

New Madinah College

GOVERNANCE POLICY





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SCHOOL GOVERNANCE NSW EDUCATION STANDARDS AUTHORITY REQUIREMENTS

New Madinah College (the College), as a registered non-government school, meets the requirements of the *Education Act 1990* to:

- have as its major activity the provision of education, either primary or secondary, as prescribed by Regulations;
- be responsible for an educational program based on the NESA's curriculum and assessment requirements for registration and accreditation, and
- have a Principal responsible for its day-to-day operation.

THE CHAIRPERSON AND BOARD OF GOVERNANCE

The College management body comprises of at least five (5) Directors headed by the Chairperson of the governing body. The directors including the chairperson cannot be comprised of more than one third closely related members. A closely related member is taken to be a spouse, parent, sibling or child. The **Chairperson** is responsible for the appropriate background checks to ensure that nominated members are a fit and proper person and considered a 'responsible person' as defined by the Act. The Chairperson will ensure that all board members are aware of the Governance Policy and that each member signs the Statutory Declaration for a Responsible Person for a NSW non-government school to be Fit and Proper (**Appendix-1**). The directors once nominated are informed of their legal responsibilities and are issued with a copy of the Registered and Accredited Individual Non-Government Schools (NSW) Manual. The Chairperson and/or Principal is responsible for the appropriate (NESA approved) induction and training for new 'responsible persons' prior to taking up the role of 'responsible persons' or within three months of becoming a 'responsible person' of the College.

The Chairperson of the Board of Directors of the College will provide and document the processes for providing a return to the NSW Education Standards Authority when changes occur as outlined in the *Registered and Accredited Individual Non-Government Schools (NSW) Manual*.

ROLES AND RESPONSIBILITIES

The role of the governing body is primarily concerned with the governance of the College, including such matters as long-term financial planning, administrative policies and accountability. The College's management body ('responsible persons') comprises of at least five (5) Directors headed by the Chairperson. In addition to the normal statutory duties of being a company director, the role and responsibilities of each of the 'responsible persons' is set by the Australian Charities and Not-for-profits Commission. These include:

- Establish vision, mission and values;
- Set strategy and structure;
- Act with reasonable care and diligence;
- Act honestly in the best interests of the charity and for its charitable purposes
- Not to misuse their position as a responsible person;
- Not to misuse information they gain in their role as a responsible, fit and proper person;
- To disclose conflicts of interest;
- To ensure that the financial affairs of the charity are managed responsibly;
- Not to allow the charity to operate while it is insolvent.

The role of the principal is delegated by the governing body. The principal is responsible for the management, day-to-day functioning and routine operations of the College. The principal's responsibilities also include such aspects as the College's operation, curriculum implementation, teaching and learning programs, assessment, health and safety, student welfare, staff selection, supervision and professional development, registers of enrolment and daily attendance, maintenance of buildings, and management of facilities, resources and equipment.

The respective authority within the governance structure is the Chairperson, the Secretary and the Principal. The process for withdrawing a delegated authority is a majority vote by the board of directors.

In order to satisfy its legal obligations, manage risk, provide strategic guidance and monitor performance, the following procedures are in place:

❖ **The Chairperson of the board will be responsible for reporting every twelve (12) months on the performance of the board which will be judged on the following:**

- Maintaining audit and financial compliance standards (generally through auditor reports)
- Minimising risks to the College;
- Setting and maintaining school strategic direction and the regular refreshment of school plans for the future;
- Communication with the College stakeholders and regulatory authorities.

❖ **The Secretary's performance will be judged on the following achievements:**

- The Key Performance Indicators (KPI) for the College financials including planning for the strategic growth of the College;
- Support to the education management of the College;
- Consistent high-quality reporting to the board;

- Maintenance of the coordination and administration of the board including preparation of board papers and reports and the recording of meetings decisions and actions made by the College's 'responsible persons' and retain such records (on and from 1st September 2014) for a minimum period of seven (7) years before archiving;
- Maintenance of the integrity of the College's procurement system and its compliance with standards;
- Preparation and maintenance of the College budgets and its control.

❖ **The Principal's performance will be judged on the following achievements:**

- The KPI for education set by the board through the College plan and as recorded in the comparative external results testing (NAPLAN);
- A safe, secure, healthy learning environment that promotes and nurtures a sense of self-worth, discipline, encourages continuing growth within Islamic values and demonstrates care and compassion, doing your best, fair go, honesty and trustworthiness, integrity, respect, responsibility, understanding, tolerance and inclusion;
- Consistent and high-quality reporting to the board;
- Maintenance of the quality of school teaching staff including its continuing training, learning and growth.

❖ **A code of conduct for the College's 'responsible persons' where each person is to:**

- Act honestly, in good faith and in the best interest of the College;
- Conduct business with a duty of care and due diligence;
- Use the powers of their office for the proper purpose of the College;
- Recognise their primary responsibility is to the College guarantors, teachers, students and support staff;
- Make proper use of acquired information;
- Take proper action in regards to the advantage of their position;
- Ensure they do not allow personal interests, or interests of associated persons, to conflict with the interest of the College and where a conflict of interest exists or is perceived, they ensure it is declared (see section on 'Conflict of Interest');
- Act independently in their judgment and take all reasonable steps to be satisfied with the soundness of their decisions;
- Treat confidential information received in the course of exercising their duties with care so that its nature remains the property of the person or company from which it came, unless that disclosure has been authorized by the person or company or is required by law;
- Ensure their conduct is not likely to bring discredit on the College;
- Maintain confidentiality and sign a Confidentiality Agreement (**Appendix-2**) at their first Board meeting or when becoming a member of the board.

