HEALTHY NORTH COAST

Finance and Performance Committee

Terms of Reference

9 MARCH 2025

Finance and Performance Committee

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

Background and Scope

The Finance and Performance 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 financial reporting, internal control structures, external audit functions, and the financial risk aspects of risk management systems of HNC.

The Committee's long-term goal is to improve the effectiveness of external audit functions, the quality of external financial reporting and to guide management to improve financial management and internal control systems.

Role & Function

The Committee's scope of work includes the following:

External Audit

The Committee will, in relation to external audit for HNC

a) Review and recommend to the Board the plan, scope of work and annual fees for the external audit.
b) Liaise with the internal/external stakeholder that are part of the HNC network, regarding the performance of the external auditor if required.
c) Make recommendations to the Board on selection and/or retention of external auditor, for the Boards' recommendation to the Members for appointment.
d) Consider financial matters relevant to the annual financial statements and the accounting policies adopted with respect to these.
e) Review the annual financial statements and make recommendations to the Board as appropriate.
f) Review audit reports and management responses to audit findings.
g) Monitor implementation of audit recommendations.
h) Report to the Board on matters of financial significance arising from the audit.
i) Meet with the external auditor, without management present, annually and as required.

Financial Review

a) Recommend to the board significant organisational policies relating to financial management.
b) Review performance strategies, and make recommendations to the Board as appropriate on:
    - Consistent financial policy and practices in accordance with generally accepted accounting principles.
    - Systems to report accurate and consistent financial information to the Board.
c) Review and make reports to the Board on:
    - Any significant change in accounting policy.
    - Any significant adjustment made to the financial statements as a result of the external audit.
    - Any proposed departure from generally accepted accounting practices.

d) Review the OPEX and CAPX budget parameters each year and report to the Board on whether these are sound from a financial perspective.

Investment Strategy

a) Recommend the Investment Policy, which include the Strategic Asset Allocation - to the Board for approval. The strategy is to align with the risk appetite and tolerance that the HNC Board has specified.
b) Review and approve any other policies and procedures required for the administration of the finance/treasury function by management.
c) Review and report accordingly on any breaches of the Investment Policy.
d) Guide strategic and operational decision making which contributes to the wellbeing of the community and encourages sustainable and ethical practices across all HNC stakeholders via the Environmental, Social and Governance (ESG) Policy.

Compliance (such as taxation legislation, ASIC and ACNC)

a) Consider any matters referred by the other Committees relating to the financial operations of the business.
b) Review the HNC strategy for assessment of major financial risks and make recommendations to the Board as appropriate.
c) Review the establishment of appropriate internal controls for financial compliance and make recommendations to the Board as appropriate. This includes reviewing the financial and corporate operations delegations within the Delegations Policy.

Organisational Performance

Oversee HNC's performance achievement outcomes as articulated in funding agreements with the Commonwealth Department of Health and Aged Care (the Department) , the PHN performance Framework and other relevant agreements to ameliorate poor performance.

The Committee will review the development, implementation and performance of the:

- Strategic Plan
- Operation Plans
- Portfolio Management Framework
- Commissioned services
    - Contract delivery metrics
    - Clinical outcomes
    - Procurement outcomes
    - Stakeholder metrics

Revenue Diversification

Provide oversight of new revenue opportunities through business development activities, to enhance financial sustainability of the Company.

Capital Projects

The Committee assists the Board with assessing the financial risk of new projects requiring capital.

Ethics and Culture

a) Review and endorse for Board approval practices and processes designed to reveal the cultural dimensions of HNC.

b) Monitor workforce reporting metrics, including trended analysis of these. This includes, but is not limited to, reporting in the areas of:
   - Health safety and wellbeing of employees
   - Organisational culture
   - Diversity and inclusion
   - Employee engagement
   - Employee relations

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 is comprised of 3-4 non-executive Directors.

The Board may also appoint an independent member. 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.

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

All members must be financially literate and understand the operations of the business with at least one of the members holding tertiary accounting qualifications that are recognised by an International or Australian accounting association.

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.

In Attendance

Any Board member may attend Committee meetings.

The Chief Executive Officer and Chief Financial Officer are to be in attendance.

Others can attend the Committee meetings as requested, including the relevant Audit Partner of the accounting firms appointed as internal and external auditors.

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 two Committee members.

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.