

Audit and Risk Management Committee Charter

Purpose

The Federation University Australia (“University”) Audit and Risk Management 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.

Responsibilities

The Committee will monitor and have oversight of the following:

- A. Internal and External Audits
- B. Risk Management Framework
- C. Monitoring accountability and internal control
- D. Monitoring compliance with laws and regulations

In performing its duties, the Committee will maintain effective working relationships with Council, University management and the internal and external auditors. To perform their 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.

A. Internal and External Audit

The scope of work, performance and independence of **internal audit**.

The Committee will:

1. Review and approve the internal audit charter.
2. 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.
3. Advise Council on the appointment and performance of the internal auditor.
4. Ensure the internal auditor meets with the external auditor at least once a year to share work plans and audit findings.
5. Review the effectiveness of the internal audit function and ensure that it has appropriate standing within the University.
6. Meet separately with the internal auditor to discuss any matters that the Committee or the internal auditor believe should be discussed privately.
7. 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.
8. 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.
9. 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.
10. 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:

11. 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.
12. 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.

13. Ensure significant findings and recommendations made by the external auditor are received and discussed on a timely basis.
14. Ensure management responds promptly to recommendations made by the external auditor.
15. Receive and consider the annual audited financial statements and recommend to Council for approval, where appropriate.
16. Provide a standing invitation to the external auditor to attend Committee meetings.
17. Meet separately with the external auditor to discuss any matters that the Committee or auditors believe should be discussed privately.
18. Provide feedback to the external auditor in conjunction with University management.

B. Risk management framework

The Committee will:

19. Review the University's policy and procedure for the oversight and management of business risks.
20. Oversee management's overall risk management strategy/framework and ensure the required actions are appropriately resourced.
21. Oversee the establishment and implementation of the University's risk management system.
22. 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.
23. Review trends on the University's risk profile, reports on specific risks and the status of the risk management process.
24. 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.

C. Monitoring accountability and internal controls

The Committee will:

25. Ensure any internal control recommendations made by the internal and external auditors, and approved by the Committee, have been implemented by University management (i.e. track all agreed action points from audit).
26. 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.).
27. Assess whether University 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.
28. Ensure the Vice Chancellor provides assurance to the Committee on the integrity of the University's:
 - a) budgets and financial projections; and
 - b) financial and performance reports.
29. Monitor levels of resourcing and capability (including succession planning) to deliver the University's financial management, performance and sustainability obligations.
30. Advise Council in approving and monitoring systems of control and accountability of the University, including those required to maintain a general overview of any entity over which the University has control within the meaning of section 3 of the *Audit Act 1994*.
31. Review information in the annual report of operations on financial management, performance and sustainability before it is released to Parliament by the Responsible Minister.

D. Monitoring compliance with laws and regulations

The Committee will:

32. Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of University management's investigation and follow-up (including disciplinary action) of any fraudulent acts or non-compliance.
33. 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.
34. Review the findings and recommendations of any examinations by regulatory agencies.
35. Review and monitor remedial actions taken to address compliance deficiencies.

Authority

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

- 1) Request any information it requires from:
 - a) the University management
 - b) internal and external auditors
 - c) external parties.
- 2) Obtain outside legal or other professional advice to assist in undertaking its oversight responsibilities
- 3) Ensure the attendance of University officers at meetings as appropriate.

Membership

The Committee is to be independent and comprised of between three and seven members based on the requirements of the Standing Directions of the Minister for Finance under the *Financial Management Act 1994* ("Standing Directions").

Each member should be capable of making a valuable contribution to the Committee and have appropriate skills and experience to discharge the Committee's responsibilities, with at least one member having appropriate expertise in financial accounting or auditing as required in the Standing Directions.

The Vice-Chancellor (being the "Accountable Officer"), the Chief Financial Officer and the internal auditor are not to be members of the Audit Committee.

Each new member is required to complete the Committee induction requirements, consistent with the requirements of the Standing Directions.

Reporting

Decisions made by the Committee under authority delegated by the Council shall be reported to the next meeting of the Council.

Chair and Deputy Chair

The Chair and Deputy Chair of the Committee will be appointed by Council. The Chair is not to be the Chancellor.

Quorum

In accordance with Statute 1.3 – Meetings.

Attendance at Meetings

The Committee may invite other persons 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.

The agenda and supporting documentation should be delivered to the Committee members at least five 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.

Performance

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

Council will formally review the Committee's performance, membership and charter at least once every three years.

Amendments approved by Council 17/02/2015

Amendments approved by CEC 1/16 09/02/2016

Amendments approved by Council 5/19 15/10/2019