

Governance | The Board



Andrew Arkell FCA BCom
GDipAppFin FAICD FCIS F FIN

President

Andrew is the company secretary and head of corporate and advisory services at Queensland Investment Corporation (QIC), with services covering accounting policy, tax, legal, investment compliance, risk management and company secretariat.

He has worked across a number of segments, including the Big 4, small practice, government and more than 14 years in commerce with QIC. Andrew currently serves on the Queensland regional council.

Andrew became a director in 2004. He is chair of the Executive Review Committee, joint chair of the Joint Standing Committee and a member of the Nominations Committee. Andrew is the Board's representative on the Corporate Advisory Committee.



Fiona Bennett FCA BA (Hons)
FAICD FAIM MIIA

Fiona is a business consultant and a director of a number of boards including Bayside Health, WPC Group Limited and the Legal Services Board (Victoria).

She has over 25 years experience in commercial and financial management, governance, risk management and audit. She has held senior executive positions at BHP Billiton Limited and Coles Group Limited, and has previously been the Chief Financial Officer of several organisations in the health sector.

Fiona became a director in 2007. Fiona is the Board's representative on the Corporate Advisory Committee and is a member of the Audit Committee.



Richard Deutsch FCA BEc

Deputy President

Richard is a member of the leadership team of PricewaterhouseCoopers Australia and is the firm's National Assurance Leader.

An APRA-approved auditor, he has more than 15 years experience specialising in insurance and investment management.

He is also the lead engagement partner on external audits for a number of major listed Australian companies, and provides due diligence support to clients looking at potential acquisitions in the insurance and investment management industry.

Richard became a director in 2004. He is a member of the Nominations, Joint Standing and Executive Review Committees.



Margaret Parker FCA BEc GDip
(Acc) FTIA

Margaret is a partner at Hayes Knight Melbourne, specialising in tax and business services for medium-sized enterprises and high net worth individuals for the past 11 years.

She has extensive experience in people management, business and finance, and serves as a director for Chunky Move Contemporary Dance Company, Jean Hailes Foundation and Storage & Warehousing Services.

Margaret is a past Victorian state chair and became a director in 2005. She is the Board's representative on the Public Practice Advisory Committee.



Rachel Grimes FCA BBus (Acc)

Rachel is a director in the Mergers and Acquisition Team at Westpac.

Rachel has 19 years experience across the financial services sector, working in commerce with Westpac/BT Financial Group for 10 years as well as in the Big 4 with Price Waterhouse.

Rachel was the state chair of the New South Wales regional council in 2004 and became a director in 2006. She is chair of the Audit Committee.



Craig Farrow FCA BEc DipFP
CPMgr SA Fin FAICD

Craig is a partner in Brentnalls SA, Chartered Accountants and former National Chair of the Brentnalls National Affiliation of Accounting Firms. His focus is on business advisory and board services particularly in agribusiness and professional organisations.

He is Non-Executive Chairman of M2 Telecommunications Group and Tonkin Consulting Engineers.

Craig is a Fellow of the Governor's Leadership Foundation and was awarded the Institute of Chartered Accountants 1999 National President's Award for services to the Institute and the Profession, and the 2006 South Australian Outstanding Service to the Profession Award.

Craig was chair of the Institute's National Public Practice Committee for four years to the end of 2007. He became a director in 2008 and is a member of the Governance Committee.

Governance | The Board (continued)



Derek Parkin FCA BCom CTA FAICD

Derek is a professor of accounting at the University of Notre Dame Australia, Fremantle. His professional career has spanned four continents during the past three decades, beginning with Price Waterhouse in South Africa and moving to roles as partner at both Arthur Andersen and Ernst & Young in Australia.

Derek's current corporate roles involve both Board and audit committee positions in the resources, shipbuilding and building products sectors.

A past state chair for the Western Australian council, Derek served on council for 12 years, and became a director in 2003. Derek is the Board's representative on the Education Board and Audit Advisory Committee.



Michael Spinks FCA BCom (Acc)
GDipAppFin (F FIN)

Michael is a principal at Collins SBA, specialising in business structures, superannuation, wealth management and financial planning. He has more than 15 years experience in financial services, previously being a director of the financial planning group Garrisons.

