

# AUDIT, RISK AND FINANCE COMMITTEE TERMS OF REFERENCE



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## 1 ESTABLISHMENT

The Audit, Risk and Finance Committee is a sub-committee of the University Council, and will provide advice, recommendations and reports to the Council on matters including financial oversight, financial reporting, subsidiary company oversight, risk management framework, internal control framework, internal audit, external audit, health and safety, corporate governance, and other matters as determined by the Committee and by Council.

## 2 FUNCTIONS AND RESPONSIBILITIES

The Committee's functions and responsibilities are to:

## **Financial oversight**

- 2.1 Assist Council in the effective discharge of its responsibilities as prescribed in the [Financial Accountability Act 2009](#) (Qld) and the [Financial and Performance Management Standard 2009](#) (Qld).
- 2.2 Review and recommend to Council the University's annual budget.
- 2.3 Monitor the University's annual budget and make recommendations to Council on the achievement of outcomes of the budget and any corrective actions required to achieve budget objectives.
- 2.4 Receive reports on budget measures adopted to address specific trends or issues and provide advice to Council and to the Vice-Chancellor and President on strategic budget and financial management issues.
- 2.5 Approve investment management policies.
- 2.6 Undertake an annual review of spending of bequest, donation or special grant monies.
- 2.7 Approve the credit management policies of the University including student debtors, general debtors, discounts and debt write-offs.

## **Financial reporting**

- 2.8 Review and recommend to Council the most appropriate financial metrics and reporting mechanisms for Council to regularly receive to enable it to effectively oversight the University's finances.
- 2.9 Review and recommend to Council the monthly and annual financial statements of the University and its controlled entities, including the adequacy of note disclosures.
- 2.10 Review the accounting treatment of significant or unusual transactions.
- 2.11 Review the impact of changes in, and compliance with, the requirements of Australian Accounting Standards and any other relevant regulatory or policy pronouncements.

## **Subsidiary company oversight**

- 2.12 Review and advise Council on the performance of subsidiary companies including receiving annual reports for recommendation to Council.
- 2.13 Oversee and advise the Council on the University's material shareholdings.

## **Risk management framework**

- 2.14 Review and advise Council on the adequacy of the University's systems to manage risk.
- 2.15 Ensure the annual strategy and work plan of the internal audit function adequately address the key risks of the University, prior to recommending the documents to the Council for approval.
- 2.16 Regularly receive reports and review the University's major risks.
- 2.17 Prepare a risk management report for the Council at the end of each year.
- 2.18 Review the adequacy of the University's insurance program.

## **Internal control framework**

- 2.19 Confirm and assure the independence of internal and external audit functions.
- 2.20 Review and advise Council on reports issued by the internal audit function and management responses to audit recommendations.
- 2.21 Ensure that recommended improvements to internal controls are implemented in a reasonable timeframe.

- 2.22 Ensure that relevant Accounting Standards are implemented appropriately.
- 2.23 Assess the adequacy of the University's contingency plans.
- 2.24 Ensure that management has in place appropriate controls for the implementation of new systems.
- 2.25 Make recommendations on areas requiring increased levels of control.

### **Internal audit**

- 2.26 Review the [Internal Audit Charter Policy \(FMPPM\)](#) and ensure its continuing relevance to the University's business activities.
- 2.27 Review and advise Council on the annual strategy and work plan of the internal audit function.
- 2.28 Monitor progress against the internal audit function's annual work plan during the year and undertake a performance review at year end.
- 2.29 Ensure an appropriate level of coordination between the internal audit function and external audit function to minimize any duplication of effort.
- 2.30 Satisfy itself that the internal audit function has complied with the professional standards issued by the [Institute of Internal Auditors – Australia](#).
- 2.31 Meet with the head of the internal audit function independently of management to ensure that the legitimate work of the internal audit function is not being impeded in any way.

### **External audit**

- 2.32 Consult with the external auditor to gain a broad understanding of the scope of the audit and the extent of their reliance on work undertaken by the internal audit function.
- 2.33 Review the audit engagement letters and fee proposals.
- 2.34 Meet with the External Auditor, in the absence of management, to ensure that the Auditor has had unfettered access to all necessary records and that the Auditors have received full cooperation from University staff.
- 2.35 Discuss with the External Auditor any matter which might prevent the issuing of an unqualified audit opinion on the annual financial statements.
- 2.36 Consider external audit reports and management letters and the management action proposed.

