



Australian
National
University

ANU Governance Handbook

February, 2019



Australian National University

The Arms of the University granted in 1954

The coat of arms of The Australian National University incorporates waves (the Pacific), a boomerang and the Southern Cross. The motto 'Naturam Primum Cognoscere Rerum' is from the poem *De Rerum Natura* (III,1072) by Lucretius, Roman poet, philosopher and scientist. It is translated by Cyril Bailey (1946) as 'first to learn the nature of things'; an alternative, following Rolfe Humphries 1968 translation of *De Rerum Natura*, would be 'above all to find out the way things are'.

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Introduction

This Handbook outlines the governance systems and processes of the Australian National University (ANU). It is important that senior management and staff of the University have a broad understanding of the University's governance, in order to properly support the Council and Vice-Chancellor's leadership of the University.

Governance refers to the process by which the University is directed, controlled and held to account.

A University governing body has three basic roles:

Strategic Oversight:

- setting the mission and strategic direction of the University;
- ensuring that visions and goals are turned into effective management systems; and
- monitoring implementation of the strategic plan.

Ensuring Effective Overall Management:

- appointing the Vice-Chancellor and monitoring his or her performance;
- overseeing and reviewing overall management performance; and
- monitoring the academic activities and performance of the University.

Ensuring Responsible Financial and Risk Management:

- approving the annual budget;
- approving and monitoring systems of control and accountability;
- overseeing and monitoring the assessment and management of risk; and
- ensuring compliance with legal and government policy requirements.

Source: Professor Gareth Evans, 2011, 'Governance, Leadership and Management in Universities', address to the 6th Annual University Governance and Regulations Forum, Melbourne.

The University's governance arrangements are informed by:

- *Australian National University Act 1991*;
- *Public Governance, Performance and Accountability Act 2013*;
- The Governance and Accountability Standards specified in the *Higher Education Standards Framework (Threshold Standards) 2015* and regulated by the Tertiary Education Quality and Standards Agency (TEQSA); and
- The *Voluntary Code of Best Practice for the Governance of Australian Universities* which was approved by the Ministerial Council for Tertiary Education and Employment in July 2011.

The University also benchmarks its governance arrangements against the *Corporate Governance Principles and Recommendations* of the ASX Corporate Governance Council, to the extent that they are applicable.

Strategic context: Inspiring leadership for our time

For over 70 years, The Australian National University has worked to realise the ambitions of the visionary Australians who founded it.

Our journey so far has validated their courage and vision. Our distinctive research culture is renowned: of the seven Nobel Prizes awarded for work undertaken in Australia, ANU can claim four. We rank among the world's very finest universities.

Our nearly 100,000 alumni include political, business, government, and academic leaders around the world. We have graduated remarkable people from every part of our continent, our region and all walks of life. ANU hosts some of the nation's most influential Indigenous researchers and researchers on Indigenous issues.

While our focus is Australia, our horizons are global. The legacy of our long-standing international engagement and expertise has delivered us unrivalled impact beyond our borders, particularly throughout Asia and the Pacific.

The University's achievements are remarkable, given its uncertain beginnings. Founded in a time of post-war reconstruction, social dislocation, hardship, rapid changes in society and in the expectations of institutions and government, the University's role was to develop new capability for a nation seeking its place in the world.

Australia today remains in transition. We face economic and societal change, and international instability. Government, industry and social institutions all face challenges to their legitimacy and longevity. In response, ANU must innovate in research, teaching and learning, and elevate our understanding of contemporary Australia and our world.

This is the fundamental purpose of the national university, which we will remain as long as we continue to serve Australia with distinction. Our unique place in the nation is inseparably linked to this contribution.

To fulfil our mandate, we must invest in, and insist on, excellence everywhere at ANU. We must be ready to adapt what we do and how we do it wherever our performance is not the best it can be. We must diversify our funding sources.

We must dismantle once and for all the barriers, real and perceived, between ANU and the society we serve. In other words, we must be a contemporary national university and a valuable global resource.

Our ambition for the future of ANU is as great as the ambition of our founders, and reflects the special national responsibilities we have as beneficiary of the National Institutes Grant. This Strategic Plan sets out how we will ensure that this unique and remarkable institution is able to meet its contemporary mission as Australia's national university, and one of the world's greatest.

Our vision

Contemporary ANU will sit among the great universities of the world, and be defined by a culture of excellence in everything that we do.

We will be renowned for the excellence of our research, which will be international in scope and quality, always measured against the best in the world. Our research investment will be

strategic, taking a long-term view and focus on high-quality activities, high-impact infrastructure and areas of high national importance.

We will be renowned for the excellence of our undergraduate and graduate education: excellence in student cohort, excellence in teaching, excellence in student experience, and excellence in outcomes.

We will be renowned for the quality of the contribution our research and education make to societal transformation. We will identify emerging areas of need for the nation and provide research and education that will equip Australia to cope with challenges not yet imagined.

ANU research, education and contributions to public policy-making will change Australia and change the world. It will have impact.

Our values

- We bring a distinctive excellence to our work and have the confidence to pursue original ideas.
- We are inclusive, open and respectful, reflecting the diversity of our nation.
- We are committed to integrity and ethical behaviour.
- We value, enable, reward and celebrate collegiality.
- We embrace informed risk-taking in pursuit of our objectives.
- We are committed to better outcomes for our community, the environment, our nation and the world.
- We are committed to the service of our nation, through original thinking and through courage in advancing our ideas.

Legislative purpose and functions

The University is an education-intensive research institute, originally established by an Act of the Commonwealth Parliament in 1946. Section 5(1) and 5(2) of the *Australian National University Act 1991* specifies the functions as:

(1)

- a) advancing and transmitting knowledge, by undertaking research and teaching of the highest quality;
- b) encouraging, and providing facilities for, research and postgraduate study, both generally and in relation to subjects of national importance to Australia;
- c) providing facilities and courses for higher education generally, including education appropriate to professional and other occupations, for students from within Australia and overseas;
- d) providing facilities and courses at higher education level and other levels in the visual and performing arts, and, in so doing, promoting the highest standards of practice in those fields;
- e) awarding and conferring degrees, diplomas and certificates in its own right or jointly with other institutions, as determined by the Council;
- f) providing opportunities for persons, including those who already have post-secondary qualifications, to obtain higher education qualifications; and
- g) engaging in extension activities.

- (2) In the performance of its functions, the University must pay attention to its national and international roles and to the needs of the Australian Capital Territory and the surrounding regions.

Academic organisational structure

ANU is composed of seven Colleges, made up of a network of inter-related research and education Research Schools, Schools and Centres as follows:

- ANU College of Arts and Social Sciences;
- ANU College of Asia and the Pacific;
- ANU College of Business and Economics;
- ANU College of Engineering and Computer Science;
- ANU College of Law;
- ANU College of Health & Medicine; and
- ANU College of Science.
- National Centre for Indigenous Studies

The University structure can be found at: <http://www.anu.edu.au/about/leadership-structure/academic-areas>

The Council

The Council is the governing authority of the University, which, subject to the *Australian National University Act 1991 (ANU Act)*, the *Public Governance, Performance & Accountability Act 2013 (PGPA Act)* and the statutes, is responsible for the entire control and management of the University. The Council is to act in all matters in the way that best promotes the interests of the University.

Council's role is to govern the organisation rather than manage it, the latter being the responsibility of the Vice-Chancellor, as chief executive officer. Within that context, the Council is committed to ensuring effective governance practices which reflect accountability, transparency, professional integrity, academic freedom and ethical behaviour based on trust and intellectual honesty.

It should be noted that the Australian Government proposes to re-enact the University's enabling legislation in 2017 or 2018. This will not fundamentally change the nature of the University, but will have consequences for the way in which the governance arrangements and practices of the University are described and operate. The re-enactment is a consequence of the Walker Review of the *Australian National University Act 1991* and the governance arrangements contained within it, which was conducted in 2014. A copy of the full report is available at: <http://www.anu.edu.au/about/governance/council>

Primary responsibilities and reserved powers

In the discharge of their responsibilities, members of the Council are responsible and accountable to Council. Consistent with the *Voluntary Code of Best Practice for the Governance of Australian Universities*, Council has adopted the following statement of its primary responsibilities:

- a) strategic oversight of the University, including:
 - setting the mission, values and strategic direction of the University; and
 - ongoing review of the success of those strategies.
- b) ensuring effective overall governance and management of the University, including:
 - appointing the Chancellor and Pro-Chancellor;
 - appointing the Vice-Chancellor as principal academic and chief executive officer of the University, and monitoring his or her performance;
 - overseeing and reviewing the management of the University and its performance;
 - ensuring that the strategic goals set by the Council are delivered by effective management systems;
 - overseeing and monitoring the academic activities of the University;
 - establishing policy and procedural principles, consistent with legal requirements and community expectations.
- c) ensuring responsible financial and risk management of the University, including:
 - approving the annual budget, business plan and annual report;

- overseeing and monitoring the assessment and management of risk across the University, including in its commercial undertakings;
- approving and monitoring systems of control and accountability for the University and any entities controlled by the University (within the meaning of section 50AA of the Corporations Act 2001);
- approving significant commercial activities of the University.

The following powers are reserved for decision-making only by the Council:

- a) Strategic oversight of the University
 - Setting the mission, values and strategic direction of the University.
 - Approval of the Vision Statement and Strategic Plan, including any variations.
- b) Ensuring effective overall governance and management of the University
 - Appointment of the Chancellor, Pro-Chancellor and Vice Chancellor.
 - Approval of establishments, disestablishments or variations in the academic organisational structure of the University at Level 1 (ie College) and Level 2 (ie Research School), including any variations to naming.
 - Approval of master plans and precinct codes for all campuses of the University, including any material variations.
 - Approval of the Enterprise Agreement, unless otherwise delegated to the Vice-Chancellor (not including the enterprise agreements of any controlled entity).
 - Approval of the acquisition or disposal of land and buildings on or adjoining the Acton campus, and all land and buildings of significance on other campuses.
 - Naming, re-naming or de-naming of buildings or significant University infrastructure.
 - Approval for the conferral of honorary degrees.
 - Approval of statutes under the ANU Act.
 - Determining arrangements and processes concerning the conduct of the affairs of the Council and its Committees, including appointments to Council Committees.
- c) Ensuring responsible financial and risk management of the University
 - Approval of annual budget and business plan, including any variations.
 - Approval of recurrent or capital expenditure, not including investment portfolio transactions, which exceeds \$10 million (on a single transaction or related series of transactions), subject to conditions and exceptions as approved by Council.
 - Approval of capital management plans and initiatives, including debt restructuring and strategic investment decisions (as they related to the Socially Responsible Investment Policy), including any material variations.
 - Approval of the annual report, including the annual financial statements and annual performance statements.
 - Ensuring the overall effective governance and management of the University, particularly its responsible financial and risk management.
 - Approval of systems of control and accountability for the University and any entities controlled by the University.
 - Approval of the establishment of controlled entities of the University.

- Approval of significant commercial activities of the University.