❖ **Risk Management**

Whilst the College board does not have a responsibility to identify School risks, this is the responsibility of the Principal in their respective roles, the board needs to determine the College tolerance to those risks and to ensure that an effective framework is in place to manage the risks. The Chairperson has the responsibility to monitor School risks and in particular:

- Strategic risk (population, location, project completion etc);
- Regulatory and reporting risk (government grants, studies requirements, education reforms etc);
- Financial risk (liquidity, interest rates, investments, creditors and debtors);
- Legal risk (project contracts, due diligence, duty of care);
- Operation risk (people occupational health, safety, security, processes, infrastructure, technology, systems);
- Major project risk;
- Performance risk;
- Reputation risk.

❖ **The Chairperson is responsible and required to:**

- Enquire of management and the external auditors about their risk identification and management strategies and understand the risks and exposures and assess the steps taken to minimize such risks;
- Formulate an appropriate Risk Management Framework (**Appendix-3**) to address the identified risks where not covered by the Principal's risk management plans;
- Formulate an appropriate Legal Compliance Framework (**Appendix-4**) in order to reduce any risk of non-compliance;
- Consider and review:
 - a) The adequacy of management internal controls;
 - b) Any significant findings of management and the external auditors on the control of risks;
 - c) Monitor and review annually and report the effectiveness of the risk management plans and adjust policy as necessary;
 - d) Review the scope of any internal auditing team conducting independent audits of the risks to the College.

MANAGEMENT AND OPERATION OF THE COLLEGE

The requirements are set out in the *Registered and Accredited Individual Non-Government Schools (NSW) Manual*.

Each person defined under the Act as a 'responsible person', and any other person or body exercising similar functions in relation to the College as those of a 'responsible person', is a fit and proper person.

The Act defines a 'responsible person' as:

- ❖ the proprietor of the College and, if the proprietor is a corporation, each director or person concerned in the management of the College, or
- ❖ a member of the governing body of the College, or
- ❖ the principal of the College.

EVIDENCE OF COMPLIANCE

The College has in place processes of notification and disclosure by which it can provide assurance to the NESAs that each person defined under the Act as a 'responsible person', and any other person or body having similar functions in relation to the management or operation of the College as those of a 'responsible person', is fit and proper.

The Chairperson and/or the Principal is responsible for the appropriate background checks to ensure that nominated members are of good character and considered a responsible fit and proper person as defined by the Act. The chairperson will notify the NESAs if a nominated member is found not to be a responsible fit and proper person as defined by the Act or a current member ceases to be a responsible fit and proper person as defined by the Act.

All nominated members will need to sign the 'Statutory Declaration for a responsible person to be fit and proper' annually by the end of February. Additionally, the Chairperson will ask all members and the Principal of the College whether they have anything to declare as a responsible person for the College in relation to the Required Matters.

THE NESAs MUST BE NOTIFIED OF CERTAIN MATTERS

1. The Act requires that any person defined as a 'responsible fit and proper person' under the Act (and any other person or body exercising similar functions in relation to the management and operation of the College) be fit and proper and be able to carry out their responsibilities in relation to the operation of the College. Specifically, the Act requires that the NESAs be notified if a person defined as a 'responsible person' under the Act.
 - ❖ ever been convicted of an offence against a law of an Australian state or territory or the Commonwealth of Australia;
 - ❖ ever become bankrupt, insolvent or placed under external administration;

- ❖ been convicted of, or charged with, an offence, including an offence in relation to children, dishonesty or violence;
- ❖ ever been determined not to be a fit and proper person as prescribed under any law of an Australian state or territory or Australian Commonwealth;
- ❖ ever engaged in a deliberate pattern of immoral or unethical behaviour;
- ❖ been a responsible person for a non-government school or proposed non-government school where registration was refused or cancelled.

In the above circumstances the Act requires that a 'responsible person' for the College notify the NESA and at least one other 'responsible person' of the circumstances surrounding the conviction, bankruptcy, insolvency, winding up order or appointment of the controller or administrator as soon as practicable after it occurs. The Chairperson of the Board of Directors of New Madinah College will notify the NESA as soon as practicable when such matters occur. Notifications in relation to (1) are subject to the NESA Privacy Management Plan. There is no notification requirement for the above if the person concerned ceases to be a 'responsible person'.

2. The Act also requires the NESA and at least one other 'responsible person' to be notified if a 'responsible person' becomes a mentally incapacitated person and becomes
 - a patient at an institution because of that incapacity, or
 - a protected person under the *NSW Trustee and Guardian Act 2009*

The Chairperson of the Board of Directors of New Madinah College will notify the NESA as soon as practicable when such matters occur. Notifications in relation to (2) are subject to the NESA Privacy Management Plan. There is no notification requirement for the above if the person concerned takes leave from the position or ceases to hold the position.

3. The Act requires that the Minister be notified if the College moves or is sold. To comply with this requirement the Chairperson of the Board of Directors of New Madinah College and/or the Principal will notify the NESA:
 - if the College or part of a school proposes to move to new premises, written notice is to be given by the proprietor and/or the principal of the College to the Board at least three (3) months before relocation. This particularly relates to moving premises and buildings connected with the teaching of courses of study, the amenities for teachers and students participating in those courses of study and boarding facilities provided for students by the College.
 - if the legal entity that owns the College is sold, written notice of the sale is to be given by the purchaser to the Board within seven (7) days of the completion of the sale.

For the purposes of this section of the Act, relocation or new premises means any site where the street address of that site is different to, or in addition to, the street address at which the College is currently registered on the Certificate of Registration.

4. The Act also makes provision for schools to provide returns to the Board. Specifically, the proprietor or the principal of a registered non-government school must provide returns to the NESA concerning the requirements for registration in relation to the College in a form, and at times, approved by the Board for that purpose.

