

Audit and Risk Committee Charter

August 2019



1. Introduction

- 1.1 The Australian Institute for Teaching and School Leadership (AITSL) Board of Directors (**the Board**) has established the Audit and Risk Committee (**the Committee**) under section 19.4 of the Company's Constitution. This Charter outlines the objectives, functions and authority, composition, role and responsibilities, and reporting and administrative arrangements of the Committee.

2. Objectives

- 2.1 The primary objectives of the Committee are to provide independent assurance and assistance to the Board on AITSL's risk control and compliance framework and to fulfil the functions required under section 92(2) of the *Public Governance, Performance and Accountability (PGPA) Act 2013* (Cth).

3. Functions

- 3.1 The functions required of the Committee under Section 17(2) of the PGPA Rule 2014 (the Rule) include (but are not limited to) reviewing the appropriateness of AITSL's:
- a. financial reporting
 - b. performance reporting
 - c. system of risk oversight and management
 - d. system of internal control.

4. Authority

- 4.1 The Board authorise the Committee, within the scope of its role and responsibilities, to:
- a. obtain any information it needs from any employee and/or external party (subject to their legal obligation to protect information)
 - b. discuss any matters with the external auditor and internal auditor, or other external parties (subject to confidentiality considerations)
 - c. resolve any disagreements between management and the auditor on financial reporting
 - d. approve all auditing services
 - e. request the attendance of employees and/or Directors at Committee meetings
 - f. obtain external legal or other professional advice, as considered necessary to meet its responsibilities, at AITSL's expense.

5. Composition

- 5.1 The Committee must consist of at least three (3) members and no more than five (5) members.
- 5.2 The Board may appoint an external member with appropriate financial and accounting experience to the Committee who is independent of AITSL and the Board.
- 5.3 The Chair of the Committee must be the Deputy Chair, or a Director, and who is not the Chair of the Board.

- 5.4 A member, including the Chair and excluding the independent external member, must have their appointment reviewed by the committee every twenty-four (24) months, in any three (3)-year period.
- 5.5 The independent external member must have their appointment reviewed by the committee no less than every five (5) years.
- 5.6 Members and the Chair who have appropriate qualifications, knowledge, skills, or experience to assist the Committee to perform its functions will be appointed by the Board.
- 5.7 The Chief Executive Officer and Chief Financial Officer of AITSL cannot be appointed a member of the Committee.
- 5.8 The Secretary of the Board will act as Secretary to the Committee.

6. Invitees

- 6.1 Other persons may attend the Committee by invitation. Persons who are usually invited include the:
 - a. Chief Executive Officer
 - b. Chief Financial Officer
 - c. General Managers
 - d. External Auditor
 - e. Internal Auditor
- 6.2 Invitees may take part in the business of, and discussions at, the meeting but have no voting rights.

7. Administration

- 7.1 The Committee will hold such meetings as the Chair shall decide in order to fulfil the Committee's duties, but will meet at least four (4) times annually.
- 7.2 The Secretary of the Committee, in conjunction with the Chair, shall be responsible for circulating the meeting agenda and associated documentation, to Committee members five (5) working days prior to each meeting.
- 7.3 The Secretary of the Committee will also be responsible for keeping the minutes of meetings of the Committee and circulating them to Committee Members (after Chair approval) within fifteen (15) working days of the Committee meeting.
- 7.4 A quorum shall be at least two (2) Committee members.
- 7.5 The Committee may require staff to attend meetings and assist the Committee as required from time to time.
- 7.6 Committee members must declare conflicts of interest at the start of each meeting. Details of any conflicts of interest shall be appropriately minuted. Where members have a real or perceived conflict of interest, they will be excused from Committee deliberations on the issue where the conflict of interest arises.

8. Role and Responsibilities

- 8.1 The Committee provides advice and recommendations to the Board. It has no executive powers, except those that may be expressly delegated to it in this Charter or by the Board.

