



## TERMS OF REFERENCE

### FINANCE AND PERFORMANCE COMMITTEE

#### 1. Purpose

The purpose of the Finance and Performance Committee is to assist the Board and the Chief Executive to ensure the operating funds, capital works funds and service outputs required of the organisation are being managed in an appropriate and efficient manner, and consistent with the requirements of the LHD's Service Agreement with the Secretary, NSW Health.

In practice, the Committee will:

- Monitor the financial and operational performance of the facilities and related services of the LHD;
- Assess key performance and financial risks and review proposed mitigation strategies
- Give the Board advice on that monitoring and that assessment.
- Review the efficiency and effectiveness of the organisation in meeting its accountabilities as prescribed in the annual Service Agreement, including delivering against its strategies and objectives (as outlined in Section 6 of the Service Agreement).

#### 2. Responsibilities and Activities

The Committee has no executive powers and is directly responsible and accountable to the Board. In carrying out its responsibilities, the Committee must at all times recognise that the primary responsibility for management of Western NSW Local Health District rests with the Chief Executive.

From time to time the responsibilities of the Committee may be revised or expanded in consultation with, or as requested by, the Board.

LHD Executives, as part of their roles and responsibilities, are to ensure the requirements and provisions of the Accounts and Audit Determination issued by the Ministry are properly observed throughout the organisation.

The Committee will review and note any approved bad debt write offs on a monthly basis, noting that under the Delegations Manual it is the roles of the Executive Director Planning, Performance and Funding or Chief Executive that have the authority to approve debt write offs based on certain dollar thresholds.

#### 3. Organisational Risks addressed by this Committee

The Committee will address any exposure to financial risks, the extent to which they are being effectively managed and the impact of such risks on the overall performance of the organisation.

#### 4. Membership

- At a minimum the committee is to comprise of at least two (2) members of the Board. The Chair is counted as a member of the Committee
- Chief Executive

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A requirement of the NSW Health Corporate Governance & Accountability Compendium is that where a Finance & Performance Committee is established as a sub-committee of the Board it should include the Chief Executive as a *member*.

### **Chair**

The Board will appoint the Chair, who will not be medically qualified. The Chair of the Finance and Performance Committee cannot also be appointed as the Chair of the Audit and Risk Management Committee.

### **Invitees**

- Executive Director Finance and Corporate
- Executive Director Service Delivery
- Director Corporate Services & Clinical Support
- Associate Director Finance
- Other personnel may attend by invitation at the discretion of the Chair.

The Chief Executive and Director of Finance (Executive Director Finance and Corporate) should attend all meetings of the Committee unless on approved leave. The Committee may obtain additional advice as and when required. This will include input and engagement with Aboriginal, CALD, and other groups as identified. Where a person, who is not a Board member, is asked to advise the Committee, the person must give the Board a statement that discloses any present or future conflict of interest, or a statement that no such conflicts exist or are likely to exist in the future.

### **Conflicts of Interest**

Where a potential conflict of interest exists with an agenda item, this is to be declared by the members and staff. A register of interests shall form part of each Committee meeting agenda.

### **5. Quorum**

A quorum for the meeting shall be two members of the Board.

### **6. Frequency and Length of Meeting**

- The meetings will be held monthly (noting that a meeting in December is generally not held)
- Meetings will be set at the beginning of each calendar year and circulated to members
- Meetings will be approximately 1.5 hours in length

### **7. Agenda Preparation and Minutes Circulation**

Papers for the committee will be circulated one week prior to the meeting date.

Agenda items must be forwarded to the secretariat at least one week prior to circulation of the agenda i.e., two weeks before the next meeting.

Draft minutes will be distributed to members within *one week* of the meeting date for review. The Finance and Performance Committee meeting minutes are to be reviewed and endorsed by the Committee at the next scheduled ordinary meeting.

Deliberations and minutes of the Finance and Performance Committee must be submitted to the Board for approval.

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### **Secretariat**

The Executive Director Finance and Corporate shall appoint the an appropriate person, engaged by the District, to provide secretariat support to the Committee. The responsibilities of the secretariat will include preparing and sending notices of meetings and agendas, recording minutes of meeting of the Committee and performing administrative duties deemed necessary by the Committee.

### **8. Reporting**

The main purpose of reporting is to provide relevant information to enable the Committee to understand the organisation's performance against service and activity levels and the management of resources applied for the delivery of these services set out in the Service Agreement.

The Finance and Performance Committee should ensure it receives monthly reports that include the following information as a minimum:

- an executive summary
- year to date and end of year projections regarding the financial performance and financial position of the organisation;
- financial performance of each major cost centre;
- mitigation strategies to resolve financial performance issues in order to achieve budget;
- liquidity performance;
- the position of Special Purpose and Trust funds;
- the financial impact of variations to activity targets;
- advice on any investments;
- bad debts and write-offs;
- activity performance against indicators and targets in the service agreement for the organisation;
- advice on the achievement of strategic priorities identified in the service agreement for the organisation;
- year to date and end of year projections on capital works and private sector initiatives; and
- year to date and end of year projections on expenditure; and achievements against efficiency improvements and other savings strategies;
- progress against targeted strategies in Financial Recovery Plans required under the NSW Health Performance Framework (where the LHD has been escalated to Performance level 2 or above).
- a copy of the monthly narrative report and supporting documentation provided to the Ministry of Health is to be tabled by management at the next Finance and Performance Committee following month end.

Letters to management from the Auditor-General, Minister for Health, and the NSW Ministry of Health relating to significant financial and performance matters should be tabled at the next meeting of the Finance and Performance Committee.

The NSW Health Corporate Governance and Accountability Compendium requires that Treasury Managed Fund results – both at premium and hindsight – for workers' compensation, motor vehicle, property, liability and miscellaneous insurance policies must be considered by the Finance and Performance Committee on, at least, a quarterly basis.

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In 2018 the Board of WNSWLHD formally delegated this accountability to the Audit and Risk Management Committee.

### **9. Evaluation/Key Performance Indicators**

The Board, in consultation with the Chair of the Finance and Performance Committee, will establish a mechanism to review and report on the performance of the Committee at least annually.

### **10. Review**

The terms of reference and annual timetable will be reviewed annually in March.

### **11. References**

- NSW Health Corporate Governance and Accountability Compendium
- NSW Health Accounts and Audit Determination Manual
- WNSWLHD Finance and Performance Committee Annual Timetable