Audit & Risk Committee
Standing Committee of Monash University Council

1. Membership

1.1 Appointment of a Chair

The Chairperson will be an appointed member of Council with appropriate experience in business and financial management who is appointed by Council on the recommendation of the Membership Committee.

1.2 Current membership

<table>
<thead>
<tr>
<th>Category</th>
<th>Member Name</th>
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<tbody>
<tr>
<td>The Chairperson, who will be a member of Council</td>
<td>The Hon Peter Young</td>
</tr>
<tr>
<td>Two other members of Council with appropriate experience in business and/or law.</td>
<td>Dr Megan Clark, Mr John Simpson</td>
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<tr>
<td>A Monash University Professor from an appropriate discipline.</td>
<td>Professor Robyn Moroney</td>
</tr>
<tr>
<td>At least one, and up to two, other persons who are not appointed members of Council but who have appropriate expertise and experience.</td>
<td>Mr Paul Kirk</td>
</tr>
</tbody>
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**In attendance:**

<table>
<thead>
<tr>
<th>Role</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Chancellor</td>
<td>Mr Simon McKeon</td>
</tr>
<tr>
<td>The Vice-Chancellor &amp; President</td>
<td>Professor Margaret Gardner</td>
</tr>
<tr>
<td>The Chief Operating Officer &amp; Senior Vice-President</td>
<td>Mr Peter Marshall</td>
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<tr>
<td>The Chief Financial Officer &amp; Senior Vice-President</td>
<td>Mr Paul Townsend</td>
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<tr>
<td>The Director, Risk &amp; Compliance</td>
<td>Ms Moh-Lee Ng</td>
</tr>
<tr>
<td>The Director, Internal Audit</td>
<td>Mr Craig Stagoll</td>
</tr>
<tr>
<td>A partner of the firm providing co-sourced internal audit services</td>
<td>KPMG Australia</td>
</tr>
<tr>
<td>Executive Officer and Secretary</td>
<td>Mr Craig Stagoll</td>
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</table>

1.3 Term

For appointed members of Council, the term will be one year or until Membership Committee and Council have considered and approved revised memberships of the Council sub-committees, whichever is later. The Monash University Professor and each co-opted member of the Committee will be appointed on the basis of a three year term, renewable at the discretion of the Chairperson.

1.4 Secretary

The Director, Internal Audit will be the Executive Officer of and Secretary to the Committee.

as at 31 January 2019
2. Terms of reference

The role of the Audit & Risk Committee is to strengthen the University's control environment and to assist Council to discharge its stewardship, leadership and control responsibilities for financial reporting and risk management. Its primary functions are to promote accountability, support measures to improve management performance and internal controls, oversee and monitor the internal audit and the compliance and risk functions, oversee the integrity of the University’s financial reporting systems, and ensure effective liaison between senior management and the University’s external auditors. The Audit & Risk Committee achieves those primary functions through exercise of the following responsibilities:

2.1 Governance

2.1.1 review the functioning and adequacy of the University’s governance policies and framework (structures, practices and procedures);
2.1.2 monitor the functioning and adequacy of the University’s internal control systems;
2.1.3 review policies relating to fraud, privacy, handling of sensitive information and conflicts of interest;
2.1.4 assist in promoting a culture of compliance and take an active interest in ethical issues associated with the University’s business activities;
2.1.5 receive reports from management and senior staff of the University on matters considered by the Committee to be of high risk to the University's reputation or operations.

2.2 Risk management

2.2.1 oversee the University's Enterprise Risk Management Framework setting out the University's expectations and internal accountabilities for the management of risk;
2.2.2 receive and review the University’s Risk Appetite Statement;
2.2.3 monitor the adequacy of arrangements in place to ensure that risks are effectively managed across the University;
2.2.4 receive and review reports from the Director, Risk & Compliance on the University's key, operational, regulatory and strategic project risks;
2.2.5 provide copies of the key risk reports to Council for noting;
2.2.6 receive and review reports from senior staff and University controlled entities on the status of risk management in their particular areas of responsibility and issues considered to be of high risk to the reputation and operations of the University;
2.2.7 ensure the appropriate information systems and systems of internal control exist to report on risk exposure and risk management strategies and regularly review the effectiveness of the systems;

2.3 Regulatory compliance

2.3.1 monitor the effectiveness of the University's processes for ensuring compliance with relevant laws, regulations, industry codes and organisational standards;
2.3.2 receive and review reports from the Director, Risk & Compliance on the University's regulatory obligations;
2.3.3 receive reports on the University's compliance with occupational health and safety laws and standards.
2.4 Internal audit

