



# Audit and Risk Committee Terms of Reference

**Address:** Level 4, 303 Collins Street Melbourne VIC 3000

**Phone:** +61 3 8648 6610 | **Email:** [admin@lyons.edu.au](mailto:admin@lyons.edu.au)

**Website:** [www.lyons.edu.au](http://www.lyons.edu.au) | **CRICOS Provider No:** 03578M | **RTO Code:** 21986



# Terms of Reference

## 1. Preamble

The Audit and Risk Committee (ARC) has been constituted under the authority of the Board of Directors. The ARC is responsible for providing advice to the Board on effective risk identification, finance and risk management.

## 2. Purpose

The purpose of the Audit and Risk Committee is to:

- 2.1. Oversee the financial reporting process to ensure the balance, transparency and integrity of published financial information;
- 2.2. Review the College's financial control and risk management systems;
- 2.3. Review the College's annual financials;
- 2.4. Review effectiveness and efficiency of the audit functions;
- 2.5. Consider how Management ensures the security and integrity of its computer systems and applications;
- 2.6. Monitor the College's process for compliance with laws and regulations; and
- 2.7. Make appropriate recommendations to the Board of Directors.

## 3. Duties and Responsibilities

The duties and responsibilities of the ARC include:

### 3.1. Maintenance of effective and efficient audit functions:

- 3.1.1. Review and monitor the internal audit plan;
- 3.1.2. Receive and consider all completed audit reports;
- 3.1.3. Monitor actions taken by management to address issues raised;
- 3.1.4. Monitor whether accepted recommendations are adopted and addressed by management in a timely manner; and
- 3.1.5. Provide advice to the Board of Directors on action taken by Management in response to issues raised.

### 3.2. Effective Risk Management:

- 3.2.1. To review and assess the adequacy and compliance of the College's policies and procedures for identifying, assessing and managing risks (financial, legal, ethical, safety, reputational, or other). Risk is defined as any circumstance that may prevent the College from achieving its objectives;

- 3.2.2. To review half yearly, the effectiveness of the College’s management of high risks in its risk register;
- 3.2.3. To review annually the College’s strategic risk management plan and report to Board of Directors; and
- 3.2.4. To receive from Management reports on all suspected and actual frauds, thefts and breeches of laws, and any other significant breaches of policy.

**3.3. Oversight of financial management practices:**

- 3.3.1. To oversee the financial reporting process to ensure the balance, transparency and integrity of published financial information;
- 3.3.2. To review the College’s financial control and risk management systems; and
- 3.3.3. To review the College’s annual financial reports.

**3.4. Monitor the College’s compliance with laws and regulations:**

- 3.4.1. Review the systems and processes to monitor their effectiveness for monitoring compliance with legislative requirements and the reporting and handling of instances of non-compliance.

**3.5. Make appropriate recommendations to the Board of Directors.**

## 4. Composition and Membership

The ARC is appointed by Board of Directors.

### 4.1. Members

Member	Basis of Appointment	Duration of Appointment
Chair	Non-executive Board member appointed by Board of Directors	2 years
General members (2)	Appointed by Board of Directors	2 years
Secretary	Appointed by CEO	Duration of appointment

Apart from the Secretary, members may be nominated to serve additional terms, but may not serve more than three consecutive terms. At least one member (or the Chair) must have appropriate financial qualifications.

Further members can be co-opted as required.

### Chair

The Chair of the ARC will direct and lead the ARC during meetings. The Chair will ensure that meetings are conducted in an orderly and proper fashion, and that they at all times reflect the values and vision of the College. The Chair is also responsible for:

- Liaising with the Secretary to produce meeting minutes, agendas and notes

- Ensuring that meetings are run in an orderly and efficient manner
- Providing members of the ARC with feedback on their decisions and behaviour
- Put questions and amendments to vote and report the result of the vote
- Engage with and consult Management and ARC about policy matters

## **Deputy Chair**

The Deputy Chair will take over the responsibilities of the Chair when the Chair is absent from a meeting and will be appointed at or prior to the meeting by the members.

