



Policy Document Administrator	Director of Finance
Policy Document Approver	The Council
Responsible Body/Person	The Council
Next Review date	October 2026
Superseded documents	N/A
Related documents	<i>Corporate Governance Policy</i> <i>FRAC Workplan</i>
Related HE Standards	6.1.3, 6.2
Related National Code Standards	N/A

1. PURPOSE

This document outlines the terms of reference for the Finance, Risk, Audit and Compliance Committee.

2. DEFINITIONS

Definitions for any words in **Bold** in this document can be found in the [Policy Glossary](#). The first instance of each defined term has been outlined in **bold**.

3. SCOPE

This policy covers the Finance, Risk, Audit and Compliance Committee, its Members and all **AUT staff** involved in the work of the Committee.

4. POLICY STATEMENT

The **AUT** is committed to the highest standards of governance, which is viewed as fundamental to the sustainability of the organisation. The Finance, Risk, Audit and Compliance Committee is established as a committee of the **Council** to assist in maintaining these standards of governance, and in the process ensuring compliance with external regulatory requirements and uphold the University's Christian foundation.

5. POLICY APPLICATION

5.1 Objectives of the Committee

- 5.1.1 The Committee is a committee of the Council. The Committee is to assist the Council to discharge its corporate governance responsibilities, to exercise due care, diligence and skill in relation to the oversight of financial, audit, risk management and compliance, and to monitor the financial health and viability of **Affiliated Colleges**.

5.2 Duties and Responsibilities

- 5.2.1 The Committee has no executive powers in relation to the operations of the UNIVERSITY. The primary responsibility for financial and other reporting, internal control, risk management and compliance with legislation, regulations and ethical standards rests with the University Vice-Chancellor.
- 5.2.2 The Committee is responsible for providing the Council with advice and guidance on the following:

Financial performance and reporting:

Providing independent advice, oversight and assurance on matters that could significantly impact the financial condition or affairs of the University and the appropriateness of the University's accountability and control framework in order to enhance the quality and consistency of financial information provided to the Council including:

- (1) review the majority of financial information presented to the Council and provide recommendations to the Council on its findings.
- (2) consider the effects on the University of any new or proposed accounting policies and practices, principles, developments, disclosures, requirements and legislative or regulatory announcements.
- (3) advise the Council on necessary financial delegations and review these as required.
- (4) monitor the University's financial performance and
- (5) review the University's investment performance quarterly, recommending to the Council any changes to the investment policy where warranted, and perform a review the investment policy every three (3) years.
- (6) advise the Council on any matters concerning the finances of the University including tuition and administration fees, the annual operating and capital budgets, the raising of funds and its rolling business plan.
- (7) review the annual reports of Affiliated Colleges, noting any apparent breach of the Financial and Non-Financial Alert Protocols and action taken.
- (8) receive and consider, before approval is granted to each institution seeking to become an Affiliated College, a submission from said institution detailing the financial resources in place to deliver the course.
- (9) receive and consider the business plans submitted by Affiliated Colleges seeking approval for major change applications that are considered "major" from the finance perspective.
- (10) review annually the status of the Sustainability Fund, Development Fund and Accreditation Fund effective at 31 December in each year and report on the adequacy and appropriateness of the Funds and recommend any remedial action proposed.

External and Internal Audit

Exercising oversight over the scope and performance of internal and external audits of the University including;

- (11) review and approve the external audit plan for the current financial year.
- (12) review the performance of the external auditor in the prior financial year.
- (13) appoint the external auditor for the coming financial year in accordance with any delegation of authority by the Council, or recommend to the Council the name of the external auditor to be appointed for the coming financial year.
- (14) consider any reports presented by the external auditor, including in particular any concerns raised on management controls and procedures, or accounting and other practices.
- (15) review the effectiveness of the University's monitoring of its activities and outcomes, including progress in addressing any remedial action or problem areas identified from previous audit activity.
- (16) review and approve any changes in controls or procedures recommended by management and approve the internal audit plan (if any) for the current financial year.

Risk

Reviewing the University's risk management strategy and Risk Management Framework to ensure their continued application and relevance including;

- (17) review management's assessment of the adequacy, currency and effectiveness of policies, processes and systems for managing risk and recommend any necessary changes including for:
 - Risk registers, coverage and assessment,
 - Internal controls and management procedures
 - Identifying, monitoring and managing compliance with relevant compliance obligations
 - Adequacy of IT governance framework and control systems
 - Managing actual, suspected or alleged fraud or corruption
 - Emerging and material risks including mitigation of such risks.
- (18) review annually the University's insurance cover to ensure it meets the University's needs and aligns with University's risk appetite and profile
- (19) review every two (2) years and approve the University's business continuity plan, disaster recovery plan and cybersecurity plan.

Compliance:

Reviewing the University's Compliance Framework to ensure effectiveness and adequacy of process for reporting and responding to breaches and complaints, and monitor compliance with internal policies and external legislative and regulatory requirements, (excluding academic compliance which is delegated by the Council to the Academic Board), including with;

- (20) the Tax Act, the Corporations Act and ACNC requirements.
- (21) registration requirements under the TEQSA Act and related guidelines and the HESA

2003 specifically to finances and risk management.

(22) Workplace Health & Safety standards.

(23) relevant (employment) Modern Awards.

Other matters

Undertaking any other delegation made to it by the Council.

