

Audit and Risk Committee Constitution

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Renamed as Audit and Risk Committee by Council: 5/2022 (10 October)

Committee of Council established by Council: 15/1988

1. Introduction

- 1.1. The University Council (**Council**) has established the Audit and Risk Committee (**Committee**) to provide oversight of the University's governance, risk management, compliance and control practices. The Committee also serves to provide confidence in the integrity of practices to enable achievement of the University's strategic objectives.
- 1.2. This constitution:
 - (a) provides a framework for the performance of the Committee's activities;
 - (b) supports the University in meeting its obligations under sections 23 and 30 of the *Financial and Performance Management Standard 2019* (Qld); and
 - (c) supports the University in meeting its corporate governance, monitoring and accountability obligations under Standards 6.1 and 6.2 of the *Higher Education Standards Framework (Threshold Standards) 2021* (**Threshold Standards**).

2. Mandate

- 2.1. The Committee is a standing committee established by the Council and reports directly to, and is accountable to, the Council.
- 2.2. The Committee provides objective, non-executive oversight of the implementation and operation of the University's Risk Management Framework. It does this by monitoring the effectiveness of the University's financial reporting, system of risk oversight and management, internal control environment, compliance management system, work health and safety management system, and the internal and external audit functions.
- 2.3. The Committee assists and supports the Council and the Vice Chancellor in discharging their responsibilities under the Financial Accountability Act 2009 (Qld), Financial and Performance Management Standard 2019 (Qld), the Higher Education Standards Framework (Threshold Standards) 2021, the Work Health and Safety Act 2011 (Qld) (WHS Act), and other relevant legislation.
- 2.4. The Committee aims to achieve this mandate by ensuring that:
 - (a) the University's Risk Management Framework and practices are appropriate, operating effectively and support the promotion of a positive and constructive culture of risk management;
 - (b) the University's financial reporting, system of risk oversight and management and internal control environment are appropriate and effective;
 - (c) the University's work health and safety framework and program for ensuring a healthy and safe environment is appropriate and effective;

- (d) the preparation of the University's external annual financial statements is effective and meets relevant standards;
- (e) the University's internal and external audit function operates effectively, efficiently, and economically; and
- (f) the University effectively monitors compliance with its regulatory obligations including responding to any material breaches and/or regulatory actions taken against the University.

3. Functions

Annual Financial Statements

- 3.1. The Committee will review audits of the University's financial statements and all matters communicated to the Committee by the Queensland Audit Office (QAO).
- 3.2. Based on such review and discussion, the Committee shall:
 - (a) consider whether the University's external financial statements are in a form appropriate for inclusion in the annual report; and
 - (b) offer advice, as required, as to the form of the external financial statements, prior to the Chancellor signing them.
- 3.3. University management (and not the Committee) is responsible for:
 - (a) the preparation, presentation, and integrity of the University's annual external financial statements;
 - (b) the appropriateness of the accounting principles and external financial statement reporting policies that are used by the University;
 - (c) establishing and maintaining internal control over financial reporting; and
 - (d) immediately disclosing to the Chair of the Committee any material changes in the financial condition, regulatory standing or operations of the University. Such disclosures shall be presented to the full Committee at its next meeting or earlier, as considered appropriate by the Chair.

External Audit

- 3.4. The Committee will:
 - (a) review with the QAO any audit issues or difficulties identified during the course of the audit work, including any restrictions on the scope of the QAO's activities or access to requested information;
 - (b) review and confirm the external audit strategy proposed by QAO for each year;
 - (c) review any relevant correspondence from the QAO regarding its audit and the University's responses to ensure any identified deficiencies in internal control are considered by management; and
 - (d) oversee the external audit process, including ensure that the external audit is independent, that there are no impediments to the scope of the external audit, and that the external auditors possess appropriate skills and professional qualifications.

Internal Audit

3.5. The Committee will:

- (a) review the internal audit charter annually and recommend approval of the charter to the Vice Chancellor;
- (b) review the annual audit plan and any subsequent changes to ensure that it incorporates the University's significant auditable risks and recommend approval to the Vice Chancellor;
- (c) receive periodic reports from the Associate Director, Internal Audit on progress toward completing the annual audit plan, including adequacy of staffing and skills of internal audit personnel and any external service providers, and ensure that adequate resources have been budgeted to complete the plan;
- (d) review significant audit findings and management responses, and subsequent follow up of recommendations;
- (e) review and assess the performance of the internal audit unit against the annual audit plan and other key performance indicators as developed and agreed with the Committee; and
- (f) require that the Chair of the Committee is consulted prior to any management decision in relation to the appointment or termination of the Associate Director, Internal Audit.