He has also served with the Royal Australian Navy, receiving an Active Service Medal for deployment in the Persian Gulf.

Michael is chair of the Governance Committee and a member of the Joint Standing Committee and the Executive Review Committee. He became a director in 2006.



Michael Watson FCA

Michael is an executive board member in the Australian National Audit Office. He jointly heads the audit and assurance area in the ANAO.

Michael has more than 35 years experience specialising in public sector auditing. He has direct audit responsibilities in respect of government business entities and major public sector entities.

Michael was an ACT regional councillor for six years and was chair for part of 2007. Michael is a member of the Audit Committee. He became a director in 2008.



Board 2007

Robert DiMonte FCA BA (Acc)
CMC MAICD

Immediate Past President

Robert is the managing partner for Deloitte in Adelaide specialising in management advisory services. He leads management consulting activities in South Australia for clients ranging from large corporations to small to medium enterprises.

He has more than 24 years experience in small and large accounting practices, working in the key areas of audit, tax and business services.

Robert became a director in 2004.



Board 2007

Jenny Morison FCA BEc

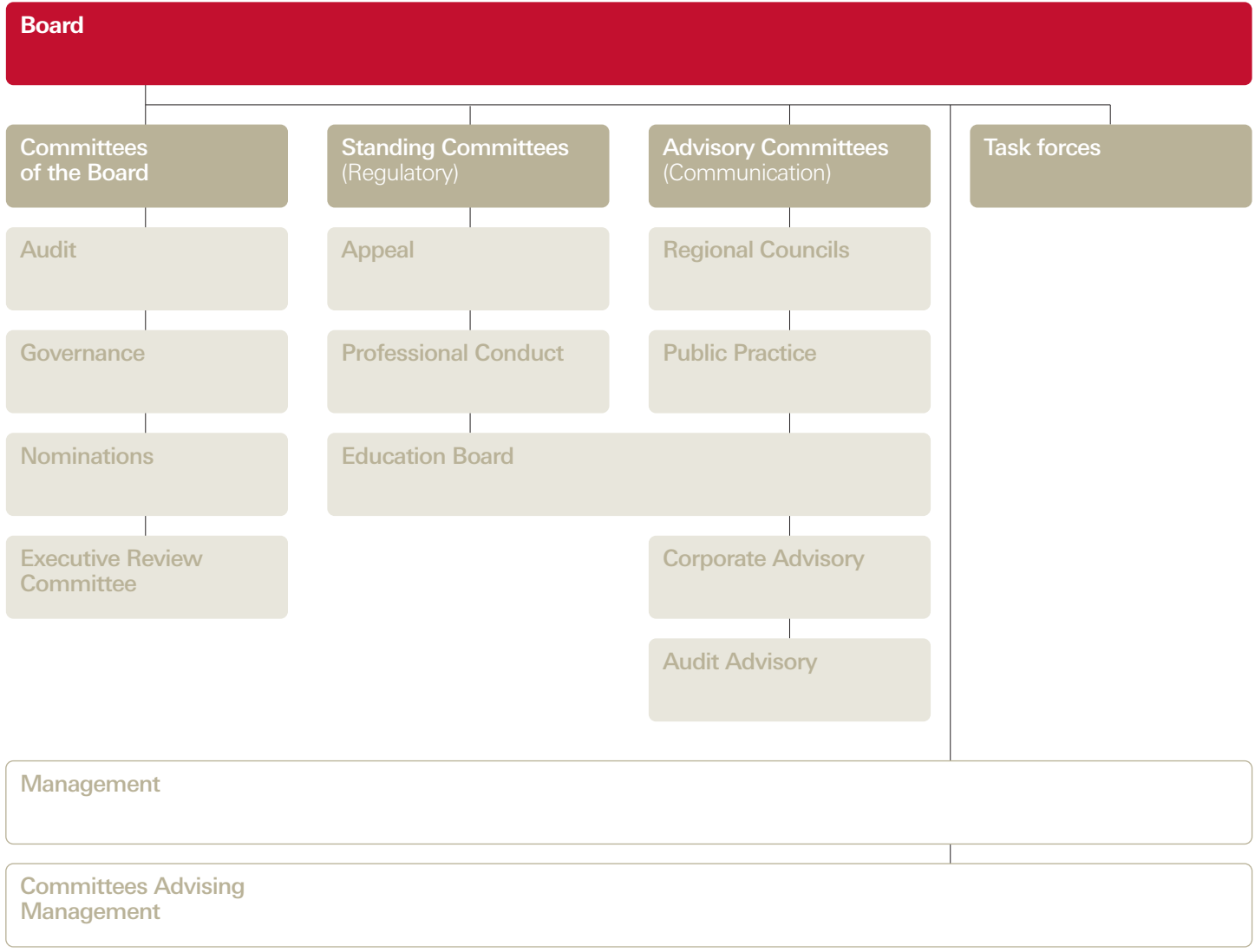
Jenny is currently a director of Morison Consulting and is also an independent member of a number of ACT and Commonwealth audit committees, deputy chairperson of the ACT Land Development Agency and board member of the Growth Centres Commission (Sydney).

She has some 26 years' experience in the areas of audit, tax, management consulting and accounting for government. Jenny is a leading specialist in the area of public sector financial management reform, having led teams for both the ACT and Commonwealth governments in implementing accrual output based budgeting reforms.

Jenny has served as an ACT state chair and became a director in 2003.

Governance (continued)

Board and advisory committees



Governance (continued)

Board and committee meetings

Director attendance for 1 July 2007 to 30 June 2008

Board meetings

	A	H
Robert DiMonte	2	3
Andrew Arkell	7	7
Fiona Bennett	5	7
Richard Deutsch	6	7
Craig Farrow	4	4
Rachel Grimes	7	7
Jenny Morison	3	3
Derek Parkin	6	7
Margaret Parker	7	7
Michael Spinks	7	7
Michael Watson	4	4

Nominations committee meetings

	A	H
Neil Faulkner	1	1
Stuart Black	1	1
Robert DiMonte	4	4
Andrew Arkell	3	3
Richard Deutsch	2	3

Audit committee meetings

	A	H
Richard Deutsch	2	2
Jenny Morison	2	2
Rachel Grimes	3	3
Fiona Bennett	1	1
Michael Watson	1	1

Governance committee meetings

	A	H
Michael Spinks	2	2
Craig Farrow	2	2

Executive review meetings

	A	H
Andrew Arkell	1	1
Richard Deutsch	1	1
Michael Spinks	1	1

Governance / Corporate Governance Statement

The Institute of Chartered Accountants in Australia is a leading advocate of high standards of corporate governance. It is committed to best practice through its representation on the Australian Stock Exchange Corporate Governance Council and its efforts to adhere to the highest standards in regulating its own affairs and complying with relevant Commonwealth and state legislation.

The Institute occupies a unique position as a reporting entity. As a not-for-profit membership organisation, its structure does not share the same level of complexity as listed companies. However, in line with its vision to lead the profession, the Institute has adopted rigorous systems of control and accountability as the basis of the administration of corporate governance.

These systems are clearly outlined in the Institute's supplemental Royal Charter, by-laws, governance manual and code of conduct, which are available at charteredaccountants.com.au.

Where appropriate, the systems follow practices that comply with the revised corporate governance principles and the corresponding best practice recommendations, as developed by the Australian Stock Exchange Corporate Governance Council. During the year, the Institute's governance committee monitors these systems, and on an annual basis the Board reviews compliance with the principles and recommendations. On the basis of 'if not, why not', the Board is satisfied that current practices reflect the council's expectations.

A solid foundation for management oversight

Board of directors

The Institute's Board comprises entirely non-executive directors. Non-executive directors or past presidents chair all four committees of the Board.

The Board and its committees operate in accordance with a Charter. These Charters are reviewed annually to ensure alignment with the Institute's strategic objectives.

The Board meets at least seven times a year for scheduled meetings, and has the facility to meet without the chief executive (CEO) if required. The Board is committed to holding at least two of these meetings interstate, with the balance held at the Institute's head office in Sydney. A register of disclosures for each director is tabled at every Board meeting.

The Board and management establish a three-year strategic plan and corporate strategy, and detailed annual business plans are established to set the priorities, direction and performance targets for the organisation.

Day-to-day management of the organisation's affairs and implementation of corporate strategy and policy initiatives are the responsibility of the CEO and management.

Chief executive

The CEO's responsibilities include advising the Board on strategic direction, ensuring business activities are in alignment with the Institute's strategic plan, ensuring the organisation conducts its affairs within the law, and keeping the Board informed of all major business proposals and developments through regular reports.

Board composition

The Board comprises seven members, who are elected by Chartered Accountants on regional registers. Up to four additional members can be Board-appointed. Directors serve a maximum of two terms of three years each. Each year the Board elects a president and deputy president.

All directors must comply with the Board's code of conduct and the accompanying guidelines. This code covers issues such as the requirement to act in good faith, duties of due care and diligence, conflict of interest, issues of improper use of power and information, independence, confidentiality and the obligation to uphold the law.

Board meeting attendance is shown on page 38.

Board committees

There are four committees of the Board, membership of which comprises directors, the CEO and past presidents. There are a further three advisory committees, six regional councils and five overseas member groups which report to the Board (see pages 36–37). These committees meet regularly throughout the year.

Attendance at the Board's audit, governance, nomination and executive review committees is shown on page 38.

Governance (continued)

Indemnification and insurance for directors and officers

The Institute's by-laws provide for an indemnity to each person who is or has been a director, councillor or committee member or officer against any liability which results from any act or deed done in the discharge of the individual's duties.

The Institute's insurance policy serves to indemnify the directors, councillors, committee members and officers against liabilities for costs and expenses incurred by them in defending legal proceedings arising out of the performance of their normal duties for the Institute.

Adding value through board structure and ethical and responsible decision making

The Board and its committees provide visionary leadership to the organisation and its global operations to ensure that the Institute sets and achieves strategic objectives and operates effectively and efficiently. Under the Institute's by-laws, the Board is given power over:

- > Maintaining and controlling the Institute's affairs
- > The appointment, removal and remuneration of the CEO
- > The promotion of improvements in laws affecting the accounting profession
- > The promulgation of regulations, including regulations prescribing rulings
- > Providing guidance on standards of practice and professional conduct, including technical standards.

The Board governs the Institute by:

- > Setting strategic direction
- > Approving and monitoring delivery of the strategic plan
- > Liaising with stakeholders
- > Ensuring compliance with statutory obligations
- > Managing risk
- > Monitoring organisational performance
- > Monitoring the financial position.

This Board structure comprises both member-elected and Board-elected directors. This balance ensures the Board comprises directors with appropriate skills, experience and attributes for the organisation and its business. The directors' skills and expertise relevant to their position and their terms of office are described on pages 35–36.

Nominations committee

The Institute has a separate nominations committee with representation from the Board and membership. The committee assists the Board to identify potential candidates for appointment and removal as members of committees and other appointments, as deemed relevant by the Board. While the nominations committee is not able to formally make appointments to the Board, it can identify skills gaps and work with the Board to address these.

Ethical and responsible decision making

Members and staff are required to meet high standards of honesty and integrity, as outlined in the Institute's code of conduct.

New employees to the organisation are provided with a comprehensive information kit and face-to-face induction, which outline standards of behaviour expected of all employees. All staff also participate in the Institute's two-day cultural program PRIDE and staff performance reviews, and the development process includes behavioural expectations in alignment with these PRIDE values (see page 26).

Risk management and audit

Audit committee

The audit committee comprises three Board members. In accordance with its Charter, the committee assists the Board to discharge its responsibility for financial reports, application of accounting policies, internal control systems and the operation of enterprise risk management processes.

External auditors

The Institute engages the services of Ernst & Young as the external auditor. The external auditor's performance is reviewed annually.

An analysis of fees paid to the external auditors, including a breakdown of any non-audit fees, is provided in Note 17 of the financial report. It is the policy of the external auditors to provide an annual declaration of independence to the audit committee (see page 41). All proposed non-audit work by the external auditor is required to be approved by the audit committee prior to it being undertaken. The audit committee undertakes a full review of the audit engagement before deciding to reappoint the existing audit firm or seek tenders on the open market.

Auditor independence and non-audit services

The directors received a declaration from the auditor of the Institute, as printed on page 41.

Non-audit services

The non-audit services provided by the auditor, Sean Van Gorp, or his firm, Ernst & Young, are set out in Note 17, Auditors' remuneration. The directors are satisfied that the provision of services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Governance (continued)

Risk management

The Institute's executive business risk management committee is charged with identifying, assessing, monitoring and managing risk and compliance across the organisation. The committee reports to the audit committee on an ongoing basis.