To comply with the requirements detailed in (1), (2), (3) and (4) above, such notification will be forwarded to the Office of the NESAs by the Chairperson of the Board of Directors of the College within the required time.

EVIDENCE OF COMPLIANCE

The Chairperson of the Board of Directors of the College will ensure that:

- ❖ the proprietor of the College, and, if the proprietor is a corporation, each director, trustee or person concerned in the management of the College
- ❖ each member of the governing body of the College, and
- ❖ the principal

are informed of their responsibilities under the Act, any Regulations under the Act and the NESAs requirements, including any duties of disclosure or notification. The directors once nominated are issued with a copy of the Registered and Accredited Individual Non-Government School (NSW) Manual and are required to sign the Statutory Declaration. The Chairperson will ensure that there are appropriate procedures for the ongoing professional development of 'responsible persons' both current and new to their positions as 'responsible persons' of the College and that they have the relevant qualifications, skills and experience for governing the College properly (*refer to Professional Learning Register and Induction Policy, Appendix 5 and 6*).

The Principal of the College will provide a return to the NESAs if, following an investigation by a relevant agency or authority, the College is formally notified in writing by that agency or authority of an alleged breach by the College of any of the following legislation:

- ❖ Ombudsman Act 1974
- ❖ Child Protection (Working With Children) Act 2012
- ❖ Teacher Accreditation Act 2004
- ❖ Disability discrimination Act 1992
- ❖ Work Health and Safety Act 2011
- ❖ Environmental Planning and Assessment Act 1979
- ❖ Food Act 2003
- ❖ Explosives Act 2003
- ❖ Building Code of Australia

Such notification must be provided to the Board by the Principal within fourteen (14) working days of the formal notification of an alleged breach.

The Principal of the College is responsible for providing returns to the NESAs using RANGS when changes occur to the:

❖ **Management and operation of the College**

- Where a notification in relation to a 'responsible person' is required (see section 3.9.5 (1) and (2) of the NESAs Manual)
- Where a 'responsible person' for the College other than the principal commences or ceases in the role, the College Principal and/or chairman will provide an online notification to the authority within twenty-eight (28) days of the change;
- Where there has been an appointment of a new principal (or equivalent) the NESAs must be notified within one (1) month of such change(s) occurring
- Where the College has been sold, written notice is to be given by the purchaser to the NESAs within seven (7) days of completion of the sale
- Where the College's proprietor changes for any other reason, written notice is to be given by the new proprietor to the NESAs within seven (7) days of the change
- Where the College intends to change its name, written notice is to be given one (1) month prior to such change taking effect
- Where the College closes or ceases to operate (see section 2.4.9 of the NESAs Manual), written notice is to be given within one (1) month of the change

❖ **Staffing of the College** – where there is turnover of half or more of the teaching staff during any twelve (12) month period, the NESAs must be notified at the commencement of the next new term

❖ **Curriculum – where the College**

- Increases the scope of its curriculum by teaching one or more courses in a KLA from which it has not previously taught any courses, the NESAs must be notified within one (1) month of such a change being implemented
- Intends to deliver all or a significant part of students' courses of study by means of distance education, the NESAs must be notified at least nine (9) months prior to the implementation of such a change. This excludes situations where a school that does not normally deliver courses by means of distance education provides units of work/activities for a student who had been granted leave by the principal and/or courses of study that its students access through outside tutors or external providers.

❖ **Premises and building – where the College intends to**

- Add another campus, the NESAs must be notified at least three (3) months prior to the implementation of such a change
- Move to a new site, written notice must be given to the NESAs by the principal (or equivalent) and/or proprietor of the College three (3) months prior to the relocation

- Close or cease operating a campus (see section 2.4.9 of the NESA Manual), the NESA must be notified within one (1) month of such a change

BOARD CHARTER

Board's Primary Duty

- ❖ to ensure that the College's aims and ethos are carried out and implemented
- ❖ to determine strategic objectives and direction of the College

Board's General Duties

- supervisory role
 - manage and monitor risk and compliance
- review progress towards achievement of short- and long-term goals
- appoint Principal and some senior staff
- review performance of appointments, contracts and remuneration packages
- approve and monitor annual capital and operating budgets
- receive reports from
 - Principal on School operations
 - Accounts / Business Manager on financial performance and long term financial planning
 - Board Sub-Committees (risk management & legal compliance)
- deal with governance breaches and complaints
- maintain a record of delegations
- meet with leaders of students, faculty, ex students, parents and interest groups
- monitor the level of congruence between the College's operational activities and its ethos and mission as determined by the Board
- assess relationships between the Board and
 - management
 - community
 - stakeholders
 - regulators
 - others
- review the Board's own performance.

Delegation Protocol - General

The College Board is responsible for the governance and management of the College. The Board, while retaining ultimate responsibility, may delegate responsibilities to the Principal, the Accounts / Business Manager, sub- committees or another person or persons as it sees fit. Attached to the right to delegate, the Board has a responsibility to ensure that delegations are being carried out within the requirements of statute and common law and the College's own policies.

The Board must ensure that adequate risk management processes and internal controls are in place. Appropriate supervision of management by the Board can be exercised through a number of

mechanisms. The Board should receive operational and compliance reports from and through the Principal at its regular meetings. In some cases, an Audit (Compliance and Risk) Committee may be established to report to the Board in specific areas of school operations and at particular times. The Board must be aware of the requirement for it to implement an appropriate level of supervision and monitoring of the College management while not engaging at any level in the micro-management of school operations.

The day to day management of the operation of the College is, in general, delegated to the Principal. This policy is based on a principle of delegation by exception. Matters not delegated to the Principal or delegated jointly to the Principal need to be separately identified, documented and the policy framework underlying the delegation clearly articulated.

