



AI Governance for Australian Universities

Building institutional evidence and accountability

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CUSTOMER RESOURCE

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Executive Summary

Artificial intelligence is already distributed across the Australian higher education sector. It is present in cloud platforms, research environments, student learning tools, internally developed models, automated administrative workflows, and emerging agent systems. Universities are facing an unprecedented governance challenge. Most institutions have established academic integrity policies, security platforms, and risk frameworks. Yet, when an AI-assisted action—such as an automated student assessment or a research data analysis—must be explained, the evidence is often fragmented across several systems.

This is the operational AI governance gap. The Tertiary Education Quality and Standards Agency (TEQSA) and the Australian Framework for Artificial Intelligence in Higher Education [1] demand robust AI governance systems that protect academic integrity, research compliance, and equity. Cloud logs can show execution, identity platforms can show authentication, and learning management systems can record submissions. None of those systems, operating alone, necessarily creates one AI-specific record that proves who had authority, which policy applied, which model acted, what data was involved, what conditions were enforced, and where human oversight occurred.

Cetus AI was established to close that gap without asking mature organisations to discard the platforms they already trust. The Cetus AI platform adds AI-specific policy decisions, read-only telemetry ingestion, cross-stack evidence correlation, economic controls, agent governance, and review-ready outputs to the existing enterprise environment.

The principle is straightforward: Work with the university stack. Do not replace it.

Cetus AI enables universities to begin with visibility and evidence, introduce runtime control where justified, and scale toward broader orchestration without forcing every workload through the same architecture. This paper examines the governance gap facing Australian universities and proposes an architectural solution for academic integrity, research compliance, and sustainability reporting.

The University Governance Problem

Australian universities face AI governance obligations from multiple directions, including TEQSA standards, research funding body requirements, privacy legislation, and emerging sustainability reporting mandates such as AASB S2 [2]. Many institutions have created responsible AI principles, acceptable-use policies, and academic integrity guidelines. These are necessary governance foundations. They are not, by themselves, operational control. Operational governance answers a more immediate set of questions. Was the researcher, student, or administrative agent authorised to perform the action? Was the selected model approved for the workload and data classification? Did a policy require PII redaction, model substitution, a spending limit, or human approval? Can the university reconstruct the decision without manually joining records from multiple platforms?

The challenge becomes more significant as AI moves beyond isolated chat interactions into integrated university workflows. Modern university AI may involve a student identity, an orchestration layer, several APIs, a model endpoint, a research agent toolchain, a learning management system, and a human academic approver. Each component can generate valid telemetry while the complete governance story remains unresolved.

Existing University Capability	What it does well	The Unresolved AI-Governance Question
Identity and access management	Authenticates students and staff, assigns roles and manages entitlements.	Was this identity authorised for this AI use case, model, tool and data classification?
API gateway or orchestration platform	Routes traffic, applies general API policy and supports service integration.	Which AI-specific policy decision applied, and what evidence links it to the resulting model action?
Learning Management Systems (LMS)	Records student submissions, interactions, and grades.	How do those events connect to AI usage policy, human oversight and academic integrity accountability?
DLP and security controls	Detects sensitive research or student data movement and enforces security rules.	What governance condition was triggered, and how was the resulting AI decision recorded?
GRC and policy systems	Maintains policies, risks, controls, registers and attestations.	Can documented policy influence runtime behaviour and be evidenced at the transaction level?

The answer is not to replace these systems. It is to connect them through an AI-specific governance and evidence layer.

A Practical Architecture for Universities

The architectural position of Cetus AI is deliberately different from a mandatory middleware proposition. Source platforms retain the responsibilities they already perform well. Existing integration platforms can continue to orchestrate. Entra ID or Shibboleth can continue to manage identity. Azure and AWS can continue to execute and record workloads. The LMS and student management systems can retain educational context. SIEM and DLP platforms can continue to provide enterprise security controls.

Cetus AI adds the missing AI-specific functions across those boundaries. Cetus AI is the core enterprise AI governance platform. **Teams** is the enterprise visibility and governance-intake component. **Control** is the policy, identity, runtime guardrail, exception, and human-oversight component. **Evidence Fabric** is the shared evidence capability that connects approved records across the customer environment. **Value Control** is an integrated module within the Cetus AI platform, not a separate platform, which distinguishes forecast, observed, attributed, finance-validated, and risk-adjusted value.

Architecture Layer	Representative Systems and Functions
Existing university stack	MuleSoft, LMS, Azure, AWS, internal ML, Identity Providers, SIEM and DLP.
Cetus AI governance layer	Policy Decision Point, read-only log ingestion, Evidence Fabric and lightweight SDKs.
Governance outputs	Automated-decision register, individual decision records, policy evidence, tamper-evident audit chain, cost attribution and sustainability evidence.

