

BOARD CHARTER

Role and Responsibilities

The **Board** of Directors is responsible for the stewardship and future well-being of the Institute of Internal Auditors – Australia (IIA-Australia). The **Board** should exercise leadership, enterprise, integrity and judgment in directing the IIA-Australia to ensure its continuing ability to serve its members¹ as the pre-eminent body of internal audit professionals. It should pursue and apply the highest standards of corporate governance. The **Board** should always act in the best, long-term interests of the IIA-Australia and in a transparent, accountable and responsible manner.

In discharging their **Board** responsibilities, each director has a duty to act in the best interests of the IIA-Australia as a whole, irrespective of personal, professional, commercial or other interests, loyalties or affiliations.

To discharge its obligations, the **Board** should assume responsibility in at least the following areas:

Board Membership

The **Board** will ensure that:

- there is an effective process for appointment to the **Board** to provide a mix of proficient directors, each of whom is able to add value and to bring independent judgement to bear on the decision-making process;
- there is succession planning, maintenance of a 'skills matrix' identifying the capabilities and attributes needed to discharge the **Board's** responsibilities, and a process to identify and develop members of the IIA-Australia capable of assuming governance roles in the future;
- the IIA-Australia makes appointments to the **Board** with an understanding among key stakeholders of the role, responsibilities, work program and performance of the **Board** and its members;
- new **Board** members are provided with a thorough orientation process;
- the **Board** may co-opt independent advisors to assist the **Board** to fulfil its obligations;
- in accordance with the Constitution² the Board numbers no more than 13 and no less than 3 Directors;
- the term for a Director is 2 years (with eligibility for re-nomination each 2 years to a maximum term of 9 years);
- it selects from amongst its number a leadership team consisting of President and two Vice-Presidents³ on an annual basis.

Governance Philosophy and Approach

The **Board** will govern the IIA-Australia with an emphasis on:

¹ The term 'Members' includes members of all categories of membership and candidates

² See IIA-Australia Constitution Clause 13.3 for *Terms of Office*

³ See Appendix 2, at page 8, for process

- future focus rather than a preoccupation with the present or past;
- strategic issues rather than administrative detail;
- pro-activity rather than reactivity;
- encouraging a diversity of opinions and views;
- development and expression of a collective responsibility for all aspects of the Board's performance;
- continuous improvement in Board and individual director effectiveness;
- interests of the IIA-Australia as a whole.

Strategic Leadership

The **Board** will:

- provide input that assists in identifying and understanding emerging trends and issues;
- review, develop and approve the IIA-Australia long-term strategic plan, taking into consideration IIA Global strategic plans;
- review the IIA-Australia situation and agree the broad framework within which the business plan will be prepared each year;
- recommend any significant shifts in the broad strategic direction of the IIA-Australia to the stakeholders;
- work with Chapters and National Office develop annual business plans to achieve the strategic objectives;
- review and approve the IIA-Australia financial objectives, financial budgets, plans and actions, including capital and significant operational allocations and expenditures.

Higher Education

The primary role of the Board in relation to its responsibilities under the *Tertiary Education Quality Standards Agency Act (TEQSA) 2011* and the *Higher Education Standards Framework: Threshold Standards 2015* is one of oversight: to set directions and goals for senior management and the academic governing body, to monitor progress towards achieving those goals, and to oversee arrangements that ensure compliance with regulatory requirements.

Specifically, the Board is responsible for ensuring that:

- potential risks to higher education operations are continuously monitored and that strategies are in place to mitigate them.
- appropriate delegations are in place and regularly reviewed, including to ensure that there is a clear distinction between governance and management;
- an effective strategic plan is approved, periodically reviewed and the achievement of its objectives is monitored;
- academic governance and processes are in place and operating effectively
- academic standards are maintained, including assessment processes;
- quality assurance arrangements are in place including cycles of monitoring, review and improvement including policies and procedures as well as periodic course reviews;

- there is a commitment to free intellectual inquiry, engagement with advanced knowledge and inquiry and maintaining the appropriate level of scholarship.

