

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 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 or less than 3 Directors;
- the term for a Director is 2 years (with eligibility for re-nomination each 2 years);
- it selects from amongst its number a leadership team consisting of President and two Vice-Presidents³ on an annual basis.

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 1, at page 8, for process



Governance Philosophy and Approach

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

- 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.

Higher Education

The primary role of the Board in relation to its responsibilities under the Tertiary Education Quality Standards Agency Act (TEQSA) 2015 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 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.

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;

voice of the profession

- recommend any significant shifts in the broad strategic direction of the IIA-Australia to the stakeholders;
- ensure 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.

Reviewing Progress

The **Board** will:

- review corporate performance against the strategic and business plans, including assessing financial and operating results to evaluate whether the business is being properly managed;
- 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 the key risks faced by the IIA-Australia are being properly managed and ensure that appropriate controls are in place to avoid or mitigate these risks including 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 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:

- 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;
- ensure 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.

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

Assurance of Accountability

The **Board** will:

- 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

- Audit & Risk committee
- Education committee
- Executive committee
- Nominations committee
- Remuneration committee
- Disciplinary & Review committee
- Youth Leadership Committee

Confer Higher Education Awards

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

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



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, including the effectiveness of individual directors;
- the process will be initiated by the President, through the Nominations Committee
 - the Nominations Committee will conduct a general self-assessment of the Board;
 - the President will undertake the individual Director assessments.

Review of Charter

- This charter of the Board is to be reviewed by the **Board** annually 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:

- 1) 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:

- 1) Should act honestly, in good faith and in the best interest of the IIA-Australia;
- 2) Should use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office;
- 3) Must use the powers of office for a proper purpose, in the best interest of the IIA-Australia as a single organisation;
- 4) Have regard for the interests of all stakeholders of the IIA-Australia;
- 5) Not take improper advantage of their position;
- 6) Not allow personal interests, or the interests of any associated person or other organisation, to conflict with the interests of the IIA-Australia;
- 7) Not engage in conduct likely to bring discredit upon the IIA-Australia;
- 8) Demonstrate consensus with decisions made by the Board;
- 9) 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;
- 10) Should be an advocate for the profession and the Institute but should refer any requests for media interview/contact to the CEO;
- 11) Should respect and be considerate of their colleagues, employees and stakeholders of the IIA-Australia;
- 12) Should value diversity and differing opinions of their colleagues, employees and stakeholders of the IIA-Australia;
- 13) Should, in the first instance, discuss any perceived breaches of this conduct charter with the Chairman of the Board of the IIA-Australia;
- 14) 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.

APPENDIX 1

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 are

- 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.