

# Terms of Reference

## Audit and Risk Management Committee



Institute of Health and  
Nursing Australia

Legal entity: Health Careers  
International Pty Ltd  
ABN: 59 106 800 944  
ACN: 106 800 944  
CRICOS Code: 03386G  
RTO ID: 21985

[www.ihna.edu.au](http://www.ihna.edu.au)



## Title of Document

1. Terms of Reference of the Audit and Risk Management Committee (TOR-ARMC)

## Establishment

2. The Committee is established by the Board of Directors (the Board), as part of its governance framework, to provide reports and/or recommendations to the Board and other Committees as required.

## Rationale

3. The Audit and Risk Management Committee (ARMC) is a formally constituted committee by the Board of Directors to assist and advise the Board in fulfilling its corporate governance and independent oversight responsibilities concerning IHNA's risk management and compliance, internal policies, procedures, audit requirements, and external reporting responsibilities.

## Roles and Responsibilities

4. The main roles and responsibilities of the Committee include assisting the Board of Directors to discharge its responsibility to exercise due care, diligence and skill concerning the following areas:
  - a) Ensuring that IHNA operation is compliant with the Standards for RTOs 2015 and other state regulatory instruments, including program accreditation standards such as Enrolled Nurse Accreditation Standards 2017.
  - b) Overseeing IHNA's ability to assess and address risks to courses it delivers, their outcomes and students, with a primary focus on continually improving the quality of the teaching and learning experience for students and the competence of graduates.
  - c) Ascertaining that the IHNA code of conduct is appropriately designed and implemented and compliance with the code is monitored.
  - d) Reviewing the effectiveness of risk oversight and management.
  - e) Assessing IHNA's fraud risk and action to mitigate such risk.
  - f) Overseeing the risk reports from all the Sub-committees of the Board and make recommendations to the Board of Directors.
  - g) Assessing the effectiveness of the internal control system in relation to accounting and financial records and reporting.
  - h) Assessing the adequacy of financial management practices.
  - i) Overseeing the systems in place to protect IHNA's assets, including information assets.

- j) Reviewing the adequacy of internal and external reporting (financial and non-financial) for users of financial reports.
- k) Overseeing compliance with applicable laws, regulations, standards, and best practice guidelines, including reviewing correspondence with regulators.
- l) Ensuring adequate insurance coverage (building, indemnity, worker's compensation, director's insurance, tuition protection scheme etc.).
- m) Obtaining an independent, effective, and efficient external audit, including assessing audit quality and independence matters.
- n) Ensuring adequate protection against tuition fees collected in advance, including the audit of the trust account.
- o) Facilitating effective communication between the Board of Directors and the internal and external auditors and providing timely and appropriate responses to matters arising from audits.
- p) Considering significant matters raised during both the internal audit and the external audit.

### Chair and Deputy Chair

- 5. The Chairperson of the ARMC will be an Independent Non-Executive Director. The Chief Financial Officer will be the Deputy Chairperson.

### Membership

- 6. The Committee will have the following membership:
  - a) Independent Non-Executive Director (Chair)
  - b) Chief Financial Officer (Deputy Chair)
  - c) Director, Quality Management
  - d) Academic Director
  - e) Finance Manager
  - f) National Registrar
  - g) External Members
  - h) Secretary (in attendance)

## Roles

7. The ARMC assists the Board of Directors in carrying out its duties by providing an independent and objective review, advice, and assistance in developing Board policy and monitoring corporate activity within the scope of its remit and making recommendations to the Board for resolution.
8. IHNA develops and maintains a risk management framework that identifies risks to vocational education and training operations and puts in place processes to manage and mitigate material risks.
9. The risk management framework includes credible business continuity plans and adequately resourced financial and tuition safeguards to cover provider defaults and protect students.
10. The Board approves, monitors, and reviews the systems of control and accountability established in IHNA's risk management framework to ensure their ongoing effectiveness.
11. The Committee provides advice and assists the Board with all vocational education and training risk management and audit matters.
12. Its key roles are establishing and maintaining a risk management framework, overseeing its implementation, and reviewing its effectiveness to promptly identify and manage risks, including financial and quality/compliance audits.
13. The Committee does not have the authority to make decisions. Specifically, it is established to:
  - a) oversee the development of a risk management framework, review risk management plans quarterly, including academic risk, and monitor and report on outcomes.
  - b) provide advice on policies and procedures on risk management, quality assurance and compliance, and their effectiveness.
  - c) oversee and provide advice on financial administration and management, including exposure to fraud and mismanagement.
  - d) oversee and schedule financial audits (internal and external), and report on outcomes.
  - e) provide advice to the Board regularly on compliance with relevant legislation and regulations and key risks that may impact IHNA and advise on proposed mitigation of such risks.
  - f) oversee internal quality audits and resulting in continuous improvement plans.

