

Name : **Audit and Risk Committee
Terms of Reference**

Approved by : **Council**

Contact : **University Secretary**

Last reviewed : **12 March 2024 (by Council)**



AUDIT AND RISK COMMITTEE – TERMS OF REFERENCE

1. NATURE AND PURPOSE

- 1.1. The Audit and Risk Committee (**the Committee**) is a standing committee of Swinburne University of Technology (**the University**) Council, established pursuant to *Swinburne University of Technology Act 2010* (Vic) (**the Act**), sch. 1 cl. 15(1).
- 1.2. The purpose of the Committee is to assist Council in fulfilling its governance and oversight responsibilities in relation to:
 - a) Financial and annual reporting;
 - b) Enterprise risk management and internal controls;
 - c) Compliance and conduct;
 - d) Internal audit and assurance;
 - e) External audit;
 - f) Enterprise technology and data; and
 - g) Environmental, social and governance (**ESG**) matters.
- 1.3. Whilst other standing committees of Council (and the Academic Senate) may consider and engage with each of the abovementioned areas in fulfilling their own functions and duties, the Committee maintains its responsibility to provide holistic and effective oversight of these areas – and Council maintains its ultimate accountability.
- 1.4. The Committee has primary oversight of management in its performance of the following responsibilities:
 - a) The preparation, presentation and integrity of the University's financial statements;
 - b) Maintaining appropriate accounting and financial reporting principles and policies, risk management processes, and internal controls and procedures designed to ensure compliance with accounting standards and applicable laws and regulations;
 - c) Managing risks relevant to the University (including the design and implementation of an appropriate and effective risk management framework);
 - d) Managing compliance obligations relevant to the University (including the design and implementation of an appropriate and effective compliance framework);
 - e) Ensuring there is an appropriate risk and compliance culture within the organisation (including the design and implementation of appropriate training for management and staff); and
 - f) Ensuring that any circumstances which require the University to operate outside of its risk appetite are brought to the attention of the Committee or Council.

2. POWERS

- 2.1. The Committee has full delegated authority from Council to fulfil its responsibilities. Specifically, for the purpose of carrying out its functions and duties, the Committee is delegated authority from Council to:
- a) Seek independent professional advice from external parties with relevant experience and expertise;
 - b) Have unrestricted access to members of management, employees and relevant information including records, data and reports that it considers necessary to discharge its duties;
 - c) Request attendance at a Committee meeting by any University management or staff, including internal and external auditors, subject to any relevant contractual arrangements;
 - d) Meet with internal and external auditors without management present;
 - e) Request any management or staff to provide a written and/or verbal brief to the Committee on key matters relating to their functions; and
 - f) Access reasonable University resources to undertake its functions and duties.
- 2.2. Other than in the case of its Key Management Contacts, the Committee and its members should first consult the Chair and the Vice-Chancellor before making a request of University management or staff.
- 2.3. University management and staff are required to cooperate with Committee requests to the extent reasonably practicable

3. FUNCTIONS AND DUTIES

In fulfilling its purpose, the Committee will undertake the following activities:

3.1. Financial and annual reporting

- a) Review the annual audited financial statements of the University and its controlled entities to determine:
 - i. That they comply with the University's statutory responsibilities and relevant accounting standards;
 - ii. That they reflect discussions with management and the external auditors;
 - iii. The integrity of financial reporting including in relation to significant, complex or unusual matters, related party transactions and areas of judgement; then subject to satisfaction of all items in this section, recommend the annual financial statements to Council for approval;
- b) Review the results of the external audit, with management and external auditor;
- c) Obtain and review management representations; and
- d) Review non-financial sections of the University's annual report (including any disclosures and attestations) and recommend to Council for approval.

3.2. Risk management and internal controls

Oversee the University's risk management and internal control frameworks, including:

- a) Review the adequacy and effectiveness of these frameworks, including identification and consideration of improvement opportunities;
- b) Review the adequacy and effectiveness of internal controls and other risk mitigation strategies, including business continuity and cyber security;
- c) Review reports under these frameworks from management, internal audit and external audit and monitor management responses and actions;

- d) Understanding and monitoring the current risk landscape, including any changes to the University's environment;
- e) Review and recommend to Council for approval the University's Enterprise Keys Risks;
- f) Review and make recommendations to Council on the University's risk appetite and Risk Appetite Statement for Council approval;
- g) Considerations of risk and compliance culture;
- h) Review management recommendations on insurance coverage and make recommendations to Council; and
- i) Receive reports on the governance and oversight of the University's controlled and associated entities and major partnerships.

