

PROFESSIONAL RESPONSIBILITY AND ETHICS COMMITTEE CHARTER

Role and Responsibilities

The Board of The Institute of Internal Auditors – Australia (IIA-Australia) has established a Board Professional Responsibility and Ethics Committee (PREC) as part of its responsibilities in relation to ensuring the highest standards of conduct and performance of its members.

The PREC's role is to promote an understanding of, and to identify ways to promote the importance of, the professional responsibilities of members including adherence to the Code of Ethics and conformance with the International Standards for the Professional Practice of Internal Auditing (Standards).

The responsibilities of the Committee include:

- Oversighting strategies to promote the professional responsibility for conformance with the IPPF, including the Code of Ethics, by members.
- Reviewing and providing input into any proposed changes to the IIA Code of Ethics by IIA Global.
- Reviewing and providing advice regarding conflict of interest statements by Directors, Committee members and Chapter Councillors;
- Monitoring emerging ethical issues identified by IIA Global and through any complaints received from members.
- investigating complaints received and where appropriate, disciplining members.

The Board PREC is not a policy making body but assists the Board by implementing Board policy.

The IIA-Australia takes seriously any complaint made about the behaviour and actions of its members.

The Committee is to identify and oversight the management of risks which relate to its work. Where management of risks to a level that is not consistent with the IIA-Australia's risk appetite, they should be escalated to the Board.

Committee Membership

The PREC is a committee of the Board.

Committee membership will be comprised of two board members and appropriately qualified external member/s.

Membership may not include the President or Vice-Presidents of IIA-Australia or members of the Nominations Committee.

The Committee will comprise of a minimum of three members and a maximum of five.

The Chair of the PREC is appointed by the Chairman of the Board and will be a Director of the Board.

All appointments to the Committee and the appointment of the Chair shall be approved by the Board.

Members will be appointed to the PREC for two years and can be reappointed.

Where complaints are received, any member of the Committee may be assigned as an Investigator by the Chair of the PREC.

Membership of the PREC is to be confirmed annually by the Board in alignment with the AGM. Other persons may attend meetings of the PREC, by invitation. These persons may take part in the business of and discussions at the meeting but have no voting rights.

Committee Meetings

The Committee will hold quarterly meetings with additional meetings as necessary if a complaint has been received.

A quorum will be the smallest integer greater than half the members.

Meetings of the Committee may be held face-to-face or through any technological means by which members can participate in a discussion.

The notice and agenda of meeting will include relevant supporting papers as appropriate.

Investigation of Complaints

The complaints investigation work of the Committee is generally undertaken by:

- the Chair PREC in deciding if a complaint has substance and should be investigated
- the Chair PREC convening a special meeting of the Committee to discuss the action to be undertaken
- an Investigator, appointed by the Chair, if the decision of the Committee is to proceed with the complaint
- a sub-committee of three, from the Committee but excluding the Chair of the PREC, sitting as the PREC to review the investigation and proceed with a hearing if necessary

The PREC may invite any such other persons to attend as it sees fit and consult with other persons or seek any information it considers necessary to fulfil its responsibilities.

A Disciplinary Appeals Committee appointed by the President, consisting of Board members (excluding the President and Chair, PREC), in handling appeals to decisions made by the PREC.

Conflict of Interest

Committee members will be invited to disclose conflicts of interest at the commencement of each meeting. The disclosure should include any previous dealings with any Member subject to complaint personally or professionally.

In relation to disciplinary matters, The Chair, PREC and Committee members (potential Investigators) will abstain from taking part in the consideration of a complaint if they have taken part in any previous consideration of the complaint or aspect of it. If the Chair, PREC needs to abstain, an alternate Disciplinary & Review Committee Chair will be appointed by IIA-Australia's president for the purpose of the proceedings.

Authority

The Board authorises the PREC, through the Chair, to:

- seek any information it requires from:
- members, and/or
- external parties
- outside legal or other independent professional advice with the agreement of the Executive Committee.

Secretariat Duties

The Company Secretary will fulfil the role of Secretary to the PREC. The Secretary will assist the Chair distribute committee agendas, papers and minutes.

The Committee Chair is to report to the Board following each meeting of the Committee. The manner of reporting may be by distribution of a copy of the minutes of the meeting supplemented by other written information if necessary, including any recommendations requiring Board action and/or approval.

The Committee Chair is to provide or facilitate the supply of information which is to be included on the IIA-Australia website regarding decisions of the Disciplinary & Review Committee.

Voting

Any matters requiring a decision will be decided by a majority vote of members present.

Charter Review

The Committee should review its charter as directed by the Board to provide assurance that it remains consistent with the Board's objectives and responsibilities.

The Board approves or further reviews the charter.

Committee Performance and Review

The Committee will review its performance on an annual basis. This review may be conducted as a self-assessment and will be coordinated by the Chair.

The Committee will provide an Annual Report covering the previous year, including the results of the review of performance, to the Board at its March meeting.