The Council may delegate functions and powers under the Act to a Council Member or staff member of the University, or to a committee of Council Members or Council Members and other persons. The Council may not, however, delegate its power to:

- make Statutes;
- appoint the Chancellor, Pro-Chancellor or Vice-Chancellor;
- approve the University's annual budget or its business plan;
- approve the annual report of the University;
- monitor the University's commercial activities, its subsidiaries and any other entities it controls, to the extent required to ensure they do not have any adverse impact on, or pose an unreasonable risk to, the University's finances and operations; or
- review and monitor the management of the University as a whole or the University's performance as a university (as defined by the *Higher Education Support Act 2003*).

Council focuses on broader strategic, governance and policy issues, delegating day-to-day management responsibilities and other functions to the University's Vice-Chancellor. Details of delegations may be found later in this Handbook.

Council's duties as an Accountable Authority

The University is a corporate Commonwealth entity and the Council is its "Accountable Authority" for the purposes of the *PGPA Act*. The *PGPA Act* imposes duties on Accountable Authorities of Commonwealth entities. There are five main duties, namely:

- Duty to govern
- Duty regarding risk and control
- Duty to encourage cooperation
- Duty in relation to requirements imposed on others
- Duty to keep the responsible Minister and the Finance Minister informed

Duty to govern

The Council must govern the University in a way that:

- promotes the proper use and management of public resources for which the Council is responsible;
- promotes the achievement of the purposes of the University; and
- promotes the financial stability of the University.

In this context, "proper use" means efficient, effective, economical and ethical use.

Duty regarding risk and control

The Council must establish and maintain:

- an appropriate system of risk oversight and management for the University; and
- an appropriate system of internal control for the University

including by implementing measures directed at ensuring officials comply with the finance law (i.e. the *PGPA Act* and associated rules, Appropriations legislation).

Duty to encourage cooperation

The Council must encourage officials of the University to cooperate with others to achieve the common objectives where practicable.

Duty in relation to requirements imposed on others

When imposing requirements on others in relation to the use of public resources, the Council must take into account risks and effects of imposing those requirements.

Duty to keep responsible Minister and Finance Minister informed

The Council must:

- keep the responsible Minister informed of the activities of the University and any subsidiaries of the University;
- give the responsible Minister or the Finance Minister any reports, documents and information in relation to those activities as that Minister requires;
- notify the responsible Minister as soon as practicable after the Council makes a significant decision in relation to the University or any of its subsidiaries;
- give the responsible Minister reasonable notice if the Council becomes aware of any significant issue that may affect the University or any of its subsidiaries;
- notify the responsible Minister as soon as practicable after the Council becomes aware of any significant issue that has affected the University or any of its subsidiaries

but only to that the extent this is not inconsistent with compliance with the *Australia National University Act 1991*.

It should be noted that the *Australia National University Act 1991* amends this duty as it applies to the University, and provides that this duty does not require members of the Council to do anything that will or might affect the academic independence or integrity of the University.

The Council had delegated day-to-day management of this duty to the Vice-Chancellor, and requires that all such notifications to the Minister are to be reported to the Council at the next opportunity.

On 18 November 2015, the Minister for Education and Training advised in writing of his expectations concerning this duty. His general view is that reporting under this duty should be on an exception basis, as determined necessary by the Council. In coming to this view, he noted the many other ways the University provides information as being sufficient to keep him and the Department apprised of the University's activities.

Council membership

Council composition

The Council's membership, which is set out in section 10 of the *ANU Act*, comprises:

- The Chancellor (Chair)
- The Vice-Chancellor
- One person who is either a dean or the head of a Research School and is elected, in either case, by the deans and the heads of the Research Schools voting together
- One member of the academic staff of the Institute of Advanced Studies elected by members of that staff
- One member of the academic staff of The Faculties elected by members of that staff
- One member of the general staff of the University elected by members of that staff
- One postgraduate student of the University elected by the postgraduate students of the University
- One undergraduate student of the University elected by the undergraduate students of the University
- Seven members appointed by the Minister on the recommendation of the Nominations Committee of Council.

Election process for staff and student members of Council

The *ANU Act* provides that six members of the Council are to be elected by and from the staff and students (across various categories). Elections to Council are governed by:

- *Council (Elections) Statute 2016*
- *Council (Elections) Rule 2016*
- *Council (Elections) Order 2017*

The terms of the elected staff members of Council is for two years, while the terms of the elected student members is one year. The student members of the Council are elected by the student membership of the ANU Students' Association and the ANU Postgraduate and Research Students' Association. Elected members may be re-elected to the Council, but ordinarily may not hold office for more than 8 years.

The elections for staff members of Council are conducted by a Returning Officer appointed by the Vice-Chancellor. The Returning Officer is a member of staff from the Corporate Governance and Risk Office.

Selection process for Ministerial appointments to Council

Section 10 of the *ANU Act* prescribes the process for the appointment by the Minister of members to the Council. The section provides for a Nominations Committee of Council consisting of the Chancellor and 6 other persons appointed by the Chancellor, who are to submit nominations for appointment by the Minister. The Council itself does not have a direct role in deciding the nominations submitted to the Minister.

The *ANU Act* requires that Nominations Committee must have regard to the desirability of ensuring that there is a balance of skills, expertise and gender among members of Council. At

least two of the seven members appointed by the Minister must have a high level of relevant financial expertise and at least one must have a high level of relevant commercial expertise.

The Council, through the Charter it has approved for the Nominations Committee, has also identified the following attributes as important:

- people who can be regarded as fit and proper persons;
- people who must have an appreciation of the values of the University and its core activities of teaching and research, its independence and academic freedom, and the capacity to appreciate what the University's external community needs from it;
- a balance of members who reside amongst the States and Territories of Australia;
- appropriate representation of indigenous Australians; and
- ordinarily, no member of the Council who has served for more than 8 consecutive years.

The Council has endorsed a 'skills matrix' to aid in assessing its range of available expertise across its membership (and the membership of Council Committees). While not binding, the Council's views on its needs, in terms of relevant expertise, are provided to the Nominations Committee to form part of its deliberations.

The Chancellor manages a rolling succession plan for the Council membership, which guides the deliberations of the Nominations Committee.

Conduct of Council members

The University is a body corporate established by the *ANU Act*. The *PGPA Act* sets out standards of conduct for all officials of Commonwealth entities. Under section 8 of the *ANU Act*, the Council of the University is the governing body of the University and the Council has the entire control and management of the University. Members of the Council, including the Vice-Chancellor, are “officials” of the University within the meaning of section 13 of the *PGPA Act*. The term “officials” extends to include all employees of the University.

The *PGPA Act* applies to all duties a Council member undertakes in their role as a member of the Accountable Authority, and is not confined solely to their participation in formal meetings.

Members of Committees of Council (who are not otherwise Council members) are not legally considered to be officials. However, the policy of the University is that, as a member of a Council Committee, members are expected to conduct themselves as if they were an official. Council Committee members who fail, in the opinion of the Council, to meet this standard, may be removed from their position.

A number of key duties for officials under the *PGPA Act* are set out below:

Duty of care and diligence

Council members and other officials must exercise their powers and discharge their duties with the degree of care and diligence that a reasonable person would exercise if they:

- a) were a Council member or other official in the University's circumstances; and
- b) occupied the position held by, and had the same responsibilities within the University as, the Council member or other official.

Duty to act in good faith and for proper purpose

Council members and other officials must exercise their powers, perform their functions, and discharge their duties in good faith and for a proper purpose.

The duty to act in good faith is owed to the University itself. This overrides any duty to another body, even one that has appointed or elected the Council Member.

Duty in relation to use of position

Council members and other officials must not improperly use their position to gain an advantage for themselves or for any other person; or to cause detriment to the University, the Commonwealth or to any other person.

Duty in relation to use of information

Council members and other officials, who obtain information because of that position, must not improperly use that information to gain an advantage for themselves or for any other person; or to cause detriment to the University, the Commonwealth, or any other person.

Duty to disclose interests

Council members and other officials who have a material personal interest that relates to the affairs of the University must disclose the details of the interest.

Officers of the Council

The Chancellor

Role

The Chancellor's principal responsibilities are to provide appropriate leadership to the Council and to ensure the Council fulfils its obligations under the Council Charter.

The Chancellor also has specific responsibilities to:

- Chair Council meetings, and other governance-level meetings; and to facilitate discussion within each meeting.
- Represent the views of the Council to the University community, government, business, civil society and the public.
- Maintain a regular dialogue with the Vice-Chancellor and executive management, serving as a primary link between the Council and management and providing continuity between Council meetings.
- Work with the Vice-Chancellor in relation to the Council's requirements for information to contribute effectively to the Council decision-making process and to monitor the effective implementation of Council decisions.
- Preside on ceremonial occasions of the University, including the Conferring of Awards ceremonies.

The Chancellorship is subject to the *Chancellorship Statute 2012*.

Selection

Section 32 of the *ANU Act* provides as follows:

32 Chancellor

- (1) *The Council must appoint the Chancellor of the University. The appointee must not be a student or an employee of the University.*
- (1A) *The Chancellor ceases to hold office as Chancellor if he or she becomes a student or an employee of the University.*
- (2) *Subject to subsection 1A and the Statutes, the Chancellor holds office for such period, and on such conditions, as the Council determines.*

Section 3(1) of the *Chancellorship Statute 2012* provides that the Chancellor holds office for a period of three years and is eligible for reappointment.

While not formally required, for the appointment of a new Chancellor, a Committee is often appointed by the Council. The Committee submits to Council, names for consideration for appointment to the position of Chancellor. Council either appoints the Chancellor from the list presented by the Committee or requests the Committee to submit further names for consideration. The Committee is not necessarily required to consult widely as part of the nomination process.

When considering the re-appointment of a Chancellor, the Council will deliberate in a discussion lead by the Pro-Chancellor (with the Chancellor absent).

The Pro-Chancellor

Role

The Pro-Chancellor's principal responsibilities are to assist the Chancellor in providing appropriate leadership to the Council and ensuring the Council fulfils its obligations under the Council Charter.

The Pro-Chancellor also has specific responsibilities to:

- Chair Council meetings, in the absence of the Chancellor.
- Assist the Chancellor with his or her other specific responsibilities as listed above.
- Lead the Council in its deliberations on the appointment or re-appointment of a Chancellor.

The Pro-Chancellorship is subject to the *Pro-Chancellorship Statute 2014*.

Selection

Section 33 of the *ANU Act* provides as follows:

33 Pro-Chancellor

(1) *The Council may appoint a Pro-Chancellor of the University. The appointee must be a member of the Council appointed by the Minister under paragraph 10(1)(q).*

(1A) *The Pro-Chancellor may hold that office for a period that is shorter than the period of his or her office as a member of the Council. However, if:*

(a) the period of his or her office as a member of the Council ends at a particular time; or

(b) his or her office as a member of the Council becomes vacant under section 15 at a particular time;

he or she also ceases to hold office as Pro-Chancellor at that time.

(2) *Subject to subsection (1A) and the Statutes, the Pro-Chancellor holds office for such period, and on such conditions, as the Council determines.*

Section 3(1) of the *Pro-Chancellorship Statute 2014* provides that the Chancellor holds office for a period of three years and is eligible for reappointment.

Council considers, from amongst the eligible members of the Council, names for appointment to the position of Pro-Chancellor.

The Vice-Chancellor

Role

Section 34 of the *ANU Act* establishes the office of Vice-Chancellor as the chief executive officer of the University; and provides that the Vice-Chancellor has such powers and duties as the Statutes prescribe or, subject to the Statutes, as the Council determines.