Examples of Principal and Board joint delegations may include the appointment and termination of senior positions. It may also include the representation of the College within the media. For matters delegated to the Principal conditional upon executive limitation or a particular policy restriction, such as capital expenditure or student expulsion, an appropriate Delegated Authority must be completed.

DELEGATION PROTOCOL – SPECIFIC

Item		Activity	Authority
Banking	Accounts	- Opening and closing bank accounts	- School Board
		- Authorised Signatories to bank accounts	- Any two authorised signatories - School Board members / Principal
	Cheques	- Cheque signing (dual)	- Any two authorised signatories
		- Holder of cheques	- Accounts / Business Manager
	Credit Cards	- Allocation of cards	- Principal
		- Card Limits	- School Board
	Online	- Administrator of online access	- Accounts / Business Manager
		- Administrator access authority & limits	- School Board
		- Setting EFT transfer limits	- School Board
		- EFT transfers to creditors	- Any two authorised signatories - School Board members / Principal
		- Payroll authorisation	- Any two authorised signatories - School Board members / Principal
	Loans & Investments	- Loans to Staff or other persons	- School Board
- Loans to associated organisations		- School Board	
- Loans to non-associated organisations		- School Board	
- Entering into borrowing/overdraft facilities – Temp <\$200k		- Business Manager in consultation with the College Board	
- Entering into borrowing/overdraft facilities – Temp >\$200k		- Principal in consultation with School Board	
- Entering into borrowing/overdraft facilities – Long Term		- School Board	
- Investment of Funds – approved policy		- School Board	
Information Technology		- Allocation of access	- Principal / Chairperson
Budget	Approval	- annual recurrent budget	- School Board
		- annual capital budget	- School Board
		- within budget - \$100k or more	- School Board

Item		Activity	Authority
Fixed Assets	Purchase (capital expenditure)	- within budget - >\$1k and <\$100k	- Principal / Chairperson
		- within budget - \$1k or less	- Principal & Accounts
		- outside budget	- School Board
	Sale/Disposal	- \$5k or more	- School Board
		- Less than \$5k	- Principal
Operating / Recurrent Expenditure within approved budget and cash flow		- \$50k or more	- School Board
		- \$1k to less than \$50k	- School Board and Principal
		- Less than \$1k	- Principal and Accounts
Fees	Setting	Annual fees	- School Board
		Discounts	- School Board / Principal
		Special fee allowances and levies	- Principal
	Bad Debts	Write off recommendation	- Principal and School Board
		Write off endorsed and approved	- Principal and School Board
Students	Bursaries / Hardship	Policy setting with regards to type, value and selection criteria	- School Board / Principal
	Prizes	Awarding	- Principal
Staffing	Employment	Senior Positions	- School Board and Principal
		Employment of other staff aligned to MEA or Educational Services (Schools) General Staff Award 2010	- Principal / School Board
		Employment of other staff non-aligned to MEA or Educational Services (Schools) General Staff Award 2010 – within budget FTE	- Principal / School Board
	Remuneration	Principal	- School Board
		Other Senior Staff – non MEA aligned	- School Board
		Other Staff – MEA or Educational Services (Schools) General Staff Award 2010 aligned	- Principal
Leasing	Capital assets	Capital cost greater than \$50k and period more than 2 years	- School Board

Item		Activity	Authority
		Amount and period less than the above	- Principal
	Real Property	Rental agreement greater than 12 months	- School Board and Principal
		Rental agreement less/equal to 12 months	- Principal
Hire of Premises		Associated organisations	- Principal
		Non-Associated organisations	- Principal
		Contractual agreements for more than one year and greater than \$50k per annum	- School Board

Notes:

- ❖ *Delegation is on the basis that approved operating budgets in various categories should not be exceeded. Any expenditure outside of budget, as noted above, should be approved by the College Board before proceeding.*
- ❖ *Delegation limits apply to the position even if it is being held by a person in an acting capacity.*
- ❖ *The delegation limits relate to the gross cost excluding GST but include trade-ins, allowances etc. The transaction should not be considered in parts or by instalments or broken into costs of individual items making up the whole.*
- ❖ *Established delegation limits must not be exceeded by splitting transactions.*
- ❖ *For purchases greater than \$5,000, two competitive quotations should be sought, for purchases greater than \$50,000 a minimum of three.*

CONFLICT OF INTEREST

A conflict of interest exists where there is a divergence between the individual interests or those of a relative or close associate, of a 'responsible person' and their professional obligation to the College such that an independent observer might reasonably question whether the professional actions or decisions of that 'responsible person' are influenced by their own interests or are for their own benefit. It should be noted that enmity as well as friendships can give rise to perceptions of a conflict of interest and similarly that detriment to a third party can give rise to a conflict of interest just as much as benefit to a third party. Such conflicts exist whether they are actual perceived or potential, including, but not limited to, related party transactions discussed above.

The College management body ('responsible persons') must ensure they do not allow personal interests, or interests of associated persons, to conflict with the interests of the College. They must observe high standards of ethical behaviour and avoid any activity or interest that might reflect unfavourably upon the integrity and the good name of the College. 'Responsible persons' have an obligation to avoid unacceptable ethical, legal, financial or other conflicts of interest and to ensure that their activities and interest do not conflict with their obligations to, or the welfare of, the College.

General procedures for dealing with conflicts of interest:

a. Disclosure Statement

All responsible persons are required to complete a Conflict of Interest Disclosure Statement (**Appendix-7**) at the time they take up their role with the College whether or not they have material conflicts to disclose; and

- ❖ update this Statement annually at the start of the College year; and
- ❖ where their circumstances have changed since the existing disclosure was submitted, complete an updated statement.