3.3. Compliance and conduct

Oversee the University's compliance management framework, including:

- a) Review the adequacy and effectiveness of this framework, including identification and consideration of improvement opportunities;
- b) Review the adequacy and effectiveness of controls in place to ensure compliance with obligations across University operations (including relevant laws, regulations, internal policies and legislation, external reviews and consistency with international compliance standards);
- c) Receive reports and updates on:
 - i. Academic and corporate compliance obligations, notifications and breaches;
 - ii. Material communication with regulators including the Tertiary Education Quality and Standards Agency (TEQSA);
 - iii. Material litigation;
 - iv. Conduct that is materially inconsistent with the University's Values or Code of Conduct (including material breaches and the action taken, or proposed to be taken, in response to those breaches);
 - v. Student, staff or third party complaints, grievances, fraud and/or misconduct matters across academic and corporate areas;
 - vi. Reports of improper conduct (including via whistleblowing channels) on a de-identified basis, including the nature, status and outcome of such matters, and any significant themes or trends;
 - vii. Material reports, or instances, of improper conduct, including the progress and resolution of such matters and the response to the findings and recommendations of any investigations;
 - viii. Results of management's investigation and action in relation to significant identified instances of non-compliance;
 - ix. Response to the findings and recommendations of any investigations or examinations by key regulators; and
 - x. Emerging issues relating to compliance, including trends and any anticipated changes that may have material impact on the University; and
- d) Review and monitor related party transactions.

3.4. Internal audit and assurance

Oversee the University's internal audit and assurance activities, including:

- a) Review and approve the annual Internal Audit Plan;
- b) Periodically review the Internal Audit Charter;

- c) In consultation with the Vice-Chancellor, review and approve the budget and internal resources for the provision of the internal audit function;
- d) Review internal audit reports and assess whether matters are being managed and rectified in an appropriate and timely manner;
- e) In relation to any co-sourced or outsourced internal audit providers:
 - i. Approve their appointment, replacement or termination; and
 - ii. Review and assess their effectiveness and performance.
- f) Meet with the Director, Risk & Audit (and any outsourced internal audit providers) without other management present to discuss any matters as required.

3.5. External audit (Victorian Auditor-General's Officer (VAGO))

Oversee the University's external audit activities, including:

- a) Review the scope of the external audit plan with the external auditor and management;
- b) Consider any findings and recommendations of the external auditor and review and monitor management's response; and
- c) Meet separately with the external auditor to discuss any matters as required.

3.6. Enterprise technology and data

To the extent that it does not conflict with the functions and duties of the Technology, Innovation and Value Creation Committee (**TIVCC**), the Committee will oversee the University's management of enterprise technology and data, including:

- a) Review adequacy, integrity and effectiveness of the University's enterprise technology framework including key systems of internal control across operations;
- b) Receive and review management reports relating to:
 - i. Information technology controls, incidents and emerging challenges including in relation to cyber security and data privacy;
 - ii. Information technology framework performance and maturity against relevant standards and emerging opportunities including impact of digital disruption (i.e. artificial intelligence); and
 - iii. Information technology spend, delivery models and strategic alignment.

3.7. Environmental, social and governance (ESG) matters

Oversee the consideration and management of ESG matters, including:

- a) Review significant developments in the areas of corporate governance and ESG (environment, social and governance) relevant to the Committee's responsibilities;
- b) Review and monitor the University's ESG risks and performance and consider significant issues relating to ESG, including:
 - i. Review reports from management on the University's environment-related risks and the plans management has put in place to deal with those risks; and
 - ii. Review the health, safety and environmental performance, including monitoring the effectiveness of the University's health, safety and environmental management system and considering significant issues relating to health, safety and the environment.