5.3 Membership and Meetings:

5.3.1 The Council will appoint the Committee comprising:

- (a) the Chair of the Committee with relevant expertise appointed from among the members of the Council, noting that this requirement will be suspended for a period expiring at the 2027 AGM,
- (b) up to 2 other members of the Council, or up to 3 members of the Council where the Chair of the Committee is not a member of Council, with relevant expertise (excepting the Chancellor), and
- (c) up to 2 persons external to the AUT Office and the Council with expertise in finance, accounting and/or risk management.

5.3.2 Each member of the Committee is expected to have an understanding of its detailed responsibilities and of the operations and related risks of the University and its Affiliated Colleges.

5.3.3 The external auditor and investment portfolio manager will be invited to attend Committee meetings, and may request other meetings with the Committee as considered appropriate.

5.3.4 Frequency of meetings:

At least once each quarter, one to consider the Annual Report of the University including the audited Financial Statements and report of the external auditor (usually March).

5.3.5 Workplan for meetings:

The Committee annually reviews and approves its workplan for the coming year (usually in October). The Workplan should enable the Committee to discharge its duties and responsibilities under these Terms of Reference.

5.3.6 Quorum:

A quorum of the Committee is a majority of members of the Committee.

5.3.7 Secretary (non-member):

The Secretary of the Committee is the Director of Finance.

The Secretary will provide the Committee with papers relevant to agenda items determined in consultation with the Chair, at least 5 working days prior to each meeting.

The Secretary will attend all meetings and ensure that a record of meetings is maintained and, after approval by the Chair, is circulated promptly to other members.

5.3.7 Vice-Chancellor (non-member)

The Vice-Chancellor or their representative will attend all meetings and report on all matters to be reviewed by the Committee.

5.3.8 Reporting

The Chair of the Committee will report to the Council after each meeting of the Committee. The report must cover the findings and recommendations of the Committee.

Copies of the approved minutes of each Committee meeting are to be included in the papers of the next meeting of the Council.

5.4 Right to access and information:

5.4.1 The Council authorises the Committee, within the scope of its responsibilities, to:

- a. seek any information it requires from:
 - i. the **VC** (in the ordinary course) on matters internal to the University and (where required and through the VC) any person working for the University (and all AUT Staff are directed to co-operate with any request made by the Committee), and
 - ii. external parties
- b. obtain outside finance, accounting, risk management, legal or other professional advice, subject to the appropriate delegations,
- c. request (through the VC) the attendance of AUT Staff at meetings for discussions relevant to their respective areas of expertise or responsibility, as appropriate.

5.5 Review

5.5.1 The Committee will evaluate its own performance and effectiveness against its objectives at least every other year, and report its assessment to the Council.

5.5.2 The review process will include a review of these Terms of Reference and the recommendation of any proposed changes.

6. RELATED LEGISLATION

Australian Charities and Not-for-profits Commission Act 2012

Corporations Act 2001

Higher Education Standards Framework (Threshold Standards) 2021

7. VERSION HISTORY

Version	Approved by	Approval Date	Effective Date	Changes made
1	Board of Directors	October 2008	October 2008	New document
2	Board of Directors	December 2009	December 2009	nda
3	Board of Directors	August 2012	August 2012	nda
4	Board of Directors	November 2012	November 2012	nda
5	Board of Directors	25 March 2013	25 March 2013	FRAC (formerly A&RMC) review of affiliated college annual reports to include financial and non-financial. Reflect other current practice. Exclude Board Chair from being a FRAC member.

				Include CEO as non-member. Investment portfolio manager required to attend Committee meetings.
6	Board of Directors	17 March 2014	17 March 2014	Increase number of members by one person who may be an external member.
7	Board of Directors	26 August 2014	26 August 2014	Address issues on quorum.
8	Board of Directors	5 December 2016	5 December 2016	Clarify role of management with CEO taking more active role on reporting issues. Meetings reduced from 5 to 4.
8	Board of Directors	August 2018	August 2018	Change definition of quorum to majority of members.
10	Board of Directors	9 November 2020	9 November 2020	More coherent order and framework of the Terms of Reference (TOR). Change Committee name to FRAC. Separate FRAC Workplan from the FRAC TOR - FRAC TOR is for Board approval; FRAC approves Workplan. Responsibility for academic compliance delegated to Academic Board. Limits to delegated authority of FRAC.
11	Board of Directors	14 November 2022	14 November 2022	Remove reference to General Synod. Annual report of affiliated colleges to include financial and non-financial. Committee membership increased to 5 from 4. Circulate FRAC materials 5 working days before the Committee meeting.
12	Board of Directors	19 August 2023	19 August 2023	Rewording of clause 1.3 (12) to align with the Financial Delegations of Authority – FRAC can appoint or recommend to the Board the appointment of external auditor
13	Board of Directors	13 November 2023	13 November 2023	Quarterly review of investment performance; review and approve Business Continuity Plan, Disaster Recovery Plan and Cybersecurity plan every two years.
14	Board of Directors	11 November 2024	11 November 2024	Reformatted policy using the standard ACT policy template. Minor editorial changes. Change in review period of ACT Investment Policy from 2 to 3 years.
15	Council	31 March 2025	31 March 2025	Suspend requirement for FRAC Chair to be a Director for a period expiring at the 2027 AGM.
	Vice-Chancellor	31 March 2025	31 March 2025	Update to new document template; minor editorial updates to implement University status.
16	Council	25 May 2026	25 May 2026	Amend clause 5.3.1b to permit the appointment of up to 3 Council members as members of FRAC where the Chair of FRAC is not a member of Council.

Any hard copy of this electronic document may not be current as the University regularly reviews its policies. The latest version can be found online at aut.edu.au