Other members of staff and other persons working for the College, such as volunteers, are required to complete a Conflict of Interest Disclosure Statement if they have a material conflict.

b. Register of Interests

The Disclosure Statements will be used by the Chairman to update the Register of Interests.

This Register will formally be tabled at every Board meeting. The College will ensure that declarations of conflict of interest are retained for at least seven years.

RELATED PARTY TRANSACTION

In the context of the College a 'related party transaction' includes any transaction through which a 'responsible person' for the College acting on behalf of the College provides a financial or other tangible benefit to a related party (such as themselves or another 'responsible person' for the College or their spouse, other relatives or close associates and other related organisations). As related party transaction involves conflicts of interest or material personal interests, the College has the following policy and procedures for financial management including a register of all related party transactions which is validated by an external independent auditor.

A. PROCEDURES

i. Overview

The College's procedures are that:

- ❖ all related party transactions and payments will be conducted on an arm's length basis to ensure that a financial benefit is not given to a related party;
- ❖ the process surrounding those transactions must be transparent and fully documented including the maintenance and audit of a register of related party transactions; and
- ❖ Board approval must be obtained for all related party transactions and payments recognising that the Board can delegate this approval in respect of a class of transactions and on such terms and conditions as the Board sees fit.

ii. New transactions

Where the College proposes to enter into a related party transaction, the following procedure applies:

- ❖ the relevant responsible officer must inform the Chairman and/or Principal about the proposed transaction, including the proposed parties and how they are related, details of the proposed transaction and where arm's length terms may be evidenced;
- ❖ the Chairman and/or Principal will review the transaction, and consider external legal advice where appropriate in considering the transaction;
- ❖ the Chairman and/or Principal will inform and advise the Board of the proposed transaction and obtain the Board's approval for the College to undertake the transaction or approval in respect of a class of transactions;
- ❖ a register of all Board approvals in respect of related party transactions shall be maintained under the supervision of the Chairman and/or Principal and it shall include details of the nature of the transaction, the date of the approval and any key conditions to which the approval is subject; and

- ❖ when Board approval is obtained, the transaction must proceed in accordance with any procedures and conditions outlined by the Board.
- ❖ The vice chairperson will review the transaction if the conflict of interest is with the chairperson.

iii. Annual review

At the beginning of each year, the Chairperson will write to all responsible persons a related party transactions disclosure letter (**Appendix- 8 and 9**). The register of related party transactions will be updated to reflect these disclosures and submitted for audit by the College's auditor.

iv. Retention of records

The College will ensure that records of related party transactions, including the registers and audit reports thereon, are retained for at least seven years.

v. Notifying the authority

NESA will be notified if the contract or arrangement with the College's external auditor is terminated by the College or external auditor prior to the expiry of the term of the contract/arrangement and a reason(s) for that termination.

B. GUIDANCE NOTES IN RESPECT OF RELATED PARTY TRANSACTIONS

Who is a related party?

For the purposes of these procedures, the following persons are considered related parties of the College:

- a. all responsible persons and all members of the College's Senior Management Team, including their spouses, de facto spouses, parents and children; and
- b. entities controlled by these persons.

A person or entity is also a related party of the College at a particular time if the person or entity:

- ❖ was a related party at any time within the previous 6 months; or
- ❖ the entity believes or has reasonable grounds to believe that it is likely to become a related party of the College at any time in the future.

A full definition is set out in Accounting Standard AASB 124.

What is a financial benefit?

The legal definition of the term 'financial benefit' is broad. A non-exhaustive list of examples includes:

- a. providing finance or property to a related party;

- b. buying or leasing an asset from or selling an asset to a related party;
- c. supplying or receiving services from the related party;
- d. issuing securities or granting options to the related party; and
- e. taking up or releasing an obligation of the related party.

A financial benefit includes giving a financial benefit indirectly through an interposed entity and does not require the payment of money. For the purposes of this Policy, reasonable remuneration within parameters approved by the Board is excluded from the definition of “financial benefit”.

What makes a transaction “at arm’s length”?

A transaction is at arm’s length if the relevant parties have dealt with each other as parties normally do when they are not related, so that the outcome of their dealing is a matter of genuine bargaining, and although not necessarily technically an open market price, the terms are those that might reasonably have been agreed between arm’s length parties.

PROFESSIONAL LEARNING FOR NEW ‘RESPONSIBLE PERSONS’

The purpose of this document is to ensure that there are appropriate procedures for the ongoing professional development of ‘responsible persons’ both current and new to their positions as ‘responsible persons’ of New Madinah College and that they have relevant qualifications, skills and experience for governing the College properly.

Current Responsible Persons:

The College’s procedures for the professional learning of current responsible persons are:

1. **At the commencement of each year**, the Board will determine which areas of professional learning are relevant to the needs, skills, qualifications and professional experiences of its responsible persons, especially in relation to compliance, risk management, finance, legal obligations, conflict of interest, related parties and education.
2. The College will approve professional learning with regard to governance for each responsible person that is a minimum of twelve (12) hours over each three (3) year period from the time of commencing as a responsible person and delivered by a NESAs approved training provider.
3. The Chairperson and/or Principal will maintain a register of each responsible person’s professional learning annually. This register will record the names, role, date, nature and hours of professional learning (*see Appendix-5*).
4. The Chairperson and/or Principal will retain the Responsible Persons’ Professional Learning Register for seven years, commencing on 1 September 2014.

Induction for **New Responsible Persons:**

The **Chairperson** is **responsible** for the appropriate (NESA approved) induction and training for new 'responsible persons' in relation to governance prior to taking up the role of 'responsible person' or within three (3) months of becoming a 'responsible person' of the College.