- g) evaluate and provide advice on succession plans for all key management and academic staff.
- h) seek to obtain information as necessary to fulfil the Committee's role, including the right to obtain information and interview personnel with or without management being present.
- i) seek advice from external consultants or specialists, where necessary.
- j) promote and monitor an ethical culture throughout IHNA.
- k) ascertain that the IHNA Code of Conduct for students and staff is appropriately developed and implemented, and compliance with the code is monitored.
- l) oversee there are systems in place to protect IHNA's assets, including information assets.
- m) ensure all learning and teaching, training and assessment practice is fully aligned with the Standards for RTOs 2015, including program accreditation standards such as Enrolled Nurse Accreditation Standards 2017.

## Functions and Responsibilities

14. The functions and responsibilities of the ARMC through its activities are to:
- a) fulfil its statutory duties and assist the Board with the oversight of financial reporting and disclosure, internal control system, risk management system and internal and external audit functions. The Committee does not assume the functions of management which remains the responsibility of the senior IHNA executives.
  - b) provide independent and objective reviews, advice and assistance in developing Board policy and monitoring corporate activity within the scope of its remit and making recommendations to the Board for resolution.
  - c) recommend the appointment of external auditors and oversee the external audit process, integrated reporting (financial statements, interim reports and summarized integrated information), internal control and audit functions, risk management, oversight of finance, tax matters and information technology (that the IT strategy is integrated with IHNA's strategic and business processes).
  - d) assist the Board in IHNA's governance and exercise due diligence in identifying risk, treatment, monitoring, and mitigation strategies.
  - e) oversee IHNA's management of identified risk consistent with IHNA's determined appetite for risk; assist the Board to understand risks that may impede IHNA from achieving its goals and objectives, impact on its performance, affect the health, safety or welfare of students, employees and other stakeholders in relation to IHNA's operations, threaten compliance with IHNA's regulatory and legal obligations, impact on the community and the environment in which IHNA operates; impact on IHNA's

reputation and that of its staff and stakeholders, result in personal liability for IHNA staff arising from IHNA's operations.

- f) work with management to implement treatments and strategies to control risks: For identified risks, the Committee will ensure immediate appropriate response and actions are undertaken to implement treatments and mitigate future risk.
- g) monitor risk and internal controls; review and recommend to Board new and significant amendments to policies and related items in the areas of compliance management and fraud and monitor compliance with applicable laws and regulations.
- h) assess the internal processes for determining and managing key risk areas, particularly compliance with laws, regulations, standards, and best practice guidelines, including critical judgments and accounting estimates, litigation, and claims; fraud and theft; and relevant business risks other than those dealt with by other specific board committees.
- i) address the effectiveness of the internal control, systems with management and the internal and external auditors.
- j) assess the effectiveness of compliance with the corporate code of ethical conduct and compliance with internal plans, policies, and procedures.
- k) obtain regular updates from management and regulatory bodies about compliance matters.
- l) ensure that the internal audit programs are effectively coordinated, including but not limited to approving the selection of the primary contracted Internal Audit provider.
- m) ensure the right of access to data and information, records, and documents for internal audit purposes.
- n) review and approve the Internal Audit Plan annually and monitor progress against the Plan, ensuring that the independence and integrity of the Internal Audit function are maintained.
- o) review significant internal audit reports and findings, including management response in terms of content, appropriateness, co- and timeliness.
- p) monitor the implementation of internal audit recommendations by the management.
- q) provide the opportunity for the non-executive Board Directors to meet the internal auditor without anyone from executive management being present at least once a year.
- r) ensure that the external audit programs are effectively coordinated that include, but are not limited to, deciding the representation from IHNA to lead or facilitate audit obligation.
- s) act as a mechanism for the External Auditor to communicate with the Board.
- t) review and endorse the External Auditor's proposed audit plan and audit approach, including materiality levels.
- u) review the External Auditor's summary management report, which details the results

- and significant findings from the audit, and management responses.
- v) monitor all third-party arrangements, including articulation pathways, agent agreements, delivery of third-party courses through IHNA, offshore partnerships and strategic governance partnerships.
  - w) monitor training and assessment quality assurance focusing on course accreditation and training package requirements, academic integrity, delivery with/by third parties and clinical placements, student performance data, and stakeholder surveys.
  - x) oversee internal and external audit processes for regulatory compliance.
  - y) receive and consider reports from the Finance Committee, Academic Board, Executive Management Committee and Operations.

