AUDIT AND RISK COMMITTEE'S FULFILMENT OF ITS 2019 BUSINESS SCHEDULE

The Audit and Risk Committee fulfilled all of its responsibilities in 2019 as set out in the below table.

In particular in 2019 the Committee:

- reviewed and recommended to Council the audited annual financial statements and risk management statements for inclusion in the University's 2018 Annual Report
- monitored the effectiveness of the control framework for university activities and ensured satisfactory reporting received on the audit and risk functions
- monitored audit activities undertaken by Internal Audit, including advice and support to steering committees of major projects
- considered the annual review of the University Risk Appetite Statement and recommended it to Council for approval
- oversaw risk assessments on the university's controlled entities (there were no associated entities in 2019), and reporting from the Victorian Auditor-General's Office on accounting issues and audit strategies
- contributed to and approved the Strategic Audit Plan for the triennium 2020-2022
- endorsed amendments to the updated and streamlined risk and compliance management policy suite
- considered:
    - the annual review of the Internal Audit Charter
    - key accounting issues that will impact the University's 2019 financial accounts
    - the successful renewal of Deakin's CRICOS registration
    - a variety of annual reports relating to the fraud and control framework, risk management, governance, legislative and regulatory compliance, including on occupational health and safety, crisis and emergency management, insurance, litigation, academic and research integrity, compliance breaches and Deakin's compliance with the Higher Education Standards Framework, TEQSAs risk assessment of Deakin, and the handling of student complaints during 2018.

The Committee was satisfied that the University had sound governance, risk management and control frameworks in place to ensure compliance with applicable standards.

The below table also sets out the report on the exercise of delegated authority held by the Committee. The delegation relates to approval of the Internal Audit Plan and continues to be current and appropriate.

All of the Committee's recommendations to Council were approved.

12 December 2019

Area	Terms of Reference	Item No.	Actions	Outcomes	Achieved
	1. To advise Council whether the accounting, control and reporting practices of the University comply with standards which are prescribed, or, as the case may be, appropriate.		*[Further detail in regard to specific areas of advice provided to Council relates to Terms of Reference (TOR) 2, 4 and 9.*		
External Audit	**2. To keep accounting policies under review for compliance with standards which are prescribed, or, as the case may be, appropriate; to review the internal audit charter; and to consider (and, where desirable, to instigate the preparation of) reports on the effectiveness of management information systems with a view of ensuring that there is an effective control framework.**	2.1	At its meeting on 2 December the Committee reviewed the Internal Audit Charter, as it is required to do annually.	The Committee considered and approved revisions to the Internal Audit Charter. In recognition of prior work to continually improve the Audit Charter, this year the Charter was reviewed in line with the approach adopted by the 2018 VAGO review of public sector Internal Audit functions. This focussed on standing order legislative requirements, guidance and better practice guides. This review noted that Deakin's Audit Charter meets standing order legislative requirements and favourably achieves standing direction guidance and better practice standards.	**Yes**
			The Committee kept accounting policies under review for compliance with applicable standards.	See also 3.2 and 3.3 below.	**Yes**
	3. To consider annually the external audit plan and to consider external audit reports (including those made by the Auditor-General or the Auditor-General's delegate) and responses and matters related to such reports and responses; to review compliance with any recommendations contained in these reports; and to report to Council accordingly.	3.1	The Committee considered at its meeting on 16 July a report on Deakin's performance against practice initiatives noted in the VAGO audit report to Parliament.	The Committee was satisfied with Deakin's practices and noted: • the key issues and recommendations raised by VAGO in its Report, any implications for Deakin and management's response to the recommendations • the sectors' preparedness for the new revenue and leases accounting standards. As agreed at the previous meeting on 6 May, the Committee remained satisfied with management's approach, with the preparatory work undertaken to date, and with the University's plans to continue to prepare for and implement the standards.	**Yes**
		3.2	The Committee considered at its meeting on 16 July VAGO's draft external audit strategy for the University's 2019 accounts.	The Committee noted: • the planned audit approach for the annual audit of the financial report of Deakin and its controlled entities, and key changes that may impact on the audit, including the introduction of new revenue and leases accounting standards from 1 January 2019 *(AASB 15 Revenue from Contracts with Customer, AASB 1058 Income for Not-For-Profit Entities and AASB 16 Leases)*	**Yes**