The academic standards, management and administration of the University are the responsibility of the Vice-Chancellor, in accordance with the Vice-Chancellorship Statute 2013 and subject to any resolution of the Council. Under the *Vice-Chancellorship Statute 2013*, the duties of the Vice-Chancellor, subject to the Statutes and to any resolution of Council, are to control and manage the affairs and concerns of the University; and the real and personal property at any time vested in or acquired by the University including the disposal of that property.

The Vice-Chancellor is accountable to the Council for the discharge of his or her responsibilities. The Vice-Chancellor reports to the Council through the provision of reports, briefings and presentations to the Council, covering the performance of the University and key issues affecting it, throughout the year, including a formal written 'Vice-Chancellor's Report' to every ordinary meeting of the Council.

The delegation of authority below (or subordinate to) the Vice-Chancellor, throughout the University, is done in accordance with the University's Delegations Framework. The Vice-Chancellor may approve the Delegations Framework, and amendments to it from time to time.

The Vice-Chancellor has authority to determine policies of the University, subject to this Charter, the Policy Governance Framework, and any other specific policy matters that Council reserves for its own consideration.

It should be noted that the Council has resolved that:

The delegated authority of the Vice-Chancellor in respect of financial matters (on a single transaction or related series of transactions, and within the overall limits of set budgets) is subject to the following limits, with effect from 1 January 2016:

- *Approval of recurrent expenditure up to \$10,000,000;*
- *Approval of capital expenditure up to \$10,000,000;*
- *Approval of investment portfolio related transactions within available portfolio funds;*
- *All decisions of the Vice-Chancellor relating to financial matters remain subject to University policy and other resolutions of the Council; and*
- *All decisions on financial matters beyond these limits are reserved for the decision of the Council, acting with the advice of the Finance Committee or other appropriate Committee of Council*

That, further to its resolution of 4 December 2015 placing a financial limit of \$10M on the Vice-Chancellor's delegated authority, Council resolve that:

- *the Vice-Chancellor, or his nominee, be authorised to approve, on behalf of Council, ancillary matters that relate to the implementation and management of*

already approved budgets and involve expenditures of greater than \$10M on the basis that:

- the scope of matters authorised for such approval include procurement processes, execution of contracts and payment of contractual amounts over \$10M;*
- the scope of budgetary matters include the Capital Management Plan and projects, both capital and non-capital, which have been considered and approved by Council;*
- all such approvals relating to matters over the \$10M limit will be reported at least twice a year to Council.*
- *That the University's Capital Management Plan be submitted for Council approval each year.*

Council resolved to:

- *Delegate to the Vice-Chancellor, the execution of the Electricity and Gas Supply Contracts.*

Expectations for leadership, decision-making and culture

In leading and making decisions for the University, and in shaping its culture, it is expected that the Vice-Chancellor will exemplify, promote and ensure that:

- Members of the University community (i.e. staff, students and others holding an academic title within the University) conduct themselves in a manner that reflects commonly accepted standards of academic or business practice and ethics, including acting with honesty and integrity, with respect and dignity in relationships amongst those involved in, or affected by, the University's activities.
- Resource allocation decisions, capital and operating expenditure, or financing decisions, are made with due reference to their impact on the financial condition of the University, and the associated impact on the achievement of the strategic plan.
- Decisions or actions are taken with due reference to their impact on the health, safety and environmental outcomes, and the associated impact on the achievement of the strategic plan.
- Decisions or actions are taken with due reference to their effect on the reputation of the University and the associated impact on the achievement of the strategic plan.
- Risks that are material to the University's functions are identified and managed within an appropriate system/s of control.
- The senior management of the University is organised with processes for ensuring long term succession planning, attracting and retaining talent, building a capable and agile management team and ensuring equal opportunity.

Selection

The Vice-Chancellor is appointed by Council and holds office for such period as Council determines.

The Council will appoint a Council selection committee, chaired by the Chancellor, to manage and undertake the selection process for the appointment of the Vice-Chancellor. Ordinarily, the Council selection committee is supported by external executive search expertise. The selection committee makes its recommendation to Council on the name of the person it considers to be most suitable for appointment as Vice-Chancellor. Council convenes a special meeting to consider the committee's advice and to determine the appointment of Vice-Chancellor.

The Selection Committee will typically be comprised of:

- the Chancellor
- the Pro-Chancellor
- external members of Council
- a College Dean
- elected staff and student members of the Council

An executive search firm is often also engaged to assist with the recruitment process.

The Vice-Chancellor's conditions of appointment, including salary, are recommended by the Remuneration Committee. The performance of the Vice-Chancellor is reviewed by this Committee annually against a set of agreed key performance indicators.

Secretary to the Council

Role

In the exercise of corporate governance responsibilities as the Secretary to the Council, the Director, Corporate Governance and Risk Office reports directly to the Council through the Chancellor on matters relating to the proper functioning of the Council. All Council members have access to the Director.

The Director's role includes:

- Advising the Council and its Committees on governance matters.
- Monitoring compliance with Council and Committee Charters, policies and procedures.
- Coordinating all Council business including meetings, agendas, Council and Committee papers and minutes; and monitoring the completion of actions arising from Council meetings.
- Providing a point of reference for dealings between the Council and management.
- Retaining independent professional advisers at the request of the Council, Council Committee, or as permitted under this Charter.
- Organising and facilitating the induction and professional development of Council and Council Committee members.

Governance frameworks

The key instruments within the governance framework are:

- *Australian National University Act 1991*
- *Public Governance, Performance & Accountability Act 2013*
- *Public Governance, Performance & Accountability Rules 2014*
- University legislation – Statutes, Rules and Orders
- ANU policies and supporting documents

Legislation

The key legislation and statutes relevant to your position as a Council Member and the Australian National University are:

Acts

The Australian National University is a body corporate established by the *Australian National University Act 1991* available online at: <http://www.legislation.gov.au/Series/C2004A04206>.

The University is considered a “corporate Commonwealth entity” in the *Public Governance, Performance & Accountability Act 2013*, available online at: <http://www.legislation.gov.au/Series/C2013A00123>.

The *ANU Act* grants to the University a series of exemptions from sections of the *PGPA Act* dealing with the preparation of budget estimates; limitations on investment powers and compliance with the policies of the Australian Government. The legislation also permits the Council to not comply with the duty to inform the Minister, where such compliance would infringe upon the academic independence or integrity of the University.

Statutes

Under section 50 of the *ANU Act*, the Council may make Statutes not inconsistent with the *ANU Act* or the *PGPA Act*. The Council is empowered to make statutes with respect to a broad range of matters concerning the governance and operations of the University. Statutes of the University are available at:

<http://www.anu.edu.au/about/governance/legislation>

Rules & Orders

Under subsection 50(3) of the *ANU Act*, the Council may empower any authority (including the Council) or officer of the University to make Rules and Orders not inconsistent with the Act. Rules are used to regulate matters under Statute in greater detail. Orders are often used to specify details in Statutes or Rules that change on a regular (often annual) basis.

University Rules and Orders are available at:

<http://www.anu.edu.au/about/governance/legislation>

The University is required under the provisions of the *Legislation Act 2003*, to lodge new legislation (Statutes, Rules and Orders) together with other information required in electronic

form with the Commonwealth Attorney-General's Department for registration. Under this regime, ANU legislation will have the force of law from the date specified in the legislation or, if no date is specified, from the day following registration. In practice, this means that most legislation can have the force of law from the time it is made by Council.

It should be noted that the University enjoys the rare privilege that its legislative instruments are not subject to approval by the Governor-General, the Minister, or subject to disallowance by either the Senate or House of Representatives. ANU legislative instruments can only be overridden by the Council or by an Act of Parliament.

ANU legislative instruments (by their nature as being Federal law) override legislation of the Australian Capital Territory. The one exception to this concerns legislative instruments that regulate or control traffic or parking, which cannot be inconsistent with the law of the ACT.

Policy governance framework

Policy of the University operates under a *Policy Governance Framework*. The Framework provides the structure for describing, ordering, developing, maintaining and reviewing the University's policies, procedures, standards and guidelines. The Framework is constituted through three principal documents, namely:

- Policy Governance Policy
- Policy Governance Procedure
- Policy Document Consultation Guideline

All other policy documents are subject to the requirements of the Policy Governance Framework.

Policies are created under the overall control of Council by either the Council itself or, under delegated authority, by the Vice-Chancellor. The policies of the University provide the statements of the mandatory principles guiding the University's operations and significant decision-making. The procedures and standards specify the operational detail that underpins the implementation of a policy.

Academic policies are usually approved by the Vice-Chancellor after they are endorsed by the Academic Board. Administrative policies are usually approved by the Vice-Chancellor after they are endorsed by either the Senior Management Group or the Service Division Directors/College General Managers group (depending on the significance of the policy).

Other policy document types, namely, procedures, standards and guidelines, can be approved by members of the University Executive or Service Division Directors, as appropriate to their portfolios.

The policy, procedures and standards of the University are mandatory, meaning that all affect staff, students and others covered by the document are bound to adhere to its requirements.

The University requires that each policy document be reviewed at least once every three years. Services Divisions are the custodians of these policy documents, and so are responsible for their review when required.

The Corporate Governance and Risk Office provides oversight of the Framework, and assists and advises Service Divisions in their policy development and review work.

The University's suite of policy documents are held in a central repository website known as the *Policy Library* (<https://policies.anu.edu.au>).

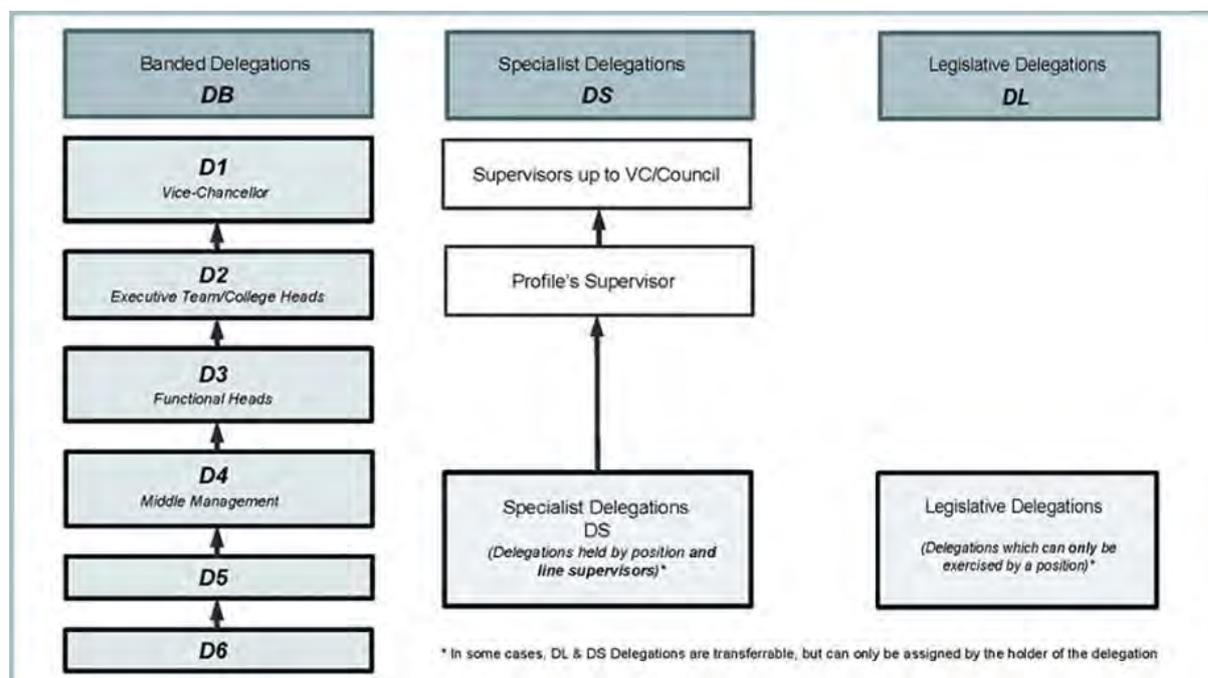
Delegations framework

Overview

Section 9 of the *ANU Act* confers upon the Council the power over the University, granting it *entire control and management of the University*. However, it is not practical for the Council to exercise this power on a day-to-day basis, and so under section 17 of the *ANU Act*, the Council has delegated many of its functions and powers to the Vice-Chancellor, including the power to “control and manage the affairs and concerns of the University.”

