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:

Financial Reporting

(3) ARCC will:

a. Review the annual financial statements and key performance indicators and consider whether they are complete, consistent with information known to ARCC members, and reflect current Australian accounting principles and standards; and
b. Monitor the reliability and integrity of financial and related information systems.

Risk Management, Fraud and Internal Control

(4) ARCC will:

a. Review the internal processes for determining and managing key risk areas, particularly:
    i. Compliance with laws, regulations, standards and best practice guidelines;
    ii. Risk assessments and associated accounting estimates;
    iii. Insurance;
    iv. Litigation and claims against or involving the University;
    v. Fraud, theft and corruption;
    vi. Work health and safety;
    vii. Cyber; and
    viii. Relevant business risks;
b. Review the effectiveness of the risk management system in ensuring that significant or material risks are reported to the Council and monitored appropriately;
c. Review the effectiveness of internal control, risk management and performance management systems in consultation with the management of the University and the external auditors;
d. Review and monitor the delegations framework, policy and register;
e. Review and monitor complaints, misconduct, breaches of academic and research integrity and ensuring appropriate and timely actions are taken to address underlying causes;

f. Review the management of financial operations;
g. Review significant matters relating to management of the University's human resources; and
h. Review and monitor emergency planning and business continuity planning.

Compliance

(5) ARCC will:

a. Review the internal processes for determining and managing key compliance risk areas, particularly compliance with laws, regulations, standards and best practice guidelines;
b. Review the effectiveness of, and the extent of compliance with, internal plans, policies and procedures; and
c. Review management processes for ensuring and monitoring compliance with laws, regulations and other legislative requirements.

External Audit

(6) ARCC will:

a. Receive reports and communication from the external auditor for consideration and onward transmission to the Council as required;
b. Review 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;
c. Review any significant accounting and reporting issues, including professional and regulatory announcements, and assessing their effect on the University's financial statements, in particular:
    i. The consistency of accounting policies and appropriate adoption of new accounting standards;
    ii. Considering the need for, appropriateness of, and correct disclosure of, any changes made to the University's accounting policies;
    iii. The treatment and disclosure of complex or unusual transactions; and
    iv. Significant judgements made by management in preparing the financial statements, including any significant accounting estimates;
d. Monitor management responses on any issues raised in the Management Letter/s from the Office of the Auditor-General of the Northern Territory;
e. Assure itself 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;
f. Review the appropriateness of the accounting principles and policies adopted and any amendments, the methods of applying those principles and policies, and ensure that they are in accordance with the approved financial reporting framework; and
g. Reviewing the audited annual financial statements and recommending whether they should be signed.

Internal Audit

(7) ARCC will:

a. Provide advice to management on the maintenance of effective and independent internal audit capacity;
b. Review and approve 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
c. Review internal audit reports and findings, including monitoring management responses in terms of content and timeliness.

Controlled and Associated Entities

(8) The Menzies School of Health Research is a controlled entity of the University (Menzies School of Health Research Act 1985 Part IV).

(9) ARCC will monitor the financial management practices of controlled and associated entities and review the annual audited accounts and External Audit opinion.

Administrative and other matters

(10) ARCC may consider other items associated with the discharge of its functions and responsibilities as deemed necessary or referred to it by the University Council.

(11) ARCC will review its terms of reference, performance, and membership at least annually.

Section 3 - Membership

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

a. Chancellor; and
b. at least three (3) members with appropriate qualifications and experience (only one (1) of whom can also be a member of the Finance and Infrastructure Development Committee (FIDC)).

(13) Members of ARCC, other than the Chancellor, will be appointed by University Council.

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

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

Section 4 - Observers

(16) 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. Vice-President Corporate;
f. Vice-President Governance and University Secretary;
g. Director Risk and Assurance; and
h. Other persons invited by the Chair as required depending on the issues for consideration.

(17) Members of University Council are encouraged to attend meetings of ARCC. Notification of the intention to attend must be given to the Secretary a minimum of one (1) week before the meeting. Notifications may cover more than one (1) meeting. Observers have the right to receive meeting documentation, submit questions on notice and participate in meeting debate.

Section 5 - Chair

(18) The Chair of ARCC will be appointed by the University Council. If the appointed Chair is not available, the members present will elect a chair for that meeting.

(19) If the Chair of ARCC is not a member of the University Council, then the Chair will be an observer at Council meetings.

Section 6 - Secretary

(20) The Vice-President Governance and University Secretary (or nominee) shall act as secretary for ARCC.

Section 7 - Terms of Office

(21) ARCC members will hold office for up to three (3) years from the date of appointment.

(22) A member may be appointed to two (2) additional consecutive terms.

(23) An appointed member of ARCC vacates their office if the member is absent, without apology, from three (3) consecutive meetings of the Committee.

(24) An appointed member may resign from their position on ARCC by notifying the Vice-President Governance and University Secretary in writing.

Section 8 - Quorum

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

Section 9 - Meetings

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

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

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

(28) 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

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

Section 12 - Minutes

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

Section 13 - Reporting

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

Section 14 - Conflicts of Interest

(32) 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

(33) Non-compliance with governance documents is considered a breach of the Code of Conduct - Employees or the Code of Conduct - Students, 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 outlined in the Charles Darwin University and Union Enterprise Agreement 2025 and the Code of Conduct - Students.

(34) Complaints may be raised in accordance with the Complaints and Grievance Policy and Procedure - Employees and Complaints Policy - Students.

(35) 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 Policy and Whistleblower Reporting (Improper Conduct) Procedure.

Status and Details

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Glossary Terms and Definitions

"University" - Charles Darwin University, a body corporate established under section 4 of the Charles Darwin University Act 2003. The University is comprised of the various faculties, CDU TAFE, organisational units, and formal committees, including the governing University Council and Academic Board.

"Governance document" - means policy or procedure published in the Governance Document Library. Policies and procedures are collectively called ‘governance documents’ and are often referred to as ‘policy’ or ‘University policy’.