

RISK MANAGEMENT and AUDIT ASSURANCE CHARTER

This Charter is established under the authority of the Council. It is distinct from the Audit Committee terms of reference and describes how the Office of Risk Management and Audit Assurance (RMAA) will operate in order to meet its role in the corporate governance of the University.

The charter establishes the purposes, authorities and responsibilities of the risk management and internal audit function (called the Office of Risk Management and Audit Assurance) so that it can provide an effective risk management and internal audit service to the University.

Framework of Responsibilities

The Vice-Chancellor and Senior University Managers are responsible for overall risk oversight through the:

- conduct of the corporate risk management process periodically;
- review of the operational risk management process results in the context of identified corporate risks;
- determination of broad plans for action; and
- reporting to Council through the Audit Committee.

Senior University Managers have delegated responsibility for risk management within their area and are responsible for identifying and reporting on risk issues as part of the budget planning and annual reporting cycle.

The Director Risk Management and Audit Assurance is responsible for:

- provision of on-going guidance to all levels of management in respect to the internal control framework, risk management processes and compliance issues;
- supporting the Vice-Chancellor and Senior University Managers in carrying out its risk management role.
- developing and implementing the internal audit work plan in response to the results of the risk management process; and
- performance of a periodic review of the risk management process.

1 . Purposes

The purposes of risk management and internal audit functions are best described by reference to definitions of the functions. For the purposes of this charter, Risk, Risk Management and Internal Audit are defined as follows:

a. Risk. A risk is the chance of something happening that will have an impact on objectives. It is measured in terms of consequences and likelihood.

b. Risk Management. Risk Management is the process by which the impediments to the University achieving its objectives at all levels, and seizing opportunities, are professionally managed by identification, analysis, assessment, treatment, monitoring and review.

c. Internal Auditing. Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to

evaluate and improve the effectiveness of risk management, compliance with systems of internal control, and governance processes.

2. Functions

The function of Risk Management & Audit Assurance is to conduct, for the Council, Vice Chancellor and University management internal audit reviews and risk management appraisals of the operations of the University, including all faculties, schools, institutes, administrative divisions and sections and its controlled entities.

Areas of focus are:

a. The accounting and financial management information and control systems and activities.

b. Such other operational and management information, control systems and activities as directed by the Council and Vice Chancellor to provide:

(1) Regular advice as to whether or not key controls are in place and are being observed and that public and other properties, moneys and resources are being safeguarded;

(2) Advice on the reliability or otherwise of management information;

(3) Management oriented appraisals and assessments of operations and activities;

(4) Independent advice to the Council, the Vice Chancellor and the Vice Chancellor's Executive and Management Team on action to improve operational efficiency and effectiveness; and

(5) Periodical reports on follow up action taken on previously reported audit recommendations and risk treatment plans.

3. Independence

The Director RMAA is an Executive position within the University and has independent status and for that purpose:

a. Reports functionally to the Audit Committee and administratively to the Executive Director Finance and Administration;

b. Has direct access to the Vice-Chancellor and has, in addition to any other internal reporting lines for that position, a direct reporting line to the Chair of Audit Committee as and when required in the course of carrying out the functions of that position;

c. Is expected to directly bring to the attention of the Chair of the Audit Committee or Chancellor all matters that warrant reporting in this manner;

d. Shall draw to the attention of the Vice-Chancellor and Audit Committee all matters that, in his or her opinion, warrant reporting in this manner; and

e. Shall assess risks, provide education and training to staff charged with developing risk treatment plans and furnish advice on incorporating adequate controls in new systems and

procedures. This will provide assurance to management that the new systems, policies, and procedures will contribute to the achievement of the university's objectives.

4. Authorities

The Council and specifically, the Audit Committee provide the authority for the conduct of internal audits and risk reviews.

The Office of RMAA has neither direct responsibility for nor authority over, any of the activities it reviews. Therefore, audit and risk reviews do not in any way relieve other persons in the University of responsibilities assigned to them. Management should not rely solely on the results of the periodic Internal Audit reviews in order to monitor adherence to established controls and achievement of business objectives.