The Delegations Framework, as approved by the Vice-Chancellor, is an integral part of the University's governance framework. It devolves authority to appropriate levels within the University's staffing structure, sets out decision making arrangements and allocates responsibilities in a systematic way.

Delegations are essentially a determination of 'who can do what' and, as part of an agreed framework, should support clarity of, and transparency in, decision-making. The University has had a formal delegations framework in operation, in some form, since 1998. The current Framework, with a comprehensive set of delegations across a wide range of categories, original base from a review undertaken in 2001 when Council formally delegated the oversight and management of the delegations framework to the Vice-Chancellor. Subsequent internal audits and reviews initiated over 2013 and 2014-15, have facilitated an ongoing strategic program of work to further streamline the Framework.



ANU delegations framework

The Delegations Framework is designed to reflect the University's organisational structure and the flow of supervisory responsibility; and provides a mechanism to assign authorities which originate from legislation, policy and procedures.

The Framework consists of three broad types of delegations:

1. Banded delegations: Generic delegations which are assigned to specific bands (largely generic HR and financial delegations). The banding arrangement is designed to make it clear that the delegations held by positions on lower band levels **are also held by those on the bands above them**.
2. Specialist delegations: Delegations which are held by occupants of designated positions and are very specific to the specialised duties of these roles. These delegations are held by the specified position **as well as that position's line supervisors up to the Vice-Chancellor**.
3. Legislative delegations: Delegations which are prescribed in legislation as only being exercised by occupants of designated positions. **These delegations do not automatically flow up the supervisory chain** and can only be held by another person if the legislation indicates that the delegation is transferrable and the designated delegate assigns the delegation to another person.

Delegations Policy and Procedure

The Delegations Framework is governed by policy and procedure which are available on the ANU Policy website at:

Delegations Policy:

https://policies.anu.edu.au/ppl/document/ANUP_004806

Delegations Procedure:

https://policies.anu.edu.au/ppl/document/ANUP_004805

The main guiding principles are summarised below:

- The Vice-Chancellor oversees the management of delegations of authority.
- The Delegations Framework reflects the University's organisational structure. Except where delegates are specified in University legislation, delegations held by the least senior delegate are held also by that delegate's immediate supervisor or line manager and successively by each subsequent supervisor or line manager within the chain of delegation. If a supervisor or line manager wishes to exercise a delegation held by a delegate, he or she must do so before the delegate exercises his or her delegation. It is expected that this approach would be used only in special circumstances as frequent use would be inconsistent with the policy principle of devolved authority.
- The Delegations Framework is focussed primarily on matters which relate to financial transactions or to contractual or legislated arrangements with staff, students, and persons and organisations outside the University.
- Delegations are classified as transferrable or non-transferrable. Non-transferrable delegations are attached to specific delegations profiles and may only be exercised by delegates holding those specific profiles and their supervisor or line manager (except in the case of legislative delegations).

- Delegations are assigned to positions and are exercised by the officer substantively appointed to the relevant post. They may also extend to a person acting in that position for a specified period. In some circumstances, it may be deemed necessary to assign delegations to a 'Person of Interest' who is associated with the University but is not an employee of the University.
- Delegates may only exercise delegations in regard to matters within their own area of responsibility or those of positions within their line management, and within the limits of the relevant approved budget or other available source of funds.
- Delegates may not exercise delegations in respect of themselves or their own position. They may not approve any action or transaction that provides them with a direct personal benefit.
- A delegate who is found to have exercised a delegation improperly may be subject to discipline and the delegation(s) revoked.
- A delegate is not obliged to exercise a delegation if the delegate considers that there are special or unusual circumstances which make it sensible for the matter to be considered at a more senior level.
- A delegate may hold delegations, as part of a delegations profile, which they may or may not be required to exercise depending on business processes in their individual areas.
- The Senior Delegate (D3 or above) for an area has the authority to assign delegations to positions in that area and is responsible and answerable to their supervisor and, ultimately, the Vice-Chancellor for the proper management and exercise of delegations in their area.

Delegations by category and by profile

Individual delegations in the Framework fall into the following broad categories, based on subject matter:

- Executive
- Academic
- Human Resources
- Financial
- Facilities and services
- Registrar and student services
- Student recruitment and international education
- Research management and research services
- Legal
- Investment
- Information infrastructure and services
- University accommodation

For ease of assignment, individual delegations are grouped together to form 'profiles'. Delegation profiles are composed of delegations of the same level of authority or type of responsibility. For example, the profile *College Dean* groups together the specialist and legislative delegations relevant for a College Dean to carry out the specialised duties

associated with that position. Similarly, the profile D2 groups together the generic D2 banded delegations.

The current Framework design means that most positions in the University only require one delegation profile – normally a generic banded profile such as *D6*. A few positions which undertake a more complex/specialised set of responsibilities might require two delegations profiles. Using the example above, a College Dean would hold both the *College Dean* profile (for specialist/legislative delegations) and the *D2* profile (holding the generic finance and HR delegations that apply equally to all areas). Similarly, the Vice-Chancellor holds both the *Vice-Chancellor* and *D1* profiles.

A full listing of delegations by category and profile is available on the Delegations website at: <https://services.anu.edu.au/planning-governance/governance/delegations>.

Management of the Delegations Framework

On-line Delegations System and Assignment Process

In 2010, the ANU developed an online system to manage the University's delegations framework. The system forms part of the HR Management System (HRMS) and enables staff to use HORUS to view the delegations they hold. Staff are also able to view the delegations of staff reporting to them through the Manager Self Service function in HORUS. Information held in the delegations system is also able to be used to with automated form solutions such as the travel form.

The senior delegate (D3 or higher) for each area is responsible for determining the type and level of delegations required by positions in that area and approving the assignment of those delegations. A position's incumbent must be made aware of their delegations and accept them by signing the delegations assignment form. Once approved, the delegation assignment needs to be entered in HRMS against the appropriate position number.

Delegations Website

The Delegations website on the ANU Services webpages provides background information to ANU staff members, including delegations listed by category and profile. It also provides PDF reports on delegations held in all budget units across the university. These PDF reports are run each month and augment the individual reports available to staff members via HORUS. An external-facing website has also been developed to give an overview of the ANU Delegations Framework, without revealing staff-only details. The address of these websites are:

Staff site:

<https://services.anu.edu.au/planning-governance/governance/delegations>

External site:

<http://www.anu.edu.au/about/governance/frameworks-disclosures/delegations-framework>

Enterprise risk management framework

Section 16 of the *PGPA Act* provides that the University must establish and maintain an appropriate system of risk oversight and management for the University.

ANU is committed to embedding a robust risk management culture that will enable the University to be agile and responsive to changes in the higher education landscape, whilst driving maximum benefit from opportunities and facilitating innovation.

Our risk environment

The University operates in an inherently complex and dynamic risk environment, where staff are encouraged to embrace informed risk-taking in pursuit of our strategic and organisational imperatives, supported by evidence-based decisions; and in compliance with legislation, policy and operational guidelines.

University governance provides the appropriate frameworks and systems for risk oversight, management and reporting; and provides staff with the capability, knowledge and tools to effectively identify and manage risks. The University's Enterprise Risk Management Framework (ERMF) and Risk Management Policy draw on section 16 of the Public Governance, Performance and Accountability Act 2013 (PGPA Act) as well as the Australian/New Zealand Standard ISO31000:2009 Risk Management.

Creating a positive risk culture

Over 2017-18 and beyond, the University will refresh its ERMF and enhance our risk management maturity and capability through a staged roadmap. Our ERMF will aim to:

- develop a positive risk culture where University management has a common understanding of our key risks and feed risk information into decision-making at all levels;
- ensure that significant risks have been identified, understood, documented and actively managed;
- assess risk in a balanced way, with upside risks (opportunities) considered alongside downside risks; and
- sustain the usefulness of risk registers and practical risk analysis tools.

Our approach to risk

In 2016, a key aspect of risk management was to identify and effectively manage strategic risks through the development of a Strategic Risk Register. Accountability for oversight of strategic risks and the controls and treatments in place to address them, resides with the University leadership, and is reported to Council's Audit and Risk Management Committee (ARMC) on a quarterly basis. Managing these risks effectively will further support the University's leadership in its strategic decision-making.

In 2017, the University will continue to build on its risk management maturity, with specific focus on integrating risk management into the strategic and operational planning process. We will define the University's appetite and tolerance for key risks as we pursue our strategic objectives.

Risk management at ANU is informed by the internal audit work program that assesses the strength of our current controls and governance processes across the University's programs and activities, and applies the lessons of the past to strengthen organisational resilience and preparedness.

Our Fraud Control Framework and Fraud Control Plan, policy and procedure underpin the University's zero tolerance for fraud and are supported by biennial fraud risk assessments and ongoing activities in relation to prevention, detection and reporting of fraud.

The ARMC provides independent assurance and advice in relation to the University's management of risk, the effectiveness of controls and treatments and verifies the integrity of the financial and performance reporting framework.

Further information about the University's approach to risk management is available at:
<https://services.anu.edu.au/planning-governance/risk-audit>.

Internal and external audit

External audit

Public universities in Australia are required to produce a set of Annual Financial Statements in accordance with Australian Accounting Standards and Financial Statement Guidelines issued by the Commonwealth Department of Education and Training. In addition, the University, as a corporate Commonwealth entity, has to apply *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* as required under the *PGPA Act*. The Annual Financial Statements for the University and its subsidiaries are presented in accordance with these guidelines.

The Financial Statements audit of the University as an individual entity and the consolidated entity consisting of the University and its subsidiary - ANU Enterprise Pty Ltd, is conducted by the Australian National Audit Office (ANAO) on behalf of the Auditor-General in accordance with the requirements of the *PGPA Act* and the Australian Accounting Standards.

The ANU UK Foundation is incorporated in England and Wales and is entitled to an exemption from the requirement to have an audit in England and Wales under the provisions of Section 477 of the *Companies Act (UK) 2006*. The financial report of the Foundation is prepared in accordance with the Special Provisions relating to companies subject to the small companies regime within Part 15 of the *Companies Act (UK) 2006*. The accounts of the Foundation are not audited by the Auditor-General as the Foundation is not an Australian based entity.