### **Health and safety**

- 2.37 Review and advise Council on the University's performance in meeting its health and safety obligations.

### **Corporate governance**

- 2.38 Assess the University's corporate governance framework and make recommendations for improvement.
- 2.39 Review policies to avoid conflicts of interest.
- 2.40 Oversee the University's discharge of the responsibilities of due care and diligence in delivering outputs efficiently, effectively and economically so as to achieve best value for money.
- 2.41 Monitor the University's corporate culture in relation to ethical conduct and probity in all its dealings.
- 2.42 Assess the adequacy of the University's system to monitor compliance with all relevant legislation.
- 2.43 Review reports on the status of the University's legislative compliance and treatment plans in place.

2.44 Consider issues in relation to proposed legislative amendments.

### **3 DELEGATED AUTHORITIES**

The Council has delegated to the Committee the authority to:

- adopt quarterly and annual budget reviews
- approve investment management policies
- undertake an annual review of spending of bequest, donation or special grant monies
- approve the credit management policies of the University including student debtors, general debtors, discounts and debt write-offs
- approve operational amendments to policies and new and amended procedures that pertain to the Committee's functions and responsibilities, and
- recommend, on behalf of Council, the signing of the annual financial statements by the Chancellor and Vice-Chancellor and President (or their nominees).

### **4 REFERRAL OF MATTERS**

The Committee may refer any item to the Council for discussion, consideration and/or action, and may refer relevant matters for action or noting to other Committees or officers as appropriate. When referring matters to other committees the process followed must be as advised by the University Secretary.

### **5 SUB-COMMITTEES**

The Committee may establish standing or ad hoc sub-committees and approve their Terms of Reference, which must be constructed to ensure consistency and coordination between the functions of all sub-committees. The terms of reference of any sub-committee which has a role in the University's governance processes must be approved by the Council. The Committee may co-opt staff to serve on its sub-committees and/or working parties.

The Committee shall receive reports from its sub-committees and be responsible for monitoring and evaluating each sub-committee's activities against their functions and responsibilities.

### **6 MEMBERSHIP AND TERMS OF OFFICE**

The Committee shall comprise:

Ex-officio members:

- Chancellor

Appointed members:

- At least three members of the Council, appointed by the Council
- Up to two external members, co-opted by the Council

Ex-officio members may send a nominee when unable to attend a meeting, or nominate a standing nominee.

Appointed members shall serve for a term determined by the Council, not exceeding four years.

New members of this Committee will, on their appointment, receive relevant induction information and briefings to assist them to meet their committee responsibilities.

Collectively, this Committee shall seek to possess a high level understanding of finance and accounting, best practice internal control, risk management and corporate governance.

The Committee's membership must include appropriate gender representation.

## **7 RIGHTS OF AUDIENCE AND DEBATE**

The Committee may extend rights of audience and debate on a standing or ad hoc basis.

The Vice-Chancellor and President, Provost, Deputy Vice-Chancellors and University Secretary shall have rights of audience and debate at all meetings.

Senior management and representatives of the external and the internal audit function shall have standing rights of audience and debate at committee meetings but no voting rights.

Staff and external stakeholders may request the opportunity to address the Committee at any time. The Chair will consider and determine these requests.

## **8 CHAIR**

The Council shall designate one of the members to Chair the Committee.

The Chair shall serve for a term of office as determined by the Council, not exceeding four years.

In the absence of the Chair, the Chair will nominate a member of the Committee to act as Chair of that meeting.

## **9 SECRETARY**

The Director, Governance shall nominate the Secretary.

## **10 CASUAL VACANCIES**

A casual vacancy shall be filled in accordance with the [Election of Members to University Committees Procedure](#).

## **11 RESIGNATION FROM COMMITTEE**

If a member seeks to resign from this Committee they must give written notice where possible, unless their circumstances have changed in a way that makes it appropriate for them to resign with immediate effect.

## **12 REMOVAL OF A MEMBER FROM OFFICE**

The Committee may terminate a person's membership for misconduct by a vote of two-thirds of those present at a committee meeting called in accordance with these terms of reference, and for which due notice of the motion to terminate the person's membership has been given.