2.4.1 review reports of the Director, Internal Audit on activities undertaken by the Internal Audit Unit;
2.4.2 oversee and monitor the work of the Internal Audit Unit;
2.4.3 oversee the appointment of an external firm as a co-sourced provider of internal audit services to the University and the management of that relationship;
2.4.4 approve the annual Internal Audit plan and monitor progress against the plan;
2.4.5 monitor action plans in respect of reviews conducted by the Internal Audit Unit and management’s responses;
2.4.6 monitor the adequacy of the process for evaluating and auditing the University’s risk management systems;
2.4.7 monitor the internal audit arrangements in place on all campuses and in respect of all controlled entities;
2.4.8 receive reports on special projects or investigations undertaken by the Internal Audit Unit and monitor actions arising out of the reports;
2.4.9 provide a forum to resolve differences arising between the Internal Audit Unit and other areas of the University;
2.4.10 The Director Internal Audit will be invited to an in-camera meeting with the Committee annually.

2.5 External audit

2.5.1 receive and review the Auditor-General’s planned scope and strategy for the external audit and audit-related services;
2.5.2 monitor relationships between the Auditor-General or agents of the Auditor General and the University to assist in the timely completion of the annual audit;
2.5.3 review all reports provided by the Auditor-General, including:
   (a) the overall scope and plans for the external audit activities, including staffing;
   (b) the Annual Report and Management Letter, along with the University’s draft response to those reports;
   (c) any summary of unadjusted audit differences and management’s assessment of their validity and materiality;
   (d) any other reports from the Auditor-General, along with any draft response to such reports by management;
2.5.4 meet with representatives or the Auditor General or agents of the Auditor-General to review reports provided by the Auditor-General;
2.5.5 receive reports of external audits at the University (other than those conducted by the Auditor-General) and the University’s responses;
2.5.6 oversee external audit arrangements in place at all controlled entities;
2.5.7 The Victorian Auditor-General’s Office’s Director or agent (or nominee) responsible for the Monash University external audit will be invited to each Committee meeting and to an in-camera meeting with the Committee annually.
2.6 Annual accounts

2.6.1 oversee and monitor the University’s financial reporting principles and policies, controls and procedures, and the effectiveness of the University’s internal controls and risk management systems in connection with its financial governance;

2.6.2 oversee and monitor the integrity of the University’s financial statements and their compliance with regulatory requirements;

2.6.3 receive regular reports on any major issues concerning accounting principles and standards, financial reporting, internal controls, risk management and other material accounting and financial reporting issues;

2.6.4 receive an annual briefing from management, prior to finalisation of the University’s annual report, regarding the financial statements and any reporting issues addressed or to be addressed in connection with the external audit;

2.6.5 receive the final draft of the University’s annual report together with:

   (a) a report from the Resources & Finance Committee that the financial statements in the annual report reflect the University’s financial performance during the relevant year;
   
   (b) a report from the Selection & Remuneration Committee that the remuneration report forming part of the annual report has been reviewed and approved; and
   
   (c) a draft of the Auditor-General’s audit opinion;

2.6.6 recommend to Council, if appropriate, that the annual report, including the financial statements, be approved.

2.7 Resourcing and planning

2.7.1 set the overall policy direction for the Internal Audit and the Risk & Compliance Units based on consultation with and recommendations of the Director of each Unit;

2.7.2 approve the Internal Audit Charter;

2.7.3 note the Risk and Compliance Charter

2.7.4 review the annual budget for the Internal Audit and Risk & Compliance Units and consider from time to time the resources allocated to both Units.

3. Meetings

3.1 Frequency

The Committee will meet at least four times a year on dates to be determined, as well as on other occasions deemed necessary by the Chairperson.

3.2 Quorum

The quorum for meetings of the Committee will, subject to Council rules for committees from time to time, be three members.

3.3 Attendance by University officers

The Committee can invite any officer of the University to attend meetings and may refer matters deemed to require attention direct to the appropriate officer.

3.4 Agenda

The agenda for each meeting of the Committee will be prepared by the Directors of Internal Audit and Risk & Compliance, in consultation with the Chairperson, and provided to members of the Committee on a timely basis in advance of the meeting. Items on the agenda will be supported by written papers, as required.
3.5 Standing agenda items

Standing items on the agenda will include the Auditor-General's report on progress of the external audit program, review of significant accounting issues and changes to accounting policies, practices and standards, and review of material changes to the annual plans for Internal Audit and Risk & Compliance.

3.6 Invitation to attend

The Chair of the Committee will provide a standing invitation to the Victorian Auditor-General's Office's Director or agent (or nominee) to attend each meeting of the Committee.

4. Reporting to Council

The Executive Officer & Secretary will prepare a report to Council, under the name of the Chairperson, immediately after each meeting of the Committee. The Chairperson will use that report as the basis for a presentation to Council on major decisions and outcomes from each such meeting.