4. COMPOSITION

4.1. Membership

- a) The Committee will comprise the following:

- i. A number of independent non-executive Council members, as determined by Council; and
 - ii. A number of co-opted members, as determined by Council, but will be no greater than 50% of Committee membership.
- b) Committee members will be rotated to ensure changes in membership are staggered to maintain continuity.

4.2. Skills and capability

- a) All members must:
- i. Meet the requirements of the Standing Directions of the Minister for Finance under the *Financial Management Act 1994* (Vic); and
 - ii. Be financially literate and there must be at least one member who has appropriate expertise in financial accounting or auditing.
- b) Further, in line with the Council skills pyramid, the essential skills for the Committee are:
- i. Under the skills pyramid: “national leader” or “world class” foundational skills (financial acumen, audit and risk, and legal skills);
 - ii. CPA or CA with knowledge and experience of statutory accounts, the application of accounting standards and financial reporting requirements in a large, complex organisation;
 - iii. Strategic enterprise risk management experience; and
 - iv. In-depth knowledge of professional standards of internal audit and best practice in internal auditing.

4.3. Chair

- a) The Chair of the Committee will be elected by Council from the non-executive independent members of Council on the Committee.
- b) The term of office is two (2) years and is eligible for reappointment.
- c) In the absence of the Chair the Committee will elect a chair from among the independent members.

4.4. Secretary

- a) The University Secretary (or other appropriate designated person, as agreed with the Chair) will be the Committee Secretary.
- b) The Committee Secretary will assist the Chair to develop and distribute agendas, papers, minutes and work plan.

4.5. Key Management Contacts

- a) While each maintains their position within the management structure of the University, the following persons will be the Key Management Contacts of the Committee and there is established be a direct line of communication between each of these persons and the Committee (through its Chair):
- i. Chief Operating Officer
 - ii. Chief Financial Officer, in relation to financial reporting, investments and borrowings, and external audit;
 - iii. General Counsel, in relation to compliance and conduct;
 - iv. Chief Information Officer and Chief Information Security Officer, in relation to enterprise technology and data; and
 - v. Director, Risk & Audit, in relation to risk management, internal controls, internal audit and assurance.

- b) As such, the Committee should be informed of any people management issues relating to the Key Management Contacts (including any movements).

5. COMMITTEE MEETINGS

5.1. Meeting protocol

- a) The Committee will meet as required throughout the year with a minimum of four (4) meetings to be held.
- b) A quorum of the Committee will consist of half the members of the Committee.
- c) Each member will have one vote and decisions shall be made on a majority basis.
- d) The Chair shall call a meeting of the Committee if so requested by the Chancellor.

5.2. Additional meeting invitees

- a) The following persons will be provided with a standing invitation to attend Committee meetings:
 - i. Chancellor;
 - ii. Deputy Chancellor;
 - iii. Vice-Chancellor;
 - iv. Chief Operating Officer;
 - v. Chief Financial Officer;
 - vi. Chief Information Officer;
 - vii. Chief Information Security Officer;
 - viii. General Counsel;
 - ix. Director, Risk & Audit;
 - x. External auditor (representative(s) of VAGO); and
 - xi. Outsourced internal audit provider (if applicable).
- b) Any University employee (including management and staff) or external professional adviser may attend any meeting of the Committee or part thereof, if invited by the Chair.
- c) Non-members of the Committee may be asked to withdraw from all or any part of any meeting and may not vote on any matter at a meeting.

5.3. In-camera meetings

- a) The Committee may at any time meet with the following persons without management present, and must do so at least once per year:
 - i. Chief Financial Officer;
 - ii. Director, Risk & Audit;
 - iii. External auditor (representative(s) of VAGO); and
 - iv. Co-sourced or outsourced internal audit providers (if applicable).
- b) The Committee may meet with any employee, associate, officer or external party without any other management being present.

6. COMMITTEE REPORTING

- 6.1. The minutes of each meeting shall be provided to Council. The Chair will report to Council after each Committee meeting on the business and recommendations of the Committee.
- 6.2. As and when requested by the Chancellor, the Chair will report to the Executive, Remuneration & Nominations Committee (**ERNC**) providing an overview of the key issues considered by the Committee that are likely to be relevant to assessing the performance and remuneration outcomes for the Vice-Chancellor and senior management by the ERNC.