

RISK AND AUDIT COMMITTEE CHARTER

1. Establishment

The Board has resolved to establish a Risk and Audit Committee (“Committee”) as a sub-committee of the Board, and has approved this Charter which will govern the operations of the Committee. The Charter will be reviewed at the same time as those of the other Board sub-committees

2. Membership

The Committee should have at least five members with membership of the Committee appointed by the Board. Membership as required by the Board:

- i. Chairperson;
- ii. Director;
- iii. Chair of the Board (or their delegate) plus one other Board member; and
- iv. two or more Independent members.

Independent members will be appointed for a period of three years, renewable. The Committee Chair, who may not be the Chair of the Board, is appointed by the Board for a three year, renewable term. Members will have legal, finance, accounting, risk management and/or auditing experience, and at least one member will have formal accounting qualifications.

3. Other attendees

The Charles Darwin University’s University Secretary is an ex-officio member.

Members of Senior Management may be invited by the Committee to be present for all or part of the meetings of the Committee. The Chief Operating Officer has a standing invitation for all meetings, unless otherwise notified by the Chair on a case-by-case basis.

Board members are to receive notification of Committee meetings so that they may attend if they wish. In addition to attending any Committee meeting, all Board members may speak at Committee meetings but, unless they are a member that Committee, they may not vote at the meetings.

Other attendees may be invited to attend and/or make presentations to the Committee, including but not limited to representatives of appointed auditors, representatives of CDU, experts or members of Menzies staff.

4. Quorum required for meetings

A quorum will consist of 50% of members plus one Independent member. At least one of those members is to have financial and accounting experience in the case that the Committee is required to make recommendations on financial and accounting related matters to the Board.

5. Meetings and minutes

Meetings should be held at least four times a year, or more as required by the Committee or the Board. Meetings may be held either in person or by using such technology as appropriate.

The Committee Chair is required to call a meeting of the Committee if requested to do so by any member of the Committee, the Director, the Board Chair, or a representative of an appointed auditor.

Secretariat services will be provided to the Committee. The Secretary is not a member of the Committee. The Secretary will draw up an agenda in conjunction with the Chair. The papers will be circulated at least one week prior to each meeting to the members of the Committee.

Minutes of each Committee meeting shall record the decisions of the Committee and shall be:

- i. referred by the Secretary to the Chair of the Committee for finalisation of content;
- ii. confirmed as a true and correct record of proceedings at the next Committee meeting;
- iii. provided to the Board for information, discussion and acknowledgement of receipt; and,
- iv. retained for future reference.

6. Authority

The Committee is authorised to:

- i. investigate any activity within its Charter;
- ii. to seek any information it requires from any employees and all employees are directed to cooperate with any request made by the Committee;
- iii. after first informing the Chair of the Board, obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, if it considers this necessary; and
- iv. to have access to Management and auditors (external and internal) with or without Management present and has the right to seek explanations and additional information.

7. Role of the Committee

The Committee established under this Charter shall consider any matter relating to the financial reporting, internal control structure (including Internal Audit), internal risk management systems and external audit function of Menzies and any of its controlled entities.

8. Responsibilities of the Committee

The duties of the Committee are to undertake the following and to report to the Board on its findings:

Risk Management

- i. monitor Menzies' risk register, risk management system and progress in implementing risk management strategies as part of a continuous improvement regime; and
- ii. monitor controls in place to ensure awareness of, and compliance with, risk mitigation strategies, legislative and other requirements.

Internal audit

- i. recommend to the Board an internal audit program in conjunction with the Chief Operating Officer, taking into account the Menzies' risk register;
- ii. meet privately with an appointed auditor either upon request of the auditor or as requested by the Committee;
- iii. regularly review Menzies internal audit program; and

- iv. monitor progress in implementing recommendations of internal audits as part of a continuous improvement regime.

External audit

- i. where the Auditor General provides non-audit services, to determine whether the Committee is satisfied that the provision of those services has not compromised the auditor's independence;
- ii. to meet privately with the external auditor on at least an annual basis;
- iii. to determine that no Management restrictions are being placed upon the external auditor;
- iv. to discuss problems and reservations arising from the interim and final audits, and any matters the auditors may wish to discuss (in the absence of Management where necessary);
- v. to review the Auditor General's Management letters and Management's response; and
- vi. monitor progress in communicating and implementing the recommendations of the external audit as part of a continuous improvement regime.

9. Accounting practices and external reporting

Financial Statements

To review the audited annual financial statements and any reports which accompany published financial statements before submission to the Board, recommending their approval, focusing particularly on:

- i. any changes in accounting policies and practices;
- ii. major judgmental areas;
- iii. significant adjustments, accounting and financial reporting issues resulting from the internal and external audit;
- iv. compliance with accounting policies and standards; and
- v. compliance with legal requirements.

10. Communication

- i. providing, through regular meetings, a forum for communication between the Board, senior management staff involved in internal control procedures and the external auditors; and
- ii. oversee procedures for complaints and reports relating to the organisation's activities and ensuring a mechanism for the confidential treatment of such complaints and reports including the ability to submit them anonymously.

11. Assessing the Risk and Audit Committee's performance

The Committee should be subject to a review annually, including the completion of a self- assessment program. The reviews shall include, but not limited to, the following:

- i. obtaining feedback from the Menzies Board on the effectiveness of the Committee;
- ii. assessing the performance of the Committee against its terms of reference; and
- iii. assessing the contribution of individual Committee members (review to be completed by the Committee's Chair) for discussion with the Chair of the Board.

12. Other

The Committee will:

- i. oversee Menzies' systems for monitoring compliance with laws and regulations, achievement of milestones in funding agreements, and obtain regular updates from management regarding compliance matters; and
- ii. Consider the findings of or reviews conducted by regulatory agencies, funding bodies or other such organisations, and monitor implementation of recommendations.

The Committee may:

- i. instigate and oversee any special investigations they consider appropriate to protect the assets or the integrity of Menzies;
- ii. receive reports and guidance from the Finance Committee; and
- iii. approve reimbursements to board members for such reasonable travelling, accommodation and other expenses as the board member may incur when travelling to or from meetings of the board or a Committee or when otherwise engaged on Menzies activities.