Terms of Reference - Audit and Risk Management Committee Rule

Section 1 - Purpose and Scope

Purpose

(1) The purpose of this Rule is to define the terms of reference for the Audit and Risk Management Committee.

Scope

(2) This rule applies to the members and operation of Audit and Risk Management Committee.

Section 2 - Terms of Reference

Purpose

(3) The Audit and Risk Management Committee assists the Southern Cross University Council in exercising due care, diligence and skill in discharging University Council's oversight responsibilities for:

a. the integrity of the University's financial reporting,
b. the University's compliance with legal and regulatory requirements,
c. the risk management and corruption resistance process,
d. the independent auditor's qualifications and independence, and
e. the performance of the University's internal audit function.
f. providing an open avenue of communication between internal audit, the external auditors and the University Council.

Authority

(4) The Audit and Risk Management Committee has authority to conduct or authorise investigations into any matters within its scope of responsibility. It is empowered to:

a. Oversee the work of the appointed External Auditor employed by the organisation to conduct the annual audit. The appointed External Auditor will report directly to the Audit and Risk Management Committee.
b. Resolve any disagreements between management and the auditor regarding financial reporting.
c. Pre-approve all auditing and permitted non-audit services performed by the University's appointed External Auditor.
d. Retain independent counsel, accountants, or others to advise the committee or assist in the conduct of an investigation.
e. Seek any information it requires from employees — all of whom are directed to cooperate with the committee's requests — or external parties.
f. Oversee planning of the internal audit activity.

This document may be varied, withdrawn or replaced at any time. Printed copies, or part thereof, are regarded as uncontrolled and should not be relied upon as the current version. It is the responsibility of the individual reading this document to always refer to the Southern Cross University Policy Library for the latest version.

g. Meet with University officers, external auditors, internal auditor or outside counsel, as necessary.

(5) The Audit and Risk Management Committee does not have delegated financial responsibility or any management functions. It has no executive powers.

Composition

(6) The Audit and Risk Management Committee will consist of at least three, and no more than six, members of the University Council. A majority of members must be independent members.

(7) The members, taken collectively, will have a broad range of skills and experience relevant to the operations of the University. At least one member of the Committee should have accounting or related financial management experience with an understanding of accounting and auditing standards in a public sector environment.

(8) The Chancellor invites members to the Committee and all appointments are endorsed by University Council.

(9) The Committee has the power to co-opt additional members. Co-opted members external to Council are to comply with the same obligations as Council members.

(10) Co-opted members external to Council will, for the purposes of this Committee, have full voting membership rights and contribute to the calculation of a quorum.

(11) The term of office for co-opted members shall usually be two years unless otherwise resolved.

Quorum

(12) A quorum shall consist of not less than half of the Committee members.

Meetings

(13) The Committee will meet at least four times a year, with authority to convene additional meetings, as circumstances require.

(14) The Chair may determine that urgent matters requiring the Committee's consideration between meetings may be conducted by flying minute.

(15) Flying minutes require a simple majority and must be evidenced by the members' signatures, which may include electronic signatures, or email confirmation sent from the email account which the Council Secretary is satisfied belongs to the Committee member concerned.

Responsibilities

(16) The Committee will carry out the following responsibilities:

Financial Reports

(17) Review significant accounting and reporting issues and understand their impact on the financial report. These issues include:

a. Complex or unusual transactions and highly judgemental areas
b. Major issues regarding accounting principles and financial statement presentations, including
c. Any significant changes in the University's selection or application of accounting principles
d. The effect of regulatory and accounting initiatives on the financial report of the University and its controlled or associated entities

This document may be varied, withdrawn or replaced at any time. Printed copies, or part thereof, are regarded as uncontrolled and should not be relied upon as the current version. It is the responsibility of the individual reading this document to always refer to the Southern Cross University Policy Library for the latest version.

(18) Review and approve all significant accounting policy changes.

(19) Review reports prepared by management or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial report of the University and its controlled entities.

(20) Review with management and the external auditor the results of the audit, including any difficulties encountered. This review will include any restrictions on the scope of the independent auditor's activities or on access to requested information, and any significant disagreements with management.

(21) Discuss the annual audited financial reports with management and the external auditors.

Internal Control

(22) Consider the effectiveness of the University's internal control system, including information technology security and control.

(23) Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

Internal Audit

(24) Review with management the plans and activities of the Internal Audit function.

(25) Ensure there is a clear separation of operational management from the internal audit function.

