

# CIT Audit Committee Charter

December 2020

TRAINING CBR'S *BEST*

Canberra Institute  
of Technology

RTO Code 0101 | CRICOS No. 00001K



## Table of Contents

ROLE AND AUTHORITY .....	3
1. Background .....	3
2. Mission .....	3
3. Objective .....	3
4. Authority .....	3
THE COMMITTEE .....	4
5. Membership .....	4
6. Roles and Responsibilities of Members .....	4
RESPONSIBILITIES OF THE COMMITTEE .....	5
7. Audit .....	5
8. Risk .....	6
9. Finance .....	7
10. Information Technology .....	7
11. Control Framework .....	7
12. Governance Arrangements .....	8
REPORTING .....	8
13. Reporting to the Governing Board .....	8
ADMINISTRATION .....	8
14. Meetings .....	8
15. Meetings between the CIT Board Chair, the CIT Audit Committee Chair and the CIT CEO .....	9
16. Conflicts of Interest .....	9
17. Performance Review of Committee .....	9
18. Document Control .....	10

## **ROLE AND AUTHORITY**

### **1. Background**

The CIT Board is responsible for the efficient and effective financial management of CIT under Sections 56 and 77 of the *Financial Management Act 1996*. The Audit Committee (Committee) is a subcommittee of the CIT Board and has been established in accordance with the ACT Government *Framework for Internal Audit Committee and Function* (February 2020).

This Charter sets out the Committee's objectives, authority, membership, roles and responsibilities, reporting and administrative arrangements.

### **2. Mission**

To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight (*Institute of Internal auditors, international standards 2015*).

### **3. Objective**

To provide independent, objective assurance and assistance to the CIT Board on CIT's risks, control and compliance framework, and its external accountability responsibilities.

### **4. Authority**

The Committee has no executive powers, except those that may be expressly provided by the Minister or delegated by the CIT Board.

The CIT Board authorises the Committee, within the scope of its role and responsibilities and through the Internal Audit team 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 internal or external auditor, or other external parties (subject to confidentiality considerations)
- access internal audit reports for Shared Services, as well as reasonable access to key Shared Services officers for answering questions
- request the attendance of any employee, including the Chief Executive Officer (CEO), at Committee meetings
- obtain external legal or other professional advice, as considered necessary to meet its responsibilities, at CIT expense.

## THE COMMITTEE

### 5. Membership

The CIT Board is responsible for the appointment of Committee members.

The Committee will consist of at least three and not more than five members. At least one member must be a CIT Board member and one member will be independent of CIT. The CIT Board Chair or Deputy Chair must not be a member of the Committee.

The Audit Committee Chair may only be appointed for a maximum of two terms and for a total period of not more than 6 years.<sup>1</sup> Members may be appointed for a minimum of three years and a maximum of five years. Reappointments are permissible after a formal assessment of a member's performance by the CIT Board but cannot exceed a total of eight consecutive years.

#### Non-member meeting attendees

Advisors/observers may attend Committee meetings for all or part of the meetings at the discretion of the Chair. These advisors/observers may include the Head of Internal Audit, Chief Executive Officer, Chief Finance Officer, External Audit, Chair or Deputy Chair of the CIT Board and the Senior Executive Responsible for Business Integrity Risk (SERBIR).

The Committee members, taken collectively, will have a broad range of skills and experience relevant to the operations of CIT. At least one member of the Committee should have accounting or related financial management experience with an understanding of accounting and auditing standards in a public sector environment. CIT will provide relevant training and advice to all newly appointed members.

### 6. Roles and Responsibilities of Members

The Committee is directly responsible and accountable to the CIT Board for the exercise of its responsibilities. In carrying out its responsibilities, the Committee must at all times recognise that primary responsibility for governance of CIT rests with the CIT Board.

The responsibilities of the Committee may be revised or expanded in consultation with, or as requested by, the CIT Board.

Members of the Committee are expected to understand and observe all relevant legislative requirements and are required to:

- attend all scheduled meetings (substitutes cannot be offered)
- review the papers provided and seek advice from the secretariat if required
- understand the operating environment of CIT, its strategic objectives, corporate governance requirements, prevailing social and economic conditions and the risks affecting the delivery of

---

<sup>1</sup> Following the expiration of the current Chair's appointment on 30 December 2022 the Chair will be appointed for one term for a period of at least three years to a maximum of five years, consistent with the ACT Government Framework for Internal Audit Committee and Function (February 2020).

outputs

- apply good analytical skills, objectivity and judgment
- express opinions constructively and frankly, ask questions that go to the fundamental core of the issue and pursue independent lines of enquiry
- avoid any conflict of interest and inform the Committee where actual or perceived conflicts may become apparent
- contribute to an effective decision-making process.

Members must not use or disclose information obtained by the Committee except in meeting the Committee's responsibilities, or unless expressly agreed by CIT.

