



Governing Body Committees and Advisory Bodies

THE ASK:

While the governing body has ultimate accountability for the operations of the provider, the use of one or more committees can help to provide additional expertise and an increased sense of focus to areas, topics and issues that warrant those (such as audit, risk, and care).

Covered in this Topic Guide

- The purpose and role of committees
- Audit & Risk Committees
- Care Governance Committees
- Effective committee governance

Where are they now?



[You] need to ask the right questions and interpret the reports. Literacy is important, and structures are also important. Clinical committees have only become more common in the last two or three years. Before then, we didn't have the right structures to support governance.

GOVERNING BODY MEMBER

Key concepts

The following high-level definitions are provided to assist in interpreting some of the key concepts discussed in this Topic Guide:

- An **external member** (or independent committee member) is one who is not a member of the governing body or otherwise affiliated with the provider.
- A **management committee** is a standing group of management and staff with delegated responsibility from the CEO and/or executive team.
- A **quality care advisory body** is a standing body to support and inform the governing body, help with problem-solving and suggest improvements.
- A **consumer advisory body** is a standing body that provides valuable feedback to the governing body and gives consumers a voice.
- A **working party** (or working group, steering group, steering committee) is a time-limited group tasked with overseeing and/or coordinating a single activity.

Governing body committees in aged care

Governing bodies may choose to establish committees to focus on a particular topic or subject matter and provide subject matter expertise and unique perspectives that may otherwise be lacking in the governing body. Unlike other entities or sectors, the aged care sector does not presently have any mandatory requirements in relation to governing body committees. However, there are requirements to establish advisory bodies (quality care and consumer advisory) to support and inform the governing body through feedback and identifying opportunities for improvement.

Though ASX-listed providers have mandatory requirements in relation to committees (regarding audit, risk, nomination and remuneration), all providers must consider their own environment and circumstances before establishing committees (and delegating responsibility). Irrespective of enabling or governing legislation or structure, aged care providers need to place older Australians and consumer outcomes at the centre of the work that they do – and their committee structure should reflect this approach.

Tips for ensuring committees are effective

Older Australians at the Centre

- Each committee should integrate the voice of the consumer into operations (not only committees responsible for care and/or clinical governance or a consumer advisory group).

Obligations and Accountabilities

- Providers should keep abreast of any legislative or other regulatory changes which may impose (or change) mandatory care governance committee requirements.

Knowledge, Skills and Experience

- The governing body should ensure that the skills and experience of committee members are monitored in the same way as the governing body and consider additional members to fill any gaps identified.

Leadership and Culture

- The governing body and committees should work collaboratively for the benefit of consumers, staff and other stakeholders.

Reflecting on your practice



Think...

Below are the top things you need to be **thinking** about:

- Have we determined and clearly articulated the roles and responsibilities of each committee, including any delegated authority?
- Do we have effective oversight over the work that each of the committees is doing, including adequate oversight over management reports they receive?
- Do we have the right mix of skills and experience in each committee?



Ask and say...

Below are the top **questions you need to be asking**:

- How well is management working with each of the committees to ensure effective oversight can occur?
- Do we have any superfluous committees that are creating inefficiencies in governance? (i.e. that are providing limited value/insight in their reporting)
- Do we have any gaps in the current coverage of our committees, which should be addressed through the establishment of additional committees?



Do...

These are the top **actions and behaviours** of leaders:

- Ensure that the roles and responsibilities of each committee are captured within a charter/terms of reference and mapped across an annual agenda.
- The chair of the governing body should mentor committee chairs, so they are well-placed to take over the governing body chair role.
- Foster a culture in which management feels comfortable reporting directly to the committee (and its chair) without the need for the governing body chair to broker the relationship or otherwise intervene.

Advisory Bodies

Quality Care Advisory Body

There is an obligation to establish a quality care advisory body to support and inform the governing body. Members of the advisory body should be appropriately skilled and experienced to assist with problem-solving and identifying areas for improvement within the service.

Governing bodies can decide how to attract, engage and appoint members and how the quality care advisory body will operate within the organisation's governance structure. Governing bodies need to make sure the body meets the membership responsibilities and fulfils its obligations.

Quality care advisory bodies must include:

- key personnel who have appropriate experience providing aged care
- a staff member directly involved in the delivery of aged care, or a staff member directly involved in the delivery of clinical care (only required if the organisation provides clinical care).

