



## AUDIT, RISK AND COMPLIANCE COMMITTEE CONSTITUTION

### 1. Establishment

- 1.1. The Audit, Risk and Compliance Committee (the Committee) is a Committee of the University Council (Council). It was established as the Audit Committee on 30 April 1986 by resolution of Council (Resolution C 98/86).
- 1.2. Rule No. 1 – Made Pursuant to Statute No 7 - Council Standing Orders 2007 apply to meetings of the Audit, Risk and Compliance Committee.

### 2. Functions

- 2.1 The primary purpose of the Committee is to assist Council in fulfilling and discharging its responsibilities in relation to University operations, by providing independent and objective advice on the adequacy, integrity and/or effectiveness of the:
  - a) system of accounting and financial controls and the annual financial statements;
  - b) internal audit and assurance framework, including the system of internal controls;
  - c) external audit;
  - d) risk management framework, including organisational governance, culture and resilience;
  - e) compliance management framework, including policies, continuous quality improvement, breach, conduct and complaint notifications and reporting; and
  - f) information technology assurance framework, including examinations or reports over the system of internal controls.
- 2.2 The Committee's duties in relation to its functions are outlined in Schedule A to this Constitution.

### 3. Powers

- 3.1 For the purpose of carrying out its functions and duties, the Committee is authorised to obtain or request:
  - a) outside legal advice, working with Curtin's internal legal team where appropriate;
  - b) independent professional advice from external parties with relevant experience and expertise;
  - c) unrestricted access to members of management, employees and relevant information including records, data and reports that it considers necessary to discharge its duties;
  - d) attendance of employees, associates, officers or other external parties at any meeting, including the outsourced internal audit provider, subject to any relevant contractual arrangements; and
  - e) reasonable resources from the University to undertake its functions and duties.
- 3.2 University management and staff are required to cooperate with Committee requests, to the extent reasonably practicable.

## **4. Membership**

- 4.1 The Committee will comprise the following:
- 4.1.1 A Chair, appointed by the Council from amongst the members of the Council who is neither a student nor a member of staff of the University. The Chancellor of the University shall not be the Chair of the Committee.
  - 4.1.2 Up to three other members, appointed by the Council, none of whom may be a student or a member of the staff of the University.
  - 4.1.3 Of the members including the Chair, at least:
    - a) one member of the Committee will hold a formal accounting qualification, with a strong financial accounting and/or financial audit background;
    - b) one member of the Committee will have a strong risk and/or compliance skill set; and
    - c) one member of the Committee will have strong information technology experience and/or business experience.
  - 4.1.4 In making these appointments, the Council shall satisfy itself that each member is independent of management and does not have any business or other relationship, which could interfere with, or be reasonably perceived to have the potential to interfere with their capacity to exercise independent judgement.
  - 4.1.5 The Committee is committed to gender balance and diversity of membership. The Council will work towards achieving gender balance (40% women; 40% men and 20% of either, and/or other genders) on average across all its standing committees assessed over a reasonable period of time, noting that this may not be possible at all times due to the composition of Council and the skills and experience required by the Committee.
  - 4.1.6 The Vice-Chancellor, Chief Financial Officer, Chief Operating Officer, Director Risk, Compliance & Audit, and a representative from the outsourced internal audit provider will be provided with a standing invitation to attend meetings.
  - 4.1.7 The term of office of the Chair and all members shall be two years concluding on 31 March of the relevant anniversary year, or upon the conclusion of the member's term on the Council, whichever occurs first. Appointments should be staggered where possible to ensure continuity and succession. At the end of a term of office, the Chair and members are eligible for reappointment.
  - 4.1.8 The quorum for meetings of the Committee shall be two members.

## **5. Meetings**

- 5.1 The Committee shall meet at least four times a year, as necessary to conduct the business of the Committee taking into account the audit cycle, and otherwise as the Chair shall require.
- 5.2 At least once a year, the Committee will meet with a representative from the outsourced internal audit provider without any management present.
- 5.3 At least once a year, the Committee will meet with the external auditor without any management present.
- 5.4 The Committee may meet with any employee, associate, officer or external party without any other management being present.
- 5.5 The Chair can require additional or special meetings as necessary.

- 5.6 The Secretary of the Committee is the Council Secretary or such other person appointed by the Council Secretary.

