

# Audit and Risk Management Committee

## Charter

### Purpose

In accordance with the provisions of the *Federation University Australia Act 2010 (Vic)* (“the Act”) the Council has formally constituted the Audit and Risk Management Committee (“the Committee”) as a standing committee of Council.

### Responsibilities

#### MONITOR RISK AND INTERNAL CONTROLS

The Committee shall:

- oversee the processes for the identification and assessment of the University’s risk spectrum, including:
  - academic<sup>1</sup> risks including relevant risks to students or staff;
  - strategic and operational risks;
  - financial risks;
  - legal risks;
  - people risks;
  - regulatory compliance risks;
  - risks associated with third-party providers;
  - reputational risks; and
  - Workplace Health and Safety risks.
- review the outcomes of risk management processes, and monitor emerging risks;
- monitor, review and recommend to Council amendments to policies in the areas of risk management, regulatory compliance and fraud;
- oversee the adequacy of measures taken to mitigate organisational exposure to fraud and corruption, including receiving an annual report detailing all significant incidents and the manner with which they were dealt;
- monitor the process for the receipt, retention and treatment of any information received under the Public Interest Disclosures Act and complaints referred to external authorities;
- oversee risk reporting in all areas of the University’s operations including, but not limited to, commercial activities, workplace health and safety, security and staff, academic matters and student conduct;
- oversee an annual University-wide risk assessment, or update, involving all key stakeholders; and
- report to Council annually on the University’s risk profile.

#### OVERSEE REGULATORY COMPLIANCE

The Committee shall:

- oversee processes of compliance with external compliance obligations and reporting, including under the *Tertiary Education Quality Standards Act (TEQSA)*, the *Australian Skills Quality Authority Act (ASQA)*, the *Higher Education Support Act (HESA)* and the *Education Services for Overseas Students Act (ESOS)* and associated regulations; and
- oversee the process for the managing compliance with other legislative requirements.

#### OVERSEE INTERNAL AUDITS

The Committee shall:

- ensure that there is appropriate resourcing of the Internal Audit function;
- approve the selection of the primary contracted Internal Audit provider;
- ensure the right of access of the Internal Audit provider to all levels of staff, data and information, records and documents, for internal audit purposes (including any controlled entity);

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<sup>1</sup> In this Charter the word “academic” means and includes higher education, vocational and educational training and research programs.

- review and approve the Internal Audit Plan annually and monitor progress against the Plan, ensuring that the independence and integrity of the Internal Audit function is maintained;
- review significant internal audit reports and findings, including management's response in terms of content, appropriateness and timeliness;
- monitor management implementation of internal audit recommendations;
- at least once per year meet with the Internal Audit provider in the absence of management;
- meet with the Vice-Chancellor 'in-camera', if and when required; and
- periodically review the performance of the Internal Audit function.

#### OVERSEE EXTERNAL FINANCIAL REPORTING

The Committee shall:

- review any significant accounting and reporting issues, including professional and regulatory announcements, and understand their effect on the University's financial statements, in particular:
  - the consistency of accounting policies and appropriate adoption of new accounting standards;
  - the appropriateness of, and correct disclosure of, any changes made to the University's accounting policies;
  - the treatment and disclosure of complex or unusual transactions;
  - significant judgements made by management in preparing the financial statements, including any significant accounting estimates; and
  - going concern assumptions.
- obtain written representations from the Vice-Chancellor and Chief Operating Officer which confirm that:
  - the University's financial records have been properly maintained;
  - the University's financial statements and notes present a true and fair view (in all material respects) of its financial condition and are in accordance with relevant accounting standards;
  - the financial statements are founded on a sound system of risk management and internal compliance and control, and that the system is operating effectively in relation to financial reporting risk; and
  - the University's risk management and internal compliance and control systems are operating efficiently and effectively in respect to its material business risks; and
  - all other relevant information has been provided to the Committee as required.

#### OVERSEE THIRD PARTIES AND CONTROLLED ENTITIES

The Committee shall:

- oversee the risk management, audit and compliance functions for all third parties and controlled entities;
- ensure that the internal audit plans take into consideration each controlled entity; and
- obtain relevant written representations from the Vice-Chancellor and Chief Financial Officer as to the proper maintenance and accuracy of the financial records and financial statements.

#### OVERSEE EXTERNAL AUDIT ACTIVITY

The Committee shall:

- act as a mechanism through which the External Auditor of the Annual Financial Statements to communicate with Council;
- review and endorse the External Auditor's proposed audit plan and audit approach, including materiality level;
- discuss the appropriateness of accounting policies, estimates and judgements;
- review the External Auditor's summary management report which details the results and significant findings from the audit, and management responses;
- at least once a year meet with the External Auditor of the Annual Financial Statements in the absence of management;
- review other External Audit reports relating to any aspect of University operations, including management response in terms of content, appropriateness and timeliness; and
- monitor management's implementation of recommendations arising from all External Audit reports.

## Membership

The Committee is independent and must comprise between three (3) and seven (7) members as required by the Standing Directions of the Minister for Finance under the *Financial Management Act 1994* (Vic.).

Collectively the Committee members must have expertise and relevant qualifications in the following categories:

- accounting, with a strong financial accounting and/or financial auditing background;
- risk management;
- regulatory compliance;
- information technology and/or business;
- higher education and, preferably, the technical and vocational education sector.

The Vice-Chancellor, the Chief Financial Officer and the Internal Auditor must not be members of the Committee but may attend meetings as non-voting observers. Other officers of the University may attend to assist the Committee as appropriate.

### **Role of Committee members**

In exercising their functions and powers, Committee members must:

- act in good faith, honestly and for proper purposes;
- exercise reasonable skill, appropriate care and diligence;
- avoid all conflicts of interest; and
- demonstrate the Living Values of Inclusion, Innovation, Excellence, Empowerment and Collaboration.

### **Meetings and proceedings**

The Committee shall meet at least four times per year or as necessary to conduct its business. The Chair may require additional or special meetings as necessary.

The Committee may also meet jointly with the Resources Committee to review and consider the University's draft annual financial statements.

The quorum for a meeting shall be three (3) Committee members.

Committee papers will be prepared according to an approved template and guidelines which are available from the University Secretary and will be circulated at least five business days before the relevant scheduled meeting.

The University Secretary will prepare the draft agenda for approval of the Chair, record and provide draft minutes of the Committee meeting to the Chair, and, following preliminary approval by the Chair, circulate draft minutes to Committee members within two weeks of each meeting.

The minutes of the meetings must be confirmed at the next Committee meeting.

### **Reporting**

The Committee will:

- report directly to the Council by provision to it of the Committee minutes;
- immediately escalate to Council any significant or material matters of concern; and
- provide a report to Council annually, containing those matters which it considers should be drawn to Council's attention.