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# ACEL BOARD AUDIT AND RISK COMMITTEE CHARTER

## INTRODUCTION

As Australia's peak professional educational organisation, ACEL is an agile, forward thinking, relevant and responsive agent of change and innovation. ACEL is a not-for-profit company that is continuously improving its practices to harness national and global opportunities. As the premier provider of resources and experiences for educational leaders, ACEL is both member-centric and customer-focussed, providing leaders in our network opportunities to actively connect and participate in contemporary and relevant professional learning

The ACEL Board has overall responsibility for the achievement of the company's purpose and financial performance, as stated in the ACEL Constitution.

The ACEL Board Audit and Risk Committee (ARC) is a standing committee of the ACEL Board. The ARC is appointed by and under the direction of the ACEL Board. This ARC Charter supports ACEL's proper and effective Corporate Governance and is aligned with the Australian Charities and Not-for-Profits Commission Standards. The ARC assists the Board by providing, for their consideration, advice and guidance in relation to risk.

## PURPOSE

The ARC assists the Board to carry out its responsibilities by undertaking the following functions:

- Maintaining oversight of the integrity of ACEL's statutory financial reports and statements;
- Monitoring the performance of the external audit and internal assurance activities of ACEL;
- Monitoring that management has an appropriate framework in place to identify and effectively manage risk and that management ensures that ACEL operates in accordance with the enterprise risk and assurance framework;
- Monitoring compliance with regulatory, contractual, legal and ethical standards; and
- Reviewing compliance with internal guidelines, policies and procedures and other prescribed internal standards.

## AUTHORITY

The Board has authorised the ARC, within the scope of their duties and responsibilities set out in this Charter to:

- Make recommendations to the Board
- Obtain any information it requires from any employee. All employees of the ACEL are directed to co-operate with any request made by the ARC, and external parties, where considered relevant to responsibilities under this Charter;
- Obtain outside legal or other independent professional advice with the agreement of the ACEL Board President;
- Investigate other matters brought to its attention or requested by the ACEL Board.

The ACEL Board ARC has no management role.

## RESPONSIBILITIES

### 1. Financial Reporting

- Review financial statements with management and the external auditors as necessary prior to their approval by the ACEL Board.
- Review recommendations from the Chief Executive Officer and external auditors, and make recommendations to the Board on significant accounting and financial policy issues, and review the appropriateness of the accounting judgements or choices exercised by management in preparing the financial statements.
- Review processes for financial reporting to the Board so that information is presented fairly.
- Review the policies and procedures for external reporting for completeness and accuracy and for meeting the disclosure obligations of ACEL.

### 2. Risk Management and Internal Controls

- Review ACEL's risk profile of strategic, reputational, operational, health and safety and compliance or governance risks and any material exposures to those risks.
- Review the implementation, maintenance and adequacy of the risk management framework and internal control system used by ACEL to manage material business risks that:
  - support the wider goals, objectives and strategies of ACEL; and
  - ensure that all significant risks are identified, evaluated, treated, monitored and communicated to the organisation.
- Recommend to the Board required changes to the risk management framework.
- Review and make recommendations to the Board in relation to ACEL's risk appetite and risk tolerance.
- Approve policies relating to risk and control and preventing and detecting fraud.
- Review the adequacy of ACEL's insurances including the Directors' and Officers'.
- Review reports from management responsible for risk and assurance dealing with:
  - the operation of ACEL's risk management framework;
  - significant risk exposures, incidents and breaches; and
  - other matters requested by the ARC.
- Confirm with the Appointments and Remuneration Committee that remuneration practices are consistent with promoting sound risk management practices.
- Review the adequacy of periodical internal financial reports through the monthly receipt of financial reports, rolling forecasts and credit card acquittals
- Assess whether management has controls in place for unusual types of transactions and/or any potential transactions that may involve an unacceptable degree of risk.

### 3. External Audit

- Make recommendations to the Board on the appointment, remuneration and monitoring of the effectiveness and independence of the external audit provider. Review the external audit provider's fee and be satisfied that an effective, comprehensive and complete audit can be conducted for the set fee. At the start of each audit, agree the terms of the engagement with the external audit provider. Review the external audit provider's annual engagement letter.
- Invite the external audit provider to attend ARC meetings to review the audit plan, discuss audit results, consider the implications of the external audit findings and otherwise discuss management and the control environment issues.
- Together with the external audit provider, review the scope of the external audit (particularly the identified risk areas) and any additional agreed-upon procedures on a regular and timely basis.
- Enquire of the external audit provider if there have been any significant disagreements with management irrespective of whether or not they have been resolved.
- Monitor and critique management's responsiveness to the external audit provider's findings and recommendations.

