

Audit, Finance and Risk Committee Charter

The independent Audit, Finance and Risk Committee delivers a key function of good corporate governance and assists Council in discharging its responsibilities. It provides Council with independent advice and assurance on the University's financial management and reporting, performance reporting and risk oversight. In line with corporate governance best practice and legislative requirements, no current member of staff may be a member of this Committee.

Introduction

1. The Australian National University (ANU) Council has established the Audit, Finance and Risk Committee (the Committee) in compliance with section 45 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), section 17 of the *Public Governance and Accountability Rule 2014* (PGPA Rule) and section 18 of the *Australian National University Act 1991*.
2. This Charter sets out the Committee's authority, composition and tenure, roles and responsibilities, reporting and administrative arrangements.

Objective

3. The objective of the Committee is to monitor and provide advice to Council on the University's management of its financial resources, subsidiaries, significant equity interests and other commercial activities, as well as the appropriateness of the University's annual financial reporting, audit, performance reporting, system of risk oversight, internal controls and general compliance with policy, applicable laws and regulations, consistent with the University's pursuit of excellence in all aspects of its work.

Authority

4. The Council authorises the Committee, within the scope of its role and responsibilities, to:
 - obtain any information it needs from any employee and/or external party (subject to their legal obligation to protect information);
 - discuss any matters with the University's external auditors, or other external parties (subject to confidentiality considerations);
 - request the attendance of any ANU employee, officer of a controlled entity, or Council member at Committee meetings; and
 - obtain external legal or other professional advice, as considered necessary to

meet its responsibilities, at the University's expense.

Composition and Tenure

5. The Committee shall consist of:

- a Chair, appointed by the Council, who may be a member of the Council, but not the Chancellor, nor a student or employee of the University;
- ex officio, the Chair, Investment Committee;
- at least one and up to two members of Council, appointed by the Council, who may not be a student or an employee of the University; and
- at least three and up to five independent members, appointed by the Council, who are neither members of Council, students or employees of the University.

6. The Committee may appoint a Deputy Chair from amongst its members.

7. The members, taken collectively, will have appropriate qualifications, knowledge, skills or experience to assist the Committee to perform its functions. This will include financial, audit and risk management expertise. At least four members of the Committee should have a high level of relevant financial and/or commercial expertise, with at least one member having accounting or related financial management experience with an understanding of accounting and auditing standards in a public sector environment.

8. Council members shall be appointed until their term on Council expires or as otherwise determined by Council.

9. Independent members shall be appointed for up to three years and are eligible for re-appointment.

10. The Council will have regard to a balanced membership, including with respect to the diversity of the Australian community and the University, and the need for both continuity and regular renewal, in filling positions on the Committee.

11. Council members may attend Committee meetings, and when they elect to do so, will be provided with access to Committee papers.

Roles and Responsibilities

12. The Committee exercises such functions, responsibilities and authorities as may be assigned or delegated to it by Council from time to time, but only such executive powers as are explicitly delegated to it.

13. The Committee's responsibilities, subject to revision by Council, are to monitor, review and, where appropriate, provide advice to Council with respect to the University's:

- financial management and reporting;
- performance reporting;
- system of risk oversight and management; and
- system of internal control.

Financial management and reporting

14. The Committee will review and advise Council with respect to:

- significant matters relating to the ownership, management and divestment of assets, noting that there may be a need for interaction with or referral to other Committees of Council such as the Campus Planning Committee or the Investment Committee;
- the creation of cash reserves and financial provisioning and management of employee superannuation, other entitlements and liabilities, insurance, and other financial matters;
- the adoption of the University's annual (recurrent and capital expenditure) budget;
- the University's forward estimate projections and any implications arising for the University's budgetary position;
- the University's financial performance against budget and the performance against plans for capital expenditure on physical assets;
- the University's performance against its strategic key performance indicators, to the extent that such performance has a financial consequence for the University;
- matters relating to the University's commercial activities, including:
 - the establishment of new legal entities or participation in significant commercial activities, including monitoring whether appropriate assessments and measures have been completed;
 - the management and operation of controlled entities, auxiliary operations, other commercial activities and any other equity interests of the University;
 - monitoring financial performance of these entities and activities, after receiving quarterly and annual reports, business plans, financial statements and auditors' reports; and
 - reporting annually to Council on the performance, and any issues of concern or significance, in relation to controlled entities, auxiliary operations, and other commercial activities.