Consumer Advisory Body

A consumer advisory body provides valuable feedback to the governing body and gives consumers a voice. Providers may already have a consumer advisory body or bodies and can use these existing bodies for this purpose, providing they meet the new requirements. However, providers must formally approach their consumers at least every 12 months to offer to revise/improve the current advisory body arrangements. This ensures that any changes in the care and services provided, or the advisory body membership or needs of members, are considered and addressed at least annually. Providers can have more than one consumer advisory body depending on consumer interest and their organisational needs.

Advisory Groups

An advisory group (or advisory council, advisory committee, reference group) is a standing group of external members tasked with providing insights to the governing body and management and can be utilised for existing and/or emerging issues. They may exist simply as a 'think tank' of expertise and experience to be leveraged by the governing body and/or management, or they may be tasked with particular activities to support the provider (such as advisory reports).

The purpose and role of committees

As the group with ultimate accountability for the operations of the provider, the governing body is expected to provide oversight over a wide range of activities. If the provider is quite small or its operations are otherwise limited, it may be appropriate for the governing body to simply oversee all operations itself. However, as a provider becomes larger, so too does the range of operations to oversee.

In order to ensure that it can continue to do justice to the subject matter coming before it, a governing body may choose to establish a committee to consider a specific topic or issue. In some cases, it may be the governing body itself that will choose to establish a committee; however, in other cases, laws or regulatory standards may require the establishment of certain committees.

Composition and purpose

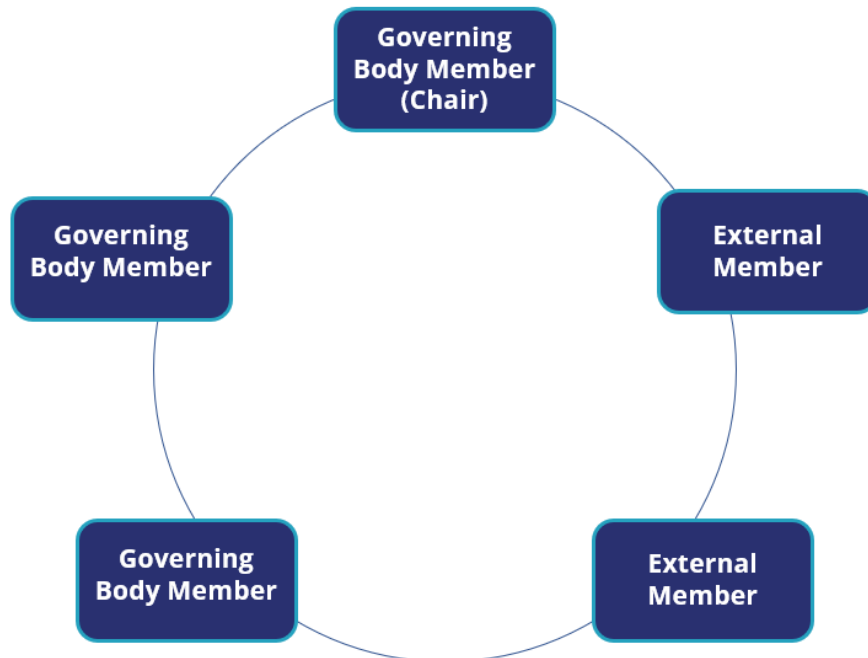
A governing body committee is most commonly a subset of governing body members who are provided with some degree of delegated responsibility from the governing body to oversee specific issues or topics. To deepen the subject matter expertise and experience and to broaden perspectives, the committee may include one or more members external to the provider (who are not governing body members or staff).

The main purposes of governing body committees are to:

- **focus** on a particular topic or subject matter
- provide **subject matter expertise** and unique perspectives that may otherwise be lacking in the governing body
- allow for some **degree of separation** between the topic and the governing body to ensure adequate accountability for relevant decisions.

It is important to remember that while a committee may be responsible for considering a particular topic in greater detail than the governing body, the governing body maintains ultimate accountability over the operations of the provider. Therefore, the governing body must be across the same subject matter that the committee is across. The purpose of the committee is to make this process more effective and efficient, not to absolve the governing body of all responsibility.