The Office of RMAA shall:

- a.** Undertake audits and risk reviews in accord with plans approved by the Audit Committee on behalf of Council;
- b.** At all reasonable times, have full and free access to all relevant information, records and property of the University;
- c.** At all reasonable times, have discussions with relevant personnel and require them to provide information, advice, explanations, and any assistance necessary for audit and risk review purposes;
- d.** Conduct such further audits and reviews as the Council or Vice-Chancellor may, from time to time direct, and - subject to their approval - decide the nature and scope of such audits and risk reviews;

Where the Office of RMAA does not possess all the necessary skills or experience, additional internal or external resources may be used for approved areas of review.

- e.** Within the approved audit plan, allocate resources, set frequencies, select subjects, determine scope of work and apply techniques required to accomplish audit objectives;

5. Responsibilities

The Director RMAA will consult the Audit Committee, Vice-Chancellor's Executive, the Office of the Auditor-General and other relevant stakeholders to establish long and short term plans to execute the responsibilities of the risk management and audit assurance functions.

To that end the Director RMAA has absolute responsibility for:

- a.** Establishing policies for the Office of RMAA and the management of its administrative and technical functions;
- b.** Developing a three year strategic audit plan and flexible annual audit plan using an appropriate risk-based methodology taking into account the University's risk profile, including any risks or control concerns identified by management, and submit that plan to the Audit Committee for review and approval as well as periodic updates;

- c.** Implementing the annual audit plan, as approved, including as appropriate any special tasks or projects requested by the Vice Chancellor and the Audit Committee;
- d.** Maintaining a professional audit staff with sufficient knowledge, skills, experience and professional certifications to meet the requirements of this Charter, subject to available funding;
- e.** Ensuring that appropriate documentation (including workpapers) is maintained to support audit assurance and risk management observations and recommendations;
- f.** Issuing periodic reports to the Audit Committee and management summarising the results of audit activities;
- g.** Evaluating and assessing significant functions and new or changing services, systems, processes, operations and control processes coincident with their development, implementation and /or expansion.
- h.** Keeping the Audit Committee informed of emerging trends and successful practices in internal auditing and risk management;
- i.** Providing a list of significant measurement goals and results to Audit Committee;
- j.** Assisting in the investigation of significant suspected fraudulent activities within the University and notify management and the Committee of the results;
- k.** Considering the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage to the University at a reasonable overall cost.

Internal audit shall observe all expected courtesies, confidentiality and statutory obligations while carrying out their responsibilities, and shall perform their tasks in a manner that is professional, objective and impartial.

6. Activities

The Office of RMAA shall, as necessary, in the performance of its function:

- a.** Undertake regular periodic compliance testing of key controls over accounting and financial management information and control systems;
- b.** Determine whether the systems of internal control are adequate and functioning effectively and efficiently;
- c.** Ascertain the extent to which public and other property, money and resources under the control of the University are accounted for, used and safeguarded from losses of all kinds;
- d.** Assess the relevance, reliability and adequacy of management data;
- e.** Promote cost-effective risk management and control;
- f.** Assess the value obtained for moneys expended and evaluate alternative future expenditure;

- g.** Recommend changes in procedures and systems to improve efficiency ensure probity and prevent waste and extravagance;
- h.** Ascertain the extent of compliance with established policies, plans and procedures and determine whether they are effective in securing their intended purpose;
- i.** Advise on appropriate systems of control and other operational matters;
- j.** Carry out any special investigations, appraisals, inspections, certifications and examinations in areas having financial, operational or management impact;
- k.** Review management systems and operations to assess the adequacy of risk management and control over such activities to the extent that they assist in the achievement of University goals and objectives;
- l.** Draw attention to any failure to take prompt action in regard to reported recommendations;
- m.** Assess the effectiveness of risk management processes within Faculties, Schools, Service Centres and Offices;
- n.** Promote and evaluate effective risk management by:
 - (1) Assisting management to mitigate risk through the identification of and treatment of risks.
 - (2) Facilitating a synergy between the Office of RMAA and specialist risk management functions such as the insurance, legal and occupational health and safety sections in the Division of Finance and Administration; and
- o.** Participate in strategic steering committees to provide assurance and advice in respect of project management, risk identification and treatment and the achievement of the project objectives.

