

# **UTS Audit and Risk Committee Terms of Reference<sup>1</sup>**

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<sup>1</sup> Based on the NSW Treasury Policy – “TPP 20-08 – Internal Audit and Risk Management – Model Committee Terms of Reference” pp45 - 50.

## 1. Introduction

- 1.1 The Council of the University of Technology Sydney (UTS) has established the Audit and Risk Committee to assist in overseeing the activities undertaken by the UTS body corporate and its operations, including those of its controlled entities and to assist compliance with *the University of Technology Sydney Act 1989* and the *Public Finance and Audit Act 1983*.
- 1.2 This Terms of Reference sets out the committee's objectives, authority, composition and tenure, roles and responsibilities, reporting and administrative arrangements.
- 1.3 This Terms of Reference should be read in conjunction with the Audit and Risk Committee Charter and the UTS Internal Audit Charter.

## 2. Objective

- 2.1 The objective of the committee is to provide independent assurance and assistance to the Council by monitoring, reviewing and providing advice on UTS's risk, control and compliance frameworks, and its external accountability responsibilities.

## 3. Authority

The Council authorises the committee, within the scope of its role and responsibilities, to:

- 3.1 obtain any information it needs from any employee and/or external party (subject to their legal obligation to protect information)
- 3.2 approve the annual internal audit plan developed by the University in conjunction with the internal auditor
- 3.3 discuss any matters with the external auditor, or other external parties (subject to confidentiality considerations)
- 3.4 request the attendance of any employee, including but not limited to the Vice-Chancellor, Provost, Deputy Vice-Chancellors, Chief Operating Officer, Deans, and Directors, at committee meetings
- 3.5 obtain external legal or other professional advice, as considered necessary to meet its responsibilities, at UTS's expense
- 3.6 commission independent audits and reviews of any kind, whether to be conducted by internal audit or otherwise.

## 4. Composition and tenure

4.1 The Council is responsible for the appointment of committee members. The committee will consist of:

- Chair – an external member of Council, but not Chair of the Finance Committee, appointed for expertise in audit and review.
- At least three, but not more than five, other members, of whom:
  - All should have strategic management expertise and experience in accounting, auditing and risk;
  - Up to two should be members of Council with qualifications and experience related to the operations of the university;
  - At least one should be a member of the Finance Committee (whether or not they are also a member of Council).

subject to the majority of the Committee members being independent.

4.2 Members will be appointed for an initial period not exceeding two years after which they will be eligible for extension or re-appointment, as long as any such extension would not result in the member serving more than 12 years (unless otherwise resolved by Council).

4.3 The Vice-Chancellor, Provost, Deputy Vice-Chancellors, the Chief Operating Officer, Chief Financial Officer and the Director, Internal Audit may not be members of the committee, but may attend meetings as observers as determined by the Chair.

4.4 The members, taken collectively, will have a broad range of skills and experience relevant to the operations of the university. At least one member of the committee should have accounting or related financial management experience with an understanding of accounting and auditing standards in a public sector environment.

4.5 A representative(s) of the Audit Office of NSW will be invited to attend meetings of the committee as an observer.

## 5. Role and responsibilities

5.1 The committee has no executive powers, unless delegated to it by the Council.

5.2 The committee is directly responsible and accountable to the Council for the exercise of its responsibilities. In carrying out its responsibilities, the committee must at all times recognise that primary responsibility for management of UTS rests with the Vice-Chancellor.

5.3 The responsibilities of the committee may be revised or expanded in consultation with, or as requested by, the Council from time to time.

5.4 Members of the committee are expected to understand and observe the legal requirements of the University of Technology Sydney Act 1989 and any other relevant legislation. Members are also expected to:

- make themselves available as required to attend and participate in meetings
- contribute the time needed to study and understand the papers provided

- apply good analytical skills, objectivity and good judgement
- abide by the relevant ethical codes, and
- express opinions frankly; ask questions that go to the fundamental core of the issue and pursue independent lines of enquiry.

## 6. Responsibilities

The Audit and Risk Committee has responsibilities to:

