

Summarised Terms of Reference of the Compliance, Audit and Risk Committee

1. to oversee the financial reporting process to ensure the balance, transparency and integrity of published financial information;
2. to review the University's internal financial control and risk management system;
3. to review the effectiveness and efficiency of the University's audit functions;
4. to consider how management ensures the security and integrity of its computer systems and applications;
5. to monitor the University's process for compliance with laws and regulations affecting financial reporting;
6. to investigate any activity within its terms of reference; and
7. to discharge its responsibilities by making appropriate recommendations (in an advisory capacity) to Council. The Committee does not have the powers to commit Council or the University to the implementation of their recommendations.

(Please note that the Audit and Risk has a very comprehensive 'terms of reference' document - The Audit Charter. Any changes approved to terms of reference and membership would be automatically amended in the Audit Charter.)

Expected Competencies:

- a) all members
 - financial and auditing literacy (including the ability to read and understand basic financial statements including a balance sheet, a profit and loss statement and a cash flow statement and standard auditing approaches and practices).
- b) among the members of the Compliance Audit and Risk Committee there should be:
 - At least one of the members of the committee should have formal accounting qualifications, with current certification.

AUDIT CHARTER (incorporating terms of reference)

1. Establishment

1.1 The Compliance Audit and Risk Committee is a committee of Council. In establishing the Committee, Council approved this Terms of Reference. The Terms of Reference sets out the specific responsibilities of the Compliance Audit and Risk Committee and describes the manner in which it will operate.

2. Purpose

2.1 The primary purpose of the Compliance Audit and Risk Committee is to assist Council in discharging its oversight responsibilities as the governing body of Victoria University. In doing this the Compliance Audit and Risk Committee will:

- Oversee the financial reporting process to ensure the balance, transparency and integrity of published financial information;
- Review the University's internal financial control and risk management system;
- Review the effectiveness and efficiency of the University's audit functions;
- Consider how management ensures the security and integrity of its computer systems and applications;
- Monitor the University's process for compliance with laws and regulations affecting financial reporting;
- Investigate any activity within its terms of reference; and
- Discharge its responsibilities by making appropriate recommendations (in an advisory capacity) to Council. The Committee does not have the powers to commit Council or the University to the implementation of their recommendations.

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

2.3 To perform his or her role effectively, each committee member will need to develop and maintain his or her skills and knowledge, including an understanding of the Committee's responsibilities and the University's business, operations and risks.

Terms of Reference

3. Maintenance of effective and efficient audit functions

3.1 Recommend to Council on the appointment of the internal auditor.

3.2 Review, approve and monitor the scope of the internal audit plan and work program.

3.3 The Compliance Audit and Risk Committee is to:

- Receive and consider all completed internal and external audit reports and management's response, including discussing with the auditors any issues or reservations they may have with the management response;
- Monitor actions taken by management to address issues raised by audit
- Monitor whether accepted recommendations of audit are adopted and addressed by management in a timely manner
- Provide advice to Council on action taken by management in response to issues raised by audit

3.4 To ensure the internal and external auditors have discharged their duties in an independent and professional manner (this shall include receiving an annual report on any non-audit work undertaken by them for the University), and to review their effectiveness.

- 3.5 To meet with the internal and external auditors in private at least once a year to encourage open and frank discussions on any matters that the Committee members believe should be discussed.
 - 3.5.1 To ensure the internal and external auditors have had full, free and unrestricted access to all activities, records, property and personnel.
 - 3.5.2 To ensure the internal and external auditors have direct access to the Chairperson of Compliance Audit and Risk Committee.
 - 3.5.3 To review the scope of the internal audit engagement at least once every three years.
 - 3.5.4 Consider the professional development needs of its members. Instances where professional development is required, the Chair will seek approval from the Chancellor's Committee.
4. Effective Risk Management
 - 4.1 To review and assess the adequacy and compliance of the University's policies and procedures for identifying, assessing and managing risks (financial, legal, ethical, safety, reputational or other). For the purposes of this paragraph 'risk' is defined as any circumstance that may prevent the University from achieving its objectives.
 - 4.2 To review at least half-yearly the effectiveness of the University's management of high risks in its risk register (including relevant educational and research risks).
 - 4.3 To review annually the University's strategic risk management plan, and report annually to Council on risk management within the University.
 - 4.4 To receive from management reports on all suspected and actual frauds, thefts and breaches of laws, and on any other significant breaches of policy within the University.
5. Reliable, Relevant and Timely Financial Reporting
 - 5.1 To review the impact of changes in, and ensure compliance with the Financial Management Act 1994, Australian Accounting Standards, Corporations Law and generally accepted accounting concepts.
 - 5.2 To review the audited annual financial statements intended for release to third parties prior to recommending, after due consideration of all material matters, their approval to Council.
 - 5.3 To monitor whether adequate systems of internal control are in operation so as to produce accurate and meaningful management information and ensure the integrity of the financial statements of the University.
 - 5.4 Meet with management and the external auditors to review the financial statements, the key accounting policies and judgements and the results of the year end audit.
 - 5.5 To review the adequacy of the University's computer systems and applications to enable the timely and accurate preparation, and integrity, of the University's financial statements.
6. Compliance with Laws and Regulations
 - 6.1 To review the effectiveness of the system for monitoring compliance with all laws and regulations and the results of management's investigation and follow-up of any matters of non-compliance.
 - 6.2 Obtain regular updates from management regarding compliance matters that may have a material impact on the University's financial statements or compliance policies.
 - 6.3 Be satisfied that all regulatory compliance matters, related to the business of the University, have been considered in the preparation of the financial statements.
 - 6.4 Review the findings of any investigations undertaken by regulatory authorities.
7. Independent External Advice
 - 7.1 The Compliance Audit and Risk Committee shall have the power to conduct or authorise investigations into any matters within its terms of reference. It shall be empowered to retain independent counsel, accountants, or others to assist it in the conduct of any investigation. The appointment of any external parties will be made through the Vice-Chancellor or the Chancellor in exceptional circumstances.
8. Meetings