An example of a committee composition



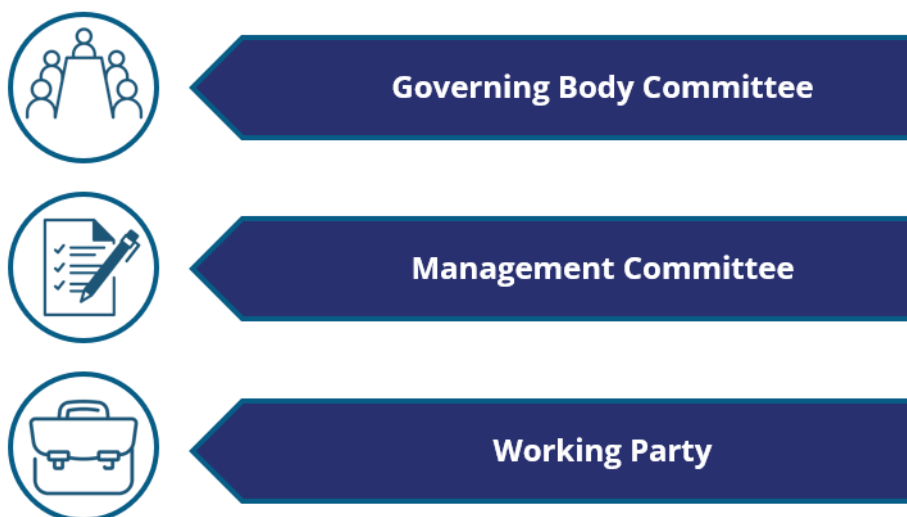
Other types of committees

Other than governing body committees, there are several other types of groups that a provider may use to focus on a particular topic or issue. Though they can be confused for governing body committees, it is important to understand and consider the distinctions in nature and purpose:

- As a standing group of management and staff, a **management committee** is most commonly responsible for focusing on a topic or issue particular to the operational level of the provider. For instance, while there may be a Risk Committee reporting through to the governing body, management may establish a Work Health & Safety (WHS) Committee (comprised of management and staff representatives) to oversee the day-to-day management of WHS.

- A **working party** also sits at the management level and is most commonly tasked with overseeing and/or coordinating a single activity. This activity is usually time-limited, and, therefore, the working party is not intended to exist after the activity has been completed. If the working party becomes responsible for multiple activities and exists in perpetuity, it may be more appropriate for the group to become a standing committee in its own right (at governing body level or management level as appropriate).

Note: A working party may also exist at a governing body level if the issue or project is owned by the governing body itself (e.g. a working party to consider reform to the governing body structure).



Most Common Committees

Audit & Risk Committee

As required of ASX-listed corporations, establishing a committee responsible for audit and risk ensures that there is oversight over financial reporting and the provider's risk management framework. Due to the interrelatedness of each topic and the similarity in skills and experience necessary to oversee them, these two committees are often combined.

Audit committees should include members (whether internal or external) who have accounting and finance experience or at least a sound understanding of key financial concepts and issues. This will ensure that the committee is best placed to review, consider, and challenge financial reports received from management – and any issues raised as part of a financial audit process conducted by an external auditor. Most importantly, all audit committee members should understand the aged care sector and its funding mechanisms to ensure that sector context and nuance are appreciated.

Risk committees should include members with risk strategy and/or management experience – ideally in areas relating to the quality and safety of consumer care. A risk committee most often has responsibilities for:

- overseeing the establishment and implementation of the risk management framework
- endorsing the risk management policy for approval by the governing body
- reviewing management's plans to mitigate the key risks faced by the provider
- guiding and overseeing the provider's internal audit function (if applicable)
- monitoring emerging risks and changes in the risk profile
- promoting a risk-based culture and driving risk management capabilities.

Care Governance Committee

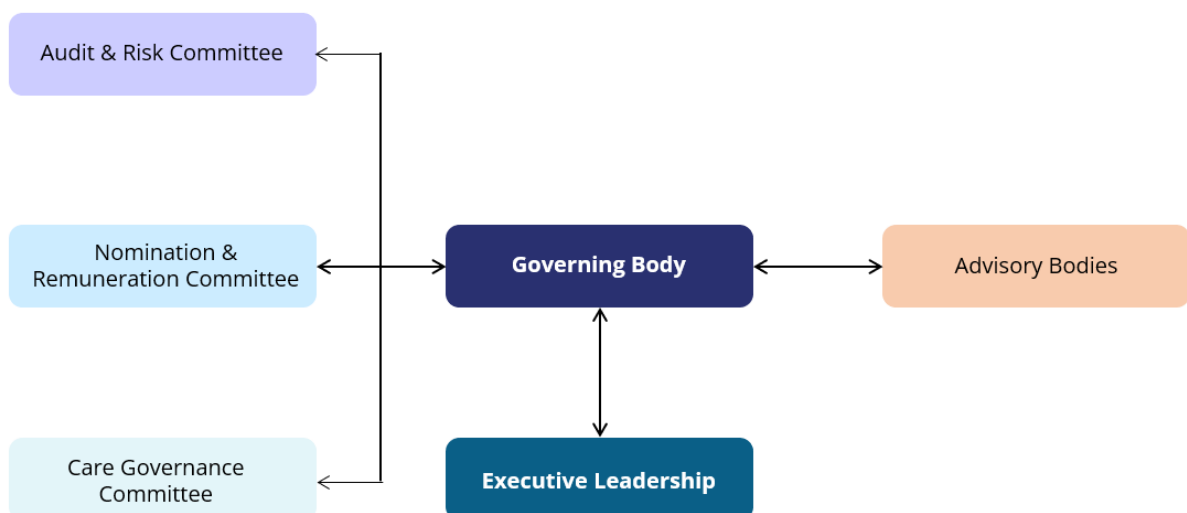
A committee that oversees consumer care is commonplace among aged care providers. Though this committee may come in the form of a 'care governance committee' or a 'clinical governance committee', the purpose and scope of these committees can be similar and include:

