QUALITY AND AUDIT COMMITTEE
(A Committee of University Council)

Quality and Audit Committee Charter

This Charter is established under the authority of the Council of Edith Cowan University.

The Quality and Audit Committee (QAC) is an advisory committee of Council and plays a key role in assisting Council to fulfill its responsibilities. Resolution UC 88/7 dated 6 December 2001 created the Quality and Audit Committee. Resolutions UC113/5 dated 16 February 2006 and UC119/15 dated 7 December 2006 modified the QAC terms of reference and the terms of this Charter. The Charter has been revised to reflect these changes.

The purpose of the Charter is to indicate how the Committee will carry out its responsibilities. To assist in this process, the Charter:

1. Identifies the composition and membership of QAC.
2. Includes the QAC Terms of Reference established by Council.
3. Outlines the Committee’s:
   a. Powers and functions;
   b. Responsibilities and accountabilities; and
   c. Meeting and communication processes.
4. Determines the Committee’s operating principles and practices.

A separate Risk Management and Audit Assurance Charter defines the purpose, authority and responsibility of the Office of Risk Management & Audit Assurance, particularly in respect of the Audit Assurance function.

Quality and Audit Committee Composition and Membership

The QAC composition and current membership is in the following table (UC119/12 Dec06):

<table>
<thead>
<tr>
<th>Category</th>
<th>Members *</th>
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| (i) A minimum of three and maximum of four members of Council with relevant expertise, one of whom will be appointed by Council to Chair. In approving membership, Council will take account of the need for an appropriate spread of skills and expertise, given the functional requirements of the Committee. | D McComish (Chair)  
L Chalmers (UC109/14 Jun05)  
K Macdonald (UC123/33 Aug07)  
1 Vacancy (optional) |
| (ii) A minimum of one and maximum of two persons with relevant expertise, co-opted from outside the University community. | M Sclanders (UC107/14 Feb05)  
1 Vacancy (optional) |
| (iii) Chair, Academic Board | R Oliver |

* Appointments to Council Committees are approved by Council on the recommendation of the Nominations Committee (unless otherwise specified). Note that in this context, “outside the University community” means people who are neither staff nor enrolled students of ECU and nor are they members of Council.
The majority of members, including the Chair, must be external (that is, neither staff nor enrolled students of ECU) and independent of the University (using the ASX definition of independence as a guide).

**Accredited Observers** (UC119/12 Dec06)

1. Vice-Chancellor or nominee
2. The senior executive with portfolio responsibility for quality
3. Director, Risk Management and Quality Assurance
4. Executive Director (Governance & Planning)
5. Representative from Office of the Auditor General

As per current practice, other persons may attend, as required (and approved by the Chair), to assist the Committee with its business.

**Terms of Reference (TOR)**

To reflect QAC’s strategic and monitoring role with respect to performance, audit, risk and compliance, Council has given the Committee the following terms of reference:

1. To advise and assist Council in the effective discharge of its fiduciary duties of governance and stewardship in respect of ongoing performance, control and compliance, through monitoring, reporting and making recommendations intended to sustain and improve University performance and systems of internal control, legislative compliance and risk management.

2. Without limiting the generality of (1) above, the Committee will monitor and provide recommendations, advice and reports to Council on:

   a. **Performance**
      i. KPI’s and the KPI framework including the audit thereof
      ii. Summary reports on key internally commissioned reviews, for example, School Reviews, Annual Faculty and Centre Reviews, Research Centre Reviews and Triennial reviews of off-shore operations
      iii. Significant external reviews such as AUQA
      iv. Performance related strategic initiatives as required

   b. **Audit**
      i. Internal Audit and related operations including the reporting of suspected fraud, misconduct and corruption
      ii. External Audit and related operations including other reviews that the Auditor General may conduct from time-to-time

   c. **Risk**
      i. The risk management framework and risk management operations
      ii. Business Continuity Planning and Testing including how ECU deals with Critical Incidents that arise from time-to-time
      iii. Annual reports on Risk Financing insurance renewals and Occupational Health & Safety activities including ECU’s performance in relation to workers’ compensation insurance
      iv. Oversight of risk management and audit arrangements for partially controlled entities, as defined under National Governance Protocol 11

   d. **Compliance**
      i. ECU’s legislative compliance framework and its operation

3. To report to Council as required on such other matters as may be referred to the Committee by the Council, Chancellor or Vice-Chancellor.

4. To make decisions on matters delegated to the Committee by Council.
These terms of reference should be reviewed annually and updated where necessary.

**Powers and Functions**

QAC advises and makes recommendations to Council. The Committee’s powers and functions are largely considered in terms of the relationship that it has with University Senior Management, the University external auditors and the Office of Risk Management and Audit Assurance.

