

AUDIT, RISK AND COMPLIANCE COMMITTEE CHARTER

AUDIT, RISK AND COMPLIANCE COMMITTEE - CHARTER

1. Establishment

- 1.1 There shall be an Audit, Risk and Compliance Committee (*the Committee*) reporting to the Council. The establishment of this Committee is under Division 2, Section 11 of the JCU Act 1997. The Audit Committee was first established as a Committee of Council on 29 May 1992, it was re-named as the Audit and Compliance Committee on 1 August 2002, reverted to the Audit Committee on 10 April 2014 and was re-named the Audit, Risk and Compliance Committee on 8 December 2016.
- 1.2 The purpose of this charter is to outline the role, responsibilities, composition and operating guidelines of the Committee in accordance with the James Cook University Act 1997, other relevant legislation and other appropriate University Policies and Procedures and has been approved by the 16th Council of James Cook University.
- 1.3 The charter will be reviewed annually by the Committee to ensure it remains consistent with the Committee's authority, objectives and responsibilities. The Committee or Chairperson may propose to Council, following that review and from time to time, amendments to this Charter for approval.

2. Authority, Independence and Relationships

- 2.1 The Committee has no executive powers, unless delegated to it by the Council of the University.

The Committee is a Committee of the University and is directly responsible to the Council of the University. In discharging its responsibilities the Committee has the authority to:

- Conduct or authorise investigations into matters within its scope of responsibility.
- Access information, records and personnel of the University for such purpose.
- Request the attendance of any employee, including executive staff, and contractors to the University, to appear before the Committee.
- Conduct meetings with any relevant academic divisions/divisions/directorates, as necessary.
- Conduct meetings with the University's internal and external auditors, as necessary.
- Seek advice from external parties and independent experts, as necessary, which the Committee reasonably considers necessary to execute its duties and responsibilities; obtaining the necessary funding approvals through Council should this be necessary.

- 2.2 The Audit, Risk and Compliance Committee shall liaise with other Committees of Council as required, to ensure:

- its statutory and operational responsibilities are met;
- there is no material overlap between the functions and duties of the groups; and
- frank and meaningful interchange of information.

3. Purpose, Functions, Duties and Responsibilities

- 3.1 The purpose of the Committee is to:

- (a) provide independent assurance and assistance to the Council on the University's external accountability responsibilities as prescribed in the Financial Accountability Act 2009, the Financial and Performance Management Standard 2009, the James Cook University Act 1997 and any other applicable legislation or regulations;
- (b) assist Council in the governance of the University, and the exercising of due care, diligence and skill in relation to:
- reporting of financial information to users of financial reports, the application of accounting policies and financial management;
 - the risk management system;
 - the internal control system including ensuring relevant policies, practices and procedures are effectively and efficiently implemented;
 - coordinate the internal and external audit effort including oversight of the internal audit function;
 - oversight of the Health, Safety and Environment Sub-Committee;
 - compliance with applicable laws, regulations, standards, government policies and best practice guidelines; and
 - provide reports on any matter within the Committee's remit, as necessary

- 3.2 The Committee shall:

- (a) perform the duties and responsibilities specified in Schedule A;
- (b) act on behalf of the Council on such other matters as are delegated to it from time to time by the Council;
- (c) advise the Council on such other matters that are within its duties and responsibilities (Schedule A), as referred by the Council or as it deems appropriate.

4. Membership

4.1 The Committee shall comprise the following members:

- (a) ex-officio
 - (i) Chancellor
 - (ii) Vice Chancellor
 - (iii) Chair, Health, Safety and Environment Sub-Committee

(b) Appointed – by the Council

Four members appointed by and from the Council whose appointment shall be based on their appropriate skills and/or experience in relation to the business conducted by the Committee, who shall be neither a member of the staff nor a student of the University (i.e. independent and non-executive); and one of whom should be a professional accountant/auditor and one of whom should be a legal practitioner.

