



BRISBANE BOYS' COLLEGE



Clayfield College



SUNSHINE COAST
GRAMMAR SCHOOL

Finance & Audit Committee

August 2022



PMSA

PRESBYTERIAN AND METHODIST
SCHOOLS ASSOCIATION

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1. Preamble

It will be asked, what is the aim of the promoters of this undertaking and of the Churches which have accepted it?

Our answer is – “The whole movement has been an inspiration of faith ...

The education of our young people is to us a matter of vital concern, and we felt we ought to be doing more than we have done to surround them with influences which would help to strengthen their Christian faith, and to form in them the Christian character.”

Hardie, D. (1918). ‘The Official Historic Statement,’ PMSA

2. Purpose

The Board of the Presbyterian and Methodist Schools Association (PMSA) has resolved to establish a committee of the Board to be known as the Finance & Audit Committee (FAC) with its objectives, composition, term of office, powers and authority, and duties and responsibilities as set out below.

3. Legal Entity

- 3.1 The PMSA was established as a body corporate by letters patent granted in 1918 pursuant to the “Religious Educational and Charitable Institutions Act 1861” and is the legal entity for the four PMSA schools. The PMSA is a joint mission of the Uniting and Presbyterian Churches with a mission to provide outstanding teaching and learning environments, permeated by Christian faith and actions.
- 3.2 The PMSA is a large not-for-profit organisation registered under the “Australian Charities and Not-for-Profits Commission Act 2012 (Cth.)” (ACNC Act) whose purposes are to advance education and to advance religion.
- 3.3 The PMSA is subject to the “ACNC Act”, the Australian Education Act, 2013 and the “Education (Accreditation of Non-State Schools) Act 2017 (Cth.)”.

4. Establishment

The PMSA Board (Board), through the PMSA Constitution and By-laws, has resolved to form the Finance & Audit Committee. The Committee is responsible for supporting the PMSA Board to govern the activities of the Committee within the parameters, guidelines and frameworks determined by the Board and reports regularly to the Board.

5. Relationship

The Committee has an important relationship with the Board, all PMSA schools, Group Office, Committees and other PMSA entities. Together they work collaboratively to achieve the objects of the PMSA and support and promote the sustainability of each individual PMSA school.

6. Objectives

The primary objective of the Committee is to support the Board’s oversight of the financial reporting process, the audit process, the system of internal controls and compliance with laws and regulations. In addition the Committee will provide recommendations to assist the PMSA Board in fulfilling its responsibilities relating to the accounting and reporting practices and operating activities of the PMSA.

The Committee must always act within the Vision, Mission and Values of the PMSA.

7. Duties and responsibilities

- 7.1 The Committee shall consider any matters relating to the operations and activities of the Board and constituent schools that it deems to be desirable. In addition, the Committee shall examine any other matters referred to it by the PMSA Board.
- 7.2 Specific duties and responsibilities of the Committee are as follows:
- 7.3 Control and policies
- (1) Evaluate the PMSA's exposure to financial risk and fraud and monitor the development and implementation of internal controls to contain such risk;
 - (2) Evaluate the adequacy and effectiveness of the PMSA's accounting, administrative, information technology and operating policies through active communication with operating management and external auditor;
 - (3) Consider and make recommendations to the Board regarding the performance and the appointment of future external auditors;
 - (4) Evaluate the adequacy of the PMSA's accounting control system and its information technology and operational controls and procedures, by reviewing written reports from the external auditors, and monitor management's responses and actions to correct any noted deficiencies;
 - (5) Monitor the standard of corporate conduct in areas such as arm's length dealings and actual or potential conflicts of interest; and
 - (6) Take an active interest in ethical considerations regarding the PMSA's financial and operational policies and practices.
 - (7) Evaluate the adequacy of delegations of authority, ensuring they align with financial risk tolerances and operational practicalities.
- 7.4 Financial reporting
- Review and make recommendation to the PMSA Board on:
- (1) all significant accounting policy changes;
 - (2) the content of monthly and quarterly reports as presented;
 - (3) the content of the annual report; and
 - (4) the PMSA's annual financial statements, including the auditor's report.
- 7.5 Other financial matters
- (1) Identify and direct any special projects or investigations deemed necessary;
 - (2) Develop, review and keep current the critical success factors and the key performance indicators which are central to quarterly reporting by the Schools;
 - (3) Provide feedback to the Schools via the CEO on reported financial performance;
 - (4) Make recommendations on:
 - (a) Annual and long-term budgets
 - (b) Business plans
 - (c) Capital Expenditure (per Delegations of Authority)
 - (5) Support and work with management on group wide/school financial management strategies, systems/processes and controls; and
 - (6) Consider and make recommendations on investment strategies and diversified funding structures.
- 7.6 Legal compliance
- The Committee will review:
- (1) any financial regulatory reports presented to the Association and ensure management responds to them; and
 - (2) the financial policies and procedures for ensuring the PMSA complies with various forms of federal, state and local government legislation.

8. Powers

- 8.1 The Committee shall have the authority to seek any information they require, as authorised by the Committee, from any officer or employee of the PMSA or the PMSA's associated bodies.
- 8.2 The Committee is authorised to consult with independent experts for such advice as it reasonably considers necessary to execute its duties and responsibilities.
- 8.3 The Committee has no authority to engage any services without prior approval of the PMSA Board.