The induction program for the new 'responsible persons' at New Madinah College will ensure that each new responsible person;

- ❖ completes the four one-hour on-line modules, *Introduction to School Governance*, developed by AISNSW, or attends the AIS NSW Governance Symposium or a similar program delivered by a NESA approved provider, and approved by the College's governing body;
- ❖ meets the Chairperson of the College's governing body for the College based induction;
- ❖ receives a tour of the College to see its buildings, grounds and facilities;
- ❖ receives a copy of the key governance documents and policies and procedures specified at 3.9.3.1 of the Manual. These include the constitution, code of conduct, delegation schedule, legal compliance and risk management frameworks, recent minutes and audited financial statements; and
- ❖ is made aware of the primary governance responsibilities of acting in the interest of the College, confidentiality and conflicts of interests.

The Chairperson and/or Principal will maintain a register (**Appendix-6**) of the induction program for each new responsible person recording their name, the date of becoming a responsible person, role, qualifications, experience, receipt of induction documents and the date, provider and nature of NESA approved induction training. The Chairperson and/or Principal will maintain this register for seven (7) years from the year of induction.

EXTERNAL INDEPENDENT ATTESTATION AUDIT OF ANNUAL FINANCIAL STATEMENT

The purpose of this document is to ensure that there are appropriate procedures in place for the external independent attestation audit of the College's Annual Financial Statements. The **Chairperson** will annually certify or provide evidence that the audit and accompanying certificate:

- ❖ Have been completed by an auditor recognised by CPA Australia or the Institute of Chartered Accountants in Australia or another recognised accounting body approved by NESA;
- ❖ Comply with any other requirements imposed by Commonwealth or NSW Government agencies providing funding to the College;
- ❖ Have not been completed by a person or body with whom the College has another business relationship in addition to audit services or with whom any of the 'responsible persons' of the College has a conflict of interest

The **Chairperson** is also responsible for retaining the College's audited and certified annual financial statements on and from 1st September, 2014 for a minimum period of seven (7) years after the end of the period to which the annual financial statement refer before archiving or disposing. The Chairperson will ensure that these certified annual statements are available for inspection upon request.

The **Chairperson** will notify the NESA if the contract or arrangement with an external auditor is terminated by the College or external auditor prior to the expiry of the term of contract or arrangement and the reason (s) for that termination.

FINANCIAL VIABILITY

A registered non-government school must be financially viable. This financial viability provides for the College to be administered and achieve the purpose of providing an education for school students whilst remaining financially solvent.

The College will maintain evidence to demonstrate the current financial viability of the College. At the time of making an application for renewal of registration of the non-government school, this evidence will be ready for submission to the Authority. This evidence may be in the form of a certification as prescribed by the Authority by AISNSW for that purpose.

New Madinah College **will have policies and procedures** for:

- ❖ **assessing** the College's financial viability at **regular intervals** with specific reference to the records and documents to be used in making the assessment;
- ❖ **retaining** the College's audited and certified financial statements on and from 1 September 2014 **for a minimum period of seven (7) years** before archiving or disposing;
- ❖ **retaining** a copy of the certification of financial viability in the form prescribed by the Authority by AISNSW from 1 January 2017 for a minimum period of seven (7) years before archiving or disposing;
- ❖ **notifying** the Authority if the contract or arrangement with the College's external auditor is terminated by the College or external auditor prior to the expiry of the term of the contract or arrangement and providing the reason(s) for the termination;
- ❖ notifying the Authority if the affairs of the proprietor are under any form of external control, such as the control of a manager, under any law.

In determining a school's financial viability, the College will have the following relevant documentation such as:

- ❖ audited annual financial statements, an independent audit report and independent auditor's management letter;
- ❖ compliance with any requirements imposed by state or Commonwealth agencies providing funding to the College;
- ❖ recent Commonwealth Financial Questionnaire completed by the College;
- ❖ current school year operating financials (management accounts);

- ❖ schedule of loan agreements,
- ❖ property lease or rental agreements, including the length of the lease or rental agreement and the annual cost of accommodation services;
- ❖ information about any remuneration paid to members of the governing body and the award or agreement under which staff salaries are being paid;
- ❖ current school business plan;
- ❖ current year's budget and forecast budgets for three to five years; and
- ❖ insurance policies covering risk areas for the College.

STATUTORY DECLARATION (APPENDIX 1)

NEW MADINAH COLLEGE

STATUTORY DECLARATION



Statutory Declaration under the New South Wales *Oaths Act 1900* for a responsible person for a NSW non-government school to be fit and proper

Statutory declaration of a responsible person for a NSW non-government school to be fit and proper as defined under the *Education Act 1990*.

I,
[insert full name of Responsible Person]

of
[insert address]

solemnly and sincerely declare that:

1. In respect of
.....
[insert full proper name of the legal entity] ('the Proprietor')

which trades as
.....
[insert name(s) of the non-government school(s)],

2. I am authorised to make this statutory declaration as a Responsible Person.

3. I understand that I am required to sign a fit and proper statutory declaration prior to commencing
as a

‘responsible person’ for the College and at least on an annual basis while continuing to be a
‘responsible person’ for the College.

4. I understand that the NSW Education Standards Authority will rely on evidence tendered by the College including this Statutory Declaration, in assessing the College’s compliance with the *Education Act 1990* as identified in the Authority’s *Registered and Accredited Individual Non-Government Schools (NSW) Manual*.

5. I declare that I have not:

- i. ever been convicted of an offence against a law of an Australian state or territory or the Commonwealth of Australia;
- ii. ever become bankrupt, insolvent or placed under external administration;
- iii. ever been convicted, or charged with, an offence, including an offence in relation to children, dishonesty or violence
- iv. ever been determined not to be a fit and proper person as prescribed under any law of an Australian state or territory or Australian Commonwealth;
- v. ever engaged in a deliberate pattern of immoral or unethical behaviour
- vi. been a responsible person for a non-government school or proposed non-government school where registration was refused or cancelled.