## 6. Material Personal Interests

- 6.1 Members are requested to declare any material personal interest including any actual, perceived or potential for conflict they have in any matters listed in the Agenda in accordance with [Council Standing Orders](#) and the [Corporate Governance Statement](#). Based on relevant case law, a 'material personal interest' includes:
- a) an interest that could adversely affect, or could reasonably be perceived to adversely affect, the impartiality of the person having the interest;
  - b) any financial interest, as well as various non-financial interests such as those arising from kinship, friendship or membership of an association; and
  - c) any potential conflicts relating to the outsourced internal audit provider, contractors or external parties.
- 6.2 A Member of the Committee must at all times act in accordance with the duties of Schedule 1A of the *Curtin University Act 1966*, which includes but is not limited to, acting honestly, exercising care and diligence, acting in the best interests of the University and not making improper use of information or their position. In addition, under the WA *Statutory Corporations (Liability of Directors) Act 1996* a Member of the Committee has a fiduciary relationship with the University, and the same duties to act with loyalty and in good faith as a director of a company incorporated under *the Corporations Act 2001*, even though the *Corporations Act 2001* does not specifically apply.
- 6.3 In accordance with clause 5.1 of Council Standing Orders, the Committee will determine the appropriate course of action necessary to address any disclosed material personal interest. Actions may include non-participation or not voting on part or all of the Committee meeting. Council Standing Orders state that "the duties and other provisions of clauses 2, 3 and 4 of Schedule 1A of the Act also apply to a member or other person in respect of each Committee of which he or she is a member or an attendee, as if all references in those clauses to 'Council' were to be read as 'Committee'".

## 7. Reporting

- 7.1 The Committee will:
- a) report to the Council by way of its minutes and provide a verbal update when deemed necessary by the Chair in consultation with the Committee;
  - b) immediately escalate to Council any significant or material matters of concern; and
  - c) provide a report to Council annually, containing those matters which it considers should be drawn to Council's attention.

## 8. Review

- 8.1 The Committee shall, annually:
- a) review this Constitution and the Internal Audit and Assurance Mandate to ensure that the Constitution and Mandate are operating effectively. Any revisions will be recommended to the Council for approval; and
  - b) perform an evaluation of the Committee's performance to determine whether it is functioning effectively by reference to global good practice and report the outcomes to Council.

## 9. Induction and Continuing Professional Development

- 9.1 Committee members will receive an induction on the functions, powers and duties of the Committee and on University operations.
- 9.2 A process of continuing professional development will also be established for each member of the Committee under the direction of the Chair and with the support of the Secretary of the Committee.

## 10. Definitions

(Note: Commonly defined terms are located in the [Curtin Common Definitions](#). Any defined terms below are specific to this document)

### **Internal Audit and Assurance Mandate**

Statement of the functions, powers and duties of the internal audit and assurance function.

### **Organisational Culture<sup>1</sup>**

Collective beliefs, values, attitudes and behaviour of an organisation that contribute to the unique social and psychological environment in which it operates.

### **Organisational Resilience<sup>2</sup>**

Ability of an organisation to absorb and adapt in a changing environment.

### **Significant<sup>2</sup>**

- approaches or exceeds the University's risk appetite;
- adversely affects the University meeting any of its TEQSA obligations; or
- the cumulative effect of multiple or similar breaches is significant.

### **University Operations**

The University's operations, whether domestic or global, delivered directly or through a third party.

## 11. Version Control

| Revision Ref. No. | Approved/<br>Rescinded | Date       | Committee/<br>Board | Resolution<br>Number | Document<br>Reference |
|-------------------|------------------------|------------|---------------------|----------------------|-----------------------|
| New               | Approved               | 06/12/2017 | Council             | C 191/17             | Item 8.5.2            |
| Revised           | Approved               | 22/08/2018 | Council             | C 125/18             | Item 8.4.2            |
| Revised           | Approved               | 03/07/2019 | Council             | C 97/19              | Item 8.4.2            |
| Revised           | Approved               | 01/07/2020 | Council             | C 105/20             | Item 8.3              |
| Revised           | Approved               | 07/10/2020 | Council             | C 158/20             | Item 9.1              |
| Revised           | Approved               | 12/05/2021 | Council             | C 66/21              | Item 7.4              |
| Revised           | Approved               | 02/07/2021 | Council             | C 95/21              | Item 8.2              |
| Revised           | Approved               | 07/12/2022 | Council             | C 184/22             | Item 8.6              |
| Revised           | Approved               | 03/07/2024 | Council             | C 45/24              | Item 6.4              |

<sup>1</sup> ISO 22316:2017 Security and resilience – Organisational resilience – Principles and attributes

<sup>2</sup> Compliance Procedures, Curtin University, 27/09/2019

[http://policies.curtin.edu.au/local/docs/policy/Compliance\\_Procedures.pdf](http://policies.curtin.edu.au/local/docs/policy/Compliance_Procedures.pdf)

## **Schedule A - Summary of Audit, Risk and Compliance Committee Duties**

Committee duties include those activities necessary and convenient for the Committee to perform its functions and shall include, but are not limited to the following:

### **A.1 Accounting and Financial Controls**

The Committee shall:

- a) review annual financial statements and key performance indicators and other reports for the University before recommendation to Council for approval, in particular:
  - i. significant adjustments arising from the external audit and the impact and reasons for those adjustments;
  - ii. the appropriateness of accounting policies, assumptions, estimates, material judgements and management's selection of accounting principles, and the consistency in which they are applied;
  - iii. the propriety of any related party transactions; and
  - iv. the form of and responses to questionnaires to management in connection with the University's annual financial statements.
- b) review and provide advice to Council on the adequacy, integrity and effectiveness of key systems of accounting and financial controls, in particular:
  - i. adequacy, integrity and effectiveness of policies and procedures to assess, monitor and manage these controls;
  - ii. financial fraud including technology and security controls; and
  - iii. financial reporting and disclosure.

### **A.2 Internal Audit and Assurance**

- a) The Committee shall review and provide advice to Council on:
  - i. the independence, objectivity and oversight of the internal audit and assurance function, including an unfettered reporting line to the Committee, Vice Chancellor or Council;
  - ii. activities, resources, organisational structure and the operational effectiveness of the internal audit and assurance function across University operations;
  - iii. adequacy, integrity and effectiveness of systems of internal control through assurance map reviews, internal audit reports, management reports and questionnaire outcomes that internal controls have operated effectively over the specified financial reporting period;
  - iv. assurance of key systems of internal control, including fraud, technology and security controls across both corporate and academic functions;
  - v. significant findings and recommendations made by internal audit and assurance and assurance that they are being considered and responded to by management on a timely basis;
  - vi. the Internal Audit and Assurance Mandate.
  - vii. the appointment of the outsourced internal audit provider and any proposed changes to that appointment.

- b) The Committee shall approve:
  - i. performance indicators to monitor performance against the outsourced internal audit provider's contractual arrangements and the Institute of Internal Auditors Professional Practice Framework;
  - ii. the development of and changes to the annual and three year audit and assurance plan (plan) to ensure adequate coverage of the University's strategic and operational business risks and the key systems of control and associated budget, and reports on progress against the plan and budget; and
  - iii. the data analytics strategy.

### **A.3 External Audit**

The Auditor General for Western Australia (Auditor General) is the external auditor of the University.

The Committee shall consider:

- a) the scope, approach, identified risk areas, fees and results of the external audit;
- b) any significant changes made to the external auditor's audit plan and the reasons for those changes including whether any restrictions on scope have been placed by management on the audit;
- c) any significant difficulties or disputes encountered during the course of the audit and the resolution of those difficulties or disputes;
- d) reports and management letters from the external auditor including reviews of accounting procedures and recommendations for improvements in internal controls and management responses;
- e) audit representation letters to be signed by management and the content of those letters;
- f) the external auditor's independent audit opinion;
- g) scheduling exclusive meetings with external auditors to discuss any sensitive matters;
- h) that the activities of internal audit and assurance are coordinated with the external auditors; and
- i) monitoring management's progress on recommendations for improvements in internal controls.

### **A.4 Risk Management**

In the context of the University's risk profile, the Committee shall review and provide advice to Council on:

- a) the adequacy, integrity and effectiveness of the University's risk management framework including key systems of control, across University operations, in relation to:
  - i. risk appetite, including areas of concern that are approaching or are beyond Curtin's risk appetite
  - ii. strategic risk, including corporate and academic governance and values based culture;
  - iii. operational risk,
  - iv. business continuity and resilience;
  - v. critical incident management;
  - vi. insurance and risk financing; and

- vii. relevant entities.
- b) policies encompassing risk management for consideration by Council or Committees of Council; and
- c) significant risk exposures arising from control issues, including foreign interference, fraud risks, governance issues, and other matters needed or requested by senior management and Council.

## **A.5 Compliance Management**

The Committee shall review and provide advice to Council on:

- a) the adequacy, integrity and effectiveness of the University's compliance framework, including key systems of internal control for ensuring compliance with compliance obligations across University operations including relevant laws, regulations, internal policies and legislation, external reviews;
- b) management reports - trends and significant matters relating to:
  - i. academic and corporate compliance obligations, notifications and breaches;
  - ii. student, staff or third party complaints, grievances, fraud and/or misconduct matters across academic and corporate areas;
  - iii. current or pending litigation and/or regulatory proceedings and trends; and
  - iv. embedding of continuous quality improvement including awareness and training.
- c) reports by TEQSA, other higher education regulators and regulatory bodies generally, including the results of management's investigation and follow-up of any instances of significant non-compliance; and
- d) policies encompassing compliance for consideration by Council or Committees of Council.

## **A.6 Information Technology**

The Committee shall review and provide advice to Council on:

- a) the findings of any examinations or reports prepared by regulatory or other external bodies in relation to information technology matters.