Review policies and programs developed in respect of significant compliance issues;
- c) Review and monitor the propriety of all related party transactions.

4.4 Review of Reports and Approval of Plans

- a) Review at least annually recommendations from management and the external auditors on the key financial and accounting principles to be adopted by the group in the preparation of its statutory financial reports and statements.
- b) Review annual activity report from the executive officer dealing with:
 - i) the operation of the risk management framework;

- ii) significant risk exposures and risk events including any major failures in the operation of key internal control systems; and
- c) Review reports on key operational risk issues prepared by management.

4.5 Interface with the external auditor

- a) Liaise with the external auditor as necessary;
- b) Make recommendations on the annual engagement of the external auditor;
- c) Review with the external auditor any significant recommendations made;
- d) Monitor the progress made by management for the improvement in internal controls arising from recommendations made by the external auditor.
- e) Review external audit fees.

4.6 EMF's Insurance Program

- a) Review the insurance program annually having regard to the nature of the Foundation's activities and the insurable risks associated with these activities.
- b) Recommend changes to the insurance program resulting from the annual review.

5.0 GENERAL

- 5.1** The committee will carry out any other responsibilities and functions that may be delegated by the board.

6.0 REPORTING RESPONSIBILITIES

- 6.1** The committee will through its chair or representative, regularly update the board about matters relevant to the committee's role and responsibilities and make appropriate recommendations for approval by the board.

7.0 REVIEW OF TERMS OF REFERENCE

- 7.1** The committee will review the committee's terms of reference periodically, discuss any required changes with the board and ensure any revisions to the terms of reference are approved by the board.