- matters of policy concerning the governance of financial and commercial matters;

- the compliance of the University's annual audited financial statements and related management representations with the PGPA Act, the PGPA Rules, Accounting Standards and supporting guidelines including endorsing the signing of the statements; and
- whether financial reporting as a whole is appropriate, with reference to any specific areas of concern or suggestions for improvement; and
- other matters raised by the Council or the Vice-Chancellor which have a significant direct or indirect effect on the finances of the University.

Performance reporting

15. In providing advice on the appropriateness of the University's performance reporting, the Committee will review the systems and procedures for developing, measuring, and reporting the achievement of the University's performance, including that:
 - the Corporate Plan includes detail about the manner in which the University's performance will be measured and assessed;
 - the University's approach to measuring its performance throughout the financial year against the performance measures (as presented in Corporate Plan) is sound, and has taken into account guidance issued by the Department of Finance;
 - the University has sound processes in place for the preparation of its Annual Performance Statement and its inclusion in the Annual Report; and
 - the University has in place processes to provide assurance that the proposed Annual Performance Statement is consistent with the University's financial information, including its financial statements that it proposes to include in its Annual Report.
16. The Committee will also provide a statement to Council of the Committee's view in relation to the appropriateness of the University's annual performance statements, and the performance reporting as a whole including compliance with the PGPA Act and Rule. The statement may also refer to any specific areas of concern or suggestions for improvement.

System of Risk Oversight and Management

17. The Committee will review and advise Council on the appropriateness of the University's:
 - enterprise risk management framework and associated processes for effective identification and management of the University's strategic, operational, regulatory and financial risks, including fraud risks and those associated with individual projects, program implementation and activities;
 - approach to managing the University's key risks, including those associated with the governance of individual large capital projects and programs as well as in their

management and implementation;

- system of risk oversight and management as a whole and any specific areas of concerns or suggestions for improvement;
- business continuity planning arrangements, including whether business continuity and disaster recovery plans have been periodically updated and tested; and
- approach to maintaining oversight of risk related issues regarding University security including those of a physical, digital or cyber nature.

System of Internal Control

18. The Committee will review and advise Council on the appropriateness of the University's:

- overall control environment, as reflected in its governance, risk management and compliance arrangements;
- proposed internal audit coverage, the extent to which that coverage takes into account the University's key risks and endorsing for Council approval the annual Internal Audit Work Plan (IAWP); and
- legislative and policy compliance, including reviewing the effectiveness of systems for monitoring the University's compliance with laws, regulations and associated government policies with which the University must comply and determining whether the University has adequately considered legal and compliance risks as part of the University's enterprise risk management framework, fraud control framework and planning.

19. The Committee will also report to Council on the matters of significance as raised in the internal and external audit reports.

Engagement with the Australian National Audit Office (ANAO)

20. The Committee will engage with the ANAO, as the University's external auditor, in relation to the ANAO's financial statement and performance audit coverage. In particular, the Committee will:

- provide input on planned ANAO financial statement and performance audit coverage;
- monitor management's responses to all ANAO financial statement management letters and performance audit reports, including the implementation of audit recommendations;
- provide advice to Council on significant issues raised in relevant ANAO reports;
- monitor the audit and assurance activities of the ANAO to identify areas, issues or trends which may be relevant to the functions and operations of the University; and

- meet privately with the ANAO at least once per year.

Responsibilities of Members

21. Members of the Committee are expected to understand and observe the legal requirements of the Australian National University Act 1991 and the Public Governance, Performance and Accountability Act 2013.
22. Members are also expected to:
 - act always in the best interests of the University as a whole, with this obligation to be observed in priority to any duty a member may owe to those electing or appointing them;
 - act in good faith, honestly and for a proper purpose;
 - exercise appropriate care and diligence;
 - not improperly use their position to gain an advantage for themselves or someone else; and
 - disclose and avoid conflicts of interest (with appropriate procedures for that purpose similar to those for public companies)¹.