The draft Consolidated Annual Financial Statements for the University are presented to the Finance Committee for noting and to the Audit and Risk Management Committee for endorsement to Council. Subject to the receipt of clearance from the Australian National Audit Office, Council adopts the Annual Financial Statements and authorises the Chancellor, Vice-Chancellor and Chief Financial Officer to sign the Statement by the Council that attaches to the Consolidated Financial Statements.

The Annual Financial Statements are included within the Annual Report of the University, which is sent to the Minister for Education and Training by 15 April each year. The Minister is responsible for the tabling of the Annual Report in Parliament.

Internal audit

The Internal Audit Charter of the University directs and controls the activities of internal audit function.

In January 2014, the University entered into a contract with Ernst & Young following a tender process for the provision of professional internal audit services to assist CGRO, within a co-sourced arrangement, for the delivery of the annual internal plan and other audit activities as required. EY's contract has been renewed for a further two years until January 2018.

The scope of internal audit encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organisation's governance, risk management, operations and internal process as well as the quality of performance in carrying out assigned responsibilities to achieve the organisation's stated goals and objectives. Internal audit reviews may cover any of the programs and activities of the University, together with

associated entities as provided for in relevant business agreements, or memoranda of understanding of contracts.

Internal Audit Work Plan

The ANU Internal Audit Work Plan (IAWP) 2017 provides the Audit and Risk Management Committee and University management with a strategic overview of planned internal audit activity that is linked to the University's risk profile, the business environment and the directions the University is striving towards, as set out in the current strategic plan.

The plan incorporates a broad range of audits, including compliance-based, performance improvement and advisory audits. During 2017, 7 internal audits are planned to be undertaken with coverage across a variety of University operations, including:

- Alumni Relations
- Performance Management
- Governance of Building Projects
- Student Life (Career and Employment Support Services)
- Electronic Records Management System
- NHMRC/ARC Grants
- Budget modelling

In addition to audits conducted in accordance with the IAWP, the internal audit function also grant audits

The University is required to conduct audits of the financial activities of grants to comply with the requirements set by the grant funding entity. These verify whether the statement of income and expenditure accurately summarises the financial records of the grant and provides an assurance that funds have been expended in accordance with the relevant grant agreement. The statement of income and expenditure of grants is audited by an internal auditor within the Corporate Governance and Risk Office, or by an independent external auditor, and overseen by CGRO, with the results and corrective action plans forwarded to the funding body as required by the operating legislation and/or grant agreement.

Public interest disclosure

The *Public Interest Disclosure Act 2013 (PID Act 2013)* gives a right to *public officials* to disclose information about suspected wrongdoing in the University and other parts of the Commonwealth public sector.

Only people who are deemed to be a *public official* under the *PID Act* can make a disclosure and receive the protections afforded by the Act.

For the purposes of the University, people who qualify are:

- the Principal Officer of the University (the Vice-Chancellor)
- a member of staff of the University
- a member of the University (this would include Council members)
- an individual who is employed by the Commonwealth and performs duties for the University.

Disclosable conduct under the *PID Act* includes conduct which:

- contravenes a law
- is corrupt
- perverts the course of justice
- results in wastage of public funds
- is an abuse of public trust or position
- is maladministration, including conduct that is unjust, oppressive or negligent
- unreasonably endangers health and safety or endangers the environment
- is misconduct relating to scientific research, analysis or advice

Public officials who wish to make a disclosure may do so to:

- the ANU Authorised Officers (appointed by the Vice-Chancellor) – who are the Director, Corporate Governance & Risk and the Manager, Corporate Governance & Policy
- the ANU Principal Officer – who is the Vice-Chancellor
- the Commonwealth Ombudsman

When a disclosure is made, the Vice-Chancellor (as Principal Officer) determines if an investigation is to occur, based on the criteria and requirements set out in the *PID Act*. When a disclosure is received, it will often be prudent for the Vice-Chancellor to seek advice from the Legal Office before making any determinations.

The *PID Act* provides protections to ensure persons making disclosures are protected from reprisals. The identity of a discloser must be treated confidentially and identifying information can only be used for the purposes of the *PID Act* (including the investigation) if the discloser consents. There are severe penalties, including criminal sanctions, for contravention of the *PID Act*, including for disclosing the identity of a discloser against their wishes.

Further information regarding the *PID Act 2013* is available at:

<http://www.anu.edu.au/about/governance/frameworks-disclosures/public-interest-disclosure>

Committees of Council

The Council is assisted in the discharge of its responsibilities by the following:

The **Audit and Risk Management Committee** provides independent assurance, advice and assistance to Council on the University's risk, control and compliance framework and its external accountability responsibilities, including its financial statement responsibilities.

The **Finance Committee** provides advice to the Council on the University's management of its financial resources and investments, and of its subsidiaries and commercial activities.

The **Campus Planning Committee** monitors and advises Council on matters relating to the planning and development of the University's major property and physical infrastructure.

The **Major Projects Joint Sub-Committee** is a sub-committee of the Finance and Campus Planning Committees. It monitors and advises these Committees in respect of the implementation of the interlocking issues associated with particular major projects of the University. It also serves to provide assurance to the Council that all relevant probity and due diligence issues are being considered appropriately in relation to major projects under consideration. Note: Meetings of the Sub-Committee have been suspended pending any specific need to reconvene it in relation to the Union Court redevelopment or a new emerging major project.

The **Remuneration Committee** considers the remuneration, conditions of employment and annual performance of the Vice-Chancellor; and monitors and reviews decisions of the Vice-Chancellor on matters concerning the performance and remuneration of the senior management of the University.

The **Nominations Committee** makes recommendations to the Minister for Education on persons to be appointed to Council.

The **Honorary Degrees Committee** invites persons, within the terms of the Honorary Degree Policy and Rules, to accept nomination for honorary degrees and recommends the names of those who accept nomination to the Council for admission.

Further details about the Council and its Committees, including the membership and dates of appointment, can be found at:

<http://www.anu.edu.au/about/governance/committees>

Finance Committee

Roles and responsibilities

The Committee's responsibilities, subject to revision by Council, are to monitor, review and where appropriate make recommendations to Council with respect to:

- significant matters relating to the ownership, management and divestment of assets, noting that there will be a need for interaction with other Committees of Council such as the Campus Planning Committee in this regard;
- the creation of cash reserves and financial provisioning and management of employee superannuation, other entitlements and liabilities, insurance, and other financial matters;
- the adoption of the University's annual (recurrent and capital expenditure) budget;
- the University's forward estimate projections and any implications arising for the University's budgetary position;
- the University's financial performance against budget and the performance against plans for capital expenditure on physical assets;
- the University's performance against its strategic key performance indicators, to the extent that such performance has a financial consequence for the University;
- the investment portfolio of the University, including:
 - the objectives and strategy for the investment portfolio;
 - the management and financial performance of the investment portfolio;
 - the management and performance of any external funds manager engaged by the University; and
 - policies governing the operation of the investment portfolio, and their application.
- matters relating the University's commercial activities, including:
 - the establishment of new legal entities or participation in significant commercial activities, to ensure that all appropriate assessments and measures have been completed;
 - the management and operation of controlled entities, auxiliary operations, and other commercial activities of the University;
 - financial performance of these entities and activities, after receiving quarterly and annual reports, business plans, financial statements and auditors' reports; and
 - reporting annually to Council on the performance, and any significant issues arising, in relation to controlled entities, auxiliary operations, and other commercial activities;
- matters of policy pertaining to the governance of financial and commercial matters;
- other matters raised by the Council or the Vice-Chancellor which have a significant direct or indirect effect on the finances of the University.

The Council has also delegated authority to the Committee, subject to University policy and relevant decisions of the Council, to approve investment criteria and asset allocations, as recommended by the Vice-Chancellor or Chief Financial Officer.

Membership

- a Chair, appointed by the Council from among its members, who may not be a student or employee of the University
- ex officio, the Vice-Chancellor
- ex officio, the Pro-Chancellor
- ex officio, the Chair, Audit and Risk Management Committee
- three other Council members, appointed by the Council
- up to five other members, appointed by the Council, who have appropriate expertise, at least four of whom are neither students nor employees of the University

Quorum

A quorum consists of 50 per cent of Committee members who hold office for the time being.

Secretariat

The secretariat is provided by the Corporate Governance and Risk Office.

Further information about the Committee is available at:

<http://www.anu.edu.au/about/governance/committees>

Audit and Risk Management Committee

Roles and responsibilities

The Committee's responsibilities, subject to revision by Council, are to monitor, review and where appropriate make recommendations to Council with respect to:

- Financial Reporting: Review and give independent advice and assurance about the appropriateness of the University's financial reporting, including reviewing the annual audited financial statements and related management representations, and recommending the signing of those statements.
- Performance Reporting: Review and give independent advice and assurance about the appropriateness of the University's performance reporting, including the framework for developing and reporting key performance indicators and the annual activities and performance as outlined in the University's annual report to Parliament.
- System of Risk Oversight and Management: Review and give independent advice and assurance about the appropriateness of the University's system of risk oversight and management -- whether it has a sound enterprise risk management framework and associated processes for effective identification and management of the entity's business and financial risks, including fraud risks and those associated with individual projects, program implementation and activities.
- System of Internal Control: Review and give independent advice and assurance about the appropriateness of the University's system of internal control, including approaches to governance, compliance and assurance, and including consideration of:
 - the University's overall control environment, as reflected in its governance, risk management and compliance arrangements;
 - proposed internal audit resourcing and coverage, the extent to which that coverage takes into account the University's key risks, and recommending approval of the annual Internal Audit Work Plan (IAWP) by Council; and
 - internal and external audit reports, providing advice to Council about significant issues identified, and monitoring the implementation of agreed actions.

Membership

- a Chair, appointed by the Council, who may be a member of the Council, but not the Chancellor, nor a student or employee of the University
- up to two members of Council, appointed by the Council, who may not be a student or an employee of the University
- up to four independent members, appointed by the Council, who may not be a members of Council, nor a student or employee of the University

The Director, Corporate Governance and Risk Office (as the officer accountable for internal audit) attends all meetings of the Committee unless requested by the Chair of the Committee not to attend a particular Committee meeting or participate in certain agenda items. The Committee typically meets with the Director, Corporate Governance and Risk Office in camera, and without other members of management, in attendance.

The Vice-Chancellor, the Deputy Vice-Chancellors, the Pro Vice-Chancellors, the Chief Operating Officer, the Chief Finance Officer and representatives of the Australian National Audit Office may, subject to the Committee requesting otherwise, attend each meeting and contribute to its deliberations. The Chair of the ARMC may request any other ANU employee and/or external party to attend ARMC meetings or participate in certain agenda items.

External Audit and Internal Audit are to be afforded the opportunity of meeting in camera with Committee members, as required.

Quorum

A quorum consists of 50 per cent of Committee members who hold office for the time being.

Secretariat

The secretariat is provided by the Corporate Governance and Risk Office.