This year, the Institute developed its business continuity and disaster recovery framework and detailed plans. A further review of the Institute's risk management was conducted by an external consultant, and management is currently implementing recommendations. In the next financial year, the focus will be on business continuity and disaster testing and the IT recovery plan.

Financial reporting

The Board presents to members a report, signed by the president and deputy president, that the financial statements of the Institute for the full financial year give a true and fair view of the organisation's financial position and operational results, and comply with accounting standards in Australia.

Respecting the rights of members, and timely and balanced disclosure

Enhanced performance

The Board completes a formal evaluation process annually. The results are provided to the governance and nominations committees for review and consideration, with a recommendation being provided to the Board.

Fair and responsible remuneration

The Board has an executive remuneration review committee that monitors the terms and conditions of employment of staff and staff remuneration. The committee considers the remuneration of the chief executive officer and senior management, agrees the remuneration strategy and structure and approves the annual remuneration budget. The five highest paid executives (non-directors) are paid within the salary range of A\$179,900 – A\$465,000.

No director of the Institute has, since the end of the previous financial year, received or become entitled to receive a benefit (other than a benefit included in the total amount of emoluments disclosed in

Note 22, Director and executive disclosures in the Notes to the Financial Statements) by reason of a contract made by the Institute with a director or with a firm of which the director is a member, or with any entity in which the director has a substantial financial interest except as set out in Note 21, Related parties in the Notes to the Financial Statements.

Recognise the legitimate interest of stakeholders

Directors are considered to be independent insofar as membership does not imply or constitute a relationship that would lead to material interference with their ability to act objectively and in the best interests of the Institute.

Directors whose firms undertake work for the Institute do not participate in negotiations or discussions around such work at Institute Board meetings, and abstain from any decisions that relate to their organisation. No director or their organisation is a material supplier to the Institute, although their organisations may be substantial customers.

Declaration of independence by the Institute's auditor

Sean Van Gorp FCA
C/- Level 49, 680 George Street
Sydney NSW 2000

Auditor's independence declaration to the directors of the Institute of Chartered Accountants in Australia

In relation to my audit of the financial report of the Institute of Chartered Accountants in Australia for the year ended 30 June 2008, to the best of my knowledge and belief, there has been no contravention of the auditor independence requirements of any applicable code of professional conduct.



Sean Van Gorp FCA
Auditor
Sydney

19 August 2008

Liability Limited by a scheme approved under Professional Standards Legislation.

Governance (continued)

Committees

Joint accounting bodies committee

Institute members:

Andrew Arkell FCA (Joint Chair 2008)
Richard Deutsch FCA
Michael Spinks FCA
Robert DiMonte FCA (Joint Chair 2007)

There are also three committee members from the other professional accounting bodies.

Audit committee

Rachel Grimes FCA (Chair 2008)
Fiona Bennett FCA
Michael Watson FCA
Jenny Morison FCA
Richard Deutsch FCA (Chair 2007)

Governance committee

Michael Spinks FCA (Chair 2008)
Craig Farrow FCA
Jenny Morison FCA

Executive review committee

Andrew Arkell FCA (Chair 2008)
Richard Deutsch FCA
Michael Spinks FCA
Robert DiMonte FCA (Chair 2007)

Nominations committee

Robert DiMonte FCA (Chair 2008)
Andrew Arkell FCA
Richard Deutsch FCA
Garry Waldron FCA
Stuart Black FCA
Neil Faulkner FCA (Chair 2007)

Education board

Prof Stewart Leech FCA (Chair)
Dr Anne Wyatt CA
Dr Jacqueline McManus CA
Prof Allen Craswell CA
Prof Anne Lillis CA
Les Jones CA
Jenny Parker FCA
Jeffrey Bye CA
Frank Newman CA
Prof Derek Parkin FCA (Board representative)

Corporate advisory committee

Peter King FCA (Chair)
Alison Harrop FCA
Michael Cottier FCA
Yvonne Sneddon FCA
Thomas Gribble FCA
Jo-Ann Long FCA
Paul Urquhart FCA
Matt Harrington FCA
Andrew Arkell FCA (Board representative)
Fiona Bennett FCA (Board representative)

