

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 authority, composition and tenure, roles and responsibilities, reporting and administrative arrangements.

Authority

3. 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

3. The Committee shall consist of:
 - 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;
 - up to two members of Council, appointed by the Council, who may not be a student or an employee of the University; and
 - 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.
4. The Committee may appoint a Deputy Chair from amongst its members.

5. 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.
6. Members shall be appointed for up to two years and are eligible for re-appointment.
7. 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.
8. Council members may attend Committee meetings, and when they elect to do so, will be provided with Committee papers.

Roles and Responsibilities

9. 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.
10. The Committee's responsibilities, subject to revision by Council, are to monitor, review and where appropriate make recommendations to Council with respect to:
 - financial reporting
 - performance reporting
 - system of risk oversight and management
 - system of internal control.

Financial reporting

11. The Committee will review and advise Council as to whether the University's:
 - annual audited financial statements and related management representations comply with the PGPA Act, the PGPA Rules, Accounting Standards and supporting guidelines and endorse signing of the statements;
 - financial reporting as a whole is appropriate, with reference to any specific areas of concern or suggestions for improvement.

Performance reporting

12. The Committee will review and advise Council on the appropriateness of the University's performance framework including:
 - the development and annual rolling update of the University's Strategic Plan (corporate plan), key performance indicators and supporting Executive Plans;

- systems and procedures for assessing, monitoring and reporting on performance, including the preparation of the University's annual performance statement for inclusion in the annual report;
- the approach to measuring performance throughout the financial year against the performance measures included in the Executive and Strategic Plans. This may include reviewing, over time, particular elements of the performance measures; and
- a statement of the Committee's view in relation to the appropriateness of the University's annual performance statements, and the performance reporting as a whole including compliance with the PGPA Act and Rule, referring to any specific areas of concern or suggestions for improvement.

System of Risk Oversight and Management

13. The Committee will review and advise Council on the appropriateness of the University's:
- enterprise risk management framework and associated processes for effective identification and management of the University's strategic, operational, regulatory and financial risks, including fraud risks and those associated with individual projects, program implementation and activities;
 - business continuity planning arrangements, including whether business continuity and disaster recovery plans have been periodically updated and tested;
 - approach to managing the University's key risks, including those associated with individual projects and program implementation and activities; process for developing and implementing the University's fraud control arrangements consistent with the fraud control framework, and satisfy itself that the University has adequate processes for detecting, capturing and effectively responding to fraud risks; and
 - system of risk oversight and management as a whole and any specific areas of concerns or suggestions for improvement.

System of Internal Control

14. The Committee will review and advise Council on the appropriateness 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;

- internal and external audit reports, providing advice to Council about significant issues identified, and monitoring the implementation of agreed actions;
- legislative and policy compliance, including reviewing the effectiveness of systems for monitoring the University's compliance with laws, regulations and associated government policies with which the University must comply and determining whether the University has adequately considered legal and compliance risks as part of the University's enterprise risk management framework, fraud control framework and planning; and
- approach to maintaining an effective internal security system.

Engagement with the Australian National Audit Office (ANAO)

15. The Committee will engage with the ANAO, as the ANU's external auditor, in relation to the ANAO's financial statement and performance audit coverage. In particular, the Committee will:

- provide input on planned ANAO financial statement and performance audit coverage;
- monitor management's responses to all ANAO financial statement management letters and performance audit reports, including the implementation of audit recommendations;
- provide advice to Council on significant issues raised in relevant ANAO reports or better practice guides;
- monitor the audit and assurance activities of the ANAO to identify areas, issues or trends which may be relevant to the functions and operations of the ANU; and
- meet privately with the ANAO at least once per year.

Responsibilities of Members

16. 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*.

17. 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

18. 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 year.
19. 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

20. The Committee will meet six times per year. A special meeting will be held to review the University's annual financial statements.
21. 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.
22. 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.
23. The Chair is invited to attend at least one Council meeting per year.
24. 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

25. A quorum will consist of 50 per cent of Committee members who hold office for the time being.
26. Meetings can be held in person, by telephone or by videoconference.
27. 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 without other members of management in attendance.

28. Members of the University Executive and representatives of the Australian National Audit Office may, subject to the Committee requesting otherwise, attend each meeting and contribute to its deliberations.
29. 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.
30. External Audit and Internal Audit are to be afforded the opportunity of meeting privately with Committee members only as required.
31. 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

32. 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

33. 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.
34. 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

35. 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

36. 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 Council on 24 May 2019