



**AUDIT AND RISK MANAGEMENT
COMMITTEE CHARTER**

1. Establishment

The Committee is established by the Board of the Sax Institute in accordance with its rules and objectives. The Committee shall be known as the Audit and Risk Management Committee.

2. Composition

- 2.1. The Audit & Risk Management Committee should consist of at least three members, a majority of whom shall be non-staff members of the Board. A Committee member with appropriate expertise may also be appointed by the Board from outside the Institute.
- 2.2. The Board shall appoint one of the Members, chairperson of the Committee.
- 2.3. The tenure of Committee members shall be three years provided appointment to the Board continues over this period (other than the outside member), after which they shall be eligible for re-appointment on a rotational basis.
- 2.4. Members of the Committee should preferably have financial, accounting or other appropriate expertise.
- 2.5. Representatives of management and auditors shall be invited to attend Committee meetings.

3. Objectives

The primary objectives of the Audit & Risk Management Committee relate to policy directed towards:

- 3.1. Enhancement of the management and internal control framework necessary to manage the Institute's business.
- 3.2. Ensuring the Institute has appropriate risk identification and management practices in place.
- 3.3. Improving the objectivity and quality of significant financial information.
- 3.4. Assisting the Board to comply with all legislative and other obligations.
- 3.5. Ongoing development of general internal and external audit programs.

4. Powers and Responsibilities

- 4.1. The Audit & Risk Management Committee has no executive power or decision-making authority in relation to the operations of the Institute. It functions in an oversight and review role.
- 4.2. The Committee has the authority to request any information it requires from the external auditors and any employee of the Institute including the CEO. It shall have unlimited access to discuss any matters with the auditors.
- 4.3. The Committee is authorised to seek such independent, professional advice as it considers necessary to carry out its duties.
- 4.4. The members of the Committee are responsible for ensuring the efficient and effective operation of the Committee and for taking the appropriate steps to ensure they have the requisite knowledge and training to undertake their role.
- 4.5. The Committee must report to the Board any significant matter that may impact on the operations of the Institute.

5. Functions

- 5.1. The functions of the Audit & Risk Management Committee in relation to the enhancement of the management and internal control framework of the Institute are to:
 - 5.1.1. Ensure that appropriate processes are undertaken by management in relation to the system of internal controls, management information systems, and overall risk management practices;
 - 5.1.2. Endorse the audit plans; and

- 5.1.3. Consider audit reports, performance reviews and management responses to recommendations made in audit reports and monitor progress against the audit plan.
- 5.2. The functions of the Audit & Risk Management Committee in relation to ensuring the Institute has appropriate Risk Management practices in place are to:
 - 5.2.1. Review, on a bi- annual basis, the Institute's Risk Management Plan and Compliance Reporting; and
 - 5.2.2. Review processes and procedures relating to key risk areas of the Institute including major contracts and insurance.
- 5.3. The functions of the Audit & Risk Management Committee in relation to significant financial information are to:
 - 5.3.1. Review the Institute's accounting policies and disclosures in the annual financial statements and other disclosures in the Annual Report prior to Board approval;
 - 5.3.2. Make recommendations to the Board in relation to finalising the annual financial statements;
 - 5.3.3. Assess the external audit strategy to ensure it addresses all significant business and other risks; and
 - 5.3.4. Consider all external audit reports and performance reviews, and receive assurance that management is appropriately addressing any recommendations.
- 5.4. The functions of the Audit & Risk Management Committee in relation to compliance matters are to:
 - 5.4.1. Consider major developments and significant changes in legislation, regulations and government policy in terms of their possible impact on the responsibility and liability of the Board and the Institute;
 - 5.4.2. Consider reports from management on the effectiveness of internal self-assessment processes and other forms of continuous monitoring; and
 - 5.4.3. Advise the Board of any significant compliance matters or breaches.
- 5.5. The Audit & Risk Management Committee shall have consideration of the Compliance Report in undertaking its functions.

6. Role of individual Audit & Risk Management Committee Members

Audit & Risk Management Committee Members, in discharging their duties will:

- 6.1. Act in good faith and honesty in the best interests of the company.
- 6.2. Make reasonable inquiries and assessments to ensure that the Institute is operating efficiently, effectively and legally towards achieving its goals.
- 6.3. Undertake diligent assessment of all information and proposals put before the Committee.

7. Avoidance of Conflicts of Interest

- 7.1. Committee Members should seek to avoid any conflict of interest between their roles as Committee Members and any other relevant interests that they may have.
- 7.2. Where a Committee Member becomes aware of a conflict of interest, that Committee Member shall formally declare the conflict of interest which may include not participating on that matter. The Chair will manage the conflict of interest if a Committee Member participates.

8. Meetings

- 8.1. The Committee shall meet at least four times a year. In addition, the Chairperson is required to call a meeting of the Committee if requested to do so by any two Committee members.
- 8.2. A secretarial service, including an officer who is to be nominated by the Committee as the Secretary of the Committee, shall be provided by the Institute.
- 8.3. The Secretary of the Committee, in conjunction with the Chairperson, shall be responsible for circulating the meeting agenda and associated documentation to Committee members and observers at least one week prior to the meeting.
- 8.4. The agenda for each meeting shall include at least the following standard agenda items:
 - Welcome and Apologies;
 - Minutes of previous meeting; and
 - Consideration of issues and matters raised since last meeting.
- 8.5. Other items can be included on the agenda for each meeting at the request of any member of the Committee and/or at the discretion of the Committee Chairman.
- 8.6. The Secretary of the Committee shall also be responsible for keeping the minutes of meetings of the Committee and circulating them to Committee members.
- 8.7. A quorum shall consist of two of the Committee members.

9. Reporting

- 9.1. After the minutes of the meetings have been accepted as a correct account by the Committee members, the minutes shall be circulated promptly to the Board and external auditor.
- 9.2. The Audit & Risk Management Committee shall quarterly provide a report to the Board on its operation and activities during the year.
- 9.3. The Committee shall report any other matters it deems of sufficient importance to the Board, as required.
- 9.4. At least quarterly, the Committee should be provided with a status report for all outstanding actions arising from recommendations provided by external auditors for which it is agreed action is required. These reports should include accountable officers and implementation dates.
- 9.5. At least annually, the auditors are to present a summary report to the Audit and Risk Management Committee.
- 9.6. At least annually, the Committee shall meet with the auditors in the absence of management and report back to the Board.
- 9.7. At least annually report to Board post the external audit.

10. Auditors

- 10.1. The external auditor of the Institute performs their role in accordance with relevant legislative requirements and Auditing Standards.
- 10.2. The Committee shall annually review the performance of external auditors and report the results to the Board.
- 10.3. The Committee shall annually prepare and seek the approval of the Board to the internal audit plan and will oversight its implementation.

11. Review of the Charter

- 11.1. The Audit & Risk Management Committee shall review the continuing relevance of this Charter on an annual basis or otherwise as required. Where changes are deemed necessary, they shall be submitted to the Board for endorsement.

| Version Control | | | |
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