

# Finance, Audit & Risk Sub-committee

## Terms of Reference

### 1. Introduction

The Finance, Audit & Risk (FAR) Sub-committee is established as a sub-committee of the University of Melbourne Students Union Inc. (UMSU) Students' Council. The FAR Sub-committee will continue indefinitely until such time as terminated by the Students' Council.

These Terms of Reference (TOR) outline the role, responsibilities and operating procedures of the FAR Sub-committee and will be reviewed by the Students' Council at least every two years.

These TORs should be read in conjunction with the UMSU *Financial Regulations* and any relevant UMSU policies and procedures as they apply to Sub-committee members.

### 2. Purpose of Sub-committee

The Sub-committee's purpose is to:

- assist the Students' Council in relation to its oversight responsibilities relating to all material aspects of UMSU's financial management and reporting, accounting policies and internal controls that promote probity and good financial stewardship.
- make recommendations to the Students' Council in respect of financial audit and risk management matters and determining how the organisational risks of UMSU are to be planned for and managed.

### 3. Role & Responsibilities of Sub-committee

#### 1.1. Role

The role of the FAR Sub-committee is to review and provide advice to the Students' Council regarding the following aspects of UMSU's operations:

- Compliance, including compliance with relevant legislation and UMSU's policies and regulations, Constitution and funding agreement;
- Risk management and internal controls, including the Risk Register, Asset Register, fraud and theft controls;
- Safety, including, but not limited to: child safety, prevention of gender-based violence, sexual harassment, discrimination and bullying, and occupational health and safety of UMSU's staff, student representatives, volunteers and UMSU event attendees;
- Financial reporting, sustainability and management of reserves and

compliance with UMSU's Financial Regulations;

- Governance, including conflict of interest management and related party disclosures.

## **1.2. Authority**

The FAR Sub-committee is advisory and has no authority to make decisions on behalf of the Students' Council, to approve financial expenditure or to commit UMSU to activities or undertakings not otherwise approved by the Students' Council, unless under delegated authority.

The responsibilities and duties of the FAR Sub-committee are detailed in the UMSU *Finance, Audit and Risk Policy (FAR Policy)*. Nothing in the FAR Policy or these TORs affects the duties and obligations of the CEO or Students' Council. Rather, the overarching objective of the FAR Sub-committee is to provide a rigorous mechanism to oversee key governance matters to inform Students' Council.

## **1.3. Oversight**

The A & Sub-committee considers all matters concerning:

- The integrity of UMSU's financial statements and financial reporting systems, including:
  - The establishment and use of sound accounting practices and internal controls.
  - Compliance with all financial legislation, UMSU Regulations, policies, industry standards and ethical requirements.
  - Financial management and reporting of fraud.
- The external auditor's qualifications, performance, independence and fees.
- Oversight and performance of the internal audit function.
- UMSU's compliance with financial reporting and related regulatory requirements.
- Risk management, including the development and ongoing review of key policies that support our frameworks for managing risk.

## **1.4. Review & Recommend**

The FAR Sub-committee reviews and makes recommendations to the Students' Council on:

- Any significant estimates, judgments and adjustments in the annual budget, financial reports.
- Monitoring of the methods used to account for unusual transactions.
- The processes used to monitor and comply with laws, regulations and other requirements relating to external reporting of financial and nonfinancial information.
- The major organisational risk exposures and controls.
- Risk appetite, UMSU's Risk Register and related UMSU policies.
- Workplace Health and Safety issues referred via UMSU's OHS Committee.
- The adequacy of existing and selection of new external financial auditors for UMSU.
- New and existing regulations and policy governing UMSU's approach to financial reporting, reserves and investment.

## 1.5. Risk management

The FAR Sub-committee will:

- Assess and monitor risks to the organisation and recommend strategies to the Students' Council to manage and mitigate the identified risks through the Risk Register.
- Monitor compliance with applicable laws, regulations, standards, contracts and best practice guidelines.
- Review the level and type of insurance cover for the organisation and make recommendations to the Students' Council as required.

## 1.6. Confidentiality & Privacy

In accordance with the *Council Charter*, and UMSU's policies relating to confidential material, all non-public information that FAR Sub-committee members acquire while performing their duties must be treated as confidential, which obligation continues to apply when a member no longer serves on the Sub-committee. Other than as authorised by UMSU or as required by law, FAR Sub-committee members must not divulge such confidential information, use or appear to use such confidential information for personal advantage or for the advantage of a third person.

Any personal information shall be treated in accordance with UMSU's *Privacy Policy*.

## 1.7. Conflicts of Interest

In accordance with the *Incorporated Associations Act*, the UMSU Council Charter, and the UMSU *Conflicts of Interest Policy*, Sub-committee members and observers must declare any pecuniary or non-pecuniary conflicts of interest they may have in a matter being considered at the meeting at the start of each meeting or as soon as they become aware of the conflict of interest.

Where a Sub-committee member or observer declares a pecuniary or a significant non-pecuniary conflict of interest, they must remove themselves from Sub-committee deliberations on the issue. Details of conflicts of interest declared at meetings must be appropriately minuted.

## 4. Membership, Appointment and Composition

The Sub-committee will comprise:

- General Secretary (Chair)
- President, UMSU
- One voting member of the Students' Council
- Chief Executive Officer (CEO)
- Chief Financial Officer and Director of Operations (CFO)

The voting member of Students' Council must be elected by the Students' Council in its second regular meeting of its term.

## 5. Frequency

The Sub-committee will meet at least four (4) times per year, including a special meeting to review the UMSU's financial statements.

## **6. Meetings**

Meetings must be conducted in a manner consistent with the practices established in the Constitution and Standing Orders.

All Committee meetings will be chaired by the Sub-committee Chair. In the absence of the Sub-committee Chair, the remaining members present must elect a chair from members present at that meeting to chair the meeting and to provide feedback to the Sub-committee Chair as to the salient points and outcomes of that meeting.

## **7. Quorum**

A quorum will consist of a minimum of three (3) members, provided one of those members is the CEO or the CEO's nominee.

## **8. Reporting**

The FAR Sub-committee reports to the Students' Council. The Chair of the FAR Sub-committee, or the Chair's nominee, must report at the next scheduled Students' Council meeting following each FAR Sub-committee meeting, or if requested, at any time.



## Change Table

Version #	Issue Date	Amendment Details	Approval Date	Approved By
1.Consultation Draft	March 2025	First iteration	-	-
2. Final ToR	May 2025	-	16 May 2025	CEO & Students' Council