Area	Terms of Reference	Item No.	Actions	Outcomes	Achieved
				• audit risks relating to the financial report and the audit responses to those • changes in materiality threshold for 2019. The Committee received and noted at its meeting on 6 May the final management letter from VAGO regarding Deakin's 2018 financial audit. At this meeting the Committee also discussed: • Deakin's response to the Report on *Results of 2018 Audits: Universities* • the letter from the Vice-Chancellor to the Auditor-General regarding the audit qualification on Deakin's 2018 financial statements. The Committee considered at its meeting on 2 December the Interim Management Letter from VAGO on their findings from the interim phase of Deakin's 2019 financial audit. There were no new interim findings.	
		3.3	The Committee considered at its meeting on 21 October a report identifying the key accounting issues of interest to Council and likely to be considered by the Victorian Auditor-General's Office in relation to the University's 2019 annual financial statements. The Committee considered at its 2 December meeting a report on Deakin's submission to the Australian Accounting Standards Board on changes to the revenue standard, AASB 15 Revenue from Contracts with Customers, and also received an oral report from the Chief Financial Officer on the AASB Board meeting held on 21 November 2019 and key decisions made by the Board in relation to AASB 15.	The Committee: • noted the University's approach to preparing the 2019 financial statements, including the use of a new tool ARM (Accelerated Reporting Model) to improve the preparation of all subsidiary financial statements • discussed the new accounting standards applicable to Deakin from 1 January 2019. The Committee noted the Board has made a decision to defer the application of AASB 15 and AASB 1058 for not-for-profit entities to research grants from periods beginning on or after 1 January 2019 to periods beginning on or after 1 July 2019, with earlier application permitted, to provide further education to address the continuing divergent views on revenue recognition for research grants.	**Yes**
			[Also relates to Term of Reference 8]		

Area	Terms of Reference	Item No.	Actions	Outcomes	Achieved
Financial and Statutory Reporting	**4. To consider the University's audited financial statements and accounts to ensure that they comply with the University's statutory responsibilities and with accounting standards which are prescribed, or, as the case may be, appropriate, and, subject thereto, to recommend to Council that those financial statements and accounts be approved, and signed, for subsequent inclusion in the University's Annual Report.**	4.1	The Committee, at its meeting on 4 March, reviewed the University's annual audit financial statements for the year ended 31 December 2018 for accuracy and compliance with appropriate standards. *[Also relates to TOR 1 and 11]*	The Committee recommended the financial statements to the 21 March meeting of Council for approval and inclusion in the 2018 Annual Report. The Committee and Council noted that the draft financial statements were cleared by VAGO but would be qualified with an audit opinion in relation to the accounting treatment of unspent research and capital funding.	**Yes**

		4.2	The Committee considered at its meeting on 4 March the management report and comments from VAGO in relation to the University's 2018 annual financial statements.
			[Also relates to TOR 1 and 11]
				The Committee noted that:
				• VAGO's audit procedures did not identify any:
				  • material issues concerning waste, probity and lack of financial prudence
				  • irregularities, regulatory non-compliance or fraud not already identified by management
				  • significant deficiencies in internal control or failures in the operation of key controls.
				• subject to resolution of outstanding issues highlighted in Appendix A to the closing report, VAGO had concluded that the University's financial report was presented fairly, but that it would again issue a qualified audit opinion due to the difference of interpretation between VAGO and the University about the accounting treatment of certain unspent research and capital grants; the University treated them as a current liability in accordance with AASB 118 *Revenue* rather than as revenue in accordance with AASB 1004 *Contributions*.
				This was reported to the 21 March Council meeting.
					Yes