(26) Ensure there are no unjustified restrictions or limitations, and review and concur with management in the appointment, replacement or dismissal of the Internal Auditor.

(27) Internal Audit is to have a dual reporting line to report administratively to the Director, Governance Services to facilitate day-to-day operations of the internal audit function and, functionally to the Audit and Risk Management Committee for strategic direction and accountability of the internal audit function.

(28) Review the effectiveness of the internal audit function, including compliance with The Institute of Internal Auditors' Standards for the Professional Practice of Internal Auditing.

External Audit

(29) Review the external auditors' proposed audit scope and approach, including coordination of audit effort with internal audit.

(30) Review the performance of the external auditors. In performing this review, the Committee will:

a. Take into account the opinions of management and internal audit.
b. Review and evaluate the lead partner of the independent auditor.
c. Present its conclusions with respect to the external auditor to the University Council.

Compliance

(31) 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 instances of non-compliance.

(32) Review the findings of any examinations by regulatory agencies, and any auditor observations.

(33) Review the process for communicating the University's code of conduct and other corruption resistance controls

to personnel, and for monitoring compliance therewith.

(34) Obtain annual updates from management regarding compliance matters related to current and changed legislation.

Risk Management

(35) Ensure that the University and its controlled entities have an effective risk management system that is established and operated in accordance with Australian Standards.

(36) Ensure the University and its controlled entities have identified the principal strategic, operational and financial risks to which they are exposed.

(37) Ensure that systems are in place to facilitate the effective monitoring and management of the principal risks to which the University and its controlled entities are exposed.

(38) Ensure fraud and corruption risks have been included in the assessment of the risk profile of the University.

(39) Oversee the University's fraud and corruption prevention and detection framework and monitor actual and suspected instances of fraud.

(40) Oversee management's efforts to create and maintain a strong internal control environment, including the design and implementation of anti-fraud and corruption strategies and programs.

(41) Develop and disseminate the University's risk management policy.

(42) Establish management accountability in relation to risk management.

(43) Monitor the impact of changes to the risk profile of the University and its controlled entities.

(44) Ensure that timely and accurate information is presented to University Council, including any anticipated exposure to risk that could materially affect the reputation or operation of the University or its controlled entities.

(45) Review and advise on any matters in relation to risk management raised by University Council, University staff or management.

(46) Receive regular reporting from University management on how risks are being managed and action plans to reduce high risk areas to a risk level that is acceptable to the Committee and University Council.

Other Responsibilities

(47) Review the processes of accountability for any significant transaction which is not a part of the University's core business.

(48) Perform other activities related to this Terms of Reference as requested by the University Council.

(49) Institute and oversee any special projects or investigations as needed.

Dispute Resolution

(50) The Chair and members of the Audit and Risk Management Committee must seek to resolve differences or concerns with operational management by way of open negotiation.

(51) Where a disputed matter cannot be resolved, the Chair of the Committee may make a request to either the Secretary of NSW Treasury or the Director General of the Department of Premier and Cabinet requesting access to a central agency arbiter to resolve the dispute.

This document may be varied, withdrawn or replaced at any time. Printed copies, or part thereof, are regarded as uncontrolled and should not be relied upon as the current version. It is the responsibility of the individual reading this document to always refer to the Southern Cross University Policy Library for the latest version.

Current Membership

(52) Ms Julie Granger (Chair)

(53) Mr Murray d'Almeida

(54) Dr Austin Curtin

(55) Dr Alessandro Pelizzon

(56) Mr Jonathan Rourke

This document may be varied, withdrawn or replaced at any time. Printed copies, or part thereof, are regarded as uncontrolled and should not be relied upon as the current version. It is the responsibility of the individual reading this document to always refer to the Southern Cross University Policy Library for the latest version.

Status and Details

Status	Historic
Effective Date	13th December 2019
Review Date	13th December 2022
Approval Authority	University Council
Approval Date	13th December 2019
Expiry Date	28th July 2022
Responsible Executive	Belinda Atkinson Council Secretary +61 2 66203186
Head of Work Unit	Belinda Atkinson Director, Governance Services +61 2 66203186
Enquiries Contact	Governance Services

This document may be varied, withdrawn or replaced at any time. Printed copies, or part thereof, are regarded as uncontrolled and should not be relied upon as the current version. It is the responsibility of the individual reading this document to always refer to the Southern Cross University Policy Library for the latest version.