Further information about the Committee is available at:

<http://www.anu.edu.au/about/governance/committees>

Campus Planning Committee

Roles and responsibilities

The Committee's responsibilities, subject to revision by Council, are to monitor, review and where appropriate make recommendations to Council with respect to:

- the Campus Master Plans, Precinct Codes and scheduled reviews;
- any developments that are outside the guidelines of the Master Plans or Precinct Codes;
- the acquisition or disposal of land or buildings;
- the implementation of the University's rolling major capital works (buildings) program including final designs;
- the naming, re-naming or de-naming of buildings or significant University infrastructure such as sporting ovals, streets, landscape, places, walks and courtyards;
- campus wayfinding strategies;
- the installation or removal of major pieces of campus public art; and
- policies related to campus planning, such as Asset Naming and Public Artworks policy.

Membership

- a Chair, appointed by the Council from among its members, who may not be a student or employee of the University
- two other Council members, appointed by the Council
- ex officio, the Vice-Chancellor
- ex officio, the Chair, Campus Development Committee
- two external members, with relevant skills

Quorum

A quorum consists of 50 per cent of Committee members who hold office for the time being.

Secretariat

The secretariat is provided by the Corporate Governance and Risk Office.

Further information about the Committee is available at:

<http://www.anu.edu.au/about/governance/committees>

Major Projects Joint Sub-Committee

Roles and responsibilities

The Sub-Committee's responsibilities are to monitor, review and where appropriate make recommendations to the Finance Committee and/or the Campus Planning Committee in respect of the implementation of the interlocking issues associated with the:

- Tuckwell Foundation Student Accommodation project
- Purpose Built Student Accommodation Investment Transaction (PBSA)
- Union Court re-development project

The Sub-Committee will also serve to provide assurance to the Council that all relevant probity and due diligence issues are being considered appropriately in relation to these projects and, specifically, will provide governance oversight of the internal and external reviews of the information that will be provided to potential investors.

Note: Meetings of the Sub-Committee have been suspended pending any specific need to reconvene it in relation to the Union Court redevelopment or a new emerging major project. The work of the Sub-Committee will now be principally undertaken by its parent Committees - Finance Committee and Campus Planning Committee.

Membership

- the Chancellor, as Chair
- the Vice-Chancellor
- up to 4 members of either the Finance Committee or the Campus Planning Committee, appointed by the Council

Quorum

A quorum consists of 3 members of the Sub-Committee who hold office for the time being.

Secretariat

The secretariat is provided by the Corporate Governance and Risk Office.

Further information about the Sub-Committee is available at:

<http://www.anu.edu.au/about/governance/committees>

Remuneration Committee

Roles and responsibilities

The Committee's responsibilities, subject to revision by Council, are:

- to determine, and report to Council on, the remuneration and conditions of employment of the Vice-Chancellor;
- to monitor, review and where appropriate make recommendations to Council on:
 - the performance of the Vice-Chancellor;
 - the processes for the appointment of a Vice-Chancellor;
 - decisions of the Vice-Chancellor on matters concerning the performance and remuneration of the senior management of the University.
- to monitor, review and where appropriate make recommendations to the Vice-Chancellor on the remuneration and conditions of employment of the University's senior management.

The Committee may in an emergency, exercise the power of the Council to make acting appointments under sub-section 37 of the *Australian National University Act 1991* in relation to the office of Vice-Chancellor, provided that no such appointment by the Committee will, except with the approval of the Council, continue after the next succeeding meeting of the Council. When exercising this power, the Committee will only make appointments if the office of Vice-Chancellor is vacant without notice, or in the event of an extended and unanticipated absence by the Vice-Chancellor who is otherwise unable or unavailable to perform the functions of that office.

Membership

- ex officio, the Chancellor, as Chair
- ex officio, the Pro-Chancellor, as Deputy Chair
- ex officio, the Chair of the Finance Committee

Quorum

A quorum will consist of 2 members of the Committee who hold office for the time being.

Secretariat

The secretariat is provided by the Director, Human Resources.

Further information about the Committee is available at:

<http://www.anu.edu.au/about/governance/committees>

Nominations Committee

Council approved Guidelines for the Nominations Committee of Council on 12 December 2003 (489/2004).

Roles and responsibilities

The Committee exercises such functions, responsibilities and authorities as may be assigned or delegated to it under the *ANU Act* or by Council from time to time, but only such executive powers as are explicitly delegated to it.

The Committee is directly responsible and accountable to the responsible Minister and the Council for the exercise of its responsibilities.

The Committee's responsibility is to provide recommendations to the responsible Minister, on the appointment, or reappointment, of members of the Council under section 10(1)(q) of the *ANU Act*.

In making recommendations to the responsible Minister, the Committee is to ensure that there is among the members of the Council:

- people who can be regarded as fit and proper persons;
- people who must have an appreciation of the values of the University and its core activities of teaching and research, its independence and academic freedom, and the capacity to appreciate what the University's external community needs from it;
- a balance of gender;
- a balance of relevant skills and expertise, as reflected in the skills matrix endorsed by the Council;
- at least 2 of the members appointed by the Minister having a high level of relevant financial expertise;
- at least 1 of the members appointed by the Minister having a high level of relevant commercial expertise;
- a balance of members who reside amongst the States and Territories of Australia;
- appropriate representation of indigenous Australians; and
- normally, no member of the Council who has served for more than 8 consecutive years

In making recommendations to the responsible Minister, the Committee will also recommend the duration of the appointment, having regard for ensuring a level of continuity within the Council membership such that where possible members' terms of office overlap.

In making recommendations to the responsible Minister, the Committee will put forward at least one more name than the number of vacancies.

In making recommendations to the responsible Minister, the Committee must not recommend a person who is:

- a current member of:
 - the Commonwealth Parliament; or
 - a State Parliament; or
 - the legislature of a Territory; or

- a current member of the academic or general staff of the University; or
- a student of the University; or
- a member of the Committee, who is not the Pro-Chancellor.

Membership

- ex officio, the Chancellor, as Chair
- ex officio, the Pro-Chancellor
- ex officio, the Vice-Chancellor
- three other persons, appointed by the Chancellor
- one person, who is an academic staff member of a College Executive Committee of an ANU College, appointed by the Chancellor

Quorum

A quorum consists of 50 per cent of Committee members who hold office for the time being.

Secretariat

The secretariat is provided by the Corporate Governance and Risk Office.

Further information about the Committee is available at:

<http://www.anu.edu.au/about/governance/committees>

Honorary Degrees Committee

Roles and responsibilities

The Committee's responsibilities, subject to revision by Council, are to monitor, review and make recommendations to Council with respect to:

- proposals for the awarding of an honorary degree by the University;
- the criteria and procedural arrangements for the awarding of honorary degrees by the University; and
- the revocation of the awarding of an honorary degree, consistent with University procedures.

The roles and responsibilities of the Committee must be exercised consistent with the *Honorary Degrees Rules 2015*.

Membership

- ex officio, the Chancellor, as Chair
- ex officio, the Pro-Chancellor
- ex officio, the Vice-Chancellor
- ex officio, the Deputy Vice-Chancellors
- 3 other members of Council, appointed by the Council, who may not be a student or an employee of the University
- 1 member of the academic staff drawn from the ANU College of Engineering and Computer Science, the ANU College of Medicine, Biology and Environment, or the ANU College of Physical and Mathematical Sciences
- 1 member of the academic staff drawn from the ANU College of Arts and Social Sciences, the ANU College of Asia and the Pacific, the ANU College of Business and Economics, or the ANU College of Law
- either the President of the Australian National University Postgraduate and Research Students' Association Inc. or the President of the Australian National University Students' Association Inc., appointed by the Vice-Chancellor after consultation with both Presidents

Alternates

The Vice-Chancellor may appoint a member of the Council, being a person who is not:

- already a member of the Committee; or
- a member of the staff of the University; or
- a student at the University;

as an alternate member of the Committee for the purposes of a meeting where the Chancellor, Pro-Chancellor, Vice-Chancellor or the 3 members of Council are unable to attend.

The Vice-Chancellor may appoint a Pro Vice-Chancellor as an alternate member of the Committee for the purposes of a meeting where a Deputy Vice-Chancellor is unable to attend.

The Vice-Chancellor may appoint a person who would be eligible in the relevant category as an alternate member of the Committee for the purposes of a meeting where a member who is a member of the academic staff or a student is unable to attend.

Quorum

A quorum will consist of 6 members of the Committee.

Secretariat

The secretariat is provided by the Corporate Governance and Risk Office.

Further information about the Committee is available at:

<http://www.anu.edu.au/about/governance/committees>

Academic Governance

The academic governance arrangements of the University are subject to the oversight of the Academic Board, which is a free-standing body reporting directly to the Council. The Academic Board is tasked with ensuring the University maintains the highest standards in teaching, scholarship and research. It operates under the *Australian National University (Academic Board) Statute 2017*, with the assistance of specialist sub-committees. The Academic Board is charged with the accreditation and reaccreditation of the programs and courses of the University.

As required by the *Higher Education Standards Framework (Threshold Standards) 2015* issued by the Tertiary Education Quality and Standards Agency (TEQSA), the University protects the academic integrity and quality of its operations through academic governance arrangements that provide a clear and discernible separation between the functions of the Academic Board and its committees on the one hand and the Council and its committees on the other.

The Board has a mixture of ex-officio and elected members. There are around 50 members of the Board, including a Council appointed Chair. The full membership list is maintained on the Board web site <http://www.anu.edu.au/about/governance/committees/academic-board>.

Since its establishment, the Board has been the University body responsible for approving new academic programs, reviews of, and amendments to, existing programs, and the disestablishment of programs. In relation to undergraduate and graduate coursework programs, accreditation recommendations come to the Board from Colleges via the Board's Academic Quality Assurance Committee. For Higher Degree by Research programs, the pathway to the Board is via its University Research Committee.

Academic Board

Functions and powers

The functions and powers of the Academic Board include:

- a) operating with the assistance of specialist committees: Education and Research;
- b) accrediting and reaccrediting programs and changes to existing programs;
- c) ensuring the maintenance of the highest standards in teaching, scholarship and research within the University;
- d) approving Degrees and other awards;
- e) discussing and developing policy recommendations in relation to the University's academic matters;
- f) maintaining an effective overview of the academic activities of the University and advising and assisting in their coordination;
- g) advising on the academic aspects and content of the University's strategic plan;
- h) providing a forum to facilitate information flow and debate within the University and between the senior executive officers of the University and the wider academic community;
- i) reporting to the University Council at intervals, and in the manner specified by the University Council, on the performance of its functions.

Membership

- the Chair appointed by the Council on the recommendation of the Vice-Chancellor
- the Vice-Chancellor
- the Provost
- the Deputy Vice-Chancellors
- the Pro Vice-Chancellors
- the Registrars
- the Deans of the ANU Colleges
- the Dean of Students
- the University Librarian
- Four members of the academic staff elected from among the membership of the College Executive Committees of the ANU Colleges, not being the Dean of a College, as mentioned in an Order made by the Vice-Chancellor
- Three academic staff elected from among their number in the ANU College of Arts and Social Sciences
- Three academic staff elected from among their number in the ANU College of Asia and the Pacific
- Three academic staff elected from among their number in the ANU College of Business and Economics
- Two academic staff elected from among their number in the ANU College of Engineering and Computer Science
- Two academic staff elected from among their number in the ANU College of Law
- Three academic staff elected from among their number in the ANU College of Health and Medicine
- Three academic staff elected from among their number in the ANU College of Science
- Two members of the general staff elected from among their number
- One postgraduate student appointed by the Vice-Chancellor in consultation with the President of the Postgraduate and Research Students' Association Inc.
- One undergraduate student appointed by the Vice-Chancellor in consultation with the President of the Australian National University Students' Association Inc.
- If there is no indigenous person holding a position on the Board, the Vice Chancellor, after consulting with the Tjabal Indigenous Higher Education Centre is to nominate one member of the academic staff who is an indigenous person to be a member of the Board
- The Chair of the Board with the agreement of the Board may appoint up to 5 additional members to provide a diversity of views if the Chair believes the current membership of the Board does not reflect the academic and cultural diversity of the University

Quorum

A quorum consists of 50 per cent of Board members who hold office for the time being.

