

## AUDIT AND COMPLIANCE COMMITTEE CHARTER

**Commencement Date:** 15 May 2015

### 1. Establishment

The Audit and Compliance Committee (the Committee) is a Committee of the University Council (the Council). It was established as the Audit Committee on 30 April 1986 by resolution of Council (Resolution C 98/86).

### 2. Principal Objectives and Responsibilities

- 2.1 The primary objective and responsibility of the Committee is to assist the Council in fulfilling and discharging its responsibilities in relation to the University's accounting policies, financial reporting practice, financial and internal control systems, external and internal audit functions, and risk management framework, by providing an objective view on the effectiveness of these policies, financial reporting practices, systems and risk management framework.

### 3. Membership and Attendees

- 3.1 The membership of the Committee will comprise the following persons, the majority of whom shall be members of the Council:
- A Chair, appointed by the Council from amongst the members of the Council who is neither a student nor staff of the University. The Chancellor of the University shall not be the Chair of the Committee but can sit on the Committee;
  - Up to three other members, appointed by the Council, none of whom may be a student or a member of the staff of the University.
- 3.2 In making these appointments, the Council shall satisfy itself that each member is independent of management and does not have any business or other relationship which could interfere with, or be reasonably perceived to have the potential to interfere with their capacity to exercise independent judgement.
- 3.3 Members of the Committee should have the appropriate level of skills and business experience. At least one member of the Committee will hold a formal accounting qualification, with a strong financial and accounting background.
- 3.4 The secretary of the Committee is the Council Secretary or such other person appointed by the Council Secretary.

### 4. Proceedings

- 4.1 The Committee may invite or require Officers of the University to attend meeting where appropriate to assist in the effective discharge of the Committee's duties or for selected agenda items as determined by the Chair. The Vice-Chancellor, Chief Finance Officer and Director Internal Audit will normally be in attendance at meetings, or for selected agenda items as considered appropriate by the Chair.
- 4.2 At least once a year the Committee will meet with the Director Internal Audit without any management present.

- 4.3 At least once a year the Committee will meet with the external auditor without any management present.
- 4.4 Similarly the Committee may meet with the Vice-Chancellor and/or Chief Finance Officer without any other management being present.

## **5. Terms of Office**

- 5.1 The term of office of the Chair and all members shall be two years concluding on 31 March of the relevant anniversary year, or upon the conclusion of the member's term on the Council, whichever occurs first.
- 5.2 In order to ensure that all appointments do not conclude simultaneously, Council will ensure that terms of office are staggered to provide overlap.

## **6. Quorum**

- 6.1 The quorum for meetings of the Committee shall be two members.

## **7. Voting**

- 7.1 Normally decisions of the Committee would be reached by consensus, however, in the event of disagreement, decisions on any matter are made by the majority with the Chair only having a deliberative vote.

## **8. Frequency of Meetings**

- 8.1 The Committee shall meet at least four times a year. Any Committee member or the Director Internal Audit or external auditor may, in consultation with the Chair, request additional or special meetings if they think it is necessary.

## **9. Authority and Access to Information**

- 9.1 The Committee is authorised to obtain outside legal and/or other independent professional advice and to secure the attendance of external parties with relevant experience and expertise if it considers this necessary. The Committee is entitled to sufficient resources from the University to undertake its duties.
- 9.2 The Committee has the right to obtain all information it requires and request reports from management, the Director Internal Audit and the external auditor which it considers necessary for the performance of its duties.

## **10. Reporting**

- 10.1 The Committee will report directly to the Council through its minutes.
- 10.2 The Committee shall provide a report to Council annually containing those matters which it considers should be drawn to Council's attention.

## **11. Committee Performance**

- 11.1 The Committee shall perform an evaluation of its performance as required to determine whether it is functioning effectively by reference to current best practice.

## 12. Principal Duties

### 12.1 Financial Reporting

- Review the annual financial statements and reports for the University before submission to the Council for approval, and through reports from senior management, the Director Internal Audit and the external auditor to the Committee, consider the following:
  - The appropriateness of accounting policies selected, the consistency with which they are applied and any changes in accounting policy and practice.
  - The appropriateness of the material judgements and estimates made in the course of the preparation of the financial statements.
  - The propriety of any related party transactions.
  - Significant adjustments arising from the external audit and the impact and reasons for those adjustments.
  - The external auditor's independent audit opinion.
  - Audit representation letters to be signed by management and the contents of those letters.
  - External audit's management letters and management's responses to them.
  - The form of and responses to questionnaires to management in connection with the University's annual financial statements.

### 12.2 Financial and Internal Controls

- Discuss with management, the Director Internal Audit and the external auditors, the adequacy and effectiveness of the University's accounting, financial, and internal controls including the University's policies and procedures to assess, monitor and manage these controls.
- Obtain reports on significant internal control findings raised by Internal Audit and the external auditors, together with management's responses to these findings.
- Oversee and provide high-level direction in relation to the University's annual internal controls certification process, including the methods employed to gain assurances from management that internal controls have operated effectively over the specified financial reporting period.

