Audit and Risk Management Committee Charter

Introduction

1. The Australian National University (ANU) Council has established the Audit and Risk Management Committee (the Committee) in compliance with section 45 of the Public Governance, Performance and Accountability Act 2013 (PGPA Act) and section 17 of the Public Governance and Accountability Rule 2014 (PGPA Rule).

2. This Charter sets out the Committee’s objective, authority, composition and tenure, roles and responsibilities, reporting and administrative arrangements.

Objective

3. The objective of the Committee is to provide independent assurance, advice and assistance to the Council on the University’s risk, control, compliance, internal audit and governance framework, and its external accountability responsibilities including in relation to financial statements.

Authority

4. The Council authorises the Committee, within the scope of its role and responsibilities, to:

   - obtain any information it needs from any employee and/or external party (subject to their legal obligation to protect information);
   - discuss any matters with the University’s external auditors, or other external parties (subject to confidentiality considerations);
   - request the attendance of any ANU employee or Council member at Committee meetings; and
   - obtain external legal or other professional advice, as considered necessary to meet its responsibilities, at the University’s expense.

Composition and Tenure

5. The Committee shall consist of:

   a. a Chair, appointed by the Council, who may be a member of the Council, but not the Chancellor, nor a student or employee of the University;
b. up to two members of Council, appointed by the Council, who may not be a student or an employee of the University; and

c. up to four independent members, appointed by the Council, who may not be a member of Council, nor a student or employee of the University.

6. The Committee may appoint a Deputy Chair from amongst its members

7. The members, taken collectively, will have a broad range of skills and experience relevant to the operations of the ANU. At least three members shall have appropriate qualifications, knowledge, skills or experience to assist the Committee to perform its functions, with at least one member having accounting or related financial management experience with an understanding of accounting and auditing standards in a public sector environment.

8. Members shall be appointed for up to two years and are eligible for re-appointment.

9. The Council will have regard to the University’s objectives on gender equity, and the need for both continuity and regular renewal, in filling positions on the Committee.

10. Council members may attend Committee meetings, and when they elect to do so, will be provided with Committee papers.

Roles and Responsibilities

11. The Committee exercises such functions, responsibilities and authorities as may be assigned or delegated to it by Council from time to time, but only such executive powers as are explicitly delegated to it.

12. The Committee’s responsibilities, subject to revision by Council, are to monitor, review and where appropriate make recommendations to Council with respect to:

   a. Financial Reporting: Review and give independent advice and assurance about the appropriateness of the University’s financial reporting, including reviewing the annual audited financial statements and related management representations, and recommending the signing of those statements.

   b. Performance Reporting: Review and give independent advice and assurance about the appropriateness of the University’s performance reporting, including the framework for developing and reporting key performance indicators and the annual activities and performance as outlined in the University’s annual report to Parliament.

   c. System of Risk Oversight and Management: Review and give independent advice and assurance about the appropriateness of the University’s system of risk oversight and management -- whether it has a sound enterprise risk management framework and associated processes for effective identification and management of
the entity’s business and financial risks, including fraud risks and those associated with individual projects, program implementation and activities.

d. System of Internal Control: Review and give independent advice and assurance about the appropriateness of the University’s system of internal control, including approaches to governance, compliance and assurance, and including consideration of:

- the University’s overall control environment, as reflected in its governance, risk management and compliance arrangements;
- proposed internal audit resourcing and coverage, the extent to which that coverage takes into account the University’s key risks, and recommending approval of the annual Internal Audit Work Plan (IAWP) by Council; and
- internal and external audit reports, providing advice to Council about significant issues identified, and monitoring the implementation of agreed actions.

Responsibilities of Members

13. Members of the Committee are expected to understand and observe the legal requirements of the Australian National University Act 1991 and the Public Governance, Performance and Accountability Act 2013.

14. Members are also expected to:

- act in the interests of the University;
- contribute the time needed to study and understand the papers provided; and
- apply good analytical skills, objectivity and good judgment.

Reporting

15. The Committee will regularly, but at least once a year, report to the Council on its operation and activities during the year. The report should include:

- a summary of the work it performed to fully discharge its responsibilities during the preceding year;
- a summary of the University’s progress in addressing the findings and recommendations made in internal and external reports;
- an overall assessment of the University’s risk, control and compliance framework, including details of any significant emerging risks or legislative changes impacting the ANU; and
- details of meetings, including the number of meetings held during the relevant
16. The Committee may, at any time, report to the Council any other matter it deems of sufficient importance to do so. In addition, at any time an individual Committee member may request a meeting with the Chair of the Council (Chancellor).

**Administrative Arrangements**

**Meetings and Planning**

17. The Committee will meet six times per year. A special meeting will be held to review the University’s annual financial statements.