### 6.1 Risk management

- 6.1.1 review whether management has in place a current and comprehensive risk management framework and associated procedures (consistent with International Risk Standard - ISO31000), for effective identification and management of UTS's financial and business risks, including fraud
- 6.1.2 seek assurance from management and Internal Audit that risk management processes are operating effectively
- 6.1.3 review whether a sound and effective risk assessment approach has been followed in developing risk management plans for major projects or undertakings
- 6.1.4 review the impact of UTS's risk management framework on its control environment and insurance arrangements
- 6.1.5 receive and consider a report at least bi-annually from management relating to identification and management of UTS's material strategic and operational risks
- 6.1.6 review whether a sound and effective approach has been followed in establishing UTS's business continuity planning arrangements, including whether disaster recovery plans have been tested periodically
- 6.1.7 review UTS's fraud control plan and satisfy itself UTS has appropriate processes and systems in place to capture and effectively investigate fraud related information
- 6.1.8 review reports from management, the Independent Commission Against Corruption or the Police that outline any significant or systematic allegations of fraud
- 6.1.9 satisfy itself that management periodically assesses the adequacy of information security (including cyber security) arrangements, and
- 6.1.10 provide (based on the information provided, associated discussions and the responsibilities prescribed in the table of "UTS Council and Audit and Risk Committee Health and Safety Responsibilities") Council with assurance as to the effectiveness and completeness of the University's actions with regards to health and safety.

### 6.2 Internal Control framework

- 6.2.1 review whether management's approach to maintaining an effective internal control framework, including over external parties such as contractors and advisors, is sound and effective

- 6.2.2 review whether management has in place relevant policies and procedures or their equivalent, and that these are periodically reviewed and updated
- 6.2.3 determine whether the appropriate processes are in place to assess, at least once a year, whether policies and procedures are complied with
- 6.2.4 be assured that appropriate controls are in place to provide: integrity of financial reporting and the financial reporting systems; and compliance with accounting and taxation requirements. (Noting these to the extent required for the Committee to fulfil the requirements of its Charter section I) – to “review and make recommendations to Council on the annual financial statements”)
- 6.2.5 review whether appropriate policies and procedures are in place for the management and exercise of delegations
- 6.2.6 consider how management identifies any required changes to the design or implementation of internal controls, and
- 6.2.7 review whether management has taken steps to embed a culture which is committed to ethical and lawful behaviour.

### **6.3 Compliance framework**

- 6.3.1 determine whether management has appropriately considered legal and compliance risks as part of UTS’s risk assessment and risk management arrangements, and
- 6.3.2 review the effectiveness of the Compliance Framework for ensuring UTS’s compliance with relevant laws, regulations and associated government policies.

### **6.4 External financial reporting**

- 6.4.1 review the financial statements (utilising where appropriate, joint meetings with the Finance Committee) and recommend their signing by Council
- 6.4.2 satisfy itself that the financial statements are supported by appropriate management signoff (as applicable) on the statements and on the adequacy of the systems of internal control
- 6.4.3 review procedures around early close and year-end
- 6.4.4 review the process in place designed to ensure that the financial information included in the UTS Annual Report is consistent with the signed financial statements
- 6.4.5 seek assurance that appropriate action has been taken in response to audit recommendations and adjustments, and
- 6.4.6 satisfy itself that UTS has appropriate mechanisms in place to review and implement, where appropriate, relevant State and Commonwealth reports and recommendations (including the Auditor General’s Annual Report to the NSW Parliament).

## **6.5 Monitoring UTS controlled entities**

- 6.5.1 monitor UTS controlled entities, noting the roles of other committees, (including Finance), and management, and in accordance with the Commercial Activities Policy that management will provide an annual Statement of Assurance and summary report on controlled entity compliance inclusive of adherence to the UTS Council's Commercial Activities Reporting Protocol
- 6.5.2 as considered necessary, request and review periodic management reports, internal audit reports and special reports provided to the Council by controlled entities, including those already provided to other UTS committees, and
- 6.5.3 where legally appropriate, seek additional information and explanation in relation to controlled entities as necessary to enable the committee's roles and responsibilities to be satisfied.

## **6.6 Internal audit**

- 6.6.1 act as a forum for communication between the Council, senior management and internal and external audit
- 6.6.2 review the internal audit coverage and annual work plan and ensure the plan is aligned with the UTS Assurance Map and risk management framework
- 6.6.3 advise the Council on the adequacy of internal audit resources to carry out its responsibilities including completion of the approved internal audit plan
- 6.6.4 oversee the coordination of audit programs conducted by internal and external audit and other review functions, including thematic reviews undertaken by the Planning and Quality Unit, and at least annually commission and approve a University-wide assurance map that identifies the University's key assurance arrangements
- 6.6.5 review all audit reports and provide advice to the Council on significant issues identified in audit reports and action taken on issues raised, including identification and dissemination of good practice
- 6.6.6 monitor management's implementation of internal audit recommendations
- 6.6.7 obtain an annual report from the Director, Internal Audit on the overall state of internal controls
- 6.6.8 review the Internal Audit Charter to ensure appropriate organisational structures, authority, access and reporting arrangements are in place
- 6.6.9 periodically review the performance of internal audit
- 6.6.10 review the results of any external assessments of the internal audit function, and
- 6.6.11 if requested by the Vice Chancellor, provide advice to the Vice-Chancellor on the appointment of the Head of internal audit (in the case of an in-house internal audit function), or if requested, recommend to the Vice-Chancellor the appointment of the internal auditor and endorse or otherwise make comment upon the dismissal or transfer of the Head of internal audit or the internal auditor.