### 12.3 External Audit

- Oversee the University's relationship with the external auditor and at least annually formally review that relationship.
- Review and agree with the external auditor the scope of the audit plan before the audit commences and subsequently the result of the audit.
- Review any significant changes made to the external auditor's audit plan and the reasons for those changes including whether any restrictions on scope have been placed by management on the audit.

- Review any significant difficulties or disputes encountered with management during the course of the audit and the resolution of those difficulties or disputes.
- Develop and recommend to the Council the policy in relation to the provision of non statutory audit services by the external auditor's; the aim being to ensure that the provision of such services does not impair the external auditor's independence or objectivity.
- Review at least annually the nature and extent of non statutory audit and consultancy services supplied to the University by the external auditor.
- Agree and monitor the University's policy for the employment of former employees of the external auditor.
- Review reports and management letters from the external auditor including reviews of accounting procedures and recommendations for improvements in internal controls and management responses.
- Review the independence of the appointed external auditor.

#### 12.4 Internal Audit

- Ensure the independence of the internal audit function.
- Provide adequate oversight of the internal audit function and a structured reporting line to the Committee.
- Review the activities, resources, organisational structure and the operational effectiveness of the internal audit function and where appropriate make recommendations to the Council.
- Review and approve the annual internal audit plan to ensure adequate coverage of the University's significant business risks, the system of internal control and the efficiency and effectiveness of the University's operations.
- Monitor the progress of the internal audit plan and approve any changes required to the planned scope of the plan.
- Review reports from the internal auditor, the grading of those reports and the recommendations contained therein.
- Review any significant findings and recommendations made by internal audit and ensure they are received, considered and responded to by management on a timely basis.
- Monitor follow up action in response to internal audit's recommendations and management's agreed action plans.
- Consider any difficulties encountered by internal audit during the course of its work, including any restrictions on the scope of the planned work or access to required information.
- Ensure that the activities of internal audit are coordinated with the external auditor's.
- Approve the appointment of the Director of Internal Audit for the University and any proposed changes to that appointment.

## 12.5 Risk Management

- By receiving regular updates from Corporate Risk, provide an objective view to Council on the effectiveness of the University's risk management framework.
- Review and monitor risk aspects arising from external reviews of the University's performance, including quality reviews performed by Commonwealth regulatory bodies.
- By obtaining management reports into and reviewing significant cases of employee conflict of interest, misconduct, fraud or grievances and the resolution and reporting of those cases, monitor the overall culture of the University.

## 12.6 Compliance

- Review the effectiveness of the University's systems and processes for ensuring compliance with laws, regulations and internal policies, and the results of management's investigation and follow-up of any instances of non-compliance.
- Review the findings of any examinations conducted by regulatory or other external bodies in relation to compliance matters.
- Review current pending litigation or regulatory proceedings in which the University is a party and which may have a material effect on the University.

## 13. Charter

- 13.1 The Charter shall be reviewed annually by the Committee to ensure that it is operating effectively and fulfilling its functions. Any revisions will be recommended to the Council for approval.

### REVISION HISTORY:

Revision Ref. No.	Approved/ Rescinded	Date	Committee/ Board	Resolution Number	Document Reference
New	Approved	20/02/2008	Council	C 20/08	00124/08
Amended	Amended	18/02/2009	Council	C 19/09	00098/09
Amended	Amended	16/06/2010	Council	C 83/10	00550/10
Amended	Amended	15/02/2012	Council	C 13/12	00116/12
Amended	Amended	19/02/2014	Council	C 13/14	00098/14
Administrative Update		15 May 2014	Chancellor (as Council Chair)	-	-

## FRAMEWORK FOR DEALING WITH EXTERNAL AUDITORS FOR OTHER NON-AUDIT SERVICES

### Guiding Principles

Guiding principles as part of the framework for dealing with either the external auditor, or the external auditor's representative firm ("*the external auditor*") for other audit services are:

1. In respect of the University, the external auditor must not undertake any other services that will have the result of creating a mutual or conflicting interest with the University.
2. The external auditor should only be used in reviewing financial information, not in the preparation of it.
3. The external auditor must not be engaged for any project that would put the firm in the position of auditing its own work, or that would otherwise be inappropriate for a firm expected to exercise fully objective and impartial judgement.
4. No member of the external auditor's firm who was a professional member of the audit team is to be appointed as an officer of the University within two years of his/her departure from the firm.

### Permissible Services

The following services are allowed from the external auditor's firm:

1. Due diligence (but not including valuations and legal services) on proposed transactions.
2. Accounting advice.
3. Review of processes and internal control environment.
4. Review of financial information where third party verification is required or deemed necessary (outside the normal audit process).
5. Taxation advice.