Observers

Meetings of the Academic Board are open to staff and students as observers. However, because of limitations on space in the R.C. Mills Room, no more than 15 observers may be admitted to any meeting. Observers are issued with a pass on a 'first come first served' basis. Passes must be

booked in advance by contacting the Academic Board Secretary (email: secretary.academic.board@anu.edu.au). Observers are asked to sign an attendance book. There may be occasion where, for security reasons, observers may not be granted admission to Academic Board meetings.

Secretariat

The secretariat is provided by the Corporate Governance and Risk Office.

Academic Quality Assurance Committee

The Academic Quality Assurance Committee (AQAC) monitors, advises and provides assurance to the Academic Board on the quality of the educational programs and activities of the University.

AQAC is chaired by the Deputy Vice-Chancellor (Academic) and has a mixture of ex-officio and appointed members. The membership list is available on the Committee web page:

<http://www.anu.edu.au/about/governance/committees/academic-quality-assurance-committee-aqac>

The Committee's responsibilities are to:

- make recommendations to the Academic Board on accrediting and reaccrediting programs and University wide courses,
- develop, monitor and coordinate University policies, procedures and guidelines on load planning, admissions, pathways, credit, programs and courses,
- monitor best practice initiatives and evidence based research to drive innovation through an accreditation and standards framework,
- monitor and coordinate the University's entry standards for onshore and offshore applicants, including recommendations to the Academic Board on English-language proficiency and articulation and entry agreements,
- advise the Academic Board and the University Executive on the higher education standards environment, and
- consider and report on any matter referred to it by the Academic Board or the University Executive.

The secretariat is provided by the Corporate Governance and Risk Office.

Teaching and Learning Development Committee

The Teaching and Learning Development Committee (TLDC) monitors and advises the Academic Board on the development of teaching and learning within the University.

TLDC is chaired by the Deputy Vice-Chancellor (Academic) and has a mixture of ex-officio and appointed members. The membership list is available on the Committee web page:

<http://www.anu.edu.au/about/governance/committees/teaching-and-learning-development-committee>

The Committee's responsibilities are to:

- monitor best practice initiatives and evidence based research to drive innovation in educational practice,
- ensure the realisation of the University's strategy in relation to education innovation, quality and experience,

- advise the Academic Board and the University Executive on the higher education teaching and learning environment, and
- consider and report on any matter referred to it by the Academic Board or the University Executive.

The secretariat is provided by the office of the Deputy Vice-Chancellor (Academic).

University Research Committee

The University Research Committee (URC) advises the Academic Board and the Vice-Chancellor on matters relating to the quality and standard of ANU research, and on major issues of research relevant to strategic plans and overarching policy.

URC is chaired by the Deputy Vice-Chancellor (Research & Innovation) and has a mixture of ex-officio and appointed members. The membership list is available on the URC web page <http://www.anu.edu.au/about/governance/committees/university-research-committee>.

Terms of reference: The committee may advise the Academic Board or the Vice-Chancellor on: (a) matters relating to research and research training at the University, (b) major issues relevant to the University's strategic plans and overarching policy, and (c) any matter referred to the Committee by the Academic Board, the Vice-Chancellor, the Chair of the Committee or a member of the University Executive with portfolio responsibility for research. The committee, in carrying out its role is to: (a) monitor the development of the University's policies and plans in relation to research, (b) advise on the coordination of the University's research effort, and (c) monitor the quality of the University's research activities.

The secretariat is provided by the Corporate Governance and Risk Office.

Planning and reporting

Corporate plan

The *PGPA Act* requires that the University must prepare a corporate plan and that plan is provided to the responsible Minister and the Finance Minister. The strategic plan is produced periodically by the University, through a process of engagement and consultation, led by the Chancellor and Vice-Chancellor, but under the direction of the Council and as approved by the Council.

Annual reporting

The Council must ensure an annual report of operations for each calendar year is prepared and provide it to the Minister for Education by 15 April each year for tabling in the Australian Parliament. This report must include the details specified in the Rules.

Performance management

The *PGPA Act* requires that the Council ensure proper records are kept to record and explain the University's performance in achieving its purposes. The Council is responsible for ensuring that the University has a process for measuring and assessing its performance to achieve its purposes.

The University, as part of its Annual Report to the Australian Parliament, prepares statements outlining performance against its strategic plan. Once approved by the Council, the Annual Report is presented to the responsible Minister in compliance with the *PGPA Act*. The Annual Report fulfils the University's obligations under the *PGPA Act*.

The Finance Minister may request that the Auditor-General examines and reports on the University's annual performance statement. Such a report must be tabled in the Australian Parliament by the Finance Minister.

Financial reporting

The *PGPA Act* requires that the Council ensures that accounts and records are kept that properly record and explain the University's transactions and financial position. The accounts and records must be kept in a way that:

- complies with any requirements prescribed by the Rules;
- enables the preparation of annual financial statements as required by the Act; and
- allows the annual financial statements to be conveniently and properly audited by the Auditor-General.

Annual financial statements must be prepared as soon as practicable at the end of each calendar year and provided promptly to the Auditor-General for auditing.

The annual financial statements must comply with the accounting standards and other requirements set down in the Rules. The annual financial statement must include a statement from the Council that in its opinion the statement complies with the Act and its associated

Rules. A copy of the annual financial statement and the Auditor-General's report must be included in the Annual Report of the University that is tabled in Parliament.

The Council must ensure that the annual financial statements of any subsidiaries are also audited. The *PGPA Act* provides conditions under which it is determined whether that audit must be conducted by the Auditor-General or not.

The *PGPA Act* requires that Council members of the University must establish and maintain an audit committee. The key requirements for the committee are to be prescribed by the Rules. The University meets its obligations in this regard through the Audit and Risk Management Committee.

ANU College governance

The Colleges of the University are governed by the *Australian National University (ANU College Governance) Statute 2017* and the *ANU College Governance Rules (No. 2) 2013*. The Colleges are established by the Council. Any actions of the Vice-Chancellor with respect to the Colleges must be consistent with the Statute and the Rule (unless a change to those instruments is approved).

College Dean

A College Dean is responsible for the management of each College. The Vice-Chancellor must appoint a College Dean for each College.

Associate Dean

A College Dean may appoint a person to be an Associate Dean and may, delegate any of the College Dean's functions, powers or duties (except this power of delegation) to the Associate Dean. It is common for Colleges to have Associate Deans responsible for education, research and research training. Some Colleges have Associate Deans with other portfolios.

College advisory body

Each College is required to have a College advisory body. The Colleges are free to determine the specific form of the advisory body, but the following categories of people may attend the meetings:

- the College Dean
- each member of the academic staff and professional staff of the College
- a number of student representatives determined by the College Dean
- such other members, if any, as the College Dean appoints

The College Dean must convene a meeting of the advisory body at least once in each semester, at which the College Dean is to report to and discuss with the meeting, matters relevant to the operation and development of the College.

College Executive Committee

Each College must have a College Executive Committee, which is chaired by the College Dean. Members of the College Executive Committee are appointed by the College Dean from the senior officers of the College. Vice-Chancellor is an ex officio member of all College Executive Committees, but it is at his discretion whether he is an active participant in their deliberations.

The College Executive Committee may advise the College Dean on the following matters:

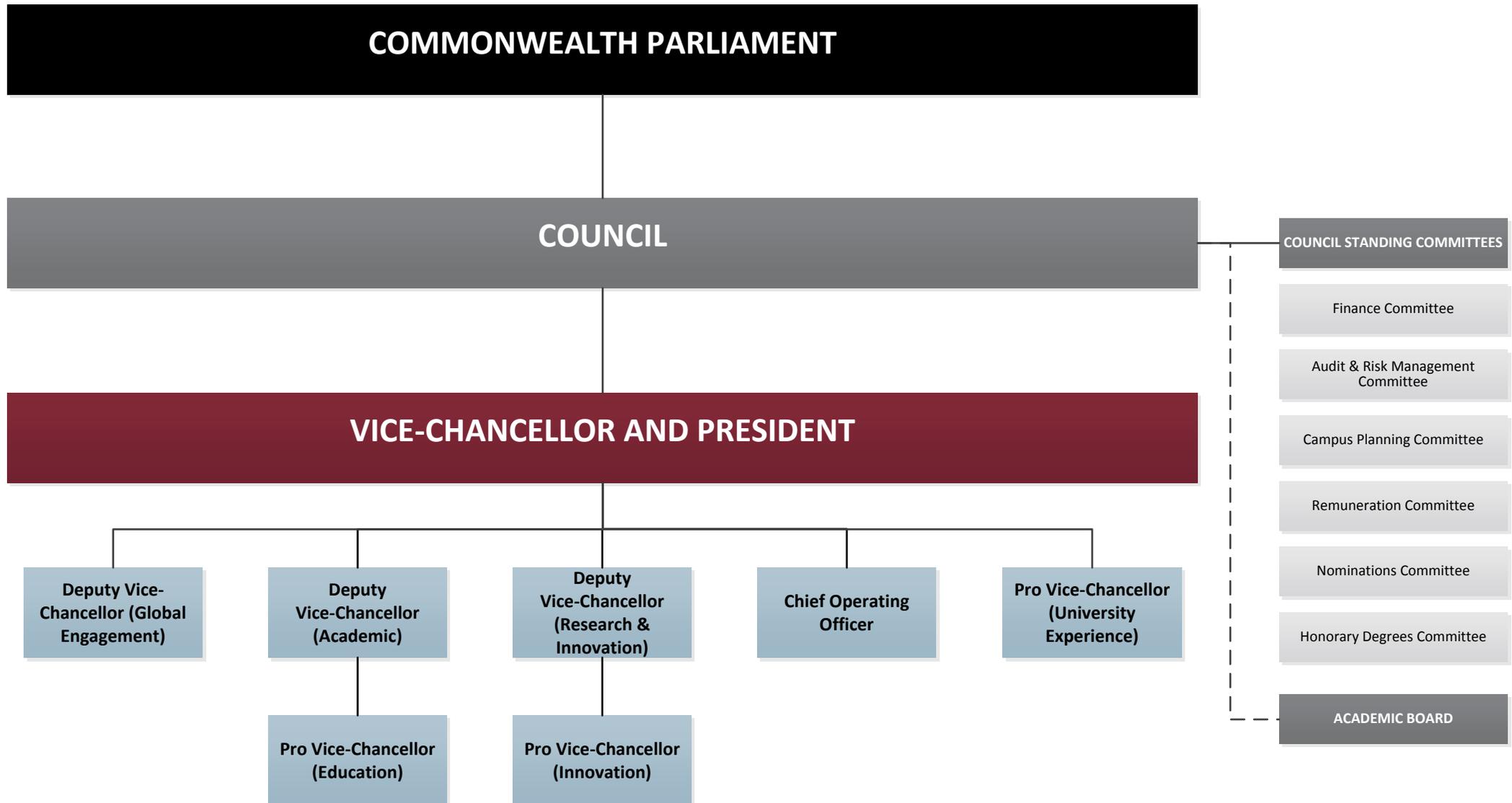
- the strategic directions of the College and the development of the College Strategic Plan
- alignment of the College budget and budget submission with the goals of the College Strategic Plan

- the appropriateness of College administrative and management arrangements
- the research and education outcomes of the College
- any other matter referred to it by the College Dean.