## Internal Auditors

15. The ARMC responsibilities for the internal audit function include the following:
- a) Make recommendations to the Board for the termination or appointment of internal auditors.
  - b) Review the internal auditor's mission, charter and resources.
  - c) Communicate in writing the Committee's expectations to the internal auditor.
  - d) Review and assess the scope of the internal audit and the audit plan, the systems to monitor and evaluate the effectiveness of the internal auditor.
  - e) Monitor and assess the progress of the internal audit and any implications that may arise for the control environment.
  - f) Review and monitor management's responsiveness to the internal auditor's findings and recommendations.
  - g) Oversee the coordination of the internal auditors with the work of the external auditors.
  - h) Ensure that the internal auditor reports to the Board of Directors.

## Legislation and Standards

16. The Committee is responsible for meeting compliance requirements with the following legislative and regulatory instruments (not limited to):
- a) National Vocational Education and Training Regulator Act 2011
  - b) Education Services for Overseas Students Act 2000 (ESOS Act)
  - c) Standards for RTOs 2015
  - d) National Code of Practice for Providers of Education and Training to Overseas Students 2018 (National Code 2018)
  - e) Enrolled Nurse Accreditation Standards 2017

- f) Australian National Audit Office Auditing Standards 2018

## Sub-committees

17. Not Applicable

## Meetings

18. The Committee will meet three times a year or as required by the Chair. Meetings will be conducted at a place determined by the Chair. Committee meetings may be held face-to-face, by telephone, videoconference, or other electronic means.
19. A quorum consists of the Chair (or Acting Chair) and most standing members.
20. Standing members must notify the Secretariat if they are unable to attend at least 48 hours prior to the meeting.
21. The Quorum for a meeting shall be fifty per cent plus one.
22. The Committee may invite other people to attend as it sees fit to consult with other people or seek any information, which will help it to fulfil its responsibilities.
23. The Chair will communicate the Committee decisions to the Board after each meeting within a reasonable period.

## Minutes

24. All meetings are to be minuted. The draft of minutes of meetings must be distributed to all Committee members and observers for review and feedback.
25. The minutes must record the following:
- Date and location of the meeting
  - Attendees, apologies, and absentees
  - Agenda items discussed
  - Action items (including responsibility and timeframe)
  - Decisions made (including the rationale for decisions).
26. Minutes of meetings of the Committee must be kept by the secretary and presented at the next Board meeting after approval by the Committee Chair.



27. All minutes of the Committee must be entered into a minute book maintained for that purpose and will always be open for inspection by any Director.

## Reporting

28. The Committee reports to the IHNA Board of Directors. It oversees reporting and executions of plans from the Academic Board, the Executive Management Committee and concerned departments.

## Policies and Procedures

29. The following are procedures and policies:
- IHNA Insurance Policy
  - Risk Management Policy and Procedure
  - Interaction with National VET Regulator Policy and Procedure
  - Quality Assurance and Continuous Improvement Policy and Procedure
  - Compliance with Legislative and Regulatory Requirements
  - Fit and Proper Person Policy for Management Staff

## Review

30. To ensure it is fulfilling its stewardship duties to the Board, the Committee will conduct an annual assessment of its performance against its Terms of Reference and report its findings to the Board.
31. Review the Committee Terms of Reference at least every three (3) years and cooperatively with the CEO, recommend to the Board any appropriate amendments for approval.

## References

32. The references are as following:
- AIDC (2020). Risk Committee Charter, Australian Institute of Company Directors
  - Users' Guide to the Standards for RTOs 2015
  - Enrolled Nurse Accreditation Standards 2017

## Document Approval

<b>Document ID</b>	Terms of Reference of the Audit and Risk Management Committee (TOR-ARMC)		
<b>Owner(s)</b>	Board of Directors		
<b>Approved</b>	Board of Directors	<b>Date Approved</b>	12/03/2021

## Document History

<b>Commencing Date</b>	<b>Version no</b>	<b>Summary of Changes</b>	<b>Next Review Date</b>
01/04/2019	1.0	Initial development	10/12/2020
12/03/2021	2.0	Improvement based on the IHNA Governance Framework	31/12/2024