Internal Audit	**5. To approve an Internal Audit Plan, to consider the University's internal audit coverage, and to report annually to Council on those matters.**	5.1	At its meeting on 2 December the Committee considered the proposed 2020-2022 Strategic Audit Plan. *[Also relates to TOR 7 and 11]*	The Committee approved the Plan. The Plan was forwarded to Council for noting.	**Yes**
		5.2	The Committee undertook a six-monthly review of the Internal Audit Plan to ensure that the plan takes account of changes in business risks, operations, priorities and emerging issues since it was developed and approved.	The Committee considered a six-monthly review of the 2019 Internal Audit Plan at its meeting on 16 July and noted amendments made to the Plan earlier in the year. Further amendments to the Plan were approved at the 2 December meeting.	**Yes**

Area	Terms of Reference	Item No.	Actions	Outcomes	Achieved
	6. To consider annual internal audit reports, to review compliance with recommendations contained in those reports, and to report to Council accordingly.	6.1	The Committee considered at its meeting on 4 March the 2018 Internal Audit annual report. *[Also relates to TOR 7]*	The Committee noted that excellent progress had been made during the year to complete the Internal Audit Plan for 2018, and other audits, investigations and management requests The Committee was satisfied that the: • University had sound governance, risk management and control frameworks in place to ensure compliance with applicable standards. This was reported to the 21 March Council meeting • Internal Audit function's independence and objectivity had been maintained throughout the year and had not been impaired by the integration of the Risk and Compliance function with the Audit function.	**Yes**
		6.2	The Committee considered progress reports on the 2019 Internal Audit Plan at each meeting. *[Also relates to TOR 7]*	The Committee considered reports at each meeting and reported to Council as appropriate.	**Yes**
		6.3	Invite guests to speak to any emerging risks or high impact findings.	The following guests attended a Committee meeting to speak to matters of interest: • 6 May / 21 October / 2 December: Professor Liz Johnson, Deputy Vice-Chancellor Education on student complaints, annual TEQSA Risk Assessment, student academic integrity breaches and compliance with the Higher Education Standards Framework • 6 May: Mr William Confalonieri, Chief Digital Officer on the Deakin Shield cyber security program • 16 July: Mr Kean Selway, Chief Operating Officer on annual reports on occupational health and safety and emergency and critical incident management • 21 October: Mr John Molony, Pro Vice-Chancellor International on development of country risk profiles • 21 October: Ms Shirley Rooney, General Counsel on whistleblowing processes and controls at Deakin • 2 December: Professor Aaron Russell, PVC Researcher Development and Integrity on the monitoring of research integrity at Deakin.	**Yes**

Area	Terms of Reference	Item No.	Actions	Outcomes	Achieved
	7. To liaise with the Vice-Chancellor regarding the performance of the internal audit function (which includes internal audit tasks undertaken by the Internal Audit Unit, the external co-sourcing partner and/or any other external party) and the adequacy of resources allocated to the internal audit function.		*[Also relates to Terms of Reference 5 and 6 and covered by agenda items 5.1, 6.1 and 6.2]*		**Yes**
Risk Management, including Litigation, Insurance, Occupational Health and Safety, Crisis and Emergency Management	**8. To consider:** **a) reports on risk assessment and risk control and to ensure that an appropriate framework of risk management is maintained by the University and that the framework accords with University policies** **b) the twice-yearly risk assessments associated with the University's commercial ventures and to recommend to Council that those risk assessments be approved for subsequent inclusion in the University's Annual Report and in the University's submission regarding compliance with the National Governance Protocols.**	8.1	The Committee considered the annual review of the Deakin Risk Appetite Statement at its meeting on 21 October and proposed amendments to the Statement.	The Committee recommended the Statement to Council for approval at its meeting on 14 November. The Committee noted the Statement continues to align to the University's values and strategy, and sets out the level of risk the University is willing to accept across a number of risk areas The Committee was pleased to observe that the Statement is being used as intended to guide risk assessments in activities across the University, notably in business cases for major projects.	**Yes**
		8.2	ARC holds a planning meeting each October to consider the draft Strategic Audit Plan, University risk profiles and other related documentation, prior to the Strategic Audit Plan being presented to the December ARC meeting for approval.	A comprehensive view of the risks which the University needs to monitor and manage was undertaken at the annual planning meeting on 21 October.	**Yes**
		8.3	The Committee considered reports on the risk and compliance management program, including monitoring the status of risk registers and DPO project risks.	The Committee considered at each meeting a report on risk and compliance management. At each meeting the Committee considered any key changes to the risk profiles and updates on the management of major projects. Work continued throughout the year on completing Academic and Portfolio area risk profiles. The Committee noted the Risk and Compliance Unit's active engagement in reviews throughout the year, including the EQUIS Accreditation Peer Review, Country Risk Profiling, Chemical Risk Management, Temperature Controlled Environments, etc.	**Yes**