(c) Additional

Council shall have the power to co-opt up to two additional members external to the University who have the appropriate skills and/or experience in relation to the business conducted by the Committee.

A majority of members shall not be members of the Finance Committee.

4.2 The Chairperson shall be appointed by the Council from its members and the Committee shall have a Deputy Chairperson elected by the Committee. At its first meeting after its appointment, and thereafter whenever a vacancy occurs in the office, the Committee shall elect a Deputy Chairperson. The Chairperson and Deputy Chairperson shall be neither a member of staff nor a student of the University.

4.3 Co-opted and Additional members shall have appropriate qualifications/experience and may be from within or outside the University. Appointments including appointments of co-opted and additional members shall be for a period of up to four years and shall be recorded in a membership list for appending to the Charter, shall be until their successors are appointed or until they resign from the Committee or as Council members cease to be members of the Council.

4.4 Before appointing a member, the Committee shall:

- (a) undertake consultation as appropriate; and
- (b) give consideration to the principle that members shall be not entirely of the same gender or from the same campus.

4.5 Any person assuming a role in Committee business on behalf of another person as a consequence of an acting or nominee arrangement (e.g. acting as an *ex officio* member, Deputy Chairperson assuming the chair) shall as far as practicable consult and report through that other person.

4.6 Attendance by others at Meetings - the Committee or its Chairperson may invite other University staff members and persons external to the University, as required for the purposes of the Committee, to attend meetings as advisors. The Manager, Internal Audit and the Queensland Audit Office will have standing invitations to attend Committee meetings.

In addition, the following advisors shall be invited to attend meetings and shall have rights of audience and debate:

- (i) the Manager, Internal Audit;
- (ii) Chief of Staff; and
- (iii) Independent Advisors as required.

5. Secretariat

5.1 The University Secretary or nominee shall be the Secretary to the Committee. There may be an Assistant or Minutes Secretary to assist the Secretary and to take minutes.

5.2 The Secretary, in consultation with the Chairperson, will prepare and send notices of meetings, agendas, will accurately transcribe all decisions of the Committee and table all correspondence, reports and other information relevant to the Committee's activities and operations. The University Secretariat shall provide the resources necessary for the performance of the Committee.

6. Convening a Meeting

- 6.1 The Committee shall meet as often as necessary in order to perform its functions. It is recommended that the Committee meet a minimum of four times per year and the schedule of meetings will be agreed in advance, however the number of meetings may vary in accordance with the volume of business that falls within the remit of the Committee.
- 6.2 Meetings shall be convened by either the Chairperson or the Secretary and the Secretary shall send a notice of meeting in reasonable time to all members of the Committee. For the purposes of accountability and meeting efficiency, all meetings shall be run according to a pre-determined agenda with items presented under an item coversheet that clearly identifies the recommended action.
- 6.3 The Committee should determine its own agenda, ensuring appropriate consultation to include emerging issues and emphasis on the most significant risks and threats. Proposals for agenda items from Committee members are to be submitted to the Secretary for consideration by the Chairperson for inclusion on the agenda. The Chairperson, in consultation with the Secretary, shall determine the agenda. The agenda and relevant papers will be distributed to members at least five working days before the meetings.
- 6.4 The Committee may appoint sub-committees and working parties to report to the Committee on specific matters which are the responsibility of the Committee. The majority of members of any sub-committee or working party must comprise members of the Committee.

The Committee has established the following sub-committee:

Health, Safety and Environment Sub-Committee (first established as a sub-committee of the Remuneration and Human Resources Committee on 26 March 2012 and was then established as a Committee of Council on 10 April 2014 before becoming a sub-committee of the Audit, Risk and Compliance Committee on 8 December 2016).

7. Conduct of Meeting

- 7.1 Except as hereinafter provided the Chairperson shall preside at all meetings of the Committee. If the Chairperson is absent from a meeting, the Deputy Chairperson shall preside. If the Deputy Chairperson is absent also, the members present shall elect one of their number to preside.
- 7.2 A quorum exists at a meeting of the Committee if a simple majority of its members are present.
- 7.3 Questions arising at a meeting of the Committee shall be determined by consensus, however when required a question shall be determined by a majority of votes of the members of the Committee present and voting. The Chairperson at a meeting of the Committee shall have a vote, and in the case of an equality of votes, a second or casting vote.

8. Rules for the Conduct of Business and Ethical Practices

- 8.1 Subject to the general control of the Council, the Committee may make its own rules for the conduct of its business that are in keeping with its Charter.
- 8.2 Members are required to declare any interests, in accordance with the University's *Conflict of Interest of Members of Council Policy* and the *Code of Conduct for Council Members* that could constitute a real, potential or apparent conflict of interest with respect to participation on the Committee. The declaration must be made on appointment to the Committee and in relation to specific agenda items at the outset of each Committee meeting, and be updated as necessary.
- 8.3 Confidentiality issues shall be dealt with in accordance with the University's *Confidentiality Provisions - JCU Council, Council "Committees", Controlled Entity Directors and Nominee Directors of Non-Controlled Entities*. The Committee will receive the provisions each year at its first meeting.

9. Reporting Obligations

9.1 As soon as practicable after each meeting, the Committee shall submit minutes of the meeting confirmed by the Chairperson to the Council. The minutes shall include:

- (a) advice, with recommendations as relevant, in respect to those matters set out in Schedule A;
- (b) confirmation of action taken in respect of any matter for which delegated authority has been exercised; and
- (c) advice on other matters referred to it by Council or any other Committee of Council or that the Committee wishes to draw to the attention of the Council.

9.2 The Committee shall provide to Council an Annual Schedule of Business for the Committee. The Schedule of Business and the Committee's membership list shall be appended to the Charter but do not form part of the Charter.

10. Executive Actions/Circularised Resolutions

10.1 Where circumstances do not allow a matter relevant to the duties and responsibilities of the Committee to be put to a meeting of the Committee, and a resolution of the Committee is required, the Chairperson shall cause the matter to be considered by members by circularised resolution. The principles and procedures adopted by University Council for managing business by circularised resolution apply.

10.2 Where it is not practicable for the matter in 10.1 above to be put to members by circularised resolution, the Chairperson or Secretary may act executively on the matter where delegated authority has been agreed.

10.3 Where it is necessary for the Chairperson to have a matter determined as in 10.1 or 10.2 above, the approval shall be reported by the Secretary to the next meeting of the Committee and where appropriate to the Council.

Schedule A

Duties and Responsibilities of the Committee

The Committee's duties and responsibilities are:

1.1 Financial Statements

- To the extent that the following matters have not been addressed by the Finance Committee:
 - Review the appropriateness of accounting policies.
 - Review the appropriateness of significant assumptions made by management in preparing the annual financial statements.
 - Review the annual financial statements for compliance with prescribed accounting and other requirements.
- Review, with management and the external auditors, the results of the external audit and any significant issues identified.
- Ensure there is proper explanation for any unusual transactions or trends or variations from budget.
- Ensure that assurance with respect to the accuracy and completeness of the financial statements is given by management.

1.2 Internal Control

- Review, through the internal and external audit functions, the adequacy of the internal control structure and systems, including information technology security and control.
- Review, through the internal and external audit functions, whether relevant policies and procedures are in place and up-to-date, including those for the management and exercise of delegations, and whether they are complied with.
- Review, through the internal and external audit functions, whether the financial internal controls are operating efficiently, effectively and economically.

1.3 Internal Audit

The Committee will act as a forum for Internal Audit and oversee its planning, monitoring and reporting processes. This process will form part of the governance processes that ensure that the University's Internal Audit function operates effectively, efficiently and economically.

- Provide a structured reporting line for internal audit and monitor the objectivity and independence of the internal auditor;
- Review the budget, staffing and skills of Internal Audit.
- Review and approve Internal Audit triennium plan and annual plan to ensure they cover key risks and that there is appropriate co-ordination with the external auditor.
- Review the Internal Audit annual plan, its scope and progress, and approve any significant changes to it, including any difficulties or restrictions on scope of activities, or significant disagreements with management.
- Review the findings and recommendations of Internal Audit and the response to them by management.
- Review the implementation of Internal Audit recommendations accepted by management.
- The Chairperson will hold executive sessions with Internal Audit at least twice per year, if required.

1.4 External Audit

The Committee has no power of direction over external audit or the manner in which the external audit is planned or undertaken but will act as a forum for the consideration of external audit findings and will ensure that they are balanced with the views of management.

- Consult with external audit on the function's proposed audit strategy, audit plan and audit fees for the year.
- Review the findings and recommendations of external audit (including from performance management systems audits) and the response to them by management.
- Review responses provided by management to ensure they are in line with the University's risk management framework.
- Review the implementation of external audit recommendations accepted by management.
- Ensure that there is no material overlap between the internal and external audit functions.
- Review the independence of the external auditor.
- The Chairperson and an independent member will hold executive sessions with external audit at least twice per year, if required

1.5 Risk Management

The Committee will act as a forum for risk management matters and will provide assurance to Council on the appropriateness of the University's risk management arrangements, Risk Management Policy, Framework and Plan.

- Provide assurance to the Council on the appropriateness of the Risk Management arrangements of the University as a whole.
- Review the University's risk governance structure in accordance with the schedule below:
 - Risk Management Policy once every two years;
 - Risk Management Framework and Plan on an annual basis.
- Receive reports from management on the efficiency and effectiveness of risk management and associated internal compliance and control arrangements including risk registers
- Receive reports from management on the University's insurance strategy to ensure it is appropriate for the risk profile and appetite expressed in the Risk Management Framework and Plan as approved by Council.

1.6 Health, Safety and Environment

The Committee will oversee the Health, Safety and Environment Sub-Committee, the purpose of which is to consider and advise the Council through the Audit, Risk and Compliance Committee on strategic governance issues relating to health, safety and environment.

- Ensure the effectiveness of the University's health, safety and environment arrangements through the Health, Safety and Environment Sub-Committee, as set out in its Charter, with particular focus on the University's compliance with its obligations under the Work Health and Safety Act 2011 (Qld), and progress towards full compliance with Australian Standard 4801 (Occupational Health and Safety Management Systems), International Standards Organisation (ISO) 9001 (Quality Management Systems), ISO 14001 (Environmental Management Systems) and OHSAS 18001 (Occupational Health and Safety Assessment).

1.7 Compliance

The Committee will provide assurance to Council on the University's compliance arrangements, Compliance Policy and Framework.

- Determine whether management has considered legal and compliance risks as part of the University's risk assessment and management arrangements.
- Receive reports from management biannually on the Claims and Contingent Liabilities and the Claims and Contingent Liabilities Register
- Receive reports on the effectiveness of the systems for monitoring the University's compliance with relevant laws, regulations and government policies.
- Review the findings of any examinations by regulatory agencies, and any auditor observations.

1.8 Reporting

- Circulate minutes of the Committee meetings to Council, Committee members and invited guests as appropriate.
- Prepare an annual report to Council including a self-assessment of the performance and achievements of the Committee for the previous calendar year.
- Submit a summary of its activities for inclusion in The University's Annual Report.

2. The Committee may make recommendations to the Council on the matters above, any matter within its remit or referred to it by the Council or any other Committee of Council on matters relating to the advice.

3. Nothing in the stated duties and responsibilities is intended to limit the matters on which the Committee may provide advice. However, the Committee should not go outside of the general scope of its charter without the approval of the Council.