Where a member or their nominee does not attend three consecutive meetings without adequate cause, that person's membership may be terminated. A person whose membership has been terminated may apply to the Committee to have their membership reinstated.

## **13 QUORUM**

The quorum for a committee meeting shall be 50% of the membership, plus one.

Where a loss of quorum is identified, the meeting may be adjourned until a time the Chair determines. Any matters for decision considered when the meeting is inquorate must be subsequently ratified by the Committee by flying minute or at the next Committee meeting before those decisions can be actioned.

## **14 CONFIDENTIALITY**

All information acquired during a member's term of office is confidential to the University and must not be disclosed either during the member's term or after termination to third parties, except as permitted by law and with prior approval from the Chair.

## 15 CONFLICT OF INTEREST

Committee members are required to declare to the Chair any real, perceived or potential conflict of interest they may have with any item on the Committee's agenda. Ongoing conflicts of interest need not be declared at each meeting once acknowledged.

If the Chair or Committee deems a member to have a conflict of interest in a matter before the Committee, the member may be excused from committee discussions and deliberations on that matter or may be asked to leave the meeting when the committee considers that matter.

Further details on identifying and dealing with a conflict of interest are provided in the [Conflict of Interest Policy and Procedure](#).

## 16 MEETINGS

Committee meetings may be held face-to face, by telephone, videoconference, or other electronic means. The Committee shall determine its meeting schedule annually in advance and meet as scheduled.

Committee decisions may be made at a duly called and constituted meeting, or by a resolution in writing to all members and physically or electronically signed by at least a quorum of members.

Committee members are required to fully prepare for each meeting, read the documentation in advance, and make every reasonable effort to attend each meeting.

## 17 ACCESS TO RESOURCES

External Committee members will be provided with access to the Committee's website and any other resources they reasonably require to fulfil their duties as a committee member.

## 18 OBSERVERS

Observers are welcome with the Chair's prior permission and provided they advise the Secretary in advance.

Observers are entitled to see and hear the proceedings of the meeting but have no voting rights and no right to speak at meetings, unless invited to do so by the Chair. Observers must leave the meeting when requested by the Chair, or if any matters are to be considered in closed session.

## 19 AGENDAS AND MINUTES

Agendas and associated documentation will be distributed three working days before the meeting, via the Committee Page on StaffNet. Members will be notified by email of the location and availability of material. Members are encouraged to bring laptops, iPads or similar to the meetings and view the agenda online during the meeting.

Only with the Chair's permission will late papers or the tabling of papers be accepted. All papers must be submitted to the Secretary by the specified submission deadline.

Committee records are subject to the Queensland [Public Records Act 2002](#) and must be retained by the Secretary in accordance with the University's [Records Management Policy and Procedure](#).

Minutes are to be prepared from each meeting. The Chair will review the draft minutes and action sheet of each meeting, after which the Secretary will circulate the documents to all committee members and include them in the agenda papers for the next meeting.

## 20 EVALUATION AND REVIEW

To ensure the Committee is fulfilling its duties, it will undertake an annual self-assessment of its performance against these terms of reference utilising the [Queensland Audit Office – Best Practice Guide Performance Reviews](#) and provide that information to the Council, along with any information the Council requests to facilitate its review of the Committee's performance and its membership.

The Administrator shall review these terms of reference every two years, in conjunction with the Committee, and provide a report, including any recommendations, to the Council.

## 21 FEEDBACK

University staff and students may provide feedback about this document by emailing [policy@cqu.edu.au](mailto:policy@cqu.edu.au).

## 22 APPROVAL AND REVIEW DETAILS

| Approval and Review                      | Details                           |
|--|-----------------------------------|
| Approval Authority                       | Council                           |
| Advisory Committee to Approval Authority | Audit, Risk and Finance Committee |
| Administrator                            | University Secretary              |
| Next Review Date                         | 25/10/2019                        |

| Approval and Amendment History       | Details  |
|--------------------------------------|--|
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| Notes                                | Prior to 17/02/2017 the Committee was known as the Audit, Compliance and Risk Committee, and had different functions and responsibilities.   |