18. The Chair is required to call a meeting if asked to do so by the Council and decide if a meeting is required if requested by another Committee member, internal audit or the ANAO.

19. A forward meeting plan, including meeting dates, location and agenda items, will be agreed by the Committee each year. The forward meeting plan will cover all of its responsibilities, as detailed in this Charter.

20. The Chair is invited to attend at least one Council meeting per year.

21. The Chair will be regularly updated with the ANU audit and risk management activities and emerging issues by the Director, Corporate Governance & Risk Office.

**Attendance at Meetings and Quorums**

22. A quorum will consist of 50 per cent of Committee members who hold office for the time being.

23. Meetings can be held in person, by telephone or by videoconference.

24. The Director, Corporate Governance and Risk Office (as the officer accountable for internal audit) shall attend all meetings of the Committee unless requested by the Chair of the Committee not to attend a particular Committee meeting or participate in certain agenda items. The Committee may meet with the Director, Corporate Governance and Risk Office in camera and without other members of management in attendance.

25. The Vice-Chancellor, the Deputy Vice-Chancellors, the Pro Vice-Chancellors, the Executive Director (Administration & Planning), the Chief Finance Officer and representatives of the Australian National Audit Office may, subject to the Committee requesting otherwise, attend each meeting and contribute to its deliberations.

26. The Chair of the Committee may request any other ANU employee and/or external party to attend Committee meetings or participate in certain agenda items.

27. External Audit and Internal Audit are to be afforded the opportunity of meeting privately with Committee members only as required.
28. The Chair of the Council (Chancellor) may be invited to attend Committee meetings to participate in specific discussions or provide strategic briefings to the Committee.

**Secretariat**

29. The Corporate Governance and Risk Office will provide secretariat support to the Committee. The Corporate Governance and Risk Office will ensure the agenda for each meeting and supporting papers are circulated, after approval from the Chair, at least 7 days before the meeting, and ensure the minutes of the meetings are prepared and maintained. Minutes shall be approved by the Chair and circulated to each member, as appropriate.

**Conflicts of Interest**

30. Once a year Committee members shall provide written declarations to the Council declaring any material personal interests that would preclude them from being members of the Committee. External members will be asked to consider past employment, consultancy arrangements and related party issues in making these declarations. Council will need to be satisfied that there are sufficient processes in place to manage any real or perceived conflict of interest.

31. Committee members shall declare any material personal interests at the start of each meeting or before discussion of the relevant agenda item or topic. Details of material personal interests declared by Committee members, and actions taken, shall be appropriately recorded in the minutes.

**Induction**

32. The Corporate Governance and Risk Office, will maintain a program of induction, training and awareness-raising for Committee members, with the objective of enabling the Committee to keep abreast of contemporary developments and leading practice to assist them to meet their Committee responsibilities.

**Assessment and Review**

33. The Chair of the Committee shall initiate annually a review of the performance of the Committee, and this Charter, with appropriate input sought from the Council, the Vice-Chancellor, management and any other relevant stakeholders, as determined by the Council. The review of performance shall be conducted on a self-assessment basis unless otherwise determined by the Council.

*Approved by resolution of the ANU Council meeting of 29 September 2017.*
Internal Audit and Management Initiated Review reporting protocols

Reviews conducted as part of the Annual Audit Plan

<table>
<thead>
<tr>
<th>Management report</th>
<th>Audit &amp; Risk Management Committee report</th>
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<tbody>
<tr>
<td>1. Internal Audit distributes a draft Management Report to areas involved in the review to check the factual accuracy of the information on which the internal audit conclusions have been drawn. (Note: The Vice-Chancellor will be briefed immediately in the event a potential Extreme finding has been confirmed with the auditee representative)</td>
<td>(Note: Audit and Risk Management Committee chair advised of potential Extreme findings once this has been confirmed with the Vice-Chancellor)</td>
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<td>2. Exit meeting between nominated auditee representative and Internal Audit to discuss and agree findings and recommendations.</td>
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<td>3. Where the Draft Management Report includes Extreme, High or Moderate rated findings a detailed management action plan is required. This will be prepared by the responsible area for inclusion in the report and will include agreed due dates for management action. (In some cases, ‘management action plans’ will be management actions rather than only plans for action.)</td>
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<td>4. Management Report sign-off by Director Corporate Governance and Risk Office, and ANU auditee representative(s).</td>
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<tr>
<td>5. Audit and Risk Management Committee report prepared comprising a synopsis of overall findings plus detailed findings, recommendations and management action plans in respect of confirmed Extreme, High or Moderate rated findings.</td>
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Reviews initiated by management

The Audit & Risk Management Committee will be informed of any internal audit activities which have been initiated by management. The Committee will not however receive a summary report unless:

- It requests a copy; and / or
- The review has identified Extreme, High or Moderate matters.