WESTERN SYDNEY UNIVERSITY

AUDIT AND RISK COMMITTEE
INTERNAL AUDIT AND RISK
MANAGEMENT CHARTER

1. Introduction

1.1 The University is required to establish, maintain and keep under review an effective system for risk management, internal control and assurance (including by means of internal audits) that are appropriate systems for the institution in compliance with section 3.6(1)(b)(i) of the *Government Sector Finance Act 2018 (NSW)*. The Board of Trustees oversees risk management and risk assessment across the University, pursuant to section 22 of the *Western Sydney University Act 1997 (NSW)*. The Board of Trustees relies on the Audit and Risk Committee, a standing committee of the Board, in relation to the University's audit and risk responsibilities.

1.2 The purpose of this Internal Audit and Risk Management Charter is to address the role, responsibilities, authorisation, activities and reporting relationships of the University's Internal Audit and Risk Management functions.

2. Internal Audit – Risk Management: purpose, role and activities

Description	Internal Audit	Enterprise-wide Risk Management
Purpose	Internal auditing (as defined by the Institute of Internal Auditors) is 'an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. Its purpose is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.'	Risk assessment is a systematic process used to identify, analyse and evaluate risks (as defined in AS/NZ ISO 31000:2018 – Risk Management) that could impact on the objectives of the University. Enterprise-wide Risk Management is an essential component of the University's governance framework, and it supports the achievement of the University's strategic goals and objectives. Effective risk management and a risk-aware culture increase the probability of successful outcomes, whilst protecting the reputation and sustainability of the University.
Role	The primary role of internal audit is to provide a comprehensive, value-added internal audit service to management. In doing so, OARA plays an active role in promoting a culture of integrity and accountability across the University, controlled or related entities. The internal audit function must evaluate and contribute to the improvement of governance, risk management and control processes using a systematic and disciplined approach. While the internal audit function is primarily undertaken by OARA,	The Enterprise-wide Risk Management function is responsible for the establishment and ongoing maintenance of the Risk Management Policy, and: 1. facilitating a formal process for identifying, assessing, recording, and communicating strategic risks that may impact the University; 2. establishing supporting processes, tools, and advice to facilitate effective risk management; 3. facilitating the development and annual update of the University's Strategic Risk Register; 4. continuously monitoring activities

	external providers are also engaged under contractual arrangements from time to time. OARA is responsible for overseeing and managing these external service providers. The ambit of internal audit function encompasses all aspects of the University's and controlled entities' activities, including strategic, financial and operational matters. The extent and nature of audit of the controlled and related entities will be as specified in their respective constitutions or as specified in formal agreements between the University and these entities.	undertaken by the University to address strategic risk issues; 5. providing guidance and assistance to senior management and executives in fulfilling the responsibilities defined in this policy; 6. reporting key risks to the Vice-Chancellor and President, University Executives, Audit and Risk Committee; and 7. reviewing other risk management functions of the University to ensure these functions have applied this policy appropriately. The extent and nature of risk management activities for related entities will be as specified in their respective constitutions or as specified in formal agreements between the University and these entities.
Activities	Internal Audit activities include: 1. Risk-based Audits – evaluate the effectiveness of controls to manage risks by the management. 2. Maintain oversight and report on the status of internal audit issues to the Executives and ARC. 3. Undertake Public Interest Disclosure, Fraud & Corrupt Conduct or other investigations as directed by the Vice-Chancellor or Executives. 4. Advisory services – provide advice or consulting services to the management as required. 5. Quality Assurance and Improvement Program (QAIP) – the Internal Audit team is to maintain a QAIP to continually monitor, assess or identify improvements in the service delivery. 6. Undertake review of other assurance functions such as Compliance Program Unit; Work Health, Safety and Wellbeing; Cyber Security; and Business Continuity, etc. 7. Any other activities or tasks delegated by the ARC or the Vice-Chancellor and President. As part of delivering the internal audits, the Internal Auditors should adhere to the Institute of Internal Auditors' Professional Standards including the Code of Ethics and the University's Code of Conduct.	Enterprise-wide Risk Management activities include: 1. Assessment, design and implementation of Enterprise-Wide Risk Management Framework. 2. Developing the Risk Management Policy, Processes and Risk Management Methodology. 3. Assist Executives to establish and implement the Enterprise-Wide Risk Appetite Statement, including annual review. 4. Coordinate with the Executives to establish and monitor the Strategic Risks. 5. Coordinate the setup and maintenance of Divisional and Business-Unit level Risk Registers and other risk information with clearly defined risk categories and risks. 6. Assist other risk and assurance functions to implement the enterprise-wide risk management practices and governance frameworks. 7. Provide regular reports to Executives and ARC on risk management activities. 8. Provide advice and assistance to management in discharging their duties to manage risks. 9. Review and advise management on key transformation projects/program risks. 10. Any other activities or tasks delegated by the ARC or the Vice-Chancellor and President.

3. Role of the Chief Audit and Risk Officer

3.1 The role of the Chief Audit and Risk Officer (**CARO**) is to manage and coordinate the activities of OARA and to ensure that these are conducted in a professional manner and within the framework of the objectives and scope of this Charter. The CARO is also responsible for overseeing and monitoring the performance of external service providers.