Specialist committees

The College Dean must establish specialist committees, as sub-committees of the College Executive Committee, to advise the College Executive Committee or College Dean on matters relating to education and research. This takes the form of College Education Committees and College Research Committees which are features of most of the Colleges.

The College Dean may also establish one or more specialist committees, as a sub-committee of the College Executive Committee, to advise the College Executive Committee or College Dean on matters relating to other specific areas of College activity.





VOLUNTARY CODE OF BEST PRACTICE FOR THE GOVERNANCE OF AUSTRALIAN UNIVERSITIES

- 1: A university should have its objectives and/or functions specified in its enabling legislation¹.
- 2: A university's governing body should adopt a statement of its primary responsibilities, to include:
 - (a) appointing the Vice-Chancellor as the Chief Executive Officer of the university, and monitoring his/her performance;
 - (b) appointing other senior officers of the university as considered appropriate;
 - (c) approving the mission and strategic direction of the university, as well as the annual budget and business plan;
 - (d) overseeing and reviewing the management of the university and its performance;
 - (e) establishing policy and procedural principles, consistent with legal requirements and community expectations;
 - (f) approving and monitoring systems of control and accountability, including general overview of any controlled entities. A controlled entity is one that satisfies the test of control in s.50AA of the *Corporations Act*;
 - (g) overseeing and monitoring the assessment and management of risk across the university, including commercial undertakings;
 - (h) overseeing and monitoring the academic activities of the university;
 - (i) approving significant commercial activities of the university.

A university's governing body, while retaining its ultimate governance responsibilities, may have an appropriate system of delegations to ensure the effective discharge of these responsibilities.

- 3: A university should have the duties of the members of its governing body and sanctions for the breach of these duties specified in its enabling legislation. Other than the Chancellor, the Vice-Chancellor and the Presiding Member of the Academic Board, each member should be appointed or elected *ad personam*. All members of the

¹ In the case of a university established under the *Corporations Act*, a reference to enabling legislation is taken to mean its constitution and/or, where applicable, the *Corporations Act*.

governing body should be responsible and accountable to the governing body. When exercising the functions of a member of the governing body, a member of the governing body should always act in the best interests of the university.

Duties of members should include the requirements to:

- (a) act always in the best interests of the university as a whole, with this obligation to be observed in priority to any duty a member may owe to those electing or appointing him or her;
- (b) act in good faith, honestly and for a proper purpose;
- (c) exercise appropriate care and diligence;
- (d) not improperly use their position to gain an advantage for themselves or someone else; and
- (e) disclose and avoid conflicts of interest (with appropriate procedures for that purpose similar to those for public companies).

There should be safeguards, exemptions and protections for members of a university's governing body for matters or things done or omitted in good faith in pursuance of the relevant legislation. Without limitation, this should include such safeguards, exemptions and protections as are the equivalent of those that would be available were the member a director under the *Corporations Act*. A university (with the exception of those subject to the *Corporations Act*) should have a requirement included in its enabling legislation that its governing body has the power (by a two-thirds majority) to remove any member of the governing body from office if the member breaches the duties specified above. A member should be required, automatically, to vacate the office if he or she is, or becomes, disqualified from acting as a Director of a company or managing corporations under Part 2D.6 of the *Corporations Act*.

- 4: If permitted by its enabling legislation, a university should develop procedures;
 - a) to provide that the Chancellor and Deputy Chancellor hold office subject to retaining the confidence of the governing body; and
 - b) to deal with removal from office if the governing body determines that such confidence is no longer held.
- 5: Each governing body should make available a programme of induction and professional development for members to build the expertise of the governing body and to ensure that all members are aware of the nature of their duties and responsibilities.
- 6: On a regular basis, at least once each two years, the governing body should assess its performance, the performance of its members and the performance of its committees. The Chancellor should have responsibility for organising the assessment process, drawing on external resources if required. On an annual basis, the governing body should also review its conformance with this Code of Best Practice and identify needed skills and expertise for the future.
- 7: The size of the governing body should not exceed 22 members. There should be at least two members having financial expertise (as demonstrated by relevant

qualifications and financial management experience at a senior level in the public or private sector) and at least one member with commercial expertise (as demonstrated by relevant experience at a senior level in the public or private sector). Where the size of the governing body is limited to less than 10 members, one member with financial expertise and one with commercial expertise would be considered as meeting the requirements. There should be a majority of external independent members who are neither enrolled as a student nor employed by the university. There should not be current members of any State or Commonwealth parliament or legislative assembly other than where specifically selected by the governing body itself.

- 8: A university should adopt systematic procedures for the nomination of prospective members of the governing body for those categories of members that are not elected. The responsibility for proposing such nominations for the governing body may be delegated to a nominations committee of the governing body that the Chancellor would ordinarily chair.

Members so appointed should be selected on the basis of their ability to contribute to the effective working of the governing body by having needed skills, knowledge and experience, an appreciation of the values of a university and its core activities of teaching and research, its independence and academic freedom and the capacity to appreciate what a university's external community needs from it.

To provide for the introduction of new members consistent with maintaining continuity and experience, members' terms should generally overlap and governing bodies should establish a maximum continuous period to be served. This should not generally exceed 12 years unless otherwise specifically agreed by the majority of the governing body.

- 9: A university should codify its internal grievance procedures and publish them with information about the procedure for submitting complaints to the relevant ombudsman or the equivalent relevant agency.
- 10: The annual report of a university should be used for reporting on high level outcomes.
- 11: The annual report of a university should include a report on risk management within the organisation.
- 12: The governing body should oversee controlled entities by:
- (a) ensuring that the entity's board possesses the skills, knowledge and experience necessary to provide proper stewardship and control of the entity;
 - (b) appointing some directors to the board of the entity who are not members of the governing body or officers or students of the university;
 - (c) ensuring that the board of the entity adopts and regularly evaluates a written statement of its own governance principles;
 - (d) ensuring that the board documents a clear corporate and business strategy which reports on and updates annually the entity's long-term objectives and includes an

annual business plan containing achievable and measurable performance targets and milestones; and

- (e) establishing and documenting clear expectations of reporting to the governing body, such as a draft business plan for consideration and approval before the commencement of each financial year and at least quarterly reports against the business plan.

- 13: A university should assess the risk arising from its involvement in the ownership of any entity (including an associated company as defined in the Accounting Standards issued by the Australian Accounting Standards Board), partnership and joint venture. The governing body of a university should, where appropriate in light of the risk assessment, use its best endeavours to obtain an auditor's report (including audit certification and management letter) of the entity by a State, Territory or Commonwealth Auditor-General or by an external auditor.
- 14: A University should disclose in its Annual Report its compliance with this Code of Best Practice and provide reasons for any areas of non-compliance.

This Code was approved out-of-session by the Ministerial Council for Tertiary Education and Employment on 27 July 2011.



Australian Government

Department of Education and Training

HIGHER EDUCATION STANDARDS FRAMEWORK

EXTRACT ONLY

6 Governance and Accountability

6.1 Corporate Governance

1. There is a formally constituted governing body, which includes independent members, that exercises competent governance oversight of and is accountable for all of the higher education provider's operations in or from Australia, including accountability for the award of higher education qualifications, for continuing to meet the requirements of the *Higher Education Standards Framework* and for the provider's representation of itself.
2. Members of the governing body:
 - a. are fit and proper persons, and
 - b. meet the Australian residency requirements, if any, of the instrument under which the provider is established or incorporated, or otherwise there are at least two members of the governing body who are ordinarily resident in Australia.
3. The governing body attends to governance functions and processes diligently and effectively, including:
 - a. obtaining and using such information and advice, including independent advice and academic advice, as is necessary for informed and competent decision making and direction setting
 - b. defining roles and delegating authority as is necessary for effective governance, policy development and management; and monitoring the implementation of those delegations
 - c. confirming that the provision of higher education and research training and the conduct of research, whether by the provider or through an arrangement with another party, are governed by the registered provider's institutional policies, and the operations of the provider and any associated party(ies) are consistent with those policies
 - d. undertaking periodic (at least every seven years) independent reviews of the effectiveness of the governing body and academic governance processes and ensuring that the findings of such reviews are considered by a competent body or officer(s) and that agreed actions are implemented, and
 - e. maintaining a true record of the business of the governing body.
4. The governing body takes steps to develop and maintain an institutional environment in which freedom of intellectual inquiry is upheld and protected, students and staff are treated equitably, the wellbeing of students and staff is fostered, informed decision making by students is supported and students have opportunities to participate in the deliberative and decision making processes of the higher education provider.

6.2 Corporate Monitoring and Accountability

5. The provider is able to demonstrate, and the corporate governing body assures itself, that the provider is operating effectively and sustainably, including:
 - a. the governing body and the entity comply with the requirements of the legislation under which the provider is established, recognised or incorporated, any other legislative requirements and the entity's constitution or equivalent
 - b. the provider's future directions in higher education have been determined, realistic performance targets have been established, progress against targets is monitored and action is taken to correct underperformance
 - c. the provider is financially viable and applies, and has the capacity to continue to

apply, sufficient financial and other resources to maintain the viability of the entity and its business model, to meet and continue to meet the requirements of the *Higher Education Standards Framework*, to achieve the provider's higher education objectives and performance targets and to sustain the quality of higher education that is offered

- d. the financial position, financial performance and cash flows of the entity are monitored regularly and understood, financial reporting is materially accurate, financial management meets Australian accounting standards, effective financial safeguards and controls are operating and financial statements are audited independently by a qualified auditor against Australian accounting and auditing standards
- e. risks to higher education operations have been identified and material risks are being managed and mitigated effectively
- f. mechanisms for competent academic governance and leadership of higher education provision and other academic activities have been implemented and these are operating according to an institutional academic governance policy framework and are effective in maintaining the quality of higher education offered
- g. educational policies and practices support participation by Aboriginal and Torres Strait Islander people and are sensitive to Aboriginal and Torres Strait Islander knowledge and cultures
- h. qualifications are awarded legitimately
- i. there are credible business continuity plans and adequately resourced financial and tuition safeguards to mitigate disadvantage to students who are unable to progress in a course of study due to unexpected changes to the higher education provider's operations, including if the provider is unable to provide a course of study, ceases to operate as a provider, loses professional accreditation for a course of study or is otherwise not able to offer a course of study
- j. the occurrence and nature of formal complaints, allegations of misconduct, breaches of academic or research integrity and critical incidents are monitored and action is taken to address underