

Malek Fahd Islamic School Limited

ABN 41 003 864 891



Board Charter

MFIS-18

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Malek Fahd Islamic School

The purpose of this document is to communicate the Charter for the Board of for the Malek Fahd Islamic School Limited ABN 41 003 864 891.

Owner:

Malek Fahd Islamic School Limited Board

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1. Purpose of the Charter

This charter sets out the Board's terms of reference and provides an explanation of the Board's approach to the following key corporate governance matters:

- overview of the Board's responsibilities;
- Board structure and composition;
- the Board's policy for assessing independence;
- roles and responsibilities;
- relationship between the Board and management;
- powers retained by the Board;
- Board meeting procedures; and
- payments to directors.

2. Overview of the Board's responsibilities

The role of the Board is to promote and protect the interests of the Malek Fahd Islamic School Limited ABN 41 003 864 891 (the School). The Board is responsible for determining the school's direction and for formulating its objective, the fulfilment of which is the basis of all decisions and actions taken on behalf of the school.

In carrying out their responsibilities and exercising their powers, directors will ensure they act honestly, fairly and diligently, in accordance with the law in serving the interests of the School.

The Board's key responsibilities are:

- to establish and manage the School, as a not-for-profit institution to provide balanced general education in an Islamic environment to Muslim and other children;
- to provide centres of educational activities which will provide a high-quality standard of education in an Islamic environment and thus produce good citizens, imbued with Islamic spiritual values;
- to provide the vision and strategic direction of the school, considering the views of the Principal and senior staff and the Parents Advisory Committee;
- to provide for the pupils, staff and employees of the School, conveniences, necessities and other facilities;
- to acquire such assets and make all relevant applications with appropriate authorities which would facilitate the establishment and operation of the School;



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- to ensure that there is provision for good communication between staff, parents, pupils and the community;
- to oversee the School's operations, including its control and accountability systems;
- to appoint and remove the Principal;
- to review, ratify and monitor systems of risk management and internal control, codes of conduct and legal compliance;
- to monitor the Principal's performance and implementation of strategy;
- to ensure appropriate resources are available to the Principal;
- to approve and monitor the progress of major capital expenditure and capital management;
- to approve and monitor financial and other reporting; and
- to further the objects of the School as set out in the Constitution of the School.

Directors have the right to seek independent professional advice (at the school's expense) in furtherance of their duties as directors. The chairperson's prior approval is required, and the advice will normally be made available to all directors, unless the chairperson decides otherwise.

The Board will conduct an annual review of the performance of:

- the full Board;
- Board committees;
- individual directors; and
- the chairperson.

The method of conducting each review and the extent of that review is for the Board to determine.

3. Board structure and composition

The Constitution of MFISL provides for a minimum of 5 and a maximum of 9 Members. All appointees are nominated by the Nominations Committee of the Board of MFISL, in accordance with the procedures specified in the Charter of the Nominations Committee. All nominations must be approved by the Board. No member of the Board of MFISL shall have previously been a member of the MFISL Board prior to January 2016. Each Member must be a Director and the Directors comprise the Board. The Board approves the standard terms and conditions for directors contained in each director's letter of appointment.



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Directors remain on the Board until required to vacate the office as required by the School's Constitution. The Constitution provides for a term of office of 2 years after which Directors are eligible for renewal of appointment.

The Board's Nominations Committee regularly reviews the skills, competencies, experience and characteristics required for the Board to ensure that the skills represented on the Board remain relevant. To encourage Board renewal, the Board has instituted succession planning, independence assessments and individual Director and collective Board performance evaluations.

All Directors must be independent of the School in accordance with Section 4 of this charter and all Directors must be independent of the Board of AFIC and its employees in all respects.

4. Assessment of Director independence

An independent Director is a Director who is not a member of School management and who is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement.

The Board regularly assesses the independence of each director considering the interests disclosed by them in the related party transactions register maintained by the School.

Each Director must provide to the Board all information that may be relevant in assessing their independence, and immediately notify the Board if there are any changes in circumstances which could impact upon the Board's assessment of their independence. The Board discloses in the school's governance statement its reasons why it considers a director to be independent.

In assessing independence, the Board will consider whether the Director:

- is employed by the school in a management capacity, or has previously been employed in a management capacity by the school and there has not been a period of at least 3 years between ceasing such employment and serving on the Board;
- is a material supplier or customer of the school or an officer of, or otherwise associated directly or indirectly with, a material supplier or customer; and
- has a material contractual relationship with the school, other than as a Director.

Family and cross-directorships may be relevant, or perceived to be relevant, in considering interests and relationships which may compromise independence, and are disclosed by Directors.



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Any person recommended to be a member to the Board must be judged to be independent of the School in accordance with Section 4 and independent of the Board of AFIC and its employees in all respects.

5. Roles and responsibilities

The Chairperson

An independent Director will be appointed as the chairperson of the Board. The Chairperson must not be a current or former executive of the School. It is a requirement that the person occupying the position of Chairperson remain independent

The Chairperson's principal role is to provide leadership to the Board and the School, and to ensure that the Board effectively discharges its responsibilities.