Public practice advisory committee

Darryl Jess CA (Chair)
Rob Atkinson FCA
Dianne Azoor Hughes CA
Peter Beames CA
Craig Farrow FCA (Retired)
Peter Hansen FCA
Brad Hellen FCA
Gail Kinsella FCA (Retired)
Arthur Kirk CA
Jenni Lewis FCA (Retired)
Robert Mayberry FCA
James Orchard CA
Joe Pierluigi FCA (Retired)
Salvatore Russo CA (Retired)
Caroline Wilcher CA (Retired)
Margaret Parker FCA (Board representative)

Audit advisory committee

Tony Whitfield FCA (chair)
Robert Forbes FCA
Barry Jameson FCA
Tiernan O'Rourke CA
Dennis Robertson FCA
Graeme Rodda FCA
Rod Smith FCA/(alternate Caithlin McCabe CA)
Prof Derek Parkin FCA (Board representative)
Dr Nonna Martinov-Bennie FCA
Julian Bishop CA (joined May 2008)

Regional councils

New South Wales council 2008

Chris George FCA (Chair 2008)
Jason Phillips CA (Vice Chair 2008)
Andrew Archer CA
Georgina Gausson CA
Bruce Gleeson CA
Peter King FCA
Ian Rodrigues FCA
Jonathan Tyler CA
Lee White FCA
Anna Carrabs FCA (Chair 2007)

ACT council 2008

Steven McDonnell FCA (Chair)
Kelly Fenner FCA (Vice Chair)
David Black FCA
Richard Stewart FCA
Josephine Stevens FCA
Jodi George CA
Lisa Stone FCA
Chris Ikin FCA
Stephen Holmes CA

Tasmania council 2008

Mike Blake FCA (Chair)
Yvonne Rundle FCA (Vice Chair)
Nicholas Lunson CA (Retired)
Tim Maddock FCA
Tracy Matthews FCA
Sarah Merridew FCA

Victoria council 2008

Penny Hutchinson FCA (Chair)
Annette Kimmitt FCA (Vice Chair)
Paul Allen FCA (retired end 2007)
Garth Campbell-Cowen FCA (Retired end 2007)
Mark Davies FCA
Timothy Holden FCA
Bruce Mulvaney FCA (Retired)
Kevin Neville FCA (Retired 2008)
Martin Sammut FCA
Malcolm Simister FCA

Governance (continued)

South Australia/Northern Territory council 2008

Garry Whitelock FCA (Chair)
 Ben Miels FCA (Vice Chair)
 Lisa Powell FCA
 Todd Roberts FCA
 Horace Bila FCA
 Thea Eszenyi FCA
 Lynda Townsend CA
 Mark Phelps CA
 Yvonne Sneddon FCA (Chair 2007)

Western Australia council 2008

Judith Vos CA (Chair)
 Tony Bevan CA (Vice Chair)
 Andrea Hall CA
 Ashok Desai FCA
 Mel Ashton FCA
 Nick Henry CA
 Peter Hansen CA
 Jo Ann Long CA
 John Palermo CA

Queensland council 2008

Andrew Arkell FCA
 Mary Boydell FCA (Chair)
 Peter Catterson FCA (Vice Chair)
 Simon Crane FCA
 Adam Dierselhuis CA
 Paula McLuskie CA
 Bill Sheehan FCA
 Julie Walker CA
 Brendan Worrall FCA

Overseas member group chairs

Hong Kong – Jason Lee CA
 Malaysia – Peter Lim FCA
 Singapore – Jonathan Chi FCA
 United Kingdom – Tim Chan FCA

Overseas joint committee representatives

Joycelyn Morton FCA	International Federation of Accountants Board
Lance Balcombe FCA	Professional Accountants in Business
Brian Blood FCA	Confederation of Asian and Pacific Accountants
Peter Batten FCA	International Public Sector Accounting Standards Board
Alice McCleary FCA	International Ethics and Standards Board for Accountants
Prof Kim Langfield-Smith FCA	International Accounting Education Standards Board
Jim Dickson FCA	Compliance Advisory Panel
Ian McPhee FCA	International Auditing and Assurance Standards Board