3.2 The CARO has no other executive or managerial powers, authorities, functions or duties except for the operations of the OARA and subject to the *Delegations of Authority Policy*.

3.3 Any change to the role of the CARO will be approved by the University Secretary in consultation with the Audit and Risk Committee.

4. Independence and objectivity

4.1 The OARA is an independent business unit within the University. It is located within the Office of the University Secretary, under the Division of the Senior Deputy Vice-Chancellor and Provost. The OARA is not involved in the day-to-day operations of the University other than those required for the normal functioning of the office itself.

4.2 The CARO reports through the University Secretary to the Senior Deputy Vice-Chancellor and Provost and at all times has the right of direct access to:
- The Chancellor;
- The Chair, Audit and Risk Committee of the Board of Trustees, including in relation to activities and outcomes of reviews, audits and investigations performed by the OARA; and
- The Vice-Chancellor and President.

4.3 The CARO is to meet privately at least once a year with the Chair and the Committee.

4.4 Each member of the internal audit team, including outsourced external service providers, is to sign an annual conflicts of interest declaration. Internal auditors are also required in an ongoing capacity to declare any real or perceived conflicts of interest proactively and promptly.

5. Full Access

5.1 The CARO and OARA auditors have authority to access all information and records under the possession and control of the University and its controlled entities, as well as all University personnel and premises (including physical properties). This authority is subject to:
- compliance with relevant laws and policies, including policies relating to record keeping and access to workplace surveillance, personal or health information and records;
- access or use being directly for the purpose of carrying out audits or investigations or for risk management purposes; and
- all records, documentation and information accessed in the course of undertaking internal audit activities being used solely for the conduct of these activities. All internal audit staff must maintain confidentiality of the information they receive during the course of their work.

5.2 All University staff are required to provide assistance, supply information and records, and provide access to systems, data repositories or other platforms, reasonably

necessary to enable OARA and any external providers to independently perform their duties.

5.3 The CARO holds the authorisation to release information and documentation relating to the OARA function to internal and/or external parties as required.

6. Scope

6.1 The program of the OARA will be sufficiently comprehensive to enable an effective and regular review of high risk activities both within Australia and overseas.

6.2 The scope of OARA's activities extends to all areas of the University including University controlled entities.

7. Work Plans

7.1 The CARO will prepare annual Work Plans for the approval of the Vice-Chancellor and President and the Audit and Risk Committee. Work plans are generally presented for approval at the last meeting of the Audit and Risk Committee in each calendar year, followed by half-yearly update in the following year.

7.2 Each Work Plan will be aligned to the University's Strategic Risk Register and based on an assessment of any identified areas of high risk.

7.3 All major management and administrative systems, functions and organisational units should be examined over cycles from one to three years, the frequency being set out in the Work Plan. The Vice-Chancellor and the Audit and Risk Committee may reset priorities for the OARA when resources or other factors constrain its ability to provide full coverage within the agreed three-year cycle.

8. External service providers

8.1 An external service provider, whether long-term or single-engagement, will be expected to operate according to the Western Sydney University Internal Audit methodology. They will be engaged under a formal contract and work to a formal scope under the supervision of the CARO.

8.2 When internal audit activity is provided by an external service provider, OARA retains the responsibility for maintaining an effective oversight of the delivery of service.

8.3 External service providers must have sufficient skills, knowledge and other competencies to perform their assigned work, and must decline the work if they lack these attributes in relation to performing all or part of the engagement. They must exercise due professional care by considering:
- The extent of work needed to achieve the engagement's objectives.
- The relative complexity, materiality or significance of matters to which assurance procedures are being applied.
- The adequacy and effectiveness of governance, risk management and control processes.
- The probability of significant errors, fraud, or non-compliance.
- The cost of assurance in relation to potential benefits; and
- Application to engagements of technology-based auditing and data analytic techniques.

8.4 External service providers are required to declare any real or perceived conflicts of interest proactively and promptly.

9. Record keeping

9.1 In compliance with the *State Records Act 1998* (NSW) and the University's *Records and Archives Management Policy*, the OARA is required to establish and maintain records of all work performed. The Enterprise-wide Risk Management system is the approved system for keeping such records.

10. Reporting

10.1 The CARO reports to the Vice-Chancellor and President and Audit and Risk Committee on the activities and outcomes of the audits, risk assessments, quality assurance, investigations and similar activities conducted by the OARA.

10.2 Reports are generally provided to the Audit and Risk Committee at its regular meeting (which are held at least 4 times each year) or as otherwise appropriate or required. These reports include, but are not limited to:

- internal audit progress update report
- the Executive Summary of each audit completed and management responses to any recommendations;
- a summary of outstanding audit issues;
- continuous controls assurance report;
- risk assessment progress update report;
- quality assurance and improvement program report;
- strategic risk and operational risk assessment reports; and
- revised Risk Management Policy and Risk Appetite Statement.

11. Review

11.1 The Audit and Risk Committee will review this Charter at two yearly intervals to ensure it remains relevant and effective. The regular review enables the Charter to remain consistent with the changes in the University's financial, risk management and governance arrangements and to reflect developments in Internal Audit professional practice.

11.2 The Audit and Risk Committee approves this Charter and has the authority to approve any changes to it.

Status and Details

Status	Draft v.1
Approval Authority	Audit and Risk Committee
Approval Date	*February 2023*
Review Date	February 2025
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