**Relationship with Senior Management**

QAC derives its authority from Council. The Committee has the authority to speak with any person, internal or external to the University, access any documents, files or records, and act on behalf of Council in obtaining an assurance on matters that fall within its terms of reference. This includes involvement in the broader control framework of the University through the oversight of matters dealing with managerial information, communication, risk management and legislative compliance. Such requests shall be made after appropriate consultation with senior management and with consideration of the resource implications.

**Relationship with External Auditors**

The *Financial Administration and Audit Act, 1985* makes the Auditor General for Western Australia (Auditor General) the external auditor of the University. However, the *Financial Administration and Audit Act, 1985* also allows the Auditor General to appoint persons, from either his/her own office or from firms under contract to his/her office, to conduct audits on his/her behalf. To that end a representative of the Office of the Auditor General is invited to attend, as an observer, each QAC meeting. In the event that the Auditor General appoints persons other than his own staff to conduct the University’s external audit, then the senior representative from the firm under contract shall be invited to attend, as an observer, each QAC meeting for the duration of the contract between the Auditor General and the appointed firm.

The external auditors will participate in the review of the Office of Risk Management & Audit Assurance’s functional review plan and in the evaluation of the results of audit assurance and risk management reviews and subsequent recommendations.

QAC, or delegates of QAC, attend the external auditor’s:

1. Entrance meetings at the beginning of each audit. At this meeting, the scope of the audit and any significant areas of risk are discussed and agreed.

2. The exit meeting at the conclusion of each audit. At this meeting the implications of any final observations and recommendations on the control environment are considered.

QAC will also receive and consider any interim external audit reports in respect of the University’s control environment. These reports will normally be considered at the meeting at which the draft financial statement and performance indicators are tabled.

**Relationship with the Office of Risk Management & Audit Assurance**

To preserve internal audit independence, the following relationship will apply with the Office of Risk Management & Audit Assurance:

1. The Director, Risk Management & Audit Assurance shall report functionally to QAC.

2. The Director, Risk Management & Audit Assurance has the right to directly approach the Chancellor, Chair of QAC and other Committee members and shall meet with the Chair of QAC independently of other University staff, on at least an annual basis.
3. The Committee may directly receive reports from the Director, Risk Management & Audit Assurance on the results of any audit assurance, risk management or legislative compliance review inclusive of any recommendations made in such reports.

**Responsibilities and Accountabilities**

The Committee is directly accountable to Council. Specifically, QAC is responsible for:

1. **Performance**
   a. Strategic oversight of quality and its integration into the University’s academic and support activities.
   b. Strategic oversight of the development and maintenance of the University KPI’s including consideration of related emerging trends and issues. QAC will identify strategic issues which link into University KPI’s (excluding resource KPI’s) and which fall within its Terms of Reference. In this context, consideration of the findings of major reviews and the revamped KPI framework, with its greater emphasis on benchmark comparisons, will help point the Committee towards indicators on which ECU is performing well or poorly, and hence will raise strategic issues which warrant further attention by the Committee. The strategic plan should then provide a framework within which these strategic issues can be addressed.
   c. Monitoring the quality processes consistent with ECU’s Quality Framework.
   d. Ensuring that, collectively, quality, risk management and control tools enhance the effectiveness, efficiency and economy of University activities.

2. **Audit, Risk Management and Compliance**
   a. Providing assurances to Council that all management levels develop and maintain adequate operational and financial controls in order to effectively employ and safeguard university assets and resources.
   b. Reviewing action taken by management to address unsatisfactory managerial controls, risks and processes and assessing these actions for timeliness and appropriateness. Such findings and recommendations will be identified in reports from Executive Management or in reports from the Office of Risk Management & Audit Assurance (for Risk Management and Audit).
   c. Monitoring the Office of Risk Management & Audit Assurance to ensure that it is operating in accord with the Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.
   d. Reviewing with management and the Office of the Auditor General, the University’s annual financial statements, reported performance indicators and any external audit reports.
   e. Assessing University processes for determining and managing key risks at both the operational and strategic level including the integration of risk management processes into the University’s major academic and support activities.
   f. Reviewing and endorsing the annual audit assurance and risk management review plans (for Audits and Risk Management) before submitting them to Council for approval.
   g. Reviewing the effectiveness of the Office of Risk Management & Audit Assurance by considering and endorsing audit reports to ensure their consistency with Operational Audit Plans and the RMAA Charter.
h. Reviewing the effectiveness of the system for monitoring legislative compliances and the results of any investigation and follow up (including disciplinary action) of any instances of non-compliances.

i. Reviewing the findings of any examinations by regulatory authorities.

j. Obtaining regular updates from management and RMAA regarding compliance matters.

k. Submitting to Council (after consultation with the Vice Chancellor) any relevant policies.