9. Membership

- 9.1 The PMSA Board shall appoint the Committee. It shall have a maximum of five members, composed of the Chair and up to two Board members and other members as determined by the Board. The membership should include two independent members.
- 9.2 The PMSA Chief Executive Officer (CEO) and PMSA ED Finance & Corporate Services are appointed as ex officio members with no voting powers. Other senior executives of the Group Office who have the appropriate skills and/or experience in relation to the business may be appointed as ex officio members with no voting powers.
- 9.3 It is preferable that all governance members be independent of School Advisory Councils, except in extenuating circumstances and be free from interests, which might, in the opinion of the PMSA, be construed as a conflict of interest. If a member is a member of another PMSA Committee or School Advisory Council, such role shall be declared and the member shall abstain from any discussions or decisions concerning issues that may affect that committee or school. The Committee may from time-to-time invite any other person to attend meetings and participate in discussions concerning specific issues.

10. The Chair

- 10.1 The Chair of this Committee will be an independent with regular attendance at the PMSA Board meetings in accordance with the Board calendar.
- 10.2 The Chair will be appointed by the PMSA Board with nominations for Chair to be approved at the Annual General Meeting.

11. Quorum

A quorum shall consist of three Committee members.

12. Term of membership

- 12.1 The Chair shall be appointed for a period of up to two years as determined by the Board.
- 12.2 Member's term of membership of the Committee shall be for a period of up to three years as determined by the Board.
- 12.3 At the conclusion of a term, a Committee member shall be eligible for reappointment for a term of up to three years.

13. No remuneration

- 13.1 No Committee member may receive any remuneration for service in their capacity as a Committee member.
- 13.2 Notwithstanding Clause 12.1, a Committee member may be reimbursed for reasonable travel and other business expenses incurred in connection with their role on the Committee in line with Clause 7.2 of the Constitution.

14. Vacation of office

14.1 Removal from office

- (1) The PMSA Board may dismiss a Committee member, including a Committee Chair. Prior to such action, the PMSA Chair will consult the CEO and the individual concerned.
- (2) A Committee member has no right of appeal against the decision of the PMSA Board.

14.2 The office of a Committee member immediately becomes vacant if the Committee member:

- (1) dies;
- (2) becomes bankrupt or compounds with creditors or otherwise takes advantage of the laws in force for the time being related to bankruptcy;
- (3) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental health;
- (4) is convicted of an indictable offence or an offence punishable on summary conviction for which the person is sentenced to imprisonment, other than in default of payment of a fine;
- (5) has been convicted on indictment or summarily and sentenced to imprisonment, other than in default of payment of a fine and the rehabilitation period in relation to the conviction has not expired;
- (6) becomes disqualified from being a director under the Corporations Act 2001 (Cth) (Corporations Act) or a responsible entity under the ACNC Act or any order made under the Corporations Act or the ACNC Act;
- (7) no longer complies with the Working with Children Act; or
- (8) resigns from office in accordance with clause 13.3.

14.3 Resignation

- (1) A Committee member may resign from office by giving written notice to the Chair.
- (2) The resignation of a Committee member takes effect on the date of receipt of the notice of resignation or any later date provided in the notice.

15. Meetings

The Company Secretary serves as Secretary to the Committee and assists the Chair in drawing up the agenda for each meeting which shall be circulated, at least one week prior to the meeting, to Committee members. The Secretary is also responsible for keeping and circulating the minutes of meetings.

The Committee shall hold up to six regular meetings each year and such additional meetings, as the Committee Chair shall decide to fulfil its duties. Meetings shall be held:

- 1) to review the financial audited statements and external audit process;
- 2) before the meeting of the PMSA Board which approves the annual operational plan;
- 3) prior to the meeting of the PMSA Board which approves the annual report and accounts; and
- 4) prior to any significant capital expenditure decisions being recommended to the PMSA Board.

In addition, the Committee Chair shall call a meeting of the Committee if requested to do so by the PMSA Board.

16. Reporting

16.1 The Chair of the Committee shall:

- 1) Ensure the minutes of each meeting are provided to the Board;
- 2) Present an annual Committee performance report to the Board;
- 3) Provide a written report to the Board at any time as requested by the Board; and
- 4) Attend the PMSA Board meetings as outlined in the PMSA annual calendar

17. Independence

- 17.1 Independence is essential to the effectiveness of this Committee. This is achieved primarily by including within its voting membership up to two independent external members to strengthen the Committee's objectivity. The Committee Chair also has the discretion to invite the External Auditor to any meeting.
- 17.2 The Principals and the Business Managers may be invited to attend meetings, to report on the operations of the schools, to participate in discussions and to and to otherwise assist the Committee.

18. Authority

- 18.1 The minutes of the Committee meetings will be provided to the PMSA Board after each Committee meeting (13).
- 18.2 The Committee shall have no executive powers with regard to its findings and recommendations. These executive powers remain with the PMSA Board.
- 18.3 The Finance & Audit Committee may request and/or be granted delegated authority to:
- (1) Undertake initial negotiations to employ or retain independent financial related experts; and
 - (2) Undertake initial negotiations to ascertain the budget for external auditors.

19. Charter Review

The Charter shall be reviewed annually or more frequently by the Board as required.

20. Revisions register

Version	Date of Approval	Responsible Officer
01	2 August 2022	Company Secretary