## **6.7 External audit**

- 6.7.1 act as a forum for communication between the Council, senior management and internal and external audit
- 6.7.2 provide input and feedback on the financial statement and performance audit coverage proposed by external audit and provide feedback on the audit services provided
- 6.7.3 review all external plans and reports in respect of planned or completed audits and monitor management's implementation of audit recommendations, and
- 6.7.4 provide advice to the Council on action taken on significant issues raised in relevant external audit reports and better practice guides.

## **6.8 Liaison with other committees**

- 6.8.1 where appropriate, liaise with other committees of Council including sharing minutes of meetings and other relevant information as appropriate.

## **7. Reporting**

- 7.1 After each meeting, the committee will report to the Council on its operations and activities. The report should include (but not be limited to):
  - a summary of the work the committee performed to fully discharge its responsibilities under Charter and this Terms of Reference
  - a summary of UTS's progress in addressing the findings and recommendations made in internal and external audits, the Auditor General's Report to Parliament and any Parliamentary Committee reports
  - an overall assessment of UTS's risk, control and compliance framework, including biannually, details of any significant emerging risks;
  - a summary of any legislative changes impacting UTS, and
  - once a year, details of meetings held and the number of meetings each member attended.
- 7.2 The committee may, at any time, report to the Council any other matter it deems of sufficient importance to do so. In addition, at any time an individual committee member may request a meeting with the Chancellor as Chair of the Council.

## **8. Administrative arrangements**

### **8.1 Meetings**

- 8.1.1 The committee will meet at least four times a year. A special joint meeting with Finance Committee members may also be called to review UTS's annual financial statements.
- 8.1.2 The Chair is required to call a meeting if asked to do so by the Council or another committee member.

8.1.3 A forward meeting plan, including meeting dates and agenda items, will be agreed by the committee each year.

8.1.4 Members of the Committee and the UTS's management should maintain an effective working relationship and seek to resolve differences by way of open negotiation.

## **8.2 Attendance at meetings and quorums**

8.2.1 a quorum will consist of a majority of committee members

8.2.2 meetings can be held in person, by telephone or by video conference

8.2.3 the Director of Internal Audit and external audit representatives will be invited to attend each meeting, unless requested not to do so by the Chair of the committee. The committee may also request the Chancellor, any other Council Member, Vice-Chancellor, Provost, Deputy Vice-Chancellors, Chief Operating Officer, Chief Financial Officer, other employees or persons external to UTS to attend committee meetings or participate in certain agenda items

8.2.4 meetings of the committee can be held without representation by management and with or without the Internal and/or External Auditor, if required by the committee

8.2.5 the committee shall meet in private session with the University's Internal and/or External auditors at least annually.

## **8.3 Secretariat**

8.3.1 A University Secretary appointed person will provide secretariat and administrative support to the Committee.

8.3.2 The Secretariat will ensure that:

- under normal circumstances the agenda for each meeting and supporting papers are circulated, after approval from the Chair, one week before the meeting, and
- the minutes of the meetings are prepared and maintained. Minutes must be endorsed by the Chair and circulated before the next meeting to each member and committee observers, as appropriate.

## **8.4 Conflicts of Interest**

8.4.1 Members or observers at Audit and Risk Committee meetings are required to comply with clause 5 of Schedule 2A to the University of Technology Sydney Act 1989 and the requirements outlined in the UTS Council and Committees Governance Overview Handbook, regarding the disclosure of material interests.

8.4.2 Audit and Risk Committee members must disclose any material interests at the start of each meeting or before discussion of the relevant item or topic. Details of the disclosure should be appropriately minuted.



## **8.5 Induction**

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

## **8.6 Assessment arrangements**

- 8.6.1 The Chair of the committee, in consultation with the Chancellor as Chair of the Council, will initiate a review of the performance of the committee at least once every four years. The review will be conducted on a self-assessment basis (unless otherwise determined by the Council) with appropriate input sought from the Council, the Vice-Chancellor, the internal and external auditors, management and any other relevant stakeholders, as determined by the Council.

## **8.7 Review of Charter and Terms of Reference**

- 8.7.1 Every year the committee will review the Charter and this Terms of Reference to ensure it remains relevant and appropriate. This review will include consultation with the Council.
- 8.7.2 Any substantive changes to the Charter and this Terms of Reference will be recommended by the committee and formally approved by Council.