Area	Terms of Reference	Item No.	Actions	Outcomes	Achieved
				The Committee considered the Headline Risk Report at each meeting, and forwarded the reports to Council for noting. Compliance reporting is also discussed under TOR 9 below.	
		8.4	The Committee considered at its meeting on 4 March the 'Review of Operations' statement (statement on the University's management of risk, including the year end risk assessment associated with controlled and associated entities) for inclusion in 2018 Annual Report.	The Committee considered the statutory reporting section of the University's Annual Report, and the annual financial reporting declaration process undertaken by the Risk and Compliance Unit, and recommended to Council for approval and inclusion in the 2018 Annual Report. The Committee was satisfied that there were no significant issues to report regarding the assessment of the entities. The Committee also noted that Deakin complies with all mandatory requirements of the Victorian Government Risk Management Framework (VGRMF) and the Ministerial Standing Direction 3.7.1.	**Yes**
		8.5	The Committee considered at its meetings on 21 October a report on the mid-year risk assessment of controlled and associated entities.	The Committee noted there were no significant issues to report regarding the assessment of the University's controlled entities, and noted the levels of reputational and financial risk for entities. The Committee determined that the University had assessed the risks associated with its controlled and associated entities and that overall risk is adequately managed, and that this would be reported to Council accordingly.	**Yes**
		8.6	The Committee considered the 2019-2020 Insurance Program report at its meeting on 21 October.	The Committee noted the renewal process approach and relevant current trends in insurance.	**Yes**
		8.7	At its meeting on 4 March the Committee considered the annual report on litigation and external complaints as at 31 December 2018.	The Committee received and noted the report at its 4 March meeting.	**Yes**
		8.8	On an exception basis, a litigation and external complaints report relating to any material risks.	As required; none received in 2019.	**N/A**
		8.9	On an exception basis, in summary form, the Committee can consider any material risks arising from Faculty, Portfolio or other area external reviews. *[Also relates to Term of Reference 3]*	As required; none received in 2019.	**N/A**

Area	Terms of Reference	Item No.	Actions	Outcomes	Achieved
		8.10	The Committee considered at its meeting on 16 July the annual report on occupational health and safety issues, including information on appropriate benchmarking and a trend analysis of the incidents of stress claims, emerging trends, and changes in legislation etc that impact on the University.	The Committee considered the report for the period 1 July 2018 to 30 June 2019, and noted that: • Deakin's strong OH&S performance continued in 2018/19, and that at the core of the University's consistently good performance is the ongoing high level of management engagement and leadership on safety and individual staff commitment to maintaining a safe workplace • the Human Resources Division continues to work closely with regulators such as WorkSafe to uphold Deakin's OH&S record for never having been prosecuted under any OH&S or related legislation.	**Yes**
		8.11	At its meeting on 16 July the Committee considered the annual report on crisis and emergency management including emerging trends and changes in legislation etc that impact on the University.	The Committee considered the report, for the period 1 July 2018 to 30 June 2019, and: • discussed the current risk exposure for emergency and critical incident management, notably relating to Respect.Now.Always, combustible building cladding, cyber security, and confrontational and/or threatening persons • discussed initiatives to build on Deakin's preparedness and resilience, and continuing work to enhance campus safety, and actions being taken to continue to reduce risks from non-compliant building cladding consistent with the guidelines set down by the Victorian Cladding Taskforce. • noted that Deakin has no risk appetite for actions or activities that jeopardise a safe working environment where staff, students and visitors are protected from physical or psychological harm • was comfortable that Deakin was well positioned to meet the challenges of the emerging threat levels in an ever changing world and a growing and diverse community.	**Yes**
		8.12	The Committee considered the annual report on TEQSA's risk assessment of Deakin.	At its meeting on 21 October the Committee considered the confidential report on Deakin's 2019 risk assessment from the Tertiary Education Quality and Standards Agency (TEQSA). The assessment was forwarded to Council for noting.	**Yes**

Area	Terms of Reference	Item No.	Actions	Outcomes	Achieved
			Additional items considered:	At the 6 May meeting, the Committee considered a report on Deakin's Cybersecurity Awareness Program, and noted that significant progress has been made over the last three years to improve IT security awareness for staff and students. At the 21 October meeting the Committee: • considered and recommended to Council for approval, updated and streamlined risk and compliance management policies • considered a report on the Transforming the Collection of Student Information (TCSI) initiative • considered the country risk profiles that have been developed for India, China, Vietnam, Pakistan and Sri Lanka. The profiles will be able to be used to assist staff understanding of the different risks and challenges associated with working in those countries • considered a report on whistleblowing processes and controls at Deakin that set out the requirements that apply to Deakin under state and commonwealth legislation; Deakin's external reporting requirements in respect of fraud and improper conduct; and efficacy of existing controls. The Committee acknowledged that the University has well established processes and controls to prevent, detect and take action against fraud and corruption, and that Internal Audit considers Deakin's culture to be compliant and non-tolerant of fraud or improper conduct.	**Yes**
Governance, Legislative and Regulatory Compliance and Breaches	**9. To advise and to report to Council on matters pertaining to the adequacy of University compliance management.**	9.1	Annual reports on matters pertaining to the adequacy of University compliance management including: • general breach reporting for the current year • student academic integrity breach reporting for prior year. *[Also relates to Terms of Reference 1, 10]*	The Committee considered at its meeting on 2 December annual reports on non-compliance breaches and breaches of student academic integrity. The report on student academic integrity included key insights into student academic integrity breaches reported by Faculties for the 2018 academic year, including a summary of systemic issues identified and actions to address these issues. At its meeting on 21 October the Committee considered the annual report from the Director Internal Audit on the effectiveness of fraud and corruption framework and processes.	**Yes**

