Audit and Risk Committee

Terms of Reference

9 MARCH 2025

Audit and Risk Committee

TOR owner:	HNC Board
TOR contact:	Company Secretary
Approved by:	HNC Board
Approval date:	9 March 2025

Background and Scope

The Audit and Risk Committee of Healthy North Coast Ltd (HNC), trading as North Coast Primary Health Network (the Company), is a committee of the HNC Board (the Committee). It is established in accordance with the Company's Constitution (the Constitution) to ensure good corporate governance.

Purpose

The Committee has been established to assist the Board in effectively discharging its responsibilities for risk management and complements the work of other Board committees. It also assists the Board in its oversight and governance of specific areas including compliance, technology, project management and internal audit and quality governance for HNC.

Role & Function

The Committee assists the Board in assuring HNC manages risk in accordance with its risk management responsibilities, including the risk management strategy and framework, and manages its compliance obligations appropriately. Within the Board's oversight of risk management, it has given other board committees responsibility for specific risk management responsibilities.

The Board will ensure that the Committee is provided with adequate resources to perform its functions. However, the Committee must not appoint or instruct an expert advisor or consultant, or otherwise seek to obtain expert advice or services (whether on a fee-paying basis or otherwise), without the prior written consent of the Board.

The Committee's scope of work includes the following:

Risk Management Strategy and Framework

The Committee reviews and endorses the enterprise risk management framework, including risk appetite, and enterprise risk management strategy and recommends these to the Board for approval. The Committee receives reports highlighting achievements against the enterprise risk management strategy and the performance of governance and controls for the three lines of risk management.

Risk Management Oversight

The Committee assists the Board in discharging its risk governance responsibilities through oversight of the Risk Management Framework. .

The Committee assists the Board is assessing risks in relation to new projects.

Updates on business continuity and insurance cover are provided annually or as required.

Operational risk deep dives on all High and Extreme key risks are noted by the Committee on an annual basis or as required.

The Committee is to provide guidance on the development, implementation and maintenance of an effective fraud and corruption control system and review the Fraud and Corruption Control Policy.

The Committee will assist the Board in its oversight of HNC's Work Health and Safety (WHS) and review the WHS Policy as required.

Risk Appetite

HNC's risk appetite statements, which articulate the amount of risk we are willing to take (or not to take), are endorsed by the Committee for approval by the Board. The intent of the statements is to guide the organisation in making strategic and tactical decisions by defining where we can take risks in pursuit of opportunity.

Monitor, Review and Assess Compliance

The Committee receives reports on management's assessment of legislative and regulatory compliance and any required actions. To supplement the Committee's oversight, the Finance & Performance Committee also monitors regulatory compliance falling within its remit (such as compliance with taxation legislation, ASIC & ACNC) through the internal audit function.

The Committee should also receive reports on any quality systems and/or accreditation standards in place.

The Policy Register should also be considered by the Committee to provide oversight of the overall policy framework within HNC and assist with the Boad with policy stewardship.

Information and Communications Technology (ICT) Governance

In this context, the Board governs the organisation's ICT Strategy and delivery, while the Committee provides oversight of the following areas from a risk perspective:

- ICT enabled Project and Program Delivery
- ICT Service Delivery and Operations
- Cyber Security
- Disaster Recovery
- Input to the organisation's ICT Strategic initiatives.

Internal Audit

a) Review and recommend to the Board the plan, scope of work and annual fees for the internal auditor.
b) Liaise with stakeholders that are part of the HNC network, regarding the performance of the internal auditor annually.
c) Make recommendations to the board on selection and or retention of internal auditor.
d) Be involved in the development of the internal audit program. Review and endorse the internal audit program (including the audit scope and testing plan) for Board approval.
e) Review internal audit reports and management responses to audit findings.
f) Liaise with the other Committees regarding the content of the internal audit program and on risk issues arising from audit findings as applicable.
g) Monitor implementation of audit recommendations.
h) Report to the Board any matters of significance arising from the audit.
i) Meet with the internal auditor, without management present, annually or as required.

Incident and Complaint Management

The Committee is to ensure that the Company has effective incident and complaint management systems established and operating.

Clinical Governance

The Committee is to ensure that the Company has effective clinical governance systems established and operating.

Other Matters

The Committee considers any other matters referred to it by the Board if requested.

Authority

The Committee has no power to delegate any of its powers, duties or responsibilities to any person, or to establish a sub-committee.

Membership

The HNC Board is responsible for the appointment, and dismissal, of Committee members.

The Committee will consist of four to five members, up to three members will be Board Directors, and two members will be independent members.

Committee members will be appointed by the Board for an initial term of three years, with an opportunity to serve another two consecutive terms upon approval of the Board (i.e. a maximum term of nine (9) years). However, the maximum term that a member can serve may be subsequently extended by the Board, at its discretion on an annual basis, to retain the relevant expertise, skills and/or experience required to ensure the effective ongoing functioning of the Committee.

