

Audit, Risk and Compliance Committee Terms of Reference

Section 1 - Establishment

(1) The Audit, Risk and Compliance Committee is established under Part 3 Section 19(1) of the Charles Darwin University Act 2003.

Section 2 - Functions and Responsibilities

(2) The functions and responsibilities of the Audit, Risk and Compliance Committee are to assist the Council in exercising governance, due care, diligence and skill in relation to discharging the following broad duties:

Financial Reporting

(3) Reviewing the annual financial statements, key performance indicators and Annual Report, considering whether they are complete, consistent with information known to Committee members, and reflect current Australian accounting principles and standards;

(4) Reviewing management processes for ensuring and monitoring compliance with laws, regulations and other legislative requirements;

(5) Reviewing the management of non-financial information in documents to ensure consistency with the financial statements or other related documents;

(6) Reviewing the appropriateness of the accounting principles and policies adopted and any amendments, the methods of applying those principles and policies, and ensuring that they are in accordance with the approved financial reporting framework;

(7) Monitoring the reliability and integrity of financial and related information systems; and

(8) Reviewing the audited annual financial statements and authorising whether they should be signed.

Internal Control and Risk Management

(9) Reviewing the internal processes for determining and managing key risk areas, particularly:

- a. Compliance with laws, regulations, standards and best practice guidelines;
- b. Risk assessments and associated accounting estimates;
- c. Insurance;
- d. Litigation and claims against or involving the University;
- e. Fraud, theft and corruption;
- f. Work health and safety; and
- g. Relevant business risks.

- h. Reviewing the effectiveness of the risk management system in ensuring that significant or material risks are reported to Council and monitored appropriately;
- i. Reviewing the effectiveness of internal control, risk management and performance management systems in consultation with the management of the University and the external auditors;
- j. Reviewing and monitoring the delegations framework, policy and register;
- k. Reviewing and monitoring complaints, misconduct, breaches of academic and research integrity and ensuring appropriate and timely actions are taken to address underlying causes; and
- l. Reviewing the effectiveness of, and the extent of compliance with, internal plans, policies and procedures.

External Audit

(10) Receiving reports and communication from the external auditor for consideration and onward transmission to Council as required;

(11) Reviewing the outcomes of any audit including the annual financial audit of the University with particular attention to any difficulties identified or brought to the attention of the University for action or response;

(12) Reviewing any significant accounting and reporting issues, including professional and regulatory announcements, and assessing their effect on the University's financial statements, in particular:

- a. The consistency of accounting policies and appropriate adoption of new accounting standards;
- b. Considering the need for, appropriateness of, and correct disclosure of, any changes made to the University's accounting policies;
- c. The treatment and disclosure of complex or unusual transactions;
- d. Significant judgements made by management in preparing the financial statements, including any significant accounting estimates;

(13) Monitoring management responses on any issues raised in the Management Letter/s from the Office of the Auditor-General of the Northern Territory.

Internal Audit

(14) Providing advice to management on the maintenance of effective and independent internal audit capacity;

(15) Reviewing and approving the scope of the annual or otherwise periodic internal audit plan and work program, monitoring progress and considering the implications of the internal audit findings for the control environment;

(16) Reviewing internal audit reports and findings, including monitoring management responses in terms of content and timeliness.

Controlled and Associated Entities

(17) Controlled and Associated entities include:

- a. Menzies School of Health Research (Menzies School of Health Research Act Part IV)
 - i. Bridging the Gap Foundation (100% Subsidiary of MSHR);
- b. CDU Amenities Limited;
- c. CDU Foundation and CDU Foundation Trust Limited;
- d. FCD Health Limited (50% Interest held by CDU);
- e. South Australian Tertiary Admissions Centres Limited (25% Interest held by CDU); and
- f. Northern Territory General Practice Education (NTGPE) (25% Interest held by CDU);

(18) The Audit, and Risk and Compliance Committee will:

- a. Monitor the financial and accounting controls and reporting frameworks of controlled entities of the University to ensure they are comprehensive and effective;
- b. Monitor the application of, and compliance with, statutory and other government or University policies and requirements or standards, by controlled entities of the University with particular regard to financial matters and procurement;
- c. Monitor responses from the management of controlled entities on any issues raised in internal and external audit reports.

(19) The Audit and Risk Committee may consider other items associated with the discharge of its functions and responsibilities as deemed necessary or referred to it by Council.

Section 3 - Membership

(20) The membership of the Audit, Risk and Committee shall comprise the following:

- a. Chancellor (ex officio);
- b. Vice-Chancellor; and
- c. Three (3) members of Council appointed under section 9(1)(d) of the Act with appropriate qualifications and experience (only 1 of whom can also be a member of the Finance and Infrastructure Development Committee).

(21) The Audit, Risk and Compliance Committee will also have the right to co-opt other members as deemed necessary.

(22) At least one (1) member of the Committee must be an appropriately qualified accountant.

Observers

(23) The following positions have observer status and right of debate at meetings of the Committee.

- a. Chair of the Finance and Infrastructure Development Committee;
- b. Auditor-General (or nominee);
- c. Deputy Vice-Chancellor, Operations;
- d. Provost;
- e. Chief Financial Officer;
- f. University Secretary; and
- g. Other persons invited by the Chair as required depending on the issues for consideration.

Section 4 - Chair

(24) The Chair of the Audit, Risk and Compliance Committee will be a member appointed under section 9(1)(d) of the Act and the appointment will be reviewed annually. If the appointed Chair is not available, the members present will elect a chair for that meeting with that person being a member of the Council of the University.

Section 5 - Secretary

(25) The University Secretary (or nominee) shall act as secretary for the Committee.

Section 6 - Term of Office

(26) The objectives and membership of the Audit, Risk and Compliance Committee will be reviewed by Council annually in February of each year.

Section 7 - Quorum

(27) A quorum shall comprise three (3) members of the Audit and Risk Committee.

Section 8 - Meetings

(28) The Committee will meet as required, and at least three (3) times per year.

Section 9 - Resolutions of the Audit, Risk and Compliance Committee

(29) Matters requiring resolution by the Committee are to be determined by consensus of the members present.

(30) The Chair shall have a deliberative and casting vote should a vote be required to determine a matter where consensus has not been achieved.

Section 10 - Agenda

(31) The agenda is to be distributed with supporting documentation at least seven (7) days prior to the meeting date.

Section 11 - Reporting

(32) The minutes from each meeting of the Audit, Risk and Compliance Committee will be provided to the next meeting of the Council and the Finance and Infrastructure Development Committee.

Section 12 - Conflicts of Interest

(33) Where a member has a real or perceived conflict of interest regarding an agenda item, they must declare this to the Chair at the commencement of discussion of the item, and be prepared to excuse themselves from the discussion, or the room, if required.

Section 13 - Relevant Definitions

(34) In the context of this document:

- a. Council means the University Council;
- b. Monitor means:
 - i. Observe and check the progress or quality of (something) over a period of time;
 - ii. Keep under systematic review;
 - iii. Maintain regular surveillance over; and
- c. Review means:
 - i. Assess (something) formally with the intention of instituting change if necessary;
 - ii. Survey or evaluate (a subject or past events).

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Unit Head	Hilary Winchester University Secretary +61 8 8946 7790
Author	Matthew Giakoumatos Policy and Governance Officer
Enquiries Contact	Governance