Monitoring and Influencing Progress

The **Board** will:

- review corporate performance against the strategic and business plans, including assessing financial and operating results to evaluate whether financial and operational risks are being managed consistent with approved plans and risk appetite, with a specific focus on the long-term success of the organisation. Where necessary, the Board may provide advice to the Executive in response to results not occurring consistent with strategic and business plans;
- review and approve transactions that are not consistent with the ordinary course of business (i.e. of considerable size, or of an unusual nature).

Risk Management and Internal Audit

The **Board** will:

- ensure that there is a suitable framework that identifies and responds to key risks faced by the IIA-Australia and are being properly managed and, to oversight implementation of appropriate controls to avoid or mitigate these risks;
- oversees suitable arrangements for the protection of intellectual capital developed with IIA-Australia resources and intrinsic to the value, or potential value, of the IIA-Australia;
- maintain an effective and efficient internal audit function to provide independent assurance to the **Board** on key financial and operational controls of the IIA-Australia.

Direction of National Office

The **Board** will:

- select, monitor and, if necessary, replace the CEO, and ensure there is a succession plan for key management and staff;
- maintain an agreement for defining the Board's expectations of the CEO's performance including the setting of clear annual performance indicators;
- provide regular, honest and rigorous performance feedback to the CEO on the achievement of such expectations;
- participate in the appointment of other members of management without compromising the CEO's accountability for the effective and efficient management of the IIA-Australia;
- ensure there are positive conditions for the motivation of management and staff and ensure that there is adequate training to support them in their roles.

Compliance and Integrity

The **Board** will:

- influence an ethical culture to be embedded throughout IIA-Australia

- promote ethical behaviour amongst its members⁴ and ensure compliance with the **Board's** *Personal Conduct of Office Bearers*⁵ and *Conflict of Interests Guiding Principles*⁶, the IIA-Australia stated values, laws and regulations, audit and accounting principles and any other governance documents;
- call on the Professional Responsibility & Ethics Committee to review and provide advice in regard to conflict of interest statements by Directors, if deemed necessary;
- assure the integrity of the IIA-Australia internal control and management information systems so that its decision-making capability and the accuracy of its reporting are maintained at a high level at all times.

Board Focus

The **Board** will:

- ensure that the **Board** makes the best possible use of its meetings by dealing only with matters that have governance-level significance, by focusing primarily on the future and, within a defined policy framework, by delegating as much as possible to the CEO;
- ensure that reports and proposals for the **Board** are timely, comprehensive, robust and are formatted so as to reinforce and support the **Board's** governance role;
- through the Chairperson, in conjunction with the CEO, establish the agenda for each **Board** meeting although each **Board** member is free to suggest the inclusion of item(s) on the agenda. To the extent possible agendas will be based on a schedule of subjects agreed at the beginning of each year.

Meetings

The Board will hold meetings at least twice each year; and additionally as it considers necessary.

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

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

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

The Board 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.

Voting

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

Assurance of Accountability

The **Board** will:

⁴ The term 'Members' includes members of all categories of membership and candidates

⁵ See Addenda A

⁶ Refer to the *Annual Business Practices Awareness and Compliance Certification* form

- serve the legitimate collective interests of the IIA-Australia;
- remain up to date in terms of members'⁷ and stakeholders' concerns, needs and aspirations;
- report to an Annual General Meeting of Members on the performance of all of the Chapters and National Office and account for the **Board's** stewardship of that performance;
- identify for the IIA-Australia other stakeholders, determining how the IIA-Australia should relate to them including communicating with them on a regular basis.