Health and Safety

3.6. The Committee will report regularly to the Council on matters relating to work health and safety including, in particular, about the University's compliance with its obligations under the WHS Act. Reports of the Committee will address officers' due diligence in taking reasonable steps to:

- (a) acquire and keep up-to-date knowledge of work health and safety matters;
- (b) gain an understanding of the nature of the operations of the business or undertaking of the University and generally of the hazards and risks associated with those operations;
- (c) ensure that the University has available for use, and uses, appropriate resources and processes to eliminate or minimise risks to health and safety from work carried out as part of the conduct of the business or undertaking;
- (d) ensure that the University has appropriate processes for receiving and considering information regarding incidents, hazards and risks and responding in a timely way to that information;
- (e) ensure that the University has, and implements, processes for complying with any duty or obligation under the WHS Act; and
- (f) verify the provision and use of the resources and processes referred to in paragraphs 3.6(c) to 3.6(e).

Risk Management

3.7. The Committee will:

- (a) make recommendations to the Council on the University's Enterprise Risk Management Framework;
- (b) oversee, on a University-wide basis, the University's risk position relative to its risk appetite;
- (c) constructively challenge University Management's proposals and decisions on key aspects of risk management arising from the University's activities;
- (d) oversee the University's risk management function and advise the Council about the management measures taken to support this function through appropriate resourcing, scope of responsibilities, independence and authority to perform its role effectively. The Chair of the Committee should be consulted prior to any decision to appoint or terminate the General Counsel as head of this function;
- (e) make recommendations to the Council about the University's legislative compliance policy and oversee its implementation;
- (f) assess whether University Management's approach to maintaining an effective control environment is sound and effective, and whether relevant policies and procedures have been developed, implemented and periodically reviewed;
- (g) review the University's Integrity program and controls that management has established to manage compliance with the University's Code of Conduct and support a culture which is committed to lawful and high standards of ethical behaviour;
- (h) review reports of fraud and corruption, including the results of any investigations and effectiveness of corrective actions taken by University Management to prevent and deter fraud;
- (i) review reports, as necessary, from the Chief Operating Officer regarding material violations of laws and regulations or any breach of fiduciary duty as identified and claimed either internally or externally and brought to the attention of University Management;
- (j) ensure the occurrence and nature of formal complaints, allegations of misconduct, breaches of academic or research integrity and critical incidents are monitored and action is taken to address underlying causes; and
- (k) review procedures for receiving employee complaints and concerns under the University's Public Interest Disclosure Policy.
- (l) Review with the Chief Operating Officer and the General Counsel, the University's compliance program, including legal and regulatory requirements, and the effectiveness of such programs.
- (m) Review with the General Counsel the results of the activities from the annual Compliance Monitoring Plan or any independent reviews of compliance with laws, rules regulations and intended corrective action as well as other compliance matters reviewed from time to time and determined to be relevant.

4. Authority

- 4.1. The Council has delegated certain of its powers to the Committee in accordance with section 11(1)(b) of the Griffith University Act 1988 (Qld).
- 4.2. The Committee may exercise such powers as the Council may delegate to the Committee from time to time, as set out in the University's register of delegations.
- 4.3. The Committee has authority to approve the University's Gifts and Benefits Policy, and in accordance with the Gifts and Benefits Policy, provide prior approval for gifts and benefits greater than \$300 given to external parties.
- 4.4. The Council authorises the Committee to perform its role as established within the scope of this constitution. In discharging its responsibilities, the Committee shall:
- (a) have no executive powers, delegated financial responsibility or management functions;
 - (b) have unrestricted access to records, data and reports and to obtain any information it needs from any employee of the University and/or external party (subject to their legal obligation to protect information);
 - (c) discuss any matters with the QAO, and other external parties (subject to confidentiality considerations); and
 - (d) consult with the Vice Chancellor over the need to obtain external legal or other professional advice where this advice is considered necessary by the Committee to meet its responsibilities.