- monitoring the quality of care provided to consumers, including clinical care, personal care and services, and support for daily living
- ensuring accountability for the quality of that care
- driving and supporting continuous improvement in line with strategic objectives and consumer expectations.

The risks and issues involved in clinical care provision are specific (and evolving) and may only come to be known through valuable, relevant experience in high-risk clinical areas such as falls, wound management, infection control and medication management. Ideally, a care governance committee should be chaired by a non-executive member of the governing body with appropriate skills and experience in care provision or, if necessary, an external committee member with those skills. This may be a practising or non-practising clinician or subject matter expert in providing care in an aged care setting and emerging care risks.

Though the specific purpose and scope of a care governance committee will need to be determined by each provider based on their own context (unless otherwise mandated by regulation at some point in the future), responsibilities may include support of and general oversight over:

- clinical risk framework and policy
- clinical incident management and reporting policy
- consumer engagement strategy (including consumer feedback and complaints).



Other Committees

Nomination Committee

As a key component of the succession planning process, some providers will find it useful to establish a nomination committee to consider potential candidates for the future governing body and committee vacancies. This committee may be responsible for updating and monitoring the governing body skills matrix and nominating candidates to the governing body for consideration and approval. It is noted that this process, and the role of a nomination committee, will depend heavily on the rules of the provider (as some will require a vote of the members to elect a new governing body member).

Remuneration Committee

A remuneration committee may be responsible for determining the remuneration for governing body members (if applicable) and the CEO to ensure this responsibility remains at arm's length from the governing body themselves. In considering appropriate values (and other components such as short-term and long-term incentives), a remuneration committee should consider what is commonly accepted practice across the sector through a benchmarking exercise.

Sustainability Committee

With an increased focus on Environmental, Social and Governance (ESG), some providers may choose to establish a dedicated governing body committee to consider issues of environmental impact and sustainability. This may also be a useful way for the provider to gain expertise and insights from an external committee member.

Effective Committee Governance

Clear roles, responsibilities, and expectations

Each governing body committee should be established with a clear charter/terms of reference which sets out:

- roles and responsibilities (including delegated authority, if applicable)
- membership and terms (e.g. some committees may be formed on a temporary basis to problem solve or provide a more in-depth view of a particular issue)
- requirements for reporting to the governing body.

Communication, consultation and coordination

Governing body committees, like the governing body itself, should ensure an effective relationship with management is established and maintained. This will be best fostered through effective:

- **Communication:** Both as part of committee meetings (through reviewing management reports) and between committee meetings, the chair and other members should ensure open and honest communication with the CEO and management. This will be particularly important for any external committee members with whom management will be less familiar and may be less comfortable.
- **Consultation:** A committee should consult management, the governing body, and other committees as and when it may be useful in making decisions. For instance, a care governance committee may find it useful to consult the audit and risk committee on the issue of clinical and care risk to consumers as part of their review of a clinical/care governance framework.
- **Coordination:** It is important to acknowledge the isolated issues each committee may oversee. However, it is equally as important that recommendations and actions from each committee work collaboratively to fulfil common goals set for the service.

Evaluation and continuous improvement

Just as with the governing body itself, a governing body committee should evaluate its own performance regularly to identify gaps in skills and experience and to identify general areas of improvement. This will be particularly useful between the chair of the governing body and the chair of each committee as it is a common approach to provider succession planning for committee chairs to be expected to take on the role of governing chair when that position becomes vacant.

Useful tools

- Tool – [Audit and Risk Committee Annual Agenda](#)
- Tool – [Care Governance Committee Annual Agenda](#)

Useful references and links

[Standard 8. Organisational governance | Aged Care Quality and Safety Commission](#)
[Aged Care Quality and Safety Commission | Risk and Audit Committee Charter](#)
[Strengthening provider governance | Aged Care Quality and Safety Commission](#)