The Chairperson's main responsibilities are to:

- develop the annual Board agenda for approval of the Board and work with the Principal and to determine the agenda for Board meetings;
- preside at Board meetings;
- foster a positive Boardroom dynamic, enabling open and robust debate of key issues;
- ensure that the Board receives the information it requires for informed decision-making;
- maintain on-going communication with the Principal, serving as a conduit between the Board and management of the School;
- ensure an appropriate remuneration package for the Principal and senior staff is in place;
- facilitate a performance evaluation process for the Board individual directors; and
- assume the role of spokesperson on Board policy matters;
- develop and promote a strong positive relationship with external stakeholders, including the government and the media.

The Chairperson's roles and responsibilities are detailed in a role description approved by the Board.

The Principal

- is accountable to the Board for the overall management and performance of the School;



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- manages the school in accordance with the strategy, business plans and policies approved by the Board;
- is regularly evaluated to assess performance against the achievement of agreed goals, targets and performance indicators; and
- undertakes roles and responsibilities as detailed in a role description approved by the Board.

6. Relationship between the Board and management

The Board is ultimately responsible for the performance of the school. The Board has retained its authority to make decisions on matters specified in this charter, and save for those matters and Principal operational limits, determined from time to time by the Board, it delegates authority for all other matters to the Principal.

The Board maintains its independence from management through several measures, including identifying and defining the respective roles of management and the Board, scheduling regular meetings of the Board and the exercise of independent thinking in decision-making.

The Principal is accountable to the Board for the exercise of the delegated authority and, with the support of senior school management, is to demonstrate progress to fulfil this responsibility through the provision of reports, briefings and presentations on a regular basis.

The Principal is expected to provide candid reporting that accurately portrays school performance.

Board papers on matters for decision by the Board should normally conform to the Board's requirements, as determined from time to time.

Directors may communicate directly with the school's management provided that any contact is in accordance with the Board's established procedures guiding Director/senior management communication.

7. Powers retained by the Board

In addition to matters expressly required by law to be approved by the Board, powers specifically reserved by the Board are as follows.

Strategy

- Establishing the vision and strategic direction of the school;
- Approval of the school's objectives and strategy;



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- Approval of the annual operating and capital budgets and any material changes thereto; and
- Review of school's performance and progress towards strategy implementation.

Oversight

Oversight of the school's operations ensuring:

- robust planning;
- competent and prudent management;
- appropriate systems of risk oversight and internal control;
- appropriate accounting systems, records and reporting systems; and
- adherence to statutory and regulatory requirements.

Structure and capital

Approval of:

- major changes to the school's structure;
- changes to the school's management and control structure;
- changes to the school's legal status;
- changes to borrowings;
- major capital expenditure and capital management; and
- major capital projects.

Financial reporting and controls

Approval of statutory reporting;

- Approval of annual accounts, including the director's report;
- Approval of any significant changes in accounting policies; and
- Approval of treasury policies.



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Contracts

Approval of major contracts which are strategically significant (see Policy 16).

Communication

Approval of:

- announcements relating to a decision of the Board; and
- any major public announcement.

Board membership

Approval of:

- changes to the composition, structure and/or size of the Board;
- appointments to the Board (subject to members' approval); and
- selection of the Board Chairperson;

Senior management

- Appointment and removal of the Principal;
- Appointment and removal of the Business Manager and other senior staff members reporting to the Principal, and determination of their terms and conditions of employment (including remuneration);
- Approval of the remuneration and conditions of employment, for the Principal and other senior executives reporting to the Principal; and
- Approval of significant changes to organisational structure and the appointment of such senior executives as the Board may determine.

8. Board meeting procedures

The relevant provisions of the school's Constitution govern meetings and proceedings of the Board.

To assist in planning the Board's calendar, the Board adopts an annual agenda detailing the items to be considered at each Board meeting. The Board meeting



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schedule is determined annually in advance by the Board. In certain circumstances, additional unscheduled meetings may be called to deal with urgent business.

The Chairperson, working with the Principal will normally set the agenda for each meeting, although any director may request the inclusion of specific items on the Board's agenda.

The agenda and supporting papers should be distributed to directors prior to each meeting in sufficient time to enable Directors to read the papers and properly prepare for the meeting.

Draft minutes of each Board meeting are prepared for review by the Chairperson and circulated to all directors by the school as soon as practicable, but no later than 10 working days following the meeting.

If a Director has a 'material personal interest' in a matter that is being considered at a meeting, they must not be present for consideration of that matter.

Directors are expected to be fully prepared for each meeting, having carefully reviewed all Board papers distributed in advance of the meeting and being prepared to participate effectively in Board discussions.

Directors are expected to make every reasonable effort to attend each Board meeting. Attendance in person is preferred, however, participation by teleconference or other electronic means is permitted, if necessary.

9. Payments to Directors

The payment of directors' fees, in whatever form, is prohibited to Directors for serving in that capacity. However, payments may be made to a Director:

- for the payment of out-of-pocket expenses incurred in carrying out the duties of the director where the payments do not exceed an amount previously approved by the Board; or
- for any service rendered to the School Authority in a professional or technical capacity, where the provision of that service has the prior approval of the Board and the amount payable is approved by a resolution of the Board and is on reasonable commercial terms; or
- as an employee of the School Authority, where the terms of employment have been approved by a resolution of the Board.

10. Review

This Policy must be reviewed annually, and the reviewed document submitted to the Board for approval by the last Board meeting in a calendar year.