Board Committees

The **Board** will:

- establish committees to assist it in its governance role. Such committees will not conflict with the **Board's** delegation to the CEO. Such committees shall have Charters clearly defining their role, life span, procedures and functions, and the boundaries of their authority, reviewed annually;
- a decision of a **Board** committee exercising delegated authority is a decision of the **Board** and should be treated by the Board and the CEO accordingly;
- committees may co-opt outside members from time-to-time in order to bring additional skills, experience or networks;
- committees cannot exercise authority over staff nor shall they delegate tasks to any staff unless the CEO has specifically agreed to such delegations;
- **Board** committees will not mirror Chapters operationally or National Office functions.
- The **Board** committees are: Executive Committee; Audit & Risk Committee; Education Committee; Nominations Committee; Remuneration Committee; Professional Responsibility and Ethics Committee; and Youth Leadership Committee.

Confer Higher Education Awards

The Board will confer the award of Graduate Certificate on the recommendation of the Education Committee.

Other

The **Board** will perform such other functions as are prescribed by law or assigned to the **Board** by the Members or the IIA-Australia governing documents.

Monitoring and Enhancing Board Effectiveness

The **Board** will assess annually its own effectiveness in fulfilling this **Charter** and other **Board** responsibilities. The process will be initiated by the President, through the Nominations Committee.

The President will undertake the individual Director assessments from time to time.

⁷ The term 'Members' includes members of all categories of membership and candidates

Review of Charter

This charter of the Board is to be reviewed by the **Board** every two years, or as required, to provide assurance that it remains consistent with the **Board's** objectives and responsibilities.

PERSONAL CONDUCT OF OFFICE BEARERS

INTRODUCTION

This statement is not designed to overrule the Institute of Internal Auditors – Australia Board Charter but to complement the content and to articulate expected behaviour of Directors, Chapter Chairs, Councillors and IIA-Australia Committees' Members.

In the conduct of his/her role as a Director of the IIA-Australia it is expected that Directors have an obligation to be independent in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board.

In the conduct of his/her role as a Director, Chapter Chair, Councillor or Committee Member of the IIA-Australia it is expected that they:

- Should act honestly, in good faith and in the best interest of the IIA-Australia;
- Should use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office;
- Must use the powers of office for a proper purpose, in the best interest of the IIA-Australia as a single organisation;
- Have regard for the interests of all stakeholders of the IIA-Australia;
- Not take improper advantage of their position;
- Not allow personal interests, or the interests of any associated person or other organisation, to conflict with the interests of the IIA-Australia;
- Not engage in conduct likely to bring discredit upon the IIA-Australia;
- Demonstrate consensus with decisions made by the Board;
- Should not act as a communications spokesperson for the IIA-Australia, but should refer anyone enquiring on these matters to the CEO of IIA-Australia;
- Should be an advocate for the profession and the Institute but should refer any requests for media interview/contact to the CEO;
- Should respect and be considerate of their colleagues, employees and stakeholders of the IIA-Australia;
- Should value diversity and differing opinions of their colleagues, employees and stakeholders of the IIA-Australia;
- Should, in the first instance, discuss any perceived breaches of this conduct charter with the Chairman of the Board of the IIA-Australia;
- Should be supportive of the IIA-Australia staff and other colleagues and not enter into discussions about possible perceived breaches/omissions etc but refer such matters to the CEO or Chairman as appropriate;
- Should meet the Fit and Proper requirements of the *Commonwealth Tertiary Education Quality and Standards Agency Act 2011, Higher Education Standards Framework (Threshold Standards) 2011 Provider Registration Standard 1.2.*

GUIDANCE FOR SELECTING PRESIDENT AND VICE-PRESIDENTS

- The Board is informed that at the May Board meeting, Directors will select from amongst themselves the President for the coming year and the vice-Presidents for the coming year, with a view to them progressing to President. Progression to President is not automatic which may be due to factors such as availability/willingness to accept the role or performance.
- Directors will be requested to indicate their interest in serving as President or Vice-President to the Company Secretary by close of business on the day prior to the May Board meeting. (This will allow time to prepare ballot papers if required).
- Each nominee will be asked to speak briefly at the Board meeting, to the competencies listed below.
- The Board may request that the meeting enter an in-camera session to discuss the nominee/s' statement/s.
- The Board will elect the President.
- The President may make a supporting statement about the Vice-President/s.
- The Board will elect the Vice-President/s.