- 8.2 The Committee is directly responsible and accountable to the Board for the exercise of its responsibilities. In carrying out its responsibilities, the Committee must recognise that primary responsibility for the management of AITSL rests with the Chief Executive Officer.
- 8.3 The responsibilities of the Committee may be revised or expanded in consultation with, or as requested by, the Board from time to time and include:

8.3.1 Financial Reporting and External Audit

- a. review AITSL's accounting policies and practices in light of the applicable legislative provisions, Australian Government reporting requirements, accounting standards, and generally accepted accounting principles
- b. review the annual financial statements before submission to the Board
- c. ensure the financial statements are supported by appropriate management signoff and that appropriate action has been taken on audit recommendations and adjustments
- d. review management processes supporting external reporting, and any complaints or concerns raised internally or externally regarding financial reports or accounting policies and practices
- e. ensure an appropriate external audit of AITSL's financial statements is conducted on an annual basis within the required timeframe
- f. act as a forum of communication between the Board, senior management, and external audit
- g. provide input and feedback on the financial statements and any performance audit coverage proposed by external audit
- h. review all reports and monitor management's implementation of external audit recommendations
- i. provide advice to the Board of Directors on action taken on any significant issues raised in specific external audit reports
- j. at the start of each audit, agree the terms of engagement and review the annual engagement letter

8.3.2 Performance Reporting

- a. review AITSL's systems and procedures for assessing and reporting performance
- b. ensure AITSL's Portfolio Budget Statements and Corporate Plan are prepared and submitted in accordance with the PGPA Act

8.3.3 Systems of Risk Oversight and Management and Internal Control

- a. ensure that AITSL has an effective risk management program and that significant or material risks are reported to the Board
- b. regularly review the effectiveness of AITSL's internal control and risk management systems with management and internal and external auditors
- c. review AITSL's Fraud and Risk Control Plan and satisfy itself that there are appropriate processes and systems in place for the prevention, detection, and investigation of fraud
- d. review AITSL's Business Continuity Plan, taking into account the multiple locations, to ensure critical business processes and IT systems can be continued in the event of disruption
- e. receive from management regular briefings on any financial risks and compliance matters

8.3.4 Compliance

- a. ensure an effective system exists for monitoring AITSL's compliance with relevant laws, regulations, and associated government policies, including the PGPA Act and the Corporations Act
- b. regularly review AITSL's compliance with relevant laws, regulations, and associated government policies
- c. ensure compliance with relevant reporting obligations under the PGPA Act, including preparation of the AITSL Corporate Plan, reporting against annual performance measures, and reporting to the Minister of any significant issues or events that may affect AITSL
- d. monitor developments and changes in the various rules, regulations, and laws applicable to AITSL

8.3.5 Internal Audit

- a. approve the appointment and remuneration of an internal auditor who is independent of the external auditor
- b. ensure an appropriate program of internal audit activity is conducted each financial year and approve the scope of the internal audit program
- c. review the effectiveness of the internal audit program and performance and independence of the internal auditor
- d. review all the internal auditor's findings and provide advice to the Board on significant issues identified in audit reports and action taken on issues raised
- e. act as a forum of communication between the Board, senior management, and any person/firm appointed to carry out specific internal audit activities
- f. monitor management's implementation of internal audit recommendations
- g. provide the opportunity for Committee members to meet with the internal auditor without management being present at least once a year.


9. Reporting and Reviews

- 9.1 The Chair shall report to the Board subsequent to each Committee meeting on:
 - a. the findings of internal and external audits
 - b. minutes and resolutions
 - c. other key activities and major issues of which the Board should be informed.
- 9.2 The Committee will review its performance on an annual basis. The review may be conducted as a self-assessment and will be coordinated by the Chair. The assessment may seek input from any person. The Committee will also participate in any performance evaluation undertaken by the Board, including where the review process is undertaken by a third-party adviser.
- 9.3 The Committee will prepare an annual report for the Board of Directors summarising:
 - a. the work performed by the Committee to fully discharge its duties
 - b. the number of meetings held during the year and the attendance of each member
 - c. the Committee's annual assessment of its performance.

- 9.4 The Committee may, at any time, report to the Board any matter it deems of sufficient importance to do so. In addition, at any time, an individual member may request a meeting with the Chair of the Board.
- 9.5 The Board will review the membership and Charter of the Committee annually to ensure it remains consistent with the Board's objectives and responsibilities. Any changes to the membership and Charter of the Committee will require the approval of the Board.

The logo for the Australian Institute for Teaching and School Leadership (AITSL) features the lowercase letters 'aitsl' in a sans-serif font. The letters are colored with a gradient, transitioning from a light green on the left to a darker green on the right.

Australian Institute
for Teaching and
School Leadership
Limited

The bottom of the page is decorated with two overlapping triangular shapes. A teal triangle points upwards from the bottom left, and a lime green triangle points downwards from the top right. They meet at a diagonal line that divides the bottom section of the page.

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AITSL is funded by the Australian Government