The Committee will be assisted by CIT's Internal Audit team which will be responsible for delivering an internal audit program in line with the Committee's guidance and subject to approval by the CIT Board.

## **RESPONSIBILITIES OF THE COMMITTEE**

The responsibilities of the Audit Committee are set out in clauses 7 to 12.

### **7. Audit**

#### **7.1 Internal audit**

- acting as a forum for communication between the CIT Board, senior management and internal and external auditors
- endorsing the internal audit program and ensuring the program takes into account the CIT risk management plan, and recommending approval of the program by the CIT Board
- advising the CIT Board on the adequacy of internal audit resources to carry out its responsibilities, including completion of the approved internal audit plan
- overseeing the coordination of the internal audit program
- reviewing all audit reports and providing advice to the CIT Board on significant issues identified and action taken on issues raised, including identification and dissemination of good practice
- monitoring management's implementation of internal audit recommendations
- annually reviewing the Internal Audit Charter to ensure appropriate organisational structures, authority, access and reporting arrangements are in place
- periodically reviewing the performance of internal auditors
- meeting with the Head of Internal Audit as required.

#### **7.2 External audit**

- acting as a forum for communication between the CIT Board, senior management and internal and external auditors

- providing input and feedback on the financial statements and performance audit coverage proposed by external auditors and providing feedback on the audit services provided
- reviewing all external plans and reports in respect of planned or completed audits and monitoring management's implementation of audit recommendations
- providing advice to the CIT Board on actions to be taken on significant issues raised in relevant external audit reports and better practice guides.

## **8. Risk**

### **8.1 Risk management**

- reviewing whether management has in place a current and comprehensive risk management framework, and associated procedures for effective identification and management of CIT financial and business risks
- satisfying itself that a sound and effective approach has been followed in managing CIT's major risks including those associated with risk management plans for major projects and undertakings
- assessing the impact of CIT's risk management framework on its control environment and insurance arrangements
- satisfying itself that a sound and effective approach has been followed in establishing CIT's business continuity planning arrangements, including whether business continuity and disaster recovery plans have been tested and updated periodically.

### **8.2 Integrity**

- reviewing the process of development and implementation of the CIT Fraud Control Plan and satisfying itself that CIT has appropriate processes and systems in place to detect, capture and effectively investigate fraud and corruption information
- monitoring compliance with ACT Government and best practice standards on integrity matters
- reviewing reports on fraud or corruption by the CIT SERBIR that document any identified allegations of fraud and corruption, the status of any ongoing investigations and any changes to identified fraud risk in CIT.

### **8.3 Legislative and Regulatory compliance**

- determining whether management has appropriately considered legal and regulatory compliance risks (ASQA for VET and TEQSA for Higher Education), as part of CIT's risk assessment and management arrangements
- reviewing management systems for monitoring CIT's compliance with relevant laws, regulations and associated government policies with which CIT must comply
- determining whether CIT's Work Health and Safety commitments and obligations meet legislative requirements.

## **9. Finance**

### **9.1 CIT Budget**

- at a specific Committee meeting, reviewing the annual budget for CIT and discussing the budget preparation process with appropriate management personnel. Following this review, the Committee will consider the budget process for endorsement to the Board and/or other recommendations as deemed appropriate.

### **9.2 External accountability**

- reviewing the Consolidated Financial Statements and providing advice to the CIT Board (including whether appropriate action has been taken in response to audit recommendations and adjustments) and recommending their signing by the CEO
- satisfying itself that the Financial Statements are supported by appropriate management sign-off on the statements and on the adequacy of the systems of internal controls
- reviewing the processes in place designed to ensure that financial information included in CIT's Annual Report is consistent with the signed Financial Statements
- satisfying itself that CIT has appropriate mechanisms in place to review and implement, where appropriate, relevant ACT Legislative Assembly Reports and recommendations
- acting as a forum for communication between the Executive and the ACT Auditor-General's Office
- discussing with the ACT Auditor-General's Office, the auditor's judgements about the adequacy of CIT's accounting policies and the quality of CIT's processes for the preparation of CIT's financial statements.

## **10. Information Technology**

- satisfying itself that CIT's information technology systems and networks are appropriately secured internally and through the management of Shared Services.

## **11. Control Framework**

- reviewing whether management's approach to maintaining an effective internal control framework, including over external parties such as contractors and advisors, is sound and effective
- reviewing whether management has in place relevant policies and procedures, including Chief Executive Officer Instructions or their equivalent, and that these are periodically reviewed and updated
- reviewing whether appropriate policies and procedures are in place for the management and exercise of delegations and authorisations
- considering how management identifies any required changes to the design or implementation of internal controls
- reviewing whether management has taken steps to embed a culture that promotes the proper

use of Government resources and which is committed to ethical and lawful behaviour.

## **12. Governance Arrangements**

The Committee will periodically review CIT's governance arrangements or elements of the arrangements as determined by the CIT Board and suggest improvements, where appropriate, to the CIT Board.

