



# Finance, Risk and Audit Committee Terms of Reference

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# **Finance, Risk and Audit Committee**

## **Terms of Reference**

### **1. Preamble**

The Finance, Risk and Audit Committee (FRAC) has been constituted under the authority of the Board of Directors. The FRAC is responsible for providing advice to the Board on finance, risk and audit functions.

### **2. Purpose**

- 3.** The purpose of the Finance, Risk and Audit Committee is to provide assistance to the Board in fulfilling its responsibilities in relation to Lyon's College's risk, control and compliance framework, financial statement responsibilities and financial management framework.

### **4. Responsibilities**

**The duties and responsibilities of the FRAC include:**

#### **4.1. Maintenance of effective and efficient audit functions:**

- 4.1.1. Review and monitor the internal audit plan
- 4.1.2. Receive and consider all completed financial audit reports;
- 4.1.3. Monitor actions taken by management to address issues raised;
- 4.1.4. Monitor whether accepted recommendations are adopted and addressed by management in a timely manner; and
- 4.1.5. Provide advice to the Board of Directors on action taken by Management in response to issues raised.

#### **4.2. Oversight of financial management practices:**

- 4.2.1. To oversee the financial reporting process to ensure the balance, transparency and integrity of published financial information;
- 4.2.2. To review the College's financial control systems; and
- 4.2.3. To review the College's annual financial reports.

#### **4.3. Monitor the College's compliance with laws and regulations:**

- 4.3.1. Review the systems and processes to monitor their effectiveness for monitoring compliance with legislative requirements in respect of finance and audit and the reporting and handling of instances of non-compliance

#### **4.4. Risk Management**

- 4.4.1. Review and advise on the development and implementation of an appropriate Risk Management Framework (RMF) that will provide guidance to the Board and Executive in implementing appropriate risk management practices throughout Lyons College;
  - 4.4.2. ensure the Executive have documented the necessary controls and processes to enable the effectiveness of the RMF, philosophy and strategies applicable to Lyons College;
  - 4.4.3. Review the Executive communication's of the Lyon's College risk management philosophy, framework and strategies to Lyon's staff and other interested stakeholders;
  - 4.4.4. to provide oversight of Lyons College performance against the Higher Educations Standards 2021, the National Code 2018 and RTO Standards 2015 and provide advice on corrective action required
  - 4.4.5. oversight of adherence to the RMF to ensure sound risk management;
  - 4.4.6. review matters of significance affecting the risk profile of Lyons College;
  - 4.4.7. oversight that the Board and Executive establish a risk aware culture which reflects Lyon's risk framework and philosophies;
  - 4.4.8. periodically review the RMF, philosophy, strategies and systems applicable to Lyons;
  - 4.4.9. review Risk Assurance Audit Reports;
- oversight that the Executive provide advice to the Committee on emerging risks; and

4.5. Make appropriate recommendations to the Board of Directors.

## 5. Composition and Membership

The FRAC is appointed by Board of Directors.

### 5.1. Members

The membership of the Committee shall comprise the following persons. There shall be a minimum of three members and a maximum of six members.

Member	Basis of Appointment	Duration of Appointment
Committee Chair	Non-executive Board member or Independent member appointed by Board of Directors	2 years
Maximum two co-opted members outside the Board	Appointed by Board of Directors	2 years
The Lyons Board Chair	Ex-officio	Duration of appointment

Apart from the ex-officio members, FRAC 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.

### **Chair**

The Chair of the FRAC will direct and lead the Committee 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 FRAC 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 FRAC about policy matters

### **Secretary**

The Secretary of the FRAC is responsible for the administrative duties of the FRAC. 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 FRAC to the relevant parties and communicating with them when necessary.

## **5.2. Conditions of Membership**

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

- 5.2.1. Make themselves available for at least one of the two regular meetings of the FRAC in a year. Members cannot send a proxy to a meeting;
- 5.2.2. Positively reflect the image of the College;
- 5.2.3. Abide by the conditions described in 4.3 *Conflict of Interest* below;
- 5.2.4. Engage constructively and civilly in FRAC discussions;
- 5.2.5. Give appropriate notice of their intention to attend meetings and attend scheduled meetings promptly; and
- 5.2.6. 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 and operations.

### **5.3. Conflict of Interest**

Members of the FRAC 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 FRAC.

Where a smaller conflict of interest exists, the member may be restricted from voting on certain issues. Where a member of the FRAC has a conflict of interest that they have not declared, they may be removed from the FRAC.

## **6. Procedures**

### **6.1. Meetings**

The Chair of the FRAC is responsible for organising the FRAC 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 FRAC'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 at least two meetings a year. More meetings can be held on an as required basis.

### **6.2. Quorum**

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

### **6.3. Minutes**

The Secretary of the FRAC 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 FRAC members for approval. The approved FRAC minutes will be distributed to the Board.

### **6.4. Dismissal from the FRAC**

Members of the committee shall be removed by resolution of the Board.

### **6.5. Motions**

Any member of the FRAC 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 FRAC votes in favour of the motion, the motion is considered to have passed.

## 7. Review of the FRAC Terms of Reference

The FRAC 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.		
V2.2			Amendments to create a separate Risk Committee		
211221	21 December 2021	Board	Change 4.1, remove secretary as member, reduce number of meetings, appointment/dismissal by Board	Ben Saporta	December 2022
230508	May 2023	Board	Merge Finance and Audit Committee and Risk Committee	Ben Saporta	December 2024
250624	24 June 2025	Board	Review Tor as part of regular review cycle		December 2026
251030	30 October 2026	Board	Chair can be independent member or Non-executive Board member	Ben Saporta	December 2026