5. Committee Composition

- 5.1. The Committee is composed of up to seven members appointed by Council, up to two of whom may be external to the Council.
- 5.2. The Chair must be a member of the Council.

6. Skills and Experience of the Committee

- 6.1. The members, taken collectively, will have a broad range of skills and experience relevant to the University, including:
- (a) an understanding of the core activities of the University and the environment in which it operates;
 - (b) a commitment to the continual improvement of the University's financial and non-financial performance management information;
 - (c) strong business acumen and management skills;
 - (d) a high-level understanding of best practice internal control, risk management and corporate governance;
 - (e) a knowledge of information systems and emerging technology; and
 - (f) a high level of competency in financial and operational reporting and the ability to analyse complex financial reports.

7. Term of Appointment

- 7.1. The term of office of members is for a period of up to three years. To ensure continuity of the membership, the terms of the office of members shall be such that no more than two terms of office may expire at any one time, and only one of these may be the term of office of an external member.
- 7.2. The Council may re-appoint members at the expiration of their initial term for a further term subject to the composition and skill requirements of the Committee. The maximum total period of service for any member will typically be six years. A member's term should only be extended after the member's performance has been reviewed in accordance with the process determined by the University from time to time and having regard to any regulatory requirements. Resignations are to be provided to the Chair in writing.
- 7.3. The Council may dismiss a member from the Committee in accordance with the member's letter of appointment.

8. Rights of Audience and Debate

- 8.1. Management representatives and staff of the QAO will attend Committee meetings with rights of audience and debate as needed and with the approval of the Chair.

9. Operating Principles and Procedures

- 9.1. The Committee will operate and meetings will be conducted in accordance with the Council approved Council Meetings Procedure (Standing Orders) except where the constitution states otherwise.

Induction

- 9.2. New members will receive relevant information and briefings on their appointment to assist them to meet their Committee responsibilities.

Conflicts of Interest

- 9.3. Committee members must disclose conflicts of interest at the commencement of each meeting.
- 9.4. Members are required to identify any conflict of interest, including family or other personal relationship/s which may exist in respect of any of the items on the agenda. When an interest has been declared, the Chair may resolve that the member:
- (a) leaves the meeting while the item of business is discussed; or
 - (b) participates in the discussion but withdraw from the meeting before the vote and/or decision; or
 - (c) stays but does not participate in either the debate or vote/decision; or
 - (d) stays with full debating and voting/decision rights.
- 9.5. All declarations of interest will be recorded in the minutes, together with any ensuing action.

Confidentiality

- 9.6. Members must not disclose information acquired during their term of office to third parties other than as authorised by the Chair or as permitted by or required by law. This restriction applies during their term of office and continues after expiry or termination.

Rights of Chair

- 9.7. If a conflict exists between the Chair of the audit committee and the University, the Chair has the right to obtain external advice from a third party such as the Office of the Ombudsman, the Integrity Commissioner or to seek external legal advice.

Meetings

- 9.8. The Committee shall meet at least four times a year. The Committee Chair must call a meeting if requested by the Council or another Committee member.

In Camera Sessions

- 9.9. The Committee will meet privately at least once each financial year with the Associate Director Internal Audit, General Counsel and external auditor respectively.

Secretariat services

- 9.10. The Chief Operating Officer is responsible for appointing the Secretary of the Committee who has rights of audience.

Evaluation of Performance

- 9.11. The Committee will evaluate its own performance annually under the coordination of the Chair of the Committee. The evaluation may seek input from the Vice Chancellor, Chief Operating Officer, Chief Financial Officer, General Counsel, Associate Director, Internal Audit and QAO. Training needs will be monitored by the Chair.
- 9.12. The Council may determine that there be an external peer review of the performance of the Committee and/or its processes and procedures.

Review of Constitution

- 9.13. The Committee will review this constitution annually, having regard to the current Audit Committee Guidelines published by Queensland Treasury. Any proposed changes to the constitution will be recommended by the Committee to the Council.

10. Definitions

- 10.1. In this constitution:

Enterprise Risk Management Framework includes the University's Risk and Resilience Management Policy, supporting procedures and other any other strategies for managing risk implemented by the University from time to time.