I make this solemn declaration, conscientiously believing the same to be true and by virtue of the *Oaths Act 1900*.

Declared at: on
[place] *[date]*

.....
[Signature of declarant]

in the presence of an authorised witness¹, who states:

I,, a
[name of authorised witness] *[qualification of authorised witness]*

certify the following matters concerning the making of this statutory declaration by the person who made it:

[* please cross out any text that does not apply]

- a) *I saw the face of the person *OR* *I did not see the face of the person because the person was wearing a face covering, but I am satisfied that the person had a special justification for not removing the covering, and
- b) *I have known the person for at least 12 months *OR* *I have not known the person for at least 12 months, but I have confirmed the person's identity using an identification document and the document I relied on was:

.....
[describe identification document relied on]

.....
[signature of authorised witness]

.....
[date]

¹ An authorised witness is either a justice of the peace, a solicitor or barrister with a current practicing certificate issued under S6 of the Legal Profession Act 2004 in NSW, a notary public, a commissioner of the courts for taking affidavits or any person authorised to administer on oath.

CONFIDENTIALITY AGREEMENT (APPENDIX 2)

NEW MADINAH COLLEGE

CONFIDENTIALITY AGREEMENT



I _____ (*name*) understand, as a member of New Madinah College Board (“the Board”) and in the course of undertaking my duties as a member of Board, that information may be disclosed that must be kept confidential. It is agreed that:

1. The confidential information which may be disclosed can be described and may include:
 - a. Technical and business information relating to operations
 - b. Existing and/or contemplated services, income, costs, surplus and margin information
 - c. Finances and financial projections
 - d. Clients, schools, business partnerships and/or alignments
 - e. Staff, Parents, Students – past, present and future
 - f. Marketing & Development plans and projections
 - g. Current or future school business and facility plans and models, regardless of whether such information is designated as “Confidential Information” at the time of its disclosure.

2. Confidential information obtained from the discloser will not be shared with anyone unless required to do so by law.

I acknowledge that I have read and understand the above and voluntarily accept the duties and responsibilities as a Board member to respect such confidential matters, both during my membership of the Board and after I have ceased to be a member.

Signed: _____

Name: _____

Date: _____

NEW MADINAH COLLEGE RISK MANAGEMENT FRAMEWORK (APPENDIX 3)

New Madinah College Risk Management Framework



CATEGORY	RISK AREA	RISK	RISK MITIGANTS	PROBABILITY/ IMPACT	ACTIONS/ RESPONSIBILTY	LATEST REVIEW	OUTCOME	TRAFFIC LIGHT (G/O/R)
STRATEGIC								
GOVERNANCE								
EDUCATIONAL								
OPERATIONAL								
FINANCIAL								
LEGAL COMPLIANCE								

New Madinah College
Legal Compliance Framework



CATEGORY	KEY DOCS/ LEGISLATION	REQUIREMENTS	RESPONSIBILITY	LATEST REVIEW/REPORT	COMMENTS	TRAFFIC LIGHT (G/O/R)
Corps Act						
Constitution						
Education Acts						
Consumer Laws						
Privacy						
Taxation						
WHS						
Environmental						
Discrimination						
Industrial Relations						
Child Protection						
Duty of Care						
Workers Compensation						
Charities & fundraising						

INDUCTION OF RESPONSIBLE FIT AND PROPER PERSONS REGISTER (APPENDIX 6)

New Madinah College

Induction of Responsible Fit & Proper Persons Register



NAME	DATE BECAME RP	ROLE	QUALIFICATIONS/ EXPERIENCE	REC'D INDUC. DOCS	RECORD OF INDUCTION TRAINING			COMPLETED INDUCTION
					DATE	PROVIDER	NATURE OF TRAINING	

CONFLICT OF INTEREST DISCLOSURE STATEMENT (APPENDIX 7)

NEW MADINAH COLLEGE

CONFLICT OF INTEREST DISCLOSURE STATEMENT



This form is to be completed by any Responsible Person who has a real or perceived conflict of interest or a potential conflict of interest in undertaking their duties. A copy of the completed and signed form is to be retained by the Company Secretary.

I, *(Insert full name)* _____ of *(Insert address)*

hereby declare I have no conflicts of interest to declare (attached) or a conflict of interest considered to be:

Nil

Conflict:

Real

Potential

Perceived

Please provide a brief outline of the nature of the conflict if applicable (details may be included privately in a separate confidential envelope if appropriate).

Please detail the arrangements proposed to resolve/manage the conflict if noted above (attach separately if appropriate).

I, *(Insert full name)* _____ hereby agree to:

- ❖ update this disclosure throughout the period of my tenure as a Responsible Person on an annual basis or until such time as the conflict ceases to exist, or at such a time a conflict arises;
- ❖ comply with any conditions or restrictions imposed by the College to manage, mitigate or eliminate any actual, potential or perceived conflict of interest and/or commitment.