Area	Terms of Reference	Item No.	Actions	Outcomes	Achieved
		9.2	The Committee considered at its meeting on 6 May a report on top legislative compliance obligations to demonstrate compliance or critical areas of non-compliance identified and the implementation of controls to be monitored.	The Committee noted: • the Risk and Compliance Unit had undertaken extensive activity and engagement to progress a One Deakin approach to compliance management, including updating the compliance management framework structure to align with ISO19600:2015 • other activities planned for 2019 to provide assurance of legislative compliance at Deakin.	**Yes**
		9.3	At its meeting on 2 December the Committee considered a report on compliance with the Higher Education Standards Framework.	The Committee considered a report on Deakin's compliance with the Higher Education Standards Framework. Current evidence confirms that Deakin continues to be compliant with the Standards.	**Yes**
		9.4	Information regarding any material issue reported to TEQSA is reported to the Committee as required.	At its 6 May and 16 July meetings the Committee received reports on communications from Deakin to TEQSA throughout the year.	**Yes**
		9.5	The Committee considered updates on critical areas under renewal (including renewal of provider registration under TEQSA and renewal of CRICOS registration).	At its meeting on 21 October the Committee received a report on the successful renewal of Deakin's CRICOS provider registration and noted that the University received a positive assessment and has been registered for the maximum period of seven years, to 20 May 2026, and without any conditions attached.	**Yes**
		9.5	The Committee considered the annual report on the monitoring of research integrity breaches at its meeting on 2 December.	The Committee considered the report.	**Yes**
Fraud and Corruption	**10. To consider reports on fraud and corruption control to ensure that an appropriate framework is maintained by the University.**	10.1	The Committee considered the annual report on the effectiveness of fraud and corruption framework and processes at its meeting on 21 October.	The Committee noted: • a benchmarking review of Deakin's Fraud Control Framework relative to the IBAC Best Practice Guide was completed with the review noting that Deakin's framework is deemed to be effective and is well lead by the Chief Financial Officer • that there were no material incidents of Fraud at Deakin during 2019. All fraud and corruption matters brought to the attention of Internal Audit are reported as part of the regular IA progress reports.	**Yes**

Area	Terms of Reference	Item No.	Actions	Outcomes	Achieved
		10.2	Annual report on fraud and corruption control activities, including reported instances, investigations, policy breaches, action plans and trends.	The Committee considered the report.	**Yes**
		10.3	As required, significant instances of fraud or corruption will be reported as they occur.	Any issues of fraud and investigations and outcomes were reported to the Committee.	**Yes**
Student Complaints	**11. To advise Council on any matters referred to the Committee by Council.**	11.1	The Committee considered at its meeting on 6 May the annual report on the handling of student complaints within the University during 2018. *[Also relates to TOR 4, 5 and 9]*	The Committee considered the report and noted: • Deakin's student complaint handling processes contributed to the controls for a number of strategic and University risks, as well as to ensuring the University's compliance with the Higher Education Standards Framework and the National Code of Practice for Providers of Education and Training to Overseas Students 2018 • discussed the main systemic issues identified and strategic initiatives underway to address them, including the development of a case management software system. The Committee was satisfied that student complaints were being taken seriously, were being handled well and that recurring or systemic issues were being identified and addressed.	**Yes**
	12. To make such recommendations to Council as the Committee considers appropriate in respect of the matters referred to in the foregoing paragraphs.	12.1		Not required in 2019.	**N/A**

Other items

Item/Action	Outcome
The Committee considered at its meeting on 2 December a report on the fulfilment by the Audit and Risk Committee of its 2019 business schedule.	Reported to Council on 12 December 2019 (along with similar reports from other Committees) and published on Council's website afterwards, excluding any confidential matters.
The Committee received at its meeting on 2 December the proposed 2020 Audit and Risk Committee business schedule.	Reported to Council on 12 December 2019 (along with similar reports from other Committees) and published on Council's website afterwards, excluding any confidential matters.
The Committee noted its 2020 Audit and Risk meeting schedule at its meeting on 16 July 2019.	The committee meeting details are available on the University committee meeting schedule on DeakinSync, and on the Council website.
Audit and Risk Committee review of terms of reference	The 2019 Council Performance Review found that Council's committee system was working well. No specific actions regarding the Audit and Risk Committee arose from the review.
Audit and Risk Committee biennial review of performance	Committee members participated in the 2019 Council Performance Review.
Appointment of external co-source provider	At its meeting on 2 December the Committee appointed a provider for Deakin's co-sourced Internal Audit services contract.

ACTIONS TAKEN BY THE AUDIT AND RISK COMMITTEE EXERCISING DELEGATED AUTHORITY, 2019

Delegation	To Whom	Actions taken under delegation	Reporting / Recording
Authority to act on Council's behalf to review and approve the Internal Audit Plan.	Audit and Risk Committee	The Committee considered and approved at its meeting on 2 December the Strategic Audit Plan 2020-2022.	Reported to the 12 December 2019 Council meeting.