

## FINANCE AND AUDIT COMMITTEE

### Terms of reference

The role of the committee is to monitor and advise Senate on:

- a) issues relating to the financial performance and sustainability of the University, by reviewing and evaluating information provided by management on the financial impact of strategic proposals, budget and planning priorities, resource and capital allocation, and commercial activities
- b) the University's internal and external audit programs, including reliability of financial management and reporting, compliance with laws and regulations and the maintenance of an effective and efficient audit capability
- c) ensuring the effective management of financial risk across the University, including the financial risks of subsidiaries and controlled entities
- d) ensuring the effective management of non-financial risk in areas covered by the committee's remit
- e) ensuring the effective management of the University's short term portfolio, cash flow and liquidity positions
- f) conducting deep dive reviews in in the areas covered by the committee's remit.

The committee's terms of reference are reflected in the *University of Sydney (Delegations of Authority – Administrative Functions) Rule 2016* ('the Delegations'). The committee is authorised by Senate to:

- a) make decisions on the University's Future Fund and endowment
- b) approve major capital expenditure projects and strategic initiatives which are funded entirely from the Future Fund, including advice on the investment mandate for the Future Fund, which balances support for a broad range of core University objectives with seeking to achieve appropriate commercial returns
- c) receive recommendations as to the appointment and retirement, as appropriate, of consultants and external managers, and make such decisions subject to reporting to Senate after the event
- d) investigate any activity within its terms of reference
- e) seek any information it requires from any employee. All employees are directed to cooperate with any requests made by the committee
- f) obtain external professional advice with regard to matters within its remit, and to secure the attendance of external advisers with relevant experience and expertise if it considers this necessary, after consultation with the Chancellor (see also Delegation 10.3.7, below)
- g) in accordance with [Delegation 4.5.1](#), approve acceptance of sponsorship from third parties (other than sponsorship of chairs), valued above \$10m, after consultation with the Vice-Chancellor and relevant dean
- h) in accordance with [Delegation 5.2.3](#), approve acceptance of a gift, bequest or devise valued above \$10m, which is made to the whole or to a part of the University (such as a faculty), and establish the terms for its management after consultation with the VC and with the relevant dean (where applicable)
- i) in accordance with [Delegation 6.2.2](#), revise the approved capital budget if the total allocation across the University would materially change as a result of the revision, after consultation with the Vice-Chancellor, University Executive and Vice-Principal (Operations)

- j) in accordance with [Delegation 6.3.1](#), approve capital expenditure projects or strategic initiative business cases valued above \$10m, which are within the approved University budget total, after consultation with University Executive, the Chief Financial Officer and the Strategy Governance Board
- k) in accordance with [Delegation 6.6.1](#), approve the acquisition of real property valued above \$10M
- l) In accordance with [Delegation 6.6.2](#), approve the disposal of real property consistently with Part 4, Division 2 of the Act
- m) in accordance with [Delegation 6.14.1](#), borrow money and raise capital (including issuance of securities or debentures), after consultation with the Chief Financial Officer
- n) in accordance with [Delegation 6.15.1](#), approve bank signatories, including signatories for internal authorisations for electronic transfers
- o) in accordance with [Delegation 8.3.1](#), acquire software or software as a service (cloud) valued above \$10m, after consultation with the Chief Information Officer, Procurement, the Office of General Counsel, the Deputy Vice-Chancellor (Education), and the Vice-Principal (Operations)
- p) in accordance with [Delegation 10.3.7](#), appoint external lawyers, approve costs agreements, and authorise payments.

The Finance and Audit Committee shall form an **Investment Subcommittee**

#### Terms of reference – Investment Subcommittee

The role of the **Investment Subcommittee** is to monitor and advise the Finance and Audit Committee on:

- a) matters relating to the University's medium term and long term investment portfolios with particular reference to:
  - i. the appropriateness of investment policies
  - ii. the success of investment strategies
  - iii. the sustainability of investment activities
- b) strategies for the management of University medium term and long term investments, including policies, mandates, asset allocations, earnings targets, spending goals, and financial risks
- c) recommendations for the University's Future Fund
- d) recommendations for major capital expenditure projects and strategic initiatives which are funded entirely from the Future Fund, including advice on the investment mandate for the Future Fund, which balances support for a broad range of core University objectives with seeking to achieve appropriate commercial returns.

The subcommittee's Terms of Reference are reflected in the *University of Sydney (Delegations of Authority – Administrative Functions) Rule 2016* ('the Delegations'). The committee is authorised by Senate to:

- a) in accordance with [Delegation 6.3.1](#), approve capital expenditure projects or strategic initiative business cases within approved University budget total, valued above \$10m, in respect of expenditure from the Future Fund on account of student housing projects approved by the Building and Estates Committee, after consultation with University Executive, the Chief Financial Officer and the Strategy Governance Board
- b) in accordance with [Delegation 6.11.1](#), oversee and approve strategy for management of University medium and long term investments (includes policies, mandates, asset allocations, earnings targets, spending goals, financial risk and Future Fund), after consultation with the Vice Principal (Operations)

- c) in accordance with [Delegation 6.11.4](#), approve policies and mandates for medium and long term investment transactions
- d) in accordance with [Delegation 6.11.7 and 6.11.8](#), appoint and terminate appointment of investment consultants and external investment managers where the investment is valued above \$50m, after consultation with the Chief Investment Officer.

## Constitution

The Finance and Audit Committee is comprised of the following members:

- a chair appointed by Senate from the Fellows of Senate<sup>1</sup>
- ex-officio members:
  - the Chancellor
  - the Deputy Chancellor
  - the Vice-Chancellor
- three Fellows of Senate appointed by Senate after consultation by the chair of the committee with the Chancellor and the Vice-Chancellor<sup>2</sup>
- a minimum of two and up to three external members with appropriate professional expertise and experience, appointed by Senate on the recommendation of the chair of the committee.

Senate may, on the advice of the Committee, or of its own volition, co-opt additional members as required.

## Constitution of Investment Subcommittee

The Investment Subcommittee is comprised of the following members:

- a chair with appropriate professional expertise and experience, appointed by Senate on the recommendation of the chair of the Finance and Audit Committee<sup>3</sup>
- ex-officio members:
  - the Chancellor
  - the Deputy Chancellor
  - the Vice-Chancellor
  - the chair of the Finance and Audit Committee
- one Fellow of Senate appointed by Senate after consultation by the chair of the subcommittee with the Chancellor and the Vice-Chancellor
- a minimum of one and up to two external members with appropriate professional expertise and experience, appointed by Senate on the recommendation of the chair of the subcommittee.  
Senate may, on the advice of the subcommittee, or of its own volition, co-opt additional members as required.

## Term of office and appointment

All members, including the chair, are appointed for a term of office of two years. Terms of office are staggered where possible so that expertise and continuity can be maintained.

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<sup>1</sup> Not a staff or student Fellow

<sup>2</sup> One of whom must be a Fellow identified in section 8C(1)(a) of the *University of Sydney Act 1989* (as amended) as having financial expertise

<sup>3</sup> Not a staff or student Fellow

## Meetings

The committee meets at least six times per year, including at least one meeting with the external auditor. The Investment Subcommittee meets at least four times per year.

## Quorum

At any meeting of the committee four members shall form a quorum. At any meeting of the Investment Subcommittee, three members shall form a quorum.

## Reporting to Senate

The committee reports to Senate following each meeting. The Investment Subcommittee reports to Finance and Audit Committee following each meeting. The chair of the Investment Subcommittee reports to Senate twice a year after the half- and full-year investment results are available.

## Secretary to the committee and subcommittee

Secretary to Senate.