

AUDIT AND RISK COMMITTEE

MEMBERSHIP AND TERMS OF REFERENCE

1. PREAMBLE

The Audit and Risk Committee of Council oversees the University’s external and internal audit programs, recommends the annual financial statements to the Finance Committee (for their recommendation for approval to Council) and monitors the University’s response to internal audits and the annual external audit.

The Audit and Risk Committee supports Council in overseeing and monitoring the assessment and management of risk across the University, including university commercial activities. The Committee reviews the risk management framework and practice and receives regular reports on significant strategic and operational risks and their management to an acceptable level. The Committee advises Council, and other committees as appropriate, on the Risk Management Framework and practice improvements and progress as well as significant risks arising from their review. The Committee recommends the Risk Management Framework, Risk Policy and Risk Appetite Statement updates to Council for approval.

2. MEMBERSHIP

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| Four members of Council, at least two of whom are external and one of whom is the Chair, as appointed by Council. | Mr Tony Peake (Chair) Mr Ross McPherson Ms Wendy Stops Mr Mark Leibler |
| Up to an additional five persons, with audit and risk management expertise, appointed by Council. | Mr Kester Brown Mr David Watson Ms Judith Downes Ms Carol Pagnon Ms Margaret Crossley |
| President, Academic Board | Professor Nilss Olekalns |

| <i>In Attendance</i> | |
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| Vice-Chancellor (or nominee) | Professor Glyn Davis, AC |
| Vice-Principal (Administration and Finance) and Chief Financial Officer | Mr Allan Tait |
| Vice-Principal (Policy and Projects) | Dr Julie Wells |
| Head, University Services | Mr Paul Duldig |
| Associate Director, Audit Assurance Services | Mr Peter McGrath |
| Chair, Risk Management Advisory Group | Ms Louise Davidson |
| Representative(s) from the Victorian Auditor-General’s Office (VAGO), and its agents, are invited to attend meetings of the Committee, as required. | Ms Simone Bohan (Sector Director, Education, VAGO) Mr Ralph Ferguson (KPMG) Ms Sangeeta Balak (KPMG) |

Other officers of the University may be invited to any meeting as the Committee determines.

The quorum for the Committee is three members, at least two of who must be members of Council.

3. TERMS OF REFERENCE

The functions of the Audit and Risk Committee of Council are:

A. Reporting, Internal and External Auditors

- 3.1** Review the scope and monitor the conduct of the annual external audit undertaken by or on behalf of the Auditor-General, including:
 - (a)** assessing whether the auditor satisfies the audit independence requirements as set out in regulations;
 - (b)** maintain oversight of all audit and non-audit services;
 - (c)** reviewing the auditor's proposed scope and approach to ensure no unjustified restrictions have been placed on the scope.
- 3.2** Review the annual Financial Statements and statutory Annual Report, including:
 - (a)** any significant accounting and financial reporting issues identified by management or the external auditor;
 - (b)** whether, having regard to relevant accounting policies and practices, the accounts fairly represent the financial position and the results of operations for the year; and
 - (c)** where satisfied, recommend them for approval by the Finance Committee and then to Council.
- 3.3** Monitor the Auditor General's Management Report and Report to Parliament on the annual audit and the University's response to those Reports.
- 3.4** Monitor the effectiveness of the working relationship between the external auditor and management.
- 3.5** Monitor the adequacy and effectiveness of the University's financial internal controls and integrity of the financial system through receipt of reports from the internal and external auditors.
- 3.6** Monitor the application by the University of accounting and tax policies and standards and review any changes to, or changes in application of, those policies and standards.
- 3.7** Monitor other audits of the University undertaken by the Auditor-General or other relevant bodies and the University's response to them.
- 3.8** Endorse for recommendation to Council the annual internal audit program, and receive reports at each meeting on its implementation.
- 3.9** Review reports issued by the internal auditors, and monitor any follow up

action that may be required in light of those reports.

B. Risk Management

- 3.10** Review and advise on assessment and management of risk across the University. In particular:
- (a) review and provide advice on the development and operation of the University's risk management framework and associated practices, including effectiveness;
 - (b) review regular updates on University risk assessments and the effectiveness of controls and management to an acceptable level in place; with a particular focus on areas of significant risk;
 - (c) receive regular reports on the Chancellery Projects Risks;
 - (d) provide advice to management and Council on any actual or potential risks that require more active management and actions that might be taken to deal with them;
 - (e) receive regular reports from the Risk Management Advisory Group and report to Council or other Council committees on any matters that require their consideration;
 - (f) receive regular reports on Occupational Health and Safety and review the efficacy of actions in place or proposed mitigation strategies to address risks in this area; and
 - (g) for controlled entities of the University, receive progress reports on the risk management framework operation and effectiveness, and regular reports on significant risks, controls and management actions and progress.
- 3.11** Annually recommend to Council for approval the Risk Appetite Statement, Risk Management Framework and Risk Policy.

C. Compliance

- 3.12** Review and monitor that the University is in compliance with relevant laws, regulations and internal policies, including Standing Directions 2016 from the Minister for Finance under the Financial Management Act, 1994.
- 3.13** Review the effectiveness of the system for monitoring compliance with laws, regulations and internal policies and the results of the compliance managers' investigations and follow-up any non-compliance incidents.

4. FREQUENCY OF MEETINGS

At least three times a year or as required.

5. REPORTING TO COUNCIL

Audit and Risk Committee reports to Council.

The Chair will provide a written report to Council on the outcomes of matters considered by the Committee. The report will be considered at the first meeting of Council held after the Committee meeting.

(Approved by Council, April 2017; March 2017; August 2017)