Competencies to be considered for the President and Vice-President roles

- Sufficient time to devote to the role eg available for
 - regular Executive Committee meetings and other meetings as required
 - attending Board meetings
 - meetings with regulators, legislators
 - involvement in IIA-Australia conferences and other events
 - providing support to the CEO
- Active in their support of the IIA-Australia.
- A key player in their field, e.g. Head of Internal Audit, Partner, Audit Committee member.
- Aware of the Global and regional responsibilities of the IIA-Australia and participate when appropriate in conferences and meetings.

POSITION DESCRIPTIONS: PRESIDENT, VICE PRESIDENT AND CEO

The President

The President is elected for a one year term of office by members of the Board of Directors. During their year of office the President is responsible for:

- Providing leadership to the Board in ensuring that its governance responsibilities are fulfilled;
- Working in partnership with the Chief Executive Officer and supporting and assisting them to achieve the mission and objectives of the IIA-Australia.

Typically, a President may hold office for two one-year terms.

Main Duties

Ensuring that the Board fulfils its governance responsibilities

- To chair meetings of the Board and to see that it functions effectively;
- To ensure that the Board formulates and regularly reviews its mission and strategic objectives;
- To ensure that the Board undertakes an annual self-assessment;
- To chair meetings of the Executive Committee;
- To participate in meetings of the Nominations Committee and to work with the Company Secretary throughout the nominations process;
- In consultation with the Executive Committee and the Nominations Committee, to make recommendations on the composition of the Board and the appointment of directors;
- To define and keep under review selection and performance criteria for directors of the Board;
- To ensure that all directors receive appropriate advice, training, and information relating to their role;
- To report formally to the members on the activities of the Board at least twice a year;
- To act in the best interests of the IIA-Australia at all times;

Working with the Chief Executive Officer to achieve The IIA-Australia's mission and objectives

- To ensure that the Board develops a long-term strategy for the IIA-Australia with objectives which can be monitored;
- To regularly review the progress of the annual plan towards the achievement of objectives with the Chief Executive Officer;
- In conjunction with the Executive Committee and the Remuneration Committee, perform an annual appraisal of the Chief Executive Officer;
- To provide support to the Chief Executive Officer on behalf of the Board;
- To keep abreast of developments in the IIA and the profession;

- To build relationships with senior members of the profession and to build contacts with individuals and organisations who influence the direction of the profession;
- To give presentations about the IIA and the profession to relevant audiences (including SOPAC® and other conferences in Australia, IIA-Australia Chapter events, Council of Auditors-General, IIA conferences in the region, etc.);
- To promote the IIA-Australia, its membership, products, and services, as widely as possible;
- Optimising the relationship between the Board and its staff;
- To receive regular informal reports on the progress of the IIA-Australia from the Chief Executive Officer;
- Through the Chief Executive Officer, to ensure regular communication between the Board and the senior management team;
- Through the Chief Executive Officer, to relate to the Board any concerns that staff may have in regard to the role of the Board or its sub-committees.

Candidate Profile - President

The President plays the role of both Chairman of the Board and ambassador for the profession. To succeed as President, the successful candidate must be able to demonstrate:

- excellent interpersonal skills;
- drive and determination;
- strong leadership qualities;
- ability to deliver business objectives;
- credibility in terms of their role as the potential principal spokesperson of the profession;
- the support of their employer to devote the time needed to be an effective President;
- that they are recognised by their peers as being a key player in the market place and actively involved in internal auditing matters.