A member of the Committee is considered “independent” if they do not have a perceived or real material interest in the Company, and therefore do not fall within the following groups:

a) An individual employed or contracted by the Company or receiving any form of payment other than for attending various committee meetings or engagement meetings.

b) An individual employed, contracted or a partner of an entity providing External Audit, Internal Audit, or legal services to the Company any time within the last three years; or

c) An immediate family member of a person described in a) or b) above.

Members, taken collectively, will have a broad range of skills and experience relevant to the operations of the Company. At least one member of the Committee should have accounting or related financial management experience with an understanding of accounting and auditing standards, and one member with corporate governance skills.

Remuneration of Independent members will be based on the terms set out in the Stakeholder Engagement Remuneration Procedure.

In Attendance

Any Board member may attend Committee meetings.

The Chief Executive Officer, Director, People, Planning and Performance, Company Secretary and Senior Manager Governance, Risk and Compliance are to be in attendance.

Others can attend the Committee meetings as requested.

Chairperson

The Board will appoint one of the Directors to Chair Committee meetings for a period not exceeding twelve calendar months. A Chairperson is eligible for reappointment at the close of the twelve calendar month period, at the discretion of the Board.

If no Chairperson is elected, or if at any meeting the Chairperson is not present within ten minutes after the time appointed for holding the meeting or is unwilling to act, the Committee members present must choose one of their number to chair that meeting.

Quorum

A quorum for the Committee meeting shall consist of three Committee members, at least one of which shall be an independent member.

The Committee may ask any non-members who are in attendance to leave a Committee meeting at any time.

Meetings

Meetings should be scheduled for at least four times per year, with additional meetings to be scheduled should the Committee or Board consider this necessary.

Meeting agendas will be prepared and provided at least a week in advance to members, along with appropriate briefing materials.

Minutes will be prepared and provided within a reasonable time and normally within a week of the meeting being held.

The HNC CEO will appoint the Committee secretariat.

Voting

Each Committee member has one vote. Decisions are made via a majority of votes of the members present (in person or via tele or video conference).

Responsibilities of Committee Members

Each Committee member is expected to have a reasonable knowledge of matters relevant to the functions and powers set out in this ToR, or undertake such further study or training as may be required to permit the Committee member to attain and maintain such knowledge.

Each Committee member is expected to devote the necessary time and attention to prepare for, and attend, Committee meetings and other Committee activities.

Members of the Committee will, at all times in the discharge of their duties and responsibilities, exercise honesty, objectivity and probity and not engage knowingly in acts or activities that have the potential to bring discredit to themselves or the Company.

Committee members must also refrain from entering into any activity that may prejudice their ability to carry out their duties and responsibilities objectively and must at all times act in a proper and prudent manner in the use of information acquired in the course of their duties.

Further, members must not publicly comment on matters relative to activities of the Committee other than as authorised by Board. A person who is or has been a Committee member or other attendee at a Committee meeting must not, except to the extent necessary:

- to exercise functions under this Terms of Reference (ToR) or the Constitution; or
- to give any information that the person is expressly authorised, permitted or required to give under this ToR or by law,

provide to any other person, whether directly or indirectly, any information acquired by him or her by reason of being a Committee member or other attendee at a Committee meeting, unless the Committee otherwise consents in writing.

A Committee member who has a direct or indirect pecuniary or other interest in a matter being dealt with by the Committee must disclose the nature of that interest at a meeting of the Committee as soon as possible after becoming aware of the interest.

Further, a Committee member who holds office as a result of which, directly or indirectly, duties or interest may be created in conflict with the Committee member's duties, must disclose that fact at a meeting of the Committee as soon as possible after becoming aware of the potential conflict.

The Chairperson or other Committee member presiding at a Committee meeting at which such a disclosure is made must cause it to be recorded in the minutes of the Committee meeting.

A Committee member who has made such a disclosure must not take any further part in the discussion of, or vote on, the matter to which the disclosure relates, and must not be present when the matter is discussed. Subject to this requirement, the Committee will determine an appropriate way to manage the conflict effectively, and will seek the Board's advice if the Committee is unable to make that determination.

Performance Evaluation

The Committee, and each Committee member, will:

- actively participate in any self-assessment activities regarding the performance of the Committee or individual Committee members;
- provide the Board with any information the Board may require to assist in a review of the performance of the Committee or individual Committee members; and
- fully cooperate with any independent advisors appointed by the Board for these purposes.

Review of Terms of Reference

The Board may review the role and functions of the Committee and amend, revoke or replace the ToR from time to time. The ToR must be consistent with the requirements of the Constitution.

The Committee will support the Board and any relevant Board committees in undertaking a review of this ToR at such intervals as the Board sees fit.