



Audit, Finance and Risk Committee Terms of Reference

1. Preamble

- 1.1 Section 15(1)(d) of the University of South Australia Act (1990) enable Council to delegate any of its powers or functions to a Committee. In December 2020, the Council agreed to merge its existing Finance Committee and its Audit and Risk management Committee to form the Audit, Finance and Risk Committee.
- 1.2 The Audit, Finance and Risk Committee has been established as a Committee of Council to assist it in the conduct of its business and to provide advice in the areas of its Terms of Reference. Its power and authority are limited to making recommendations to Council.
- 1.3 The delegation to the Committee does not derogate for the power of the Council to act in any matter and is revocable at will by the Council (section 2(c)(d)). The Committee may resolve not to take action on any matter appearing in its Terms of Reference or exercise any delegation from Council and refer a matter directly to Council for consideration.
- 1.4 These Terms of Reference outline the responsibilities of the Committee.

2 Responsibilities

- 2.1 The primary function of the Audit, Finance and Risk Committee is to assist Council fulfil its governance and oversight responsibilities by providing advice and recommendations relating to:
- 2.1.1 The integrity of financial accounting practices and reporting;
 - 2.1.2 Internal control framework and internal audit;
 - 2.1.3 The University's financial performance in the current year and the financial implications of future plans.
- 2.2 In relation to its financial monitoring and review responsibilities, the Committee will:
- 2.2.1 Review and monitor the University's performance against financial targets established by Council.
 - 2.2.2 Undertake a preliminary review of the University's annual budget and provide advice and recommendations to Council.
 - 2.2.3 Review financial reports and financial statements and provide:
 - (i) financial updates to Council at each of the meetings of Council;
 - (ii) quarterly financial reports to Council.
 - 2.2.4 Review and advise Council on the University's Annual Report and Annual Financial Statements.
 - 2.2.5 Provide advice to Council on the financial implications of the University's strategic plan.
 - 2.2.6 Provide advice to Council in relation to:

- (i) the extent and adequacy of the University's insurance coverage (at least annually);
- (ii) the Treasury Management Policy of the University;
- (iii) the University's borrowing program (on a regular basis);

2.2.7 Monitor the progress of major capital projects.

2.2.8 Receive and provide advice to Council on:

- (i) proposals relating to the creation, disposal or restructure of controlled entities;
- (ii) the annual reports and financial statements of the University's controlled and associated entities.

2.2.9 Approve and monitor the investment policy for Foundation funds and monitor the investment against performance benchmarks and report to Council as appropriate.

2.3 In relation to its due diligence, audit and risk responsibilities, the Committee will:

2.3.1 Liaise with the external auditors and oversee the external audit, including consideration of the scope of the external audit and its interaction with the internal audit plan to ensure completeness of coverage and effective use of audit resources.

2.3.2 Review the findings of the external audit with the external auditor, and monitor the University's response to the review and recommendations of the external auditor in relation to:

- (i) the University's annual financial statements and related notes;
- (ii) the external auditor's audit of, and report on, the financial statements;
- (iii) the external auditor's qualitative judgement and the appropriateness of accounting principles and disclosures;
- (iv) any serious difficulties or disputes encountered during the course of the audit.

2.3.3 Review and endorse University policies with regard to audit and risk.

2.3.4 Ensure the University's risk framework and systems of internal control remain effective and periodically report to Council on the adequacy of the overall internal control environment.

2.3.5 Receive, review and endorse the annual internal audit plan and activities of the internal audit function.

2.3.6 Receive and review internal audit reports and findings, review any significant risks and monitor the University's response to audit findings and recommendations.

2.3.7 Regularly receive reports and review the University's major risks, initiating periodic reviews of the most significant risks for the University, including any risks identified by Council for review, and ensuring risk management strategies are appropriate.

2.3.8 Review and concur on the appointment, replacement of the Manager, Strategic Projects: Quality, Assurance and Risk and periodically review the performance, objectivity and independence of the internal audit function.

2.4 Undertake any matters as directed by Council.

3 Membership

- 3.1 The Audit, Finance and Risk Committee shall comprise:
 - 3.1.1 The Deputy Chancellor or a Pro Chancellor
 - 3.1.2 No less than two and up to three appointed members of Council
- 3.2 The Chair of the Committee will be appointed by Council from either the Deputy Chancellor or the Pro Chancellor who is the member of the Committee.
- 3.3 Each member of the Committee must have a working familiarity with general finance and accounting practice and/or risk and audit.
- 3.4 Up to two external technical specialists may be appointed as members where required. The appointment is subject to Council approval and the term of such an appointment is two years and the external member is eligible for reappointment.
- 3.5 The Vice Chancellor, Chief Operating Officer, the Chief Financial Officer and the Manager, Strategic Projects: Quality, Assurance and Risk will be 'in attendance' at Committee meetings.
- 3.6 The Chancellor, will have the right to attend Committee meetings as an observer.
- 3.7 Representatives from the Auditor-General's Department responsible for the external audit of the University will be invited to attend two meetings of the Committee to present the Auditor General's audit opinion when the Annual Financial Statement is tabled, and to present the audit approach for the full year audit. Representatives may also be invited to other meetings as appropriate.
- 3.8 The University Secretary will be the Executive Officer of the Committee.

4 Meetings

- 4.1 The Committee will meet at least four times per annum, or more frequently as required. The Chair of the Committee may call a meeting of the Committee if required to discuss matters related to its Terms of Reference.
- 4.2 No business may be transacted at a Committee meeting unless a quorum is present. A quorum is three of the Council members of the Committee.

5 Reporting

- 5.1 The Audit, Finance and Risk Committee will report to Council on its activities at the next scheduled regular Council meeting. The report shall include:
 - 5.1.1 A copy of the minutes of the Committee meeting;
 - 5.1.2 A summary of the recommendations of the Committee;
 - 5.1.3 Where a recommendation requires a resolution of Council, a separate paper providing relevant information to Council to make a decision;
 - 5.1.4 Any items that are required to be regularly reported to Council in accordance with its Terms of Reference.