



A Strategic Asset[®]

TERMS OF REFERENCE

HIMAA FINANCE, AUDIT & RISK

MANAGEMENT COMMITTEE

(FARM)

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
6. Reviewed by FARM members and HIMAA National Office April 2021
7. Approved by HIMAA Board 17 May 2021

SIGN OFF

Endorsed by: Grant Duffill

Chair, Finance Audit & Risk Management Committee

Date: 23rd May 2021



Approved: Cheens Lee

President, Health Information Management Association of Australia

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1. BACKGROUND

1.1 The Board of Health Information Management Association of Australia (HIMAA) has established the Finance, Audit and Risk Management (FARM) Committee, 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 and Business Plans;
- c) Monitor and report on HIMAA's financial performance against approved budgets;
- d) Formulate and monitor fiduciary 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) Report on HIMAA risk management activity according to an enterprise risk management (ERM) framework; and
- g) Ensure internal operational systems and processes are in place to effectively manage risk to the organisation's objects within this ERM framework.

3. FUNCTIONS

3.1 The responsibilities of the Committee include:

- a) Endorse the budget and finance reports to be submitted to the Board for approval;
- b) Ensure the budget is aligned with HIMAA's Strategic and Business Plans;
- c) Recommend/Endorse 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) Oversee and approve budgets of HIMAA committees and working groups which will have an impact upon the annual budget;
- f) Formulate fiduciary strategies for improving the HIMAA's financial position, including the approval and monitoring of HIMAA's budget process;
- g) Review HIMAA's financial performance against the business plan and approved budget;
- 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 HIMAA 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 a 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) Receive and escalate risks for Board attention – financial, regulatory, legal, environmental, industrial, cultural, operational and organisational – with recommendations as required.

4. COMPOSITION

4.1 Chairs/ Co-chairs

4.1.1 Membership of the Committee consists of the following:

- Treasurer, HIMAA Board Director (Chair)
- HIMAA Board Director (Deputy Chair)
- HIMAA Board Director (Vice President or nominee)
- HIMAA Member representative/s

And the following ex officio staff members:

- Chief Executive Officer (CEO), HIMAA
- Director of Finance & Operations, HIMAA
- Quality and Compliance Manager

4.1.2 Responsibilities: 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.

4.2 Membership

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

4.2.2 Given the commercial-in-confidence nature of many FARM Committee matters, no delegates or proxies will be accepted at FARM Meetings.

4.2.3 Members should be prepared to attend all virtual meetings for the Committee, with a minimum of 50% attendance per year to maintain Committee membership. Further, members are expected to actively participate in all dialogue that occurs "out of session" pertaining to Committee business, which may on occasion require a quick response. Participation information will inform decisions related to continued membership of the Committee.

4.3 Secretariat

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

4.3.2 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 Microsoft Teams channel.

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

4.4. Induction of New Members

4.4.1 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 and documents;
- the minutes of the last three meetings of the Committee.

5. MEETINGS

5.1 A quorum consists of the Chair (or Acting Chair) plus two Committee members.

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

5.3 Meetings will be conducted virtually. Meetings will be conducted on a formal basis and be minuted.

5.4 Arrangements for absent chair: 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.

5.5 An agenda is to be prepared for meetings with relevant issues papers attached and distributed to members, preferably one week prior to the meeting.

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

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

5.8 Minutes of the meeting must be forwarded to members within one week after the meeting.

5.9 The Minutes must record the following:

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

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

5.11 The minutes must be approved by the Chair.

5.12 Once approved, the minutes of the meeting will be emailed to all Committee members and are made available to the HIMAA Board (for information purposes).

6. ACCOUNTABILITIES

6.1 Reports (annual work plan due first quarter, annual reports)*

6.2 Review of performance (includes windup)*

6.3 Review of Terms of Reference

6.4 Annual Review - this document will be reviewed every year from date of approval. The next review date is April, 2022.

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

- Monthly Income & Expenditure Report
- Risk Management

6.6 The following quarterly reports will be tabled at every third meeting and to the Board:

- Net Asset Analysis
- Quarterly and half-yearly reports

6.7 Annual Review

6.7.1 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 role and responsibilities. Where appropriate, the review should make recommendations for improvements.

6.7.2 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 fiduciary strategies for improving the HIMAA's financial position, including the approval and monitoring of HIMAA's budget process.				
Oversee and approve budgets of HIMAA committees and working groups which will have an impact upon the annual budget				
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.				

Performance Measure	Assessment			
	1	2	3	Comments
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 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.				
Receive and 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.				
TOTAL				

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.