Meetings and Communications

QAC shall observe the following in regard to meetings and communications.

1. The Committee shall meet at least four times per year in accord with the ECU Meeting Schedule. The Chair may call additional meetings as required.

2. Meetings will generally run for a maximum of two and a half hours.

3. A quorum shall not be less than one-half of the combined voting and co-opted membership.

4. In the absence of the Chair, a nominated Deputy shall chair the meeting.

5. Agenda coordination will occur in Governance and Planning Services and the Office of Risk Management & Audit Assurance will be the prime content providers. Faculties and Centres are responsible for provision of additional agenda content on an as required basis. Agendas will include the executive summaries of reports, regular reports and other items requested by the Committee.

6. Papers supporting Agenda items shall be submitted to Governance and Planning Services no later than a fortnight before the meeting date. All agenda items shall consist of a committee cover sheet supported by appropriate reports. Agenda papers will be distributed to Committee members by no later than the Friday before the Committee meeting.

7. The agenda for each meeting of QAC is to be approved by the Chair on the advice of the Committee Executive Officer following consultation with relevant senior staff and input from Committee members. However, to ensure the safeguarding of Risk Management and Audit Assurance (RMAA) independence, matters emanating from RMAA should be approved by the Director, RMAA, in consultation with the Chair.

8. Each set of minutes will contain formal action items. Each action item will nominate the position of the addressees who are to complete the desired action and will nominate a deadline for the achievement of that action. Action addressees are to report progress against their action item at until that item is resolved to the Committee’s satisfaction.

9. The Minutes of Committee meetings will be prepared and distributed by Governance and Planning Services in a timely manner. The minutes will be distributed to members as soon as practical after approval and included in the agenda of the next meeting. If practical, any proposed amendments to the Minutes should be flagged to the Committee Executive Officer prior to the next Committee meeting.

10. To enable Council to effectively discharge its responsibilities for the stewardship of the University’s, QAC will report on issues within its remit to Council where the University is performing well, shows significant improvement or where it is not performing well or is not tracking well against University KPI’s.

11. The QAC Chair reports to each regular meeting of Council. Along with any special purpose reports, the QAC Chair’s consolidated report is to include the following:

a. Reports against relevant University KPI’s
b. Strategic Issues

c. Items for resolution list (issues highlighted)

d. Items for noting list (issues highlighted)

12. Copies of QAC meeting agendas and minutes will be distributed to the Senior Leadership Team and other members of the University community as appropriate.

**Statement of Principles and Practices**

To be effective in its operations, the Quality and Audit Committee will adopt the following operating Principles and Practices:

**Focus Principles**

1. The Committee notes that:
   a. The audit assurance function may include a programme, where appropriate, that addresses some major academic issues; and
   b. The quality agenda embraces and interacts with financial and non-financial quality assurance and improvement processes.

3. To assess its performance, the Committee will identify its own annual performance indicators and report against them to Council at the end of each year.

4. The Committee will implement and maintain collective and individual performance processes to enable it to assess and improve its own operations and develop a report with a view to identifying the competencies required to service the Committee’s needs along with the training and resources sought to further capitalise on the contribution of existing members.

5. Committee meeting agendas are to provide appropriate coverage across performance, audit, risk management and compliance matters.

6. The Committee has a strong commitment to audit independence.

7. To ensure accountability, the Committee may request University staff to attend Committee meetings to provide information and reasons as to why recommendations (or Council directions where appropriate) have not been implemented.

8. The Committee recognises that the quality and audit and risk review plans are statements of intent and may be subject to change as pressing new priorities emerge.

**Good Practices**

1. To ensure the efficient and effective participation of all Committee members, the meeting will cover, in order under each part, the five areas of:
   a. General Committee Business,
   b. Performance,
   c. Audit,
   d. Risk, and
   e. Compliance

2. Each meeting will be divided into five parts as follows:
   a. Section A - Preliminary Matters
   b. Section B - Strategic/Emerging Issues
   c. Section C - Items for Discussion and Resolution
   d. Section D - Items for Discussion and Noting
   e. Section E - Items for Noting (Not for discussion unless requested by a member)
Any item in Part E can be fully considered and discussed by any Committee participant and resolutions may be made as a consequence of those deliberations.

3. Audit Assurance Reports (after appropriate consultation) may be issued to Committee members and observers, Senior Leadership Team members and relevant stakeholders after comment by the Vice-Chancellor (or in the Vice-Chancellor’s absence, the Deputy Vice-Chancellor (Research & Operations). The reports are subject to endorsement by the Committee at its next meeting.