Reporting

23. The Committee will regularly, but at least once a year, report to the Council on its operation and activities during the year. The report should include:
 - a summary of the work it performed to fully discharge its responsibilities during the preceding year;
 - a summary of the University's progress in addressing the findings and recommendations made in internal and external reports;
 - an overall assessment of the appropriateness of the University's risk, control and compliance framework, including details of any significant emerging risks or legislative changes impacting the ANU; and
 - details of meetings, including the number of meetings held during the relevant period, and the number of meetings each member attended.
24. Where the Committee identifies exposure (or potential exposure) to material financial, commercial or reputational risk to the University, arising from its own operations or that of any controlled entity, auxiliary operation, or other commercial activity of the University, the Council is to be notified of the matter. If necessary, such matters should also be referred (including by informal means, during the meeting agenda preparation phase) to the relevant Council Committee to enable consistency of oversight and to allow such matters to be considered by those with relevant expertise to support the development of

¹ As outlined in the Voluntary Code of Best Practice for the Governance of Australian Universities (2018)
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advice to Council and the Vice-Chancellor.

25. The Committee may, at any time, report to the Council any other matter it deems of sufficient importance to do so. In addition, at any time an individual Committee member may request a meeting with the Chair of the Council (Chancellor).

Administrative Arrangements

Meetings and Planning

26. The Committee will meet at least four times per year with six meetings in a standard year. One of those meetings must consider the University's annual financial statements.
27. The Chair is required to call a meeting if asked to do so by the Council and decide if a meeting is required if requested by another Committee member, internal audit or the ANAO.
28. A forward meeting plan, including meeting dates, location and key agenda items, will be agreed by the Committee each year. The forward meeting plan will cover all of its responsibilities, as detailed in this Charter.
29. If the Chair is not a Council member, they will be invited to formally attend at least one Council meeting per year.
30. The Chair will be regularly updated on audit and risk management activities and emerging issues by the Chief Risk Officer.

Attendance at Meetings and Quorums

31. A quorum will consist of 50 per cent of Committee members (rounded up to the nearest whole number) who hold office for the time being.
32. Meetings can be held in person or by digital means.
33. Members of the University Executive, Senior Management, other relevant support staff and representatives of the ANAO may, subject to Committee direction, attend or be required to attend meetings and contribute to Committee deliberations.
34. The Chair of the Committee may request any other ANU employee and/or external party to attend Committee meetings or participate in certain agenda items.
35. External Audit and Internal Audit are to be afforded the opportunity of meeting privately with Committee members only as required.
36. The Chancellor may be invited to attend Committee meetings to participate in specific discussions or provide strategic briefings to the Committee.

Secretariat

37. The University Governance Office (UGO) will provide secretariat support to the

Committee. UGO will ensure the agenda for each meeting and supporting papers are circulated, at least 7 days before the meeting. Copies of the agenda and supporting papers (and access to meetings), will be made available to Council members as requested.

38. The Finance and Business Services Division shall be responsible for the development and preparation of reports and other papers on financial and commercial matters to be presented to the Committee. Such reports and papers will be submitted to the UGO for inclusion in the agenda papers.
39. The University Risk Office (URO) shall be responsible for the development and preparation of reports and other papers on audit and risk management matters to be presented to the Committee. Such reports and papers will be submitted to the UGO for inclusion in the agenda papers.
40. In supporting the preparation of agenda papers, UGO will provide procedural and contextual advice and drafting support, especially in respect of recommendations being presented to the Committee and Council.
41. UGO will ensure the minutes of the meetings are prepared and maintained. Minutes shall be authorised by the Chair prior to approval being sought from the Committee at the next meeting.

Conflicts of Interest

42. Upon joining the Committee and then once a year thereafter, Committee members will provide written declarations to the Council declaring any material personal interests that could preclude them from being members of the Committee. External members will be asked to consider past employment, consultancy arrangements and related party issues in making these declarations. Council will need to be satisfied that there are sufficient processes in place to manage any real, perceived or potential conflict of interest.
43. Committee members shall declare any material personal interests at the start of each meeting or before discussion of the relevant agenda item or topic. Details of material personal interests declared by Committee members, and actions taken, shall be appropriately recorded in the minutes.

Induction

44. UGO will maintain a program of induction, training and awareness-raising for Committee members, with the objective of enabling the Committee to keep abreast of contemporary developments and leading practice to assist Members to discharge their committee responsibilities. The Finance and Business Services Division and URO will assist UGO in this task, as required.

Assessment and Review

45. The Chair of the Committee will initiate annually a combined review of the performance of the Committee and this charter, as well as internal audit activity, with the outcomes to be reported to Council. The review of performance may be conducted on a self-assessment basis unless otherwise determined by the Council.

Approved by resolution of the ANU Council on 30 May 2025