- 8.1 The Compliance Audit and Risk Committee will meet at least four times a year. In addition, the Chairperson may call special meetings as required.
- 8.2 While only committee members are entitled to attend meetings, other members of Council may wish to attend, unless there are specific reasons for an in-camera meeting. The committee may invite such other persons (for example, the Vice-Chancellor, senior staff responsible for financial operations and risk management and the internal and external auditors) to its meetings as it deems necessary.
- 8.3 In the absence of the Chairperson, members of the Compliance Audit and Risk Committee will choose a Chairperson to chair that particular meeting.
- 8.4 Only members of the Compliance Audit and Risk Committee are entitled to vote.
- 8.5 There is no provision for a member to vote by proxy.
- 8.6 The quorum for any meeting of the Committee will be a majority of the current membership.
- 8.7 The Committee should, in all circumstances, propose recommendations by obtaining consensus.
- 8.8 An agenda with relevant papers will be prepared and circulated to all attendees of the Compliance Audit and Risk Committee, one week prior to each meeting to allow sufficient time to read and consider their contents.
- 8.9 The Committee shall ensure that Council receives minutes of the meetings, is kept regularly informed on general progress and activities, and is briefed promptly on all significant matters.

9. Membership

- 9.1 The Compliance Audit and Risk Committee will have the following membership:
 - Three external members of Council, one of whom shall be the Chair; and
 - Three independent members completely external to the University, who have specialist skills in accounting, auditing and/or risk management. At least one of these members should have formal accounting qualifications with current certification.
- 9.2 Members of the Compliance Audit and Risk Committee shall be appointed for a maximum term of three years, after which time they shall be eligible for reappointment.
- 9.3 Council appoints all committee members.
- 9.4 Members are expected to possess the following competencies:
 - 9.4.1 All members:
 - questioning mind and willingness to ask probing questions and to give direct opinions;
 - high sense of probity;
 - independence from University management;
 - not employees of the University;
 - financially literate (ability to read and understand basic financial statements including a balance sheet, a profit and loss statement and a cash flow statement, ask pertinent questions about them and interpret and evaluate the answers), or be trained in it; and
 - respect for confidentiality of those matters that are in confidence.
 - 9.4.2 Among the members:
 - at least one member with significant, recent and relevant experience in finance, accounting or auditing;
 - at least one member with some experience or knowledge of risk management, or who acquires this within six months of appointment;
 - at least one member with a good understanding of how a university operates, or who acquires this within six months of appointment;
 - a Chair who is pro-active; and
 - it is not necessary for all members to have financial or other expertise; there is also a role for generalists with probing minds.

10. Confidentiality
 - 10.1 All matters discussed at Compliance Audit and Risk Committee meetings together with all material provided to attendees is confidential.

11. Self-Evaluation
 - 11.1 At least annually the Compliance Audit and Risk Committee will undertake a formal evaluation and assess the performance and achievements of the Committee for the previous period and ensure that it is meeting its objective efficiently and effectively and is in a position to continue to do so.
 - 11.2 Provide an annual report to Council outlining the activities and actions taken by the Committee over the preceding 12 months.

12. Review
 - 12.1 The Compliance Audit and Risk Committee will review the Terms of Reference at least once every three years.