- Review all representation letters signed by management and ensure that the information provided is complete and appropriate.
- Provide the opportunity for the ARC members to meet with the external audit providers without management personnel being present at least once a year.
- Review the external audit providers' independence based on the external auditor's relationships and services with the ACEL and other organisations that may impair or appear to impair the external audit provider's independence.
- Advise the Board on the rotation of the external audit provider at intervals of approximately each five years or otherwise as the need may arise.

#### **4. Compliance with Legislation and Standards**

- The ARC will work with the Board to ensure the Board is aware of the Legislation and Regulations with which ACEL must comply, the organisation's responsibilities under this legislation, and ensure that processes and controls are in place to ensure ongoing compliance.
- Review the attestations from the Company Officers that relate to statutory/regulatory reporting requirements.
- Review and monitor the propriety of related party transactions.

### **REPORTING**

- The Board will be provided with a regular update of the ARC's activity, including a copy of the minutes of meetings.
- The ARC Chair will report to the Board on the outcomes of the ARC meetings, and regarding all relevant matters and appropriate recommendations.

### **MEMBERSHIP**

As a Standing Committee of the Board, the ARC shall comprise at least four members, including:

- (1) The Chair as an Independent ACEL Board Director
- (2) At least 1 appointed expert or a person with specialist knowledge
- (3) A minimum of two additional members

The Chair of the ARC will seek agreement with the President regarding appropriate support required for the effective work of the ARC.

The Board shall approve all appointments to the Committee, including any external member. Membership of the ARC is to be confirmed annually by the Board.

The ACEL Board will determine the Chair of the ARC.

Timing of ARC appointments is at the discretion of the ACEL Board and will usually occur approximately eighteen months after the ACEL Branch Appointed Director appointments to ensure continuity of ARC membership during Board changeover periods.

Members may have their appointment of the committee terminated:

- if they resign in writing to the Committee Chair
- if they are absent for more than 3 consecutive Committee meetings without permission of the Committee
- if they fail to disclose a material conflict of interest, or
- at the discretion of the Board.

### **MEETINGS**

The ARC will meet regularly, electronically or face-to-face as required, to review the monthly financial statements prior to submission to the Board. ARC Meetings should be held at least at least ten days prior to each scheduled board meeting where possible.

A quorum will be the smallest number greater than half the appointed members.

In the event of the ARC Chair's absence from a meeting, the members of the ARC present at the meeting will select a Chair for that particular meeting.

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

The ARC 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. These persons may take part in the business of and discussions at the meeting but have no voting rights.

The CEO, or nominee, participates in meetings as agreed with the ARC Chair, to provide reports to the ARC and respond to questions of ARC members but has no committee voting rights. It is not expected that the CEO attend for the entire duration of meetings of the ARC.

## ANNUAL PLAN

An annual ARC work plan will be established to inform each meeting agenda including:

- Reviewing and monitoring the propriety of related-party transactions.
- Assisting the Board to ensure appropriate corporate governance is in place.
- Considering relevant business risks other than those that are dealt with by other specific Board Committees.
- Assessing the effectiveness of and compliance with the corporate standards published by ACEL and prescribed by the Board, and relevant accounting and auditing standards, ensuring an ethical culture is embedded throughout ACEL.

## CONFLICT OF INTEREST

ARC members will be invited to disclose conflicts of interest at the commencement of each meeting. Ongoing conflicts of interest need not be declared at each meeting once recorded in the Minutes, unless the nature of the interest changes materially.

Where members or invitees at ARC meetings are deemed to have a real or perceived conflict of interest, they will be excused from ARC discussions and deliberations on the issue where a conflict of interest exists.

## MISUSE OF POSITION

Audit Committee Members must not intentionally misuse their position to gain or attempt to gain, directly or indirectly, an advantage for themselves or for any other person, or cause, or attempt to cause, determinant to ACEL.

## CONFIDENTIAL INFORMATION

Audit Committee Members must not intentionally or recklessly disclose information that they know, or should reasonably know, is confidential information. Independent Committee Members of the Audit and Risk Committee will be required to sign a Confidentiality Agreement within the ARC Member Declaration upon commencement of their term.

## SECRETARIAT DUTIES

The agenda and supporting papers for each meeting are circulated at least one week before the meeting. Minutes must be approved by the ARC Chair and circulated within two weeks of the meeting to each member.

The minutes will be ratified by members in attendance/discussion and signed by the ARC Chair.

The ARC Chair is to report to the Board at the next scheduled Board Meeting. The report should cover the findings and recommendations of the Committee and should cover any matters raised by the external auditor. The minutes of all ARC meetings are circulated to the Board.

The ARC Chair is to provide or facilitate the supply of information regarding the ARC which is to be included in the ACEL Annual Report.

## REVIEW

The ARC 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 assessment may seek input from the ACEL President and the Board.

Training requirements of ARC members will be reviewed by the ARC Chair.

The ARC will review and recommend changes to its composition and charter annually to provide assurance that it remains consistent with the ACEL Board's objectives and responsibilities.