

Risk, Audit and Finance Committee Charter

August 2025



1. Introduction

- 1.1 The Australian Institute for Teaching and School Leadership (AITSL) Board of Directors (**the Board**) has established the Risk, Audit, and Finance Committee (**the Committee**) under section 19.4 of the Company's Constitution.
- 1.2 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 the appropriateness of AITSL's financial management, performance and reporting, systems of risk oversight and management, and systems of internal control in accordance with 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:
 - 3.1.1 financial reporting and annual budget
 - 3.1.2 performance reporting
 - 3.1.3 system of risk oversight and management
 - 3.1.4 system of internal control.

4. Authority

- 4.1 The Board authorise the Committee, within the scope of its role and responsibilities, to:
 - 4.1.1 obtain any information it needs from any employee and/or external party (subject to their legal obligation to protect information)
 - 4.1.2 discuss any matters with the external auditor and internal auditor, or other external parties (subject to confidentiality considerations)
 - 4.1.3 request the attendance of employees and/or Directors at Committee meetings
 - 4.1.4 obtain external legal or other professional advice, as considered necessary to meet its responsibilities, at AITSL's expense.

5. Composition

- 5.1 The Committee may consist of at least three (3) members, who are Board Directors and at least one (1), but no more than (2), independent expert members.
- 5.2 The Chair of the Board is permitted to attend meetings for financial management, annual budget, and procurement and contracting items as an observer. The Chair of the Board cannot be present at meetings when risk management, compliance, internal control, internal audit, external audit, annual reporting, and performance reporting items are discussed.
- 5.3 The Chair of the Committee must be a Board Director or the Deputy Chair, but not the Chair of the Board.

- 5.4 The independent expert member(s) must have appropriate audit, risk, and/or appropriate financial and accounting experience and be independent of AITSL and the Board. The independent expert members will be appointed by the Chair and Deputy Chair of the Board.
- 5.5 Committee members, including the independent expert members, will be appointed by the Board each year for a term of up to two (2) years, and may be appointed for an initial period not exceeding four (4) years, after which they may be reappointed.
- 5.6 Members and the Chair must have appropriate qualifications, knowledge, skills, or experience to assist the Committee to perform its functions. Each member of the Committee must be able to read financial statements and at least one member must be a qualified accountant or other financial professional with experience of financial and accounting matters.
- 5.7 The Chief Executive Officer and Chief Financial Officer of AITSL cannot be appointed as members of the Committee, nor can any other AITSL employee.
- 5.8 The Secretary of the Board will act as Secretary to the Committee and will manage the induction program for onboarding new Committee Members.
- 5.9 The Chief Executive Officer, and attendees who are not constituted members of the Committee, may be invited by the Chair to attend meetings as participant observers.

6. Administration

- 6.1 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.
- 6.2 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.
- 6.3 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) prior to the next Committee meeting.
- 6.4 A quorum shall be at least fifty per cent (50%) of appointed Committee members and must include at least one (1) Committee member who is a Board Director.
- 6.5 The Committee may require staff to attend meetings and assist the Committee as required from time to time.

7. Conflicts of Interest

- 7.1 The AITSL Board Conflict of Interest Policy applies to all Committee members.
- 7.2 Committee members must declare conflicts of interest annually, and any new conflicts of interest which may arise at the start of each meeting.
- 7.3 Details of any conflicts of interest shall be appropriately minuted.
- 7.4 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 independent 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.

8.4 Annual Budget

8.4.1 The Committee will:

8.4.1.1 review the proposed annual budget and recommend a final annual budget to the Board for approval

8.4.1.2 make appropriate and independent enquiries into the management of AITSL's financial affairs

8.4.1.3 regularly review financial results against budgets.

8.5 Financial Management and Reporting

8.5.1 The Committee will review the financial statements and provide independent advice to the Board on its view of the appropriateness of AITSL's:

8.5.1.1 annual financial statements, specifically that:

- a. any new reporting requirements have been identified and adequately explained
- b. all reports comply with the PGPA Act, PGPA rules, Accounting Standards and supporting guidance
- c. balances involving significant judgement and estimation are adequately supported
- d. all significant or unusual transactions have been adequately explained
- e. effective quality assurance processes have been followed
- f. any significant changes to accounting policies for annual financial statements are disclosed.

8.5.1.2 processes and systems for preparing financial reporting information including:

- a. staying informed of any changes or additional requirements to financial reporting
- b. financial record keeping.

8.5.1.3 action in response to any issues raised by the external auditor, including financial statements adjustments or revised disclosures

8.5.2 The Committee is to communicate its view on financial reporting to Director through an Annual Written Statement as to whether:

8.5.2.1 the Annual Financial Statements, in the Committee's view, comply with the PGPA Act, the PGPA rules, the Accounting Standards and supporting guidance

8.5.2.2 financial record keeping is appropriate

8.5.2.3 financial reporting, as a whole, is appropriate, with reference to any specific areas of concern or suggestions for improvement.

8.6 Performance Reporting

8.6.1 The Committee will review the performance information, systems and framework, and provide independent advice to the Board on its view of the appropriateness of AITSL's systems and procedures for assessing, monitoring, and reporting on achievement of AITSL's performance and determine that:

- 8.6.1.1 AITSL's Corporate Plan contains appropriate details of how AITSL's performance will be measured and assessed
- 8.6.1.2 AITSL's approach to measuring its performance throughout the financial year against the performance measures included in the Corporate Plan is appropriate.
- 8.6.2 The Committee is to communicate its view on performance reporting to the Board through an Annual Written Statement covering the appropriateness of AITSL's annual performance statement, performance reporting as a whole, compliance with the PGPA Act and Rule where relevant, Accounting Standards, the *Corporations Act 2001*, the *Australian Charities and Not-for-Profits Commission Act 2012*, and any specific areas of concern or suggestions for improvement.

8.7 Risk Management and Oversight

- 8.7.1 Taking account of AITSL's purposes and operating context and the Board's risk appetite statements, the Committee will review the system of risk oversight and management and provide independent advice to the Board on the appropriateness of AITSL's:
 - 8.7.1.1 risk management policy and framework and the necessary internal controls for the effective identification and management of AITSL's risks, in keeping with the Risk Management Framework
 - 8.7.1.2 identified risks and their treatments and whether these are consistent with the Committee's understanding of AITSL's operating context, risk appetite and the Committee's experience
 - 8.7.1.3 process of developing and implementing AITSL's fraud and corruption control arrangements, consistent with AITSL's Fraud and Corruption Control Framework, Commonwealth legislation, and the processes for detecting, reporting, and effectively responding to fraud and corruption risks
 - 8.7.1.4 risk management capability and whether key roles, responsibilities, and authorities relating to risk management are clearly articulated.

8.8 Internal Controls

- 8.8.1 The Committee will review the internal control framework and provide independent advice to the Board on the appropriateness of AITSL's:
 - 8.8.1.1 approach to maintaining an effective internal control framework
 - 8.8.1.2 approach to implementing controls and systems to ensure compliance with, as well as monitoring compliance performance in relation to, significant and enabling legislation, regulations and, where relevant, Government policies
 - 8.8.1.3 consideration of legislative compliance risks within the internal control framework, fraud control framework and planning and whether this is adequate
 - 8.8.1.4 internal audit planning to ensure coverage and alignment with AITSL's key risks, reporting on major concerns identified in internal audit reports, and recommending action on significant matters raised, and dissemination of information on good practice.
- 8.8.2 The Committee is to take a risk-based approach to reviewing the appropriateness of the system of internal control including whether the key elements of internal control are present.

8.9 Internal Audit

- 8.9.1 The Committee will direct and review AITSL's internal audit schedule and:
 - 8.9.1.1 approve the appointment and remuneration of an internal auditor who is independent of the external auditor

- 8.9.1.2 act as a forum of communication between the Board, senior management, and any person/firm appointed to carry out specific internal audit activities
- 8.9.1.3 approve the internal audit program on an annual basis and review and approve the scope of any internal audit reviews
- 8.9.1.4 approve all audit reports and provide advice to the Board on significant issues identified in audit reports and action taken on issues raised
- 8.9.1.5 monitor management's implementation of internal audit recommendations
- 8.9.1.6 review the effectiveness of the internal audit program and performance and independence of the internal auditor
- 8.9.1.7 request a meeting with the Internal Auditors to discuss internal audit matters without AITSL Management present once a year or as required

8.10 External Audit

- 8.10.1 The Committee will:
 - 8.10.1.1 at the start of each external audit, agree the terms of engagement and review the annual engagement letter
 - 8.10.1.2 provide input and feedback on the financial statements and any performance audit coverage proposed by external audit
 - 8.10.1.3 act as a forum of communication between the Board, senior management, and the external auditors
 - 8.10.1.4 review all reports and monitor management's implementation of external audit recommendations
 - 8.10.1.5 provide advice to the Board of Directors on action taken on any significant issues raised in specific external audit reports
 - 8.10.1.6 request a meeting with the External Auditors to discuss external audit matters without AITSL Management present once a year or as required.

9. Reporting

- 9.1 The Chair shall provide an independent report to the Board subsequent to each Committee meeting on:
 - 9.1.1 the financial performance of AITSL
 - 9.1.2 the findings of internal and external audits
 - 9.1.3 the Committee's opinion on the appropriateness of AITSL's risk management
 - 9.1.4 minutes and resolutions
 - 9.1.5 the Committee's opinion on the appropriateness of performance measures
 - 9.1.6 other key activities and major issues of which the Board should be informed.
- 9.2 The Committee will prepare an annual report for the Board of Directors summarising:
 - 9.2.1 the work performed by the Committee to fully discharge its duties
 - 9.2.2 the number of meetings held during the year and the attendance of each member
 - 9.2.3 the Committee's assessment of its performance (in years a performance review has occurred).

- 9.3 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.

10. Review of Committee Performance

- 10.1 The Committee will conduct, every two (2) years, a review of its performance. The method of conducting each review, and the extent of that review, will be determined by the Board.
- 10.2 The Chair will action each review and obtain any assistance required.
- 10.3 Any relevant findings that affect the Committee's responsibilities and operations will be incorporated into this Charter for the Board's approval.

11. Reviews and Assessment Arrangements

- 11.1 The Board will review Charter of the Committee every two (2) years or as required to ensure it remains consistent with the Board's objectives and responsibilities. Any changes to the Charter of the Committee will require the approval of the Board.
- 11.2 The Chair of the Committee, in consultation with the Chair of the Board, will initiate a review of the Committee every two (2) years.



aitsl.edu.au

Telephone: +61 3 9944 1200

Email: info@aitsl.edu.au

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