## **REPORTING**

### **13. Reporting to the Governing Board**

The Committee will, at the end of each year, report to the CIT Board on its operations and activities during the year. The report should include:

- a summary of the work the Committee performed to fully discharge its responsibilities during the preceding year
- a summary of CIT's progress in addressing the findings and recommendations made in internal audits, external audit and ACT Legislative Assembly reports or the Public Accounts Committee
- an overall assessment of CIT's risk, control and compliance framework, including details of any significant emerging risks or legislative changes impacting CIT
- details of meetings, including the number of meetings held during the relevant period, and the number of meetings each member attended.

The CIT Board will report annually to the Minister on the operations of the Audit Committee. The Audit Committee can report directly to the Minister on significant issues at other times but any reports to the Minister must be provided to the CIT Board Chair for comment prior to transmittal.

The Committee will provide the CIT Board with an annual (or more frequent if deemed necessary by the Committee or the Board) report on the comprehensiveness, implementation and effectiveness of CIT's risk management process.

The Chair of the Audit Committee will provide a summary of key issues considered at Committee meetings to the CIT Board.

The Committee may, at any time, report to the CIT Board 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 CIT Board.

## **ADMINISTRATION**

### **14. Meetings**

The Committee will meet at least four times per year. This includes a special meeting to review CIT Annual Financial Statements.

The Chair is required to call a meeting if requested to do so by the CIT Board or another Committee member.

An annual meeting plan, including meeting dates and agenda items, will be agreed by the Committee each year. The annual planner will cover the Audit Committee's responsibilities as detailed in this Charter.

#### **14.1 Attendance at meetings and quorums**

A quorum will consist of two Committee members and must include the Chair or Deputy Chair.

Internal auditors and external representatives may be invited to attend meetings, as determined by the Chair. The Committee may also request attendance of any CIT staff member to participate in certain agenda items.

The Committee will meet separately with both the internal and external auditors at least once a year.

#### **14.2 Secretariat**

Secretariat support will be provided by Audit Risk and Corporate Governance. The Secretariat will ensure the meeting papers are circulated at least one week before the meeting and that minutes of the meetings are prepared and maintained. Minutes must be approved by the Chair and circulated within two weeks of the meeting to each member and Committee observers, as appropriate.

### **15. Meetings between the CIT Board Chair, the CIT Audit Committee Chair and the CIT CEO**

The Chair of the CIT Board and the Chair of the CIT Audit Committee will meet formally at least once during the year, and more frequently if required. This includes meetings of both Chairs and/or through the attendance of the Chair of the Audit Committee at a CIT Board meeting. The Audit Committee Chair may also meet with the CEO to ensure the work of the Committee aligns with the operational priorities determined by CIT.

### **16. Conflicts of Interest**

Members of the Committee will provide annual written declarations to the Audit Committee Chair for provision to the CIT Board declaring any potential or actual conflicts of interest they may have in relation to their responsibilities. External members should consider past employment, consultancy arrangements and related party issues in making these declarations and the Chair should be satisfied that there are sufficient processes in place to manage any real or perceived conflict.

At the beginning of each Committee meeting, members are required to declare any potential or actual conflicts of interest that may apply to specific matters on the meeting agenda. Where required, the Chair will excuse the member from the meeting or from the Committee's consideration of the relevant agenda item/s. Details of potential or actual conflicts of interest declared by members and action taken will be noted in the minutes.

### **17. Performance Review of Committee**

The Committee will undertake an annual evaluation of its performance and report their results to the CIT Board. The review will be conducted on a self-assessment basis (unless otherwise determined by the CIT Board).

## 18. Document Control

Prepared for: Canberra Institute of Technology
Document owner: Executive Director Corporate Services / Head of Internal Audit
Filename: Audit Committee Charter
Version 6.0
Status: Revised

### Revision

The Audit Committee Charter must be reviewed and updated on an annual basis (or more frequently following major change to business operations and/or priorities) as part of the CIT business planning and risk review processes. All reviews will include consultation with the CIT Board Secretariat.

This review considered the revised ACT Government Framework for the Internal Audit Committee and Function, February 2020.

Version	Reason	Date	Responsible officer
1	Initial Draft	September 2015	Margaret Russell
2	Annual Review	October 2016	Margaret Russell
3	Annual Review	September 2017	Margaret Russell
4	Annual review	July 2018	Margaret Russell
5	Annual Review	October 2019	Grace Concannon
6	Annual Review	December 2020	Grace Concannon

### Review and Authorisation

The Charter is to be endorsed by the Chair of the CIT Board and CIT Chief Executive Officer.



\_\_\_\_\_  
Chair CIT Board

11 December 2020

\_\_\_\_\_  
Date



\_\_\_\_\_  
CIT CEO

11 December 2020

\_\_\_\_\_  
Date