## **Secretary**

The Secretary of the ARC is responsible for the administrative duties of the ARC. This will include taking and sending meeting minutes, creating meeting notes and agendas, giving notice for meetings, and handling and formalising policy and planning documents. The Secretary is also responsible for disseminating the motions and decisions of the ARC to the relevant parties and communicating with them when necessary.

## **4.2. Conditions of Membership**

The following conditions must be followed by members of the ARC. Failure to observe these conditions may result in dismissal from the ARC as outlined below in *5.4 Dismissal from the ARC*. Members of the ARC must at all times:

- 4.2.1. Make themselves available for at least three of the four regular meetings of the ARC in a year. Members cannot send a proxy to a meeting;
- 4.2.2. Positively reflect the image of the College;
- 4.2.3. Abide by the conditions described in *4.3 Conflict of Interest* below;
- 4.2.4. Engage constructively and civilly in ARC discussions;
- 4.2.5. Give appropriate notice of their intention to attend meetings and attend scheduled meetings promptly; and
- 4.2.6. Perform their role effectively. Each member will need to develop and maintain their skills and knowledge, including an understanding of the Committee's responsibilities and the College business, operations and risk.

## **4.3. Conflict of Interest**

Members of the ARC are required to declare any conflicts they might have. This might include being employed by an external entity, holding shares in a company, or anything else that would make them a personal stakeholder. If a member has a significant conflict of interest, this may prevent them from being on the ARC.

Where a smaller conflict of interest exists, the member may be restricted from voting on certain issues. If a member of the ARC has evidence to suspect another member of the ARC has a conflict of interest, they should notify the Chair who then becomes responsible for investigating the issue. Where a member of the ARC has a conflict of interest that they have not declared, they may be removed from the ARC.

## **5. Procedures**

### **5.1. Meetings**

The Chair of the ARC is responsible for organising the ARC's meetings. This includes finding an appropriate location to meet and a date and time that is suitable for the majority of members. The Chair will also create an agenda for the ARC's meetings. This agenda will cover the topics to be discussed and will include time for open discussion where members can raise issues that have not been covered.

Once the meeting commences, the Chair is responsible for ensuring the discussion follows the agenda, and that the discussion is conducted in a rational and constructive manner.

There will be four meetings a year. More meetings can be held on an as required basis.

### **5.2. Quorum**

This committee operates in an advisory capacity therefore two or more members will be considered quorate.

### **5.3. Minutes**

The Secretary of the ARC is responsible for compiling the minutes. The Secretary is also responsible for the timely distribution of the minutes, which will be distributed to the sitting ARC members for approval. The approved ARC minutes will be distributed to the Board.

### **5.4. Dismissal from the ARC**

Failure to abide by the conditions of membership may result in dismissal from the ARC.

To dismiss a person from the ARC, a member of the ARC must introduce a No Confidence Motion which will then be voted upon. A No Confidence Motion can be raised against a Chair or Secretary of the ARC as well as all other standing members.

## 5.5. Motions

Any member of the ARC may introduce a motion to be voted on. The Chair will decide the most appropriate means of voting (show of hands or secret ballot). If a majority of the ARC votes in favour of the motion, the motion is considered to have passed.

## 6. Review of the ARC Terms of Reference

The ARC will review this document at least every three years. This is to ensure alignment with Board of Director’s directives.

Version Control and Change History					
Version	Approval Date	Approved by	Amendment	Created by	Review Date
V0.1			Document creation		
V1.0			Draft version tabled at Board of Directors meeting 4 April 2017		
V1.1			Updated based on Dr. Irene Irvine feedback		
V2.0	12 May 2017	ARC	Updated based on ARC meeting 12 May 2017	Michelle Lac	One year from date of approval or as required
V2.1			Amendments to formatting. ARC review TOR every three years.	Rukesh Sadhai	