Audit and Risk Committee Charter

Purpose and Objectives
The Federation University Australia ("University") Audit and Risk Committee ("the Committee") will assist the Federation University Australia Council ("Council") in fulfilling its oversight responsibilities for the system of internal control, the audit process (both internal and external), the risk management framework and the University’s process for monitoring compliance with laws and regulations. The Committee will undertake the oversight of:

- The scope of work, performance and independence of internal audit
- Ratifying the engagement, dismissal or promotions of the Internal Auditor Officer
- The scope of work, independence and performance of the external auditor
- The operation and implementation of the risk management framework
- Matters of accountability and internal control affecting the operations of the University
- The effectiveness of management information systems and other systems of internal control
- Identify risk to which the University is exposed by comprehensive risk analysis
- Commission, receive and review reports from other sources relevant to identifying University risk and exposure
- Assess and monitor the adequacy of the University's internal systems and controls to address the identified risks
- Review management processes in order to provide Council with advice independent of senior management on the University's accounting, control and reporting practices including the consideration of financial statements at regular intervals and provide comment to Finance Committee, where appropriate
- Receive and review the reports of the Internal Audit and the University's management responses
- Consider external audit records, responses and related matters including reports of the Auditor-General
- Advise Council on any matters referred to it by Council and report as appropriate and,
- Advise Council on potential risks arising from the University’s part ownership of any entity (including an associated company as defined in the Accounting Standards issued by the Australian Standards Board, partnership and joint venture).

In performing its duties, the Committee will maintain effective working relationships with Council, management, and the internal and external auditors. To perform his or her role effectively, each Committee member will obtain an understanding of the detailed responsibilities of Committee membership as well as the University’s business, operations and risks.

Authority
Council authorises the Committee, within the scope of its responsibilities, to:

- Perform activities within its terms of reference
- Seek any information it requires from:
  - any employee (all employees are directed to co-operate with any request made by the Committee)
internal and external audit
- Obtain outside legal or other professional advice to assist in undertaking its oversight responsibilities
- Ensure the attendance of University officers at meetings as appropriate.

Organisation

Membership
- The Committee is to be comprised of seven members all of whom are non-executive directors and a majority of whom are independent based on the requirements of the Standing Directions of the Minister for Finance under the Financial Management Act 1994. (The FMA).
- Each member should be capable of making a valuable contribution to the Committee and will have the qualifications outlined in the Standing Directions of the Minister for Finance under the FMA.
- The Vice-Chancellor (being the “Accountable Officer”) and the Chief Finance and Accounting Officer or “CFAO” are not to be members of the Audit Committee.
- The Chairperson of the Committee will be one of the independent members of the Committee and will be nominated by Council from time to time. The Chairperson is not to be the Chancellor.
- The secretary of the Committee will be nominated by Council from time to time.
- Each new member is required to complete the Committee induction requirements, consistent with the requirements of the Standing Directions of the Minister for Finance under the FMA.
- Quorum: In accordance with Statute 1.3 – Meetings.

Attendance at Meetings
- The Committee may invite such other persons (eg. Vice-Chancellor or the CFAO) to its meetings, as it deems necessary.
- The internal and external auditors should be invited to make presentations to the Committee as appropriate.
- Meetings shall be held not less than 4 times a year. Special meetings may be convened as required. Internal audit or the external auditors may convene a meeting if they consider that it is necessary.
- The agenda and supporting documentation should be delivered to the Committee members at least three working days in advance of each meeting.
- The proceedings of all meetings will be minuted to reflect the work done by the Committee and are to be provided to Council at the next meeting.

Roles and Responsibilities
The Committee will monitor and have oversight of the following:

The scope of work, performance and independence of internal audit. The Committee will:

1. Review and approve the internal audit plan, its scope and progress, and any significant changes to it, including any difficulties or restrictions on scope of activities, or significant disagreements with management.
2. Ensure the internal auditor meets with the external auditor at least once a year to share work plans and knowledge of contemporary best practice.
3. Review the effectiveness of the internal audit function and ensure that it has appropriate standing within the University.
4. Meet separately with the internal auditor to discuss any matters that the Committee or the internal auditor believe should be discussed privately.

5. Ensure significant findings and recommendations made by the internal auditor are received, discussed with a course of action agreed and that this is implemented on a timely basis.

6. Review the proposed internal audit plan for the coming year, ensure that it covers key risks and that there is appropriate co-ordination with the external auditor.

7. Ensure that the annual work plan of internal audit includes an analysis of the effectiveness of the University’s risk management, internal compliance and control system.

8. Monitor and oversee any mechanisms in place whereby internal audit assesses and reports on its own performance.

The scope of work, independence and performance of the **external auditor**. The Committee will:

9. Review the external auditors’ proposed audit scope and audit approach for the current year in the light of the University’s circumstances and changes in regulatory and other requirements including materiality.

10. Review with the external auditor any audit problems or difficulties the auditor encountered in the normal course of audit work including any restriction on audit scope or access to information.

11. Ensure significant findings and recommendations made by the external auditor are received and discussed on a timely basis.

12. Ensure management responds promptly to recommendations made by the external auditor.

13. Receive and consider the annual audited financial statements and provide comment to the Finance Committee, where appropriate.

14. Meet separately with the external auditor to discuss any matters that the Committee or auditors believe should be discussed privately.

The operation and implementation of the **risk management framework**. The Committee will:

15. Review the University’s policy for the oversight and management of business risks.

16. Oversee management’s overall risk management strategy/framework and ensure the required actions are appropriately resourced.

17. Oversee the establishment and implementation of the University’s risk management system.

18. Ensure that the University has identified, reviews and regularly updates the profile of the principal strategic, operational and financial risks to which it is exposed and assesses the appropriateness of the steps management has taken to manage these risks.

19. Review trends on the University’s risk profile, reports on specific risks and the status of the risk management process.

20. Monitor performance of management in implementing risk management responses and internal control rectification activities and ensure that there are appropriate systems for identifying and monitoring risks in place and that these are operating as intended.
Matters of **accountability and internal control affecting the operations** of the University. The Committee will:

21. Ensure any internal control recommendations made by the internal and external auditors, and approved by the Committee, have been implemented by management (i.e. track all agreed action points from audit).

22. Evaluate the process the University has in place for assessing the effectiveness and efficiency of, and continuously improving, internal controls, particularly those related to areas of significant risk (e.g. fraud, code of ethics etc).

23. Assess whether management has appropriate controls in place for unusual types of transactions and/or any particular transactions that may carry more than an acceptable degree of risk.

The University’s process for monitoring **compliance with laws and regulations** and its own Human Resource Policies and Procedures and code of financial practice. The Committee will:

24. Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management’s investigation and follow-up (including disciplinary action) of any fraudulent acts or non-compliance.

25. Obtain regular updates from management and the University’s legal counsel regarding compliance matters that may have a material impact on the University’s reputation.

26. Review the findings and recommendations of any examinations by regulatory agencies.

**Performance**

27. The Committee will review its performance on an annual basis and provide recommendations to Council.

*Amendments approved by Council 17/02/2015*

*Amendments approved by CEC 1/16 held 9 February 2016*