The Policy Decision Point is designed to receive selected metadata describing the user or agent, model, use case, workflow, and data classification. It can return a deterministic decision—approve, deny, or approve with conditions—while the source platform retains the payload and request path. This enables a university to add AI-specific policy without making Cetus AI the owner of every underlying transaction.

Conditions can include actions such as PII redaction, model substitution, a human-review requirement, a spending threshold, or an approved endpoint. The existing orchestration or application layer enforces the returned decision. The resulting event is then available to the evidence layer for correlation with identity, execution, and educational or research context.

Evidence Fabric: Connecting the University

University systems generate large volumes of valid telemetry. The challenge is that TEQSA, an auditor, a university council committee, or an academic integrity panel rarely needs a collection of unrelated log files. They need a coherent record of the decision.

Cetus AI's Evidence Fabric correlates selected events from across the university using shared identifiers, timestamps, model identity, policy references, data classification, and human-review context. The platform is built and available for controlled enterprise deployment. Customer-specific integrations and deployment patterns still require validation against the customer's architecture, sources, identity, security, performance, failure behaviour, and operating model.

The result is a set of structured outputs:

- **Automated-decision register:** Maintains an inventory of systems that make or materially assist decisions affecting students, staff, or research outcomes.
- **Individual decision record:** Links identity, model, data category, policy, conditions, execution, and human oversight for a defined transaction or workflow.
- **Policy-enforcement log:** Records approvals, denials, conditions, overrides, and review events against the relevant university policy.
- **Tamper-evident audit chain:** Cryptographically links governance events to support integrity and later verification.
- **Economic and sustainability evidence:** Attributes model consumption, spend, and estimated emissions to the relevant faculty, research project, or administrative workflow.

These capabilities can support a customer process within configured coverage; they do not make the customer compliant, prove causation, replace an auditor, or guarantee completeness. Evidence Fabric correlates approved source records and makes gaps visible; correlation does not establish causation.

Sustainability Reporting and AASB S2

AASB S2 mandatory disclosure is now in force for large Australian entities, mandating climate-related disclosures under the Corporations Act 2001 [2]. Universities are increasingly expected to report on their environmental impacts, including Scope 3 emissions. The rapid adoption of AI introduces a new and growing category of compute-intensive emissions.

Cetus AI supports university sustainability reporting by attributing AI model consumption and estimated emissions at the token and workflow level. This allows universities to track the environmental footprint of their AI usage across faculties and research institutes, supporting AASB S2 compliance efforts and broader institutional sustainability goals. Value Control further assists by ensuring that the financial and environmental costs of AI initiatives are validated and risk-adjusted.

Limitations and Customer Responsibilities

Cetus AI provides operational governance infrastructure, but it does not replace institutional accountability. Universities remain responsible for:

1. **Policy Definition:** Establishing the academic integrity rules, research ethics standards, and acceptable use policies that Cetus AI will enforce.
2. **Risk Acceptance:** Determining the acceptable level of risk for different AI applications, from student tutoring bots to automated admissions screening.
3. **Deployment Validation:** Customer-specific integrations and deployment patterns require validation against the university's architecture, sources, identity, security, performance, failure behaviour, and operating model.
4. **Human Oversight:** Maintaining academic judgement and human-in-the-loop processes where required by policy or regulation.
5. **Compliance:** While Cetus AI provides evidence, it does not guarantee compliance with TEQSA, privacy laws, or other regulations. Legal and regulatory interpretation remains the responsibility of the university.

Recommended Next Steps

For Australian universities seeking to move from AI policy to operational governance, Cetus AI recommends the following steps:

1. **Establish Visibility:** Deploy Cetus AI Teams and Evidence Fabric in a read-only capacity to discover unsanctioned AI usage (Shadow AI), baseline current model consumption, and begin correlating existing telemetry into reviewable evidence.
2. **Define Control Boundaries:** Identify high-risk workflows, such as automated student assessment or sensitive research data processing, where runtime policy enforcement is justified.
3. **Implement Value Control:** Activate the Value Control module to attribute AI costs and emissions to specific faculties or projects, moving from forecast value to observed, finance-validated outcomes.
4. **Scale Progressively:** Extend governance controls to broader orchestration layers and agentic systems as institutional maturity increases, ensuring that academic integrity and compliance are maintained across the entire AI estate.

References

- [1] Lodge, J. M., Bower, M., Gulson, K., Henderson, M., Slade, C., & Southgate, E. (2025). *Australian Framework for Artificial Intelligence in Higher Education*. Australian Centre for Student Equity and Success. Retrieved from <https://www.acses.edu.au/publication/australian-framework-for-artificial-intelligence-in-higher-education/> [2] Australian Accounting Standards Board. (2024). *AASB S2 Climate-related Disclosures*. Retrieved from <https://standards.aasb.gov.au/aasb-s2-sep-2024>

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