7. Risk Management and Audit Assurance Practice

The University's internal control framework covers all aspects of University operations and encapsulates:

- clearly defined and communicated objectives of internal control and a commitment to strong internal controls;
- a holistic approach to risk management that is a top down strategic risk assessment performed annually and a bottom-up operational risk assessment, with operational risks and mitigating actions reported quarterly;
- control activities and accountabilities which are exercised throughout the University at all levels and in all functions, in accordance with delegations of responsibility;
- identification, capture and communication of relevant information in a form and timeframe that enables people to carry out their responsibilities;
- the right attitudes, behavior and training to support effective control;
- appropriate policies and guidelines; and
- effective monitoring activities comprising ongoing monitoring, separate evaluations and reporting of deficiencies.

Contemporary best practice standards in internal audit, governance, compliance and risk management will be followed, for example, the Good Practice Guide prepared for the Higher Education Funding Council of England (HEFCE) by Price Waterhouse Coopers in February 2005.

Audit Assurance activities will be conducted in a manner consistent with the Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors, except that:

- a. External audit activities remain the prerogative of the Office of the Auditor General, or their agents;
- b. The Director RMAA will liaise with the Office of the Auditor General to reduce the duplication of audit activity.

Where applicable, the Office of RMAA will have regard for the standards and practice statements issued by Australian and international accounting and auditing organisations.

Risk Management projects will be conducted in accord with the Standards Australia Risk Management Standard, AS/NZS 4360:1999 - Risk Management.

Specific standards to be followed include:

- a. The Office of RMAA must be independent of the activities they audit and must maintain an independent outlook.
- b. Reporting must be timely, honest and objective.
- c. Reviews must be performed with proficiency and due professional care.
- d. Evidence supporting RMAA observations and recommendations must be sufficient, reliable, competent and appropriate to the review topic.
- e. Information that RMAA staff members gain in the course of their work is confidential and must not be used or conveyed for purposes outside the scope of approved responsibilities.
- f. The Director, RMAA shall maintain a quality assurance program to review RMAA operations in order to ensure that RMAA work complies with this charter.

8. Relationships

The Office of RMAA will:

- a. work with stakeholders, to the extent that this is compatible with the requirements of independence and objectivity, in a collaborative, pro-active and client-focussed manner;
- b. relate to professional organisations and bodies to keep abreast of advances in risk management and internal audit practices;
- c. maintain contact with other specialist parties within the University that are set up to assist line management;

- d. liaise with the University's external auditors to reduce duplication of audit effort; and
- e. maintain contact with risk management officers and internal auditors at other state, national and overseas organisations.

9. Accountability

The Director RMAA, as the chief audit executive, in the discharge of his/her functions, shall be accountable to the Vice-Chancellor and the Audit Committee to:

- Provide annually an assessment on the adequacy and effectiveness of the University's processes for controlling its activities and managing its risks in the areas outlined under the functions and activities, above.
- Report significant issues related to the processes for controlling the activities of the University and its controlled entities, including potential improvements to those processes and provide information concerning such issues through resolution;
- Periodically provide information on the status and results of the annual audit plan and the sufficiency of resources;

10. Reporting

The Director, RMAA will provide quarterly reports to Audit Committee on Internal Audit activity undertaken in the last quarter and an annual report of the activities of the RMAA Office against key performance indicators agreed with the Executive Director Finance and Administration. The report will include performance against budget and demonstrate how the office has added value to the operation of the University.

Council
June 2006

Amended August 2007 to reflect review by Auditor General