Signed: _____ Date: _____

REVIEW BY CHAIR OF BOARD

I, *(Insert full name)* _____ have reviewed the conflict of interest disclosure (and plan) and have taken the following action in relation to this matter:

Signed: _____

Name: _____

Date: _____

CHECKLIST TO HELP IDENTIFY CONFLICTS OF INTEREST



In assessing whether you have a conflict of interest it may be helpful to ask the following questions. The test when assessing the situation is to ask: “Could this conflict with my duties at the College?” If you answer YES to any of the questions below, you may have an **actual**, reasonably **perceived** or **potential** conflict of interest. (Source: ICAC¹)

- ❖ Would I or anyone associated with me benefit from or be detrimentally affected by my proposed decision or action?
- ❖ Could there be benefits for me that could cast doubt on my objectivity?
- ❖ Do I have a current or previous personal, professional or financial relationship or association of any significance with an interested party?
- ❖ Would my reputation or that of a relative, friend or associate stand to be enhanced or damaged because of the proposed decision or action?
- ❖ Do I or a relative, friend or associate of theirs stand to gain or lose financially in some covert or unexpected way?
- ❖ Do I hold any personal or professional views or biases that may lead others to reasonably conclude that I am not an appropriate person to deal with the matter?
- ❖ Have I contributed in a private capacity in any way to the matter my Department/the College is dealing with?
- ❖ Have I made any promises or commitments in relation to the matter?
- ❖ Have I received a benefit or hospitality from someone who stands to gain or lose from my proposed decision or action?
- ❖ Am I a member of an association, club or professional organisation or do I have particular ties and affiliations with organisations or individuals who stand to gain or lose by my proposed decision or action?
- ❖ Could this situation have an influence on any future employment opportunities outside my current School duties?
- ❖ Could there be any other benefits or factors that could cast doubts on my objectivity?

If the answer to any of these questions is yes or if you still have any doubts about your proposed decision or action, you should seek direction from the College’s Chairperson.

¹ ICAC Toolkit, *Managing Conflicts of Interest in the Public Sector*, 2004.
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RELATED PARTY TRANSACTIONS DISCLOSURE LETTER (APPENDIX 8)

NEW MADINAH COLLEGE

RELATED PARTY TRANSACTIONS DISCLOSURE LETTER



<Date>

Dear <Insert Name>,

As part of the preparation of our Annual Accounts we are required to collate information on transactions between the College and related parties. This information will potentially require disclosure in the notes to the accounts in accordance with AASB 124 and the NESA requirements. Related parties include directors, senior management and persons connected to them, e.g. by virtue of family relationship or business partnership. For your further information, a detailed definition of related parties is set out in AASB 124. Transactions potentially requiring disclosure include:

- a. purchases, sales, leases and donations (including donations which are made in furtherance of the College's objects) of goods, property, money and other assets such as intellectual property rights to or from the related party;
- b. the supply of services by the related party to the College, and the supply of services by the College to the related party. Supplying services includes providing the use of goods, property and other assets and finance arrangements such as making loans and giving guarantees and indemnities; and
- c. any other payments and other benefits which are made to directors under express provisions of the governing document of a School or in fulfilment of objectives.

Please supply details of any such transactions on the pro-forma register attached by <insert date>. If there are no such transactions, please return the Related Party Transactions Register marked "nil return".

In addition to the items disclosed at items (a) to (c) above, we are required to disclose the aggregate amount of expenses reimbursed to trustees.

<Chairman's Name>

Chairman of the College Board

RELATED PARTY TRANSACTIONS REGISTER

New Madinah College

Related Party Transactions Register



Date of Transaction	Name of Transacting Parties	Relationship of Transacting Parties	Description of Transaction	Amount of Transaction	Invoice Number	Transaction Approved By

Register Approved By: _____ Signature: _____

If there are no such transactions, please return the Related Party Transactions Register marked "nil return".

RELATED PARTY TRANSACTIONS DISCLOSURE LETTER [EMPLOYEES] (APPENDIX 9)

NEW MADINAH COLLEGE

RELATED PARTY TRANSACTIONS DISCLOSURE LETTER [EMPLOYEES]



<Date>

Dear <Insert Name>,

As part of the preparation of our Annual Accounts we are required to collate information on transactions between the College and related parties. This information will potentially require disclosure in the notes to the accounts in accordance with AASB 124 and the NESA requirements. Related parties include directors, senior management and persons connected to them, e.g. by virtue of family relationship or business partnership. For your further information, a detailed definition of related parties is set out in AASB 124. Transactions potentially requiring disclosure include:

- a. purchases, sales, leases and donations (including donations which are made in furtherance of the College's objects) of goods, property, money and other assets such as intellectual property rights to or from the related party;
- b. the supply of services by the related party to the College, and the supply of services by the College to the related party. Supplying services includes providing the use of goods, property and other assets and finance arrangements such as making loans and giving guarantees and indemnities; and
- c. any other payments and other benefits which are made to directors under express provisions of the governing document of a School or in fulfilment of objectives.

Please supply details of any such transactions on the pro-forma register attached by <insert date>. If there are no such transactions, please return the Related Party Transactions Register marked "nil return".

You do not need to include amounts received by you under your contract of employment with the College.

<Chairman's Name>

Chairman of the College Board

RELATED PARTY TRANSACTIONS REGISTER (EMPLOYEES)

New Madinah College

Related Party Transactions Register

Date of Transaction	Name of Transacting Parties	Relationship of Transacting Parties	Description of Transaction	Amount of Transaction	Invoice Number	Transaction Approved By

If there are no related party transactions, please tick the box to indicate "nil return"

Register Approved By: _____

Signature: _____

RESPONSIBLE PERSONS REGISTER

New Madinah College Responsible Persons Register

YEAR 20		DECLARATIONS			
Name	1. Responsible Persons	2. Conflict of Interest	3. Related Parties	4. Professional Learning	5. Induction

-
- ¹ Confirmation that annual declaration of responsible persons' required matters has been received
 - ² Confirmation that annual conflicts of interest disclosure statement has been received
 - ³ Confirmations that register of related parties has been updated to reflect annual conflicts of interest disclosure statement
 - ⁴ Confirmations that register of professional learning has been updated to reflect annual disclosure statement
 - ⁵ Confirmation that new responsible person (if applicable) induction has been completed.