

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 Audit, Risk and Compliance Committee (ARCC) is responsible for assisting the Council in exercising governance, due care, diligence and skill in relation to discharging the following broad functions:

- a. Financial Reporting
 - i. Reviewing the annual financial statements and key performance indicators, considering whether they are complete, consistent with information known to ARCC members, and reflect current Australian accounting principles and standards; and
 - ii. monitoring the reliability and integrity of financial and related information systems.
- b. Risk Management, Fraud and Internal Control
 - i. Reviewing the internal processes for determining and managing key risk areas, particularly:
 - Compliance with laws, regulations, standards and best practice guidelines;
 - Risk assessments and associated accounting estimates;
 - Insurance;
 - Litigation and claims against or involving the University;
 - Fraud, theft and corruption;
 - Work health and safety;
 - Cyber; and
 - Relevant business risks;
 - ii. Reviewing the effectiveness of the risk management system in ensuring that significant or material risks are reported to Council and monitored appropriately;
 - iii. Reviewing the effectiveness of internal control, risk management and performance management systems in consultation with the management of the University and the external auditors;
 - iv. Reviewing and monitoring the delegations framework, policy and register;
 - v. Reviewing and monitoring complaints, misconduct, breaches of academic and research integrity and ensuring appropriate and timely actions are taken to address underlying causes;
 - vi. Review the management of financial operations;
 - vii. Review significant matters relating to management of the University's human resources; and
 - viii. Review and monitor emergency planning and business continuity planning.
- c. Compliance
 - i. Reviewing the internal processes for determining and managing key compliance risk areas, particularly

compliance with laws, regulations, standards and best practice guidelines;

- ii. Reviewing the effectiveness of, and the extent of compliance with, internal plans, policies and procedures; and
- iii. Reviewing management processes for ensuring and monitoring compliance with laws, regulations and other legislative requirements.

d. External Audit

- i. Receiving reports and communication from the external auditor for consideration and onward transmission to Council as required;
- ii. 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;
- iii. Reviewing any significant accounting and reporting issues, including professional and regulatory announcements, and assessing their effect on the University's financial statements, in particular:
 - The consistency of accounting policies and appropriate adoption of new accounting standards;
 - Considering the need for, appropriateness of, and correct disclosure of, any changes made to the University's accounting policies;
 - The treatment and disclosure of complex or unusual transactions; and
 - Significant judgements made by management in preparing the financial statements, including any significant accounting estimates;
- iv. Monitoring management responses on any issues raised in the Management Letter/s from the Office of the Auditor-General of the Northern Territory;
- v. Ensure that financial reporting is materially accurate, financial management meets Australian accounting standards and that financial statements are independently audited by a qualified auditor against Australian accounting and auditing standards;
- vi. 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; and
- vii. Reviewing the audited annual financial statements and authorising whether they should be signed.

e. Internal Audit

- i. Providing advice to management on the maintenance of effective and independent internal audit capacity;
- ii. 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; and
- iii. Reviewing internal audit reports and findings, including monitoring management responses in terms of content and timeliness.

f. Controlled and Associated Entities

- i. Controlled and Associated entities include:
 - Menzies School of Health Research (Menzies School of Health Research Act Part IV)
 - Bridging the Gap Foundation (100% Subsidiary of MSHR); and
 - CDU Foundation and CDU Foundation Trust Limited.
- ii. ARCC will monitor the financial management practices of the abovementioned controlled and associated entities and review the annual audited accounts and External Audit opinion.
- iii. 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

(3) The membership of ARCC shall comprise the following:

- a. Chancellor (ex officio); and
- b. at least two (2) members of Council with appropriate qualifications and experience (only 1 of whom can also be a member of the Finance and Infrastructure Development Committee (FIDC)).

(4) ARCC will also have the right to co-opt other members, as deemed necessary.

(5) At least one (1) member of ARCC must be an appropriately qualified accountant.

(6) The skill set of ARCC members must support the discharge of ARCC's functions and responsibilities.

Section 4 - Observers

(7) The following positions have observer status and right of debate at meetings of ARCC:

- a. Vice Chancellor;
- b. Chair of the Academic Board;
- c. Chair of FIDC;
- d. Auditor-General (or nominee);
- e. Chief Financial Officer;
- f. University Secretary;
- g. Director Risk and Assurance; and
- h. Other persons invited by the Chair as required depending on the issues for consideration.

Section 5 - Chair

(8) The Chair of ARCC will be appointed by Council. 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 6 - Secretary

(9) The University Secretary (or nominee) shall act as secretary for ARCC.

Section 7 - Term of Office

(10) ARCC members will hold office for up to two (2) years from the date of appointment.

(11) The objectives and membership of ARCC will be reviewed by Council annually in February of each year.

Section 8 - Quorum

(12) A quorum shall comprise three (3) members of ARCC.

Section 9 - Meetings

(13) ARCC will meet as required and at least four (4) times per year.

Section 10 - Resolutions of the Audit, Risk and Compliance Committee

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

(15) 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 11 - Agenda

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

Section 12 - Minutes

(17) Meeting minutes will be taken and distributed within two weeks of the meeting.

Section 13 - Reporting

(18) The minutes from each meeting of ARCC will be provided to the next meeting of the Council and FIDC.

Section 14 - Conflicts of Interest

(19) Where a member has an actual, potential 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, as per the terms of the Conflicts of Interest Policy.

Section 15 - Non-compliance

(20) Non-compliance with Governance Documents is considered a breach of the Staff Code of Conduct or the Student Code of Conduct, as applicable, and is treated seriously by the University. Reports of concerns about non-compliance will be managed in accordance with the applicable disciplinary procedures.

(21) All staff members have an individual responsibility to raise any suspicion, allegation or report of fraud or corruption in accordance with the Fraud and Corruption Control Governance Framework, Fraud and Corruption Control Policy and Whistleblower reporting (Improper Conduct) Procedures.

Status and Details

Status	Not Yet Approved
Effective Date	To Be Advised
Review Date	To Be Advised
Approval Authority	University Council
Approval Date	13th October 2022
Expiry Date	Not Applicable
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