



**JAMES COOK  
UNIVERSITY**  
AUSTRALIA

# **AUDIT, RISK AND COMPLIANCE COMMITTEE CHARTER**

**Approved by Council 18 June 2020  
Last Reviewed by Committee 14 May 2020**

## AUDIT, RISK AND COMPLIANCE COMMITTEE – CHARTER

### 1. Establishment

- 1.1 There is an Audit, Risk and Compliance Committee (*'the Committee'*) reporting to the Council. The Committee is established 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 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 Chair 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 authority, 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 purposes.
- Request the attendance of any employee, including executive staff, and contractors to the University, to appear before the Committee.
- Conduct meetings with any relevant Division/College/Directorate and the University's internal and external auditors, as, 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 should this be necessary.

- 2.2 The Committee will 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 Committees; 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 including approving the statutory financial reports on the recommendation of the Finance Committee;
  - the risk management system including the University's insurance arrangements;
  - 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;
  - 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 will:

- (a) perform the duties and responsibilities specified in Schedule A;
- (b) make decisions on behalf of the Council in line with the delegations specified in the [JCU Delegations Schedule](#);
- (c) act on behalf of the Council on such other matters as are required of it from time to time by the Council;
- (d) 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
- (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, three of whom will be neither a member of the staff nor a student of the University (i.e. independent and non-executive).

(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.

Of the membership one member should be a professional accountant/auditor and one member should be a legal practitioner. A majority of members will not be members of the Finance Committee.

- 4.2 The Chair will be appointed by the Council from amongst its members and the Committee will have a Deputy Chair elected by the Committee. Whenever a vacancy occurs in the office, the Committee will elect a Deputy Chair. The Chair and Deputy Chair will be neither a member of staff nor a student of the University nor a Co-opted Additional member.
- 4.3 The Co-opted Additional members will have appropriate qualifications/experience and will be from outside the University.
- 4.4 Appointments including appointments of Co-opted Additional members will be for a period of up to four years and will be recorded in a membership list for appending to the Charter. For Co-opted Additional members their appointment will be until their term of office expires or until they resign from the Committee, and for Council members until their successors are appointed or they cease to be members of the Council.
- 4.5 Before appointing a member, the Committee will:
- (a) undertake consultation as appropriate; and
  - (b) give consideration to the principle that members not be not entirely of the same gender or from the same campus.
- 4.6 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 Chair assuming the chair) will as far as practicable consult and report through that other person.
- 4.7 Attendance by others at Meetings – the Committee or its Chair may invite other University staff members and persons external to the University, as required for the purposes of the Committee, to attend meetings as advisers. The Queensland Audit Office will have standing invitation to attend Committee meetings.

The following internal advisers are to be invited to attend meetings and shall have rights of audience and debate:

- (i) the Manager, Internal Audit; and
- (ii) Chief of Staff.

## 5. Secretariat

- 5.1 The University Secretary [or nominee] will 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 Chair, 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 will provide the resources necessary for the performance of the Committee.

## 6. Convening a Meeting

- 6.1 The Committee will meet as often as necessary in order to perform its functions. The number of meetings may vary in accordance with the volume of business that falls within the remit of the Committee. However, it is recommended that the Committee meet a minimum of four times per year and the schedule of meetings will be agreed in advance.
- 6.2 Meetings will be convened by either the Chair or the Secretary and the Secretary will send a notice of a meeting in reasonable time to all members of the Committee. For the purposes of accountability and meeting efficiency, all meetings will 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 Chair for inclusion on the agenda. The Chair, in consultation with the Secretary, will 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.

## 7. Conduct of Meeting

- 7.1 Except as hereinafter provided the Chair will preside at all meetings of the Committee. If the Chair is absent from a meeting, the Deputy Chair will preside. If the Deputy Chair is absent also, the members present will 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 will be determined by consensus, however when required a question will be determined by a majority of votes of the members of the Committee present and voting. The Chair at a meeting of the Committee will 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 [Conflicts of Interest Policy – University Council and its Committees](#) and the [Code of Conduct – University Council](#) 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 will submit minutes of the meeting confirmed by the Chair to the Council. The minutes will 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 will conduct its business in accordance with an Annual Schedule of Business for the Committee. The Schedule of Business and the Committee's membership list do not form part of the Charter.

## **10. Executive Actions/Circulating 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 Chair will cause the matter to be considered by members by circulating resolution. The principles and procedures adopted by University Council for managing business by circulating resolution apply.

10.2 Where it is not practicable for the matter in 10.1 above to be put to members by circulating resolution, the Chair or Secretary may act executively on the matter where delegated authority has been agreed (refer [JCU Delegations Schedule](#)).

10.3 Where it is necessary for the Chair to have a matter determined as in 10.1 or 10.2 above, the approval will 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

1. The Committee is responsible for the following matters:
  - Audited Statutory Financial Statements;
  - Internal Control;
  - Internal and External Audit; and
  - Risk Management and Compliance.
2. The Committee will provide advice 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.
3. The Committee may make recommendations to the Council on the matters above, any matters within its remit or referred to it by the Council or any other Committee of Council on matters relating to the advice.
4. In order to provide advice and recommendations, the Committee will:
  - a) in respect of the Financial Statements:
    - Ensure the audited statutory financial statements and reports are in order and signed by the Chancellor, Vice Chancellor and Deputy Vice Chancellor, Services and Resources.
    - 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 audited statutory financial statements and reports.
      - Review the audited statutory financial statements and reports 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 audited statutory financial statements and reports is given by management.
  - b) in respect of 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.
  - c) in respect of 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 through the approval of the Internal Audit Charter\*;
    - Review the budget, staffing and skills of Internal Audit.
    - Monitor the Internal Audit operational plan and annual work schedule to ensure it covers key risks and that there is appropriate coordination with the external auditor and other management assurance providers.\*
    - Monitor progress against the approved annual work schedule and impact of limitation of scope, taking into account that it may change due to changes to the University risk profile and assurance requirements\*.
    - Review the findings and recommendations of Internal Audit and the management comments.
    - Review the implementation of Internal Audit recommendations including risks accepted by management of not implementing a recommendation.
    - Review the qualifications and independence of the external assessor, report, and action plan in response to the five-year quality assessment of internal audit.
    - The Chair will hold executive sessions with Internal Audit at least twice per year, if required.
  - d) in respect of 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.
    - Review the independence of the external auditor.
    - 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 agreed by management.
  - Ensure that there is no material overlap between the internal and external audit functions.
  - The Chair and an independent member will hold executive sessions with external audit at least twice per year, if required.
- e) in respect of 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; and
    - Risk Appetite Statement on an annual basis and Key Risk Indicators as per their reporting cycle.
  - Receive reports from management on the efficiency and effectiveness of risk management and associated internal compliance and control arrangements including risk registers.
  - Receive Information, Communication and Technology Risk and Cybersecurity Report.
  - Ensure the University's insurance strategy is appropriate for the risk profile and appetite expressed in the Risk Management Framework and Plan as approved by Council\*.
- f) in respect of 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.
- g) in respect of 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.
5. 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.
6. \*Council delegates to the Committee specific decision-making powers in respect of this duty or responsibility. Please refer to the [JCU Delegations Schedule](#) as amended from time to time.