In addition to the above, all prospective candidates must be:

- a voting member of the IIA-Australia;
- active in their support of the IIA-Australia;
- a key player in their field, e.g. Head of Internal Audit;
- Professional Member status;
- aware of the Global and regional responsibilities of the IIA-Australia and participate when appropriate in conferences etc.

The Vice President

The Vice President is elected for a one year term of office by members of the Board of Directors and is responsible for:

- Working in partnership with the President and the Chief Executive Officer in supporting and assisting them to achieve the mission and objectives of the IIA-Australia;
- To chair meetings of the Executive Committee, in the absence of the President;
- To provide support to the Chief Executive Officer on behalf of the Board;
- To keep abreast of developments in the IIA and the profession;
- To build relationships with senior members of the profession and to build contacts with individuals and organisations who influence the direction of the profession;
- To give presentations about the IIA and the profession to relevant audiences (including SOPAC®, IIA-Australia Chapter events, etc);
- To promote the IIA-Australia, its membership, products, and services, as widely as possible;
- To act in the best interests of the IIA-Australia at all times.

Candidate Profile – Vice President

The Vice President is a strong support for the President, plays the role of Chairman of the Board in the absence of the President, and is an ambassador for the profession. In the normal course of events the Vice President will succeed as President. The successful candidate must be able to demonstrate:

- excellent interpersonal skills;
- drive and determination;
- strong leadership qualities;
- ability to deliver business objectives;
- credibility in terms of their role as the potential principal spokesperson of the profession;
- the support of their employer to devote the time needed to be an effective Vice President;
- that they are recognised by their peers as being a key player in the market place and actively involved in internal auditing matters.

In addition to the above, all prospective candidates must be:

- a voting member of the IIA-Australia;
- active in their support of the IIA-Australia;
- a key player in their field, e.g. Head of Internal Audit;
- Professional Member status;
- aware of the Global and regional responsibilities of the IIA-Australia and participate when appropriate in conferences etc.

Chief Executive Officer

The CEO is appointed by the Board of Directors and is responsible for:

- Providing leadership to the IIA-Australia through implementing the key areas of the Strategic Plan (including, but not limited to, Advocacy, Membership, Education, Certification, Training, Business Development);

Connect › Support › Advance

Approved: August 2005; Amended: May 2012; Amended May 2013; Amended May 2014; Reviewed May 2015; Amended May 2016; Amended May 2017; Amended May 2018; Amended December 2019; Amended June 2020

- Working in partnership with the Board and supporting and assisting it to achieve the mission and objectives of the IIA-Australia;
- Acting as the principal spokesperson for the profession or delegating as appropriate;
- Representing the IIA-Australia at IIA Global and IIA regional forums.

Main Duties

- To work with the Board as it formulates and regularly reviews the IIA mission and strategic objectives;
- To ensure that all directors receive appropriate advice and information relating to their role;
- To report formally to the members on the activities of the IIA-Australia at least twice a year;
- Working with the Board to achieve the IIA-Australia's mission and objectives;
- To work with the Board to develop a long-term strategy for the IIA-Australia with objectives which can be monitored;
- To regularly review the progress of the annual plan towards the achievement of objectives with the President;
- Acting as the principal spokesperson for the profession;
- To keep abreast of developments in the IIA and the profession;
- To build relationships with senior members of the profession and to build contacts with individuals and organisations who influence the direction of the profession;
- To give interviews and comment to journalists, or delegate as appropriate;
- To give presentations about the IIA and the profession to relevant audiences (including SOPAC®, IIA-Australia Chapter events, Council of Auditors-General, etc.);
- To speak on behalf of the IIA-Australia in case of crisis or controversy, or delegate as appropriate;
- To promote the IIA-Australia, its membership, products, and services, as widely as possible;
- To provide regular informal reports on the progress of the IIA-Australia to the Board;
- To ensure regular communication between the Board and the senior management team;
- Through the President, to relate to the Board any concerns that staff may have in regard to the role of the Board or its sub-committees.