

8.3 CORPORATE GOVERNANCE STATEMENT

TELETHON KIDS INSTITUTE

INTRODUCTION

Telethon Kids Institute (Institute) has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance.

This statement outlines the main Corporate Governance practices that are in place throughout the financial year. The Institute has also posted copies of its corporate governance practices on its website at www.telethonkids.org.au.

1. THE BOARD OF DIRECTORS AND ITS COMMITTEES

It is the role of the Board to protect and enhance the long term value of the Institute to stakeholders. The Board monitors strategic direction and establishes goals for management. It then monitors the achievement of these goals.

1.1 Board Processes

The Board has adopted a formal Charter to assist in fulfilling its responsibilities. A copy of the Board's Charter is located on the Institute's website at www.telethonkids.org.au. The Board also has formal letters of appointment for the Board and senior executives and formal job descriptions for senior executives.

The Board has established a number of Board Committees including:

- Finance Committee
- Risk and Compliance Committee
- Remuneration Committee
- Development Committee

These Committees all have Charters which are reviewed on a regular basis and the effectiveness of each committee is monitored by the Board.

The Board currently holds approximately six meetings per year and others as necessary to address any specific significant matters that arise.

1.2 Appointment of Directors

The composition of the Board is reviewed annually to ensure that it has the appropriate mix of expertise and experience. When an appointment is required to fill a vacancy or to provide a skill set required by the Board, the Board will consider

recommendations and appoint the most suitable candidate, who must then stand for re-election at the next annual general meeting of shareholders.

On appointment, the Non-Executive Director is provided with a letter of appointment setting out the terms and conditions of appointment and retirement as well as a copy of relevant sections of the Corporate Governance Manual.

The letter of appointment covers:

- membership of Committees;
- expenses covered by the Institute;
- Director's and Officer's liability insurance;
- induction;
- further education;
- independent professional advice; and
- confidentiality;

and refers directors to information regarding:

- role description; and
- duties

1.3 **Conflict of Interest**

Directors must advise the Board, on an ongoing basis, of any interest that could potentially conflict with those of the Institute. Where the Board believes that a significant conflict exists, the director concerned will not receive the relevant board papers and will not be present for consideration of that item at the meeting. There are procedures in place to assist directors to disclose potential conflicts of interest.

1.4 **Independent Professional Advice**

Directors have the right to access to all relevant Institute information and to the Institute's executives. Directors also have the right to seek independent professional advice at the Institute's expense as long as they first obtain the prior approval of the Chair, which is not unreasonably withheld. A copy of advice received by the director may be made available to other members of the Board.

2. **FINANCE COMMITTEE**

The role of the Committee is to ensure that the Institute operates within a responsible, sustainable financial framework and has adequate resources to carry out its work. It does this by overseeing the financial performance of the Institute and recommending financial policy and direction to the Board. The Committee also ensures that financial reporting and external audit requirements are met.

The overarching role of the Committee in relation to finance matters is to:

- a) Oversee the financial performance of the Institute including the performance of its investments, as provided by regular reports from Institute's senior management and investment advisors;
- b) Recommend financial policy and direction to the Board; and
- c) Ensure that the Institute meets the financial reporting and external audit requirements of the Australian Securities and Investments Commission, the Australian Charities and Not-for-Profits Commission, and the Australian Accounting Standards Board (AASB) Australian Accounting Standards, and to advise the Board accordingly.

Specific financial responsibilities include:

- (a) Review monthly management accounts;
- (b) Oversee the Institute's annual reporting and internal control requirements;
- (c) Review the appointment of the external auditors;
- (d) Determine the investment strategy based on the advice of the investment advisors and monitor performance of investments;
- (e) Regularly update the Board about Committee activities and make appropriate recommendations

3. RISK AND COMPLIANCE COMMITTEE

The role of the Committee is to assist the Board in the effective discharge of its responsibilities for business, financial, operational and reputational risk management by ensuring an effective risk management framework is in place.

The role of the Committee in relation to compliance is to monitor controls in place for the Institute's compliance obligations including research and corporate compliance.

The responsibilities of the Committee are to:

- a) Risk Management
 - i. Approve and monitor risk management framework including policies, strategies, and processes
 - ii. Monitor the adequacy of the internal controls established to manage identified risks relevant to the Board
 - iii. Review risk reports from management
- b) Compliance
 - i. Approve and monitor compliance framework, including responsibilities and timelines for implementation.

- ii. Monitor and review reports from management on the Institute's compliance obligations
- c) Internal Audit
- i. Monitor the internal audit function including development of internal audit mechanism and internal audit plan
 - ii. Monitor internal audit outcomes and the implementation of recommendations

4. REMUNERATION COMMITTEE

The Remuneration Committee provides the Board with recommendations on remuneration policy, process and decision making of Senior Executives of the Institute.

The Committee is responsible for reviewing and making recommendations on individual remuneration decisions. They will also consider other remuneration issues, which may arise from time to time, pertaining to individual cases on an exception basis only where it is deemed there could be significant implications for the Institute.

The responsibilities of the Committee are to provide the Board with recommendations on:

- (a) Senior Executive remuneration, retention and termination policies and procedures
- (b) Senior executive remuneration, superannuation and incentive arrangements
- (c) Gender equity of remuneration

5. DEVELOPMENT COMMITTEE

The role of the Committee is to serve as the nucleus leadership group for the executive Director's Development operations, engaging the wider Board in Development activities as appropriate. The role is also to nurture an understanding with individuals, groups and institutions of the importance of major philanthropic contributions to the Institute and their significance within the Institute's present and future financial structure.

The specific responsibilities of the Committee are to:

- a) Development
 - I. To ensure success through leadership and thoughtful gifts to the Institute
 - II. To promote the Institute's strategic plan and interests for the purposes of fundraising
 - III. To review current (and recommend new) policies and guidelines for Institute fundraising

- IV. To agree and prioritise strategic needs for which fundraising support would be appropriate and likely to be successful
- V. To agree plans for effecting fundraising plans in prioritised areas
- VI. To assist in prospect identification, cultivation, solicitation, and donor stewardship
- VII. To monitor progress towards fundraising goals and special projects/campaigns
- VIII. To report to the Chairman of the Board on the progress of the Institute's Development program

Quinquennial review including performance Evaluation of the Board and its members

The review is extensive and covers all Institute personnel, operations (including scientific), the business plan and strategic alliances.

The process for the scientific review involves:

- scrutinising research programs;
- presenting data and findings;
- examining operational and support infrastructures; and
- assessing future directions for groups within the Institute.

Staff play a major role and the review process is open to all staff and students. Although the process is demanding, it has in the past been highly rewarding and has affirmed the productivity of the Institute's scientific effort as well as its general impact on the community.

The business plan is comprehensively reviewed to identify areas where effort could be increased, or to make adjustments in response to staff changes and the changing environment in which the Institute operates.

The review will also provide the opportunity to reassess the value of strategic alliances (e.g. university centre agreements with the Institute).