



**VICTORIA UNIVERSITY**

**UNIVERSITY COUNCIL**

**COMPLIANCE, AUDIT AND RISK COMMITTEE**

**TERMS OF REFERENCE**

**1. Role**

The Compliance Audit and Risk Committee is a formally constituted committee of Council with particular responsibility for providing Council with strategic advice on and oversight and monitoring of the risk management, legislative and regulatory compliance frameworks as well as internal accountability requirements and controls for the University and its controlled entities. This includes oversight of each of the Internal Audit and External Audit functions.

**2. Authority**

In accordance with *Schedule 1 section 15 (3) and section 18 of the VU Act 2010* Council authorises the Compliance, Audit and Risk Committee to:

- approve the University's risk management framework, oversee its implementation and report accordingly to Council;
- approve the University's approach to and outcomes of compliance monitoring across the University and report to Council;
- establish and maintain the internal audit function and Plan;
- establish internal working groups as required to assist it in the exercise of its responsibilities;
- request the attendance of any University employee, officer of a Controlled Entity or Council member at Committee meetings;
- obtain relevant and reasonable information in line with the Committee functions, from a University employee or an external party (subject to their legal obligation to protect information); and
- exercise such other functions as may be necessary to enable it to exercise the responsibilities set out in its Terms of Reference.



### 3. Functions

The Committee's responsibilities cover the following areas:

- Compliance with applicable legislation, rules and regulations;
- Internal Audit;
- External Audit;
- Insurance arrangements;
- Risk management; and
- the Annual Report, including the Report on Operations and the audited financial statements.

In order to fulfil its responsibilities, the Committee will:

#### **a. Compliance**

- i. approve the University's framework and processes for monitoring compliance risks
- ii. engage in a rolling program to educate members and raise their awareness of the regulatory and legislative obligations of the University
- iii. review and approve the results and outcomes of investigations and audits by management into compliance risks or by the Academic Board in relation to compliance risks that are academic in nature
- iv. follow-up any material non-compliance issues and obtain regular updates regarding compliance matters that may have a material impact on the University's operations
- v. review the findings preliminary or otherwise of any assessments carried out by regulatory agencies including auditor observations
- vi. review the effectiveness of the system for monitoring the University's compliance with applicable laws.

#### **b. Internal Audit**

- i. Assess the extent to which the University's operations are regularly reviewed to ensure that they comply with the Financial Management Act 1994, Australian Accounting Standards, Corporations Law and generally accepted accounting concepts



- ii. Establish and maintain the internal audit function, including approving the appointment of and any subsequent changes to the internal auditors
- iii. review and approve the Internal Audit Plan and ensure that it properly addresses and prioritises the investigation of the most relevant risks facing the University
- iv. monitor the scope and progress of the Internal Audit Plan and approve any significant changes to the Plan
- v. review and approve internal audit reviews conducted in accordance with the Internal Audit Plan
- vi. provide a forum for the internal audit function in respect of its planning, monitoring and reporting processes
- vii. ensure that the internal auditors have full, free and unrestricted access to University personnel and University records so that they can complete the Internal Audit Plan
- viii. evaluate the performance of the internal audit function by reference to the Internal Audit Plan and established performance indicators, to ensure that it complies with appropriate professional standards in the conduct of its activities
- ix. receive significant findings and recommendations from internal audit reviews together with management's responses and ensure they are appropriately acted upon by management in a timely manner
- x. ensure internal auditors meet with external auditors at least once per year to share work plans and audit findings
- xi. meet with internal auditors in private at least once a year to encourage open and frank discussions.

**c. External Audit**

- i. consult with the external auditor on the proposed audit strategy and audit plan for each coming year
- ii. review the significant findings and recommendations made by the external auditor and assess management's responses to such findings and recommendations
- iii. ensure that management has appropriately acted on any such findings and recommendations
- iv. ensure that the external auditor has full, free and unrestricted access to University personnel and University records



- v. meet with external auditors in private at least once a year to encourage open and frank discussions

**d. Risk Management**

- i. monitor strategic, enterprise and operational business risks of the University, through an institutional risk management framework
- ii. review, assess and advise Council on institutional risk appetite
- iii. review, assess and advise Council on third party due diligence, risk assessments of third parties and recommendations and findings of reviews of the University's third-party arrangements
- iv. evaluate the adequacy of the University's business continuity, disaster recovery plans, critical incident and crisis management processes
- v. evaluate and advise Council of the appropriateness of insurance arrangements
- vi. liaise with management and the Academic Board to ensure there is a common understanding of the key risks to the University.

**e. Internal Controls**

- i. review whether policies and procedures relevant to the risk management framework are in place and up to date
- ii. review the adequacy of internal control structures and systems, to mitigate identified risks
- iii. receive reports on significant breaches of policy including suspected and actual frauds.

**f. Financial Reporting (including Annual Report)**

- i. review the financial reporting process to ensure the balance, transparency and integrity of published financial information
- ii. review the audited annual financial statements intended for release to third parties
- iii. meet with external auditors to review the financial statements, the key accounting policies and judgments and the results of the year end audit



- iv. Review and advise Council on the approval of the Annual Report including the Report on Operations (front section of Annual Report).

#### **4. Performance Review and Reporting**

- i. The Compliance, Audit and Risk Committee will report after each regular meeting to Council.
- ii. The Compliance, Audit and Risk Committee will develop an annual work plan.
- iii. The Compliance, Audit and Risk Committee will annually review and report to Council on its own performance.

#### **5. Membership**

- a. The Council nominates and appoints members of the Compliance Audit and Risk Committee with reference to Council's Skills Matrix. It will have the following membership:
  - i. at least three external members of Council who are able to contribute the broad skills base relevant to the Committee's business, one of whom will be the Chair
  - ii. up to four independent members external to the University with skills and experience including:
    - o formal accounting qualifications with current certification;
    - o significant, recent and relevant experience in financial auditing;
    - o specialist knowledge and expertise in risk management;
    - o specialist knowledge and expertise in regulatory compliance including educational regulations; and/or
    - o experience of university operations.
  - iii. Of the members outlined in 4a(i) and 4a(ii), at least one member should have formal financial accounting or auditing qualifications
  - iv. Of the members outlined in 4a(i) and 4a(ii), at least one member must have expertise/experience of risk management and compliance within complex operating environments
  - v. the Chair of the Academic Board.
- b. External members must be 'fit and proper persons' as determined by The Tertiary Education Quality and Standards Agency Fit and Proper



Person Determination 2018, the Education Services for Overseas Students (ESOS) Act 2000; as required by the Australian Skills and Quality Authority (ASQA), and as required by the University's probity processes.

**6. Meetings**

The Committee will meet at least four times a year. In addition, the Chair may call special meetings as required.

**7. Conflict of Interest**

Where relevant, members must declare actual, potential or perceived conflicts of interests in the appropriate form and according to the *Conduct of Council Business and Standing Orders Procedure*.

**8. Quorum**

A quorum of the CARC is half the members plus one. Where relevant, the Chair has the casting vote.

THE COMMON SEAL of VICTORIA UNIVERSITY )  
was affixed this 16<sup>th</sup> day of January 2023 )  
with the authority of Council in the presence of: )



  
.....  
Professor Adam Shoemaker  
Vice-Chancellor and President

  
.....  
The Hon. Wade Noonan  
Deputy Vice-Chancellor External Relations  
& Partnerships

**Original Council Approval Date**

Tuesday 19 October 2021

**Modification History**

Date	Approval	Details
Tuesday 6 December 2022	Council	Annual Review