

# **Risk, Audit, and Finance Committee Charter**

**August 2021**



## 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:
  - a. provide independent assurance and assistance to the Board on AITSL's risk control and compliance framework
  - b. assist the Board with its oversight responsibilities relating to financial management
  - c. 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 and annual budget
  - 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. request the attendance of employees and/or Directors at Committee meetings
  - d. 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; 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 a member 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.
- 6.6 Committee members must declare conflicts of interest annually, and any new conflicts of interest which may arise 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.

## **7. Role and Responsibilities**

- 7.1 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.
- 7.2 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.

7.3 The responsibilities of the Committee may be revised or expanded in consultation with, or as requested by, the Board from time to time.

7.4 The responsibilities of the Committee include:

#### **7.4.1 Annual Budget**

- a. review the proposed annual budget in conjunction with the annual AITSL Work Plan and recommend a final annual budget to the Board for approval
- b. provide guidance to management on modifications to the budget for new projects, provided they are within the scope of the objectives of the Company and appropriate funding is available
- c. regularly review financial results against budgets

#### **7.4.2 Financial Management and Reporting**

- 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 financial statements including current balance sheet, income statement, cash flow statement, and key financial performance indicators on a quarterly basis
- c. receive from management regular briefings on any financial risks
- d. review the annual financial statements for recommendation to the Board for signing via minute
- e. ensure the annual financial statements are supported by appropriate management sign-off and that appropriate action has been taken on audit recommendations and adjustments
- f. ensure an appropriate external audit of AITSL's financial statements is conducted on an annual basis within the required timeframe
- g. review AITSL Management's investment strategy and control of financial assets to ensure consistency with the Investment Policy

#### **7.4.3 Procurement and Contracting**

- a. review and approve procurements and procurement exemptions in accordance with relevant policies and procedures
- b. ensure appropriate procurement and contracting policies and procedures are established, reviewed, and monitored

#### **7.4.4 Performance Reporting**

- a. ensure the appropriateness of 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

#### **7.4.5 Risk Oversight and Management and Internal Control**

- a. review whether management has in place a current and comprehensive risk management framework
- b. regularly review the effectiveness of AITSL's internal control 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, to ensure critical business processes and IT systems can be continued in the event of disruption
- e. receive from management regular briefings on strategic and operational risks

#### **7.4.6 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 2001*
- b. regularly review AITSL's compliance with relevant laws, regulations, and associated government policies
- c. review Management's approach to maintaining an effective internal security system, including using the Protective Security Policy Framework as a best-practice benchmark
- d. monitor developments and changes in the various rules, regulations, and laws that relate generally to the company and the Board as well as the extent to which AITSL is complying with such laws

#### **7.4.7 Internal Audit**

- a. approve the appointment and remuneration of an internal auditor who is independent of the external auditor
- b. act as a forum of communication between the Board, senior management, and any person/firm appointed to carry out specific internal audit activities
- c. approve the internal audit program on an annual basis and review and approve the scope of any internal audit reviews
- d. approve all audit reports and provide advice to the Board on significant issues identified in audit reports and action taken on issues raised
- e. monitor management's implementation of internal audit recommendations
- f. review the effectiveness of the internal audit program and performance and independence of the internal auditor
- g. request a meeting with the Internal Auditors to discuss internal audit matters without AITSL Management present once a year or as required

#### **7.4.8 External Audit**

- a. at the start of each external audit, agree the terms of engagement and review the annual engagement letter
- b. provide input and feedback on the financial statements and any performance audit coverage proposed by external audit
- c. act as a forum of communication between the Board, senior management, and the external auditors
- d. review all reports and monitor management's implementation of external audit recommendations
- e. provide advice to the Board of Directors on action taken on any significant issues raised in specific external audit reports

- f. request a meeting with the External Auditors to discuss external audit matters without AITSL Management present once a year or as required.

## **8. Reporting**

- 8.1 The Chair shall report to the Board subsequent to each Committee meeting on:
  - a. the financial performance of AITSL
  - b. the findings of internal and external audits
  - c. risk management
  - d. minutes and resolutions
  - e. other key activities and major issues of which the Board should be informed.
- 8.2 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.
- 8.3 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.

## **9. Reviews and Assessment Arrangements**

- 9.1 The Board will review Charter of the Committee on an annual basis 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.
- 9.2 The Chair of the Committee, in consultation with the Chair of the Board, will initiate a review of the Committee every two (2) years.

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 filled with a vertical gradient that transitions from a light yellow-green at the top to a darker teal at the bottom.

Australian Institute  
for Teaching and  
School Leadership  
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The bottom of the page is decorated with two overlapping triangular shapes. A teal triangle points upwards from the bottom left corner, and a yellow-green triangle points downwards from the top right corner. They meet at a diagonal line that divides the bottom section of the page.

[aitsl.edu.au](http://aitsl.edu.au)

Telephone: +61 3 9944 1200

Email: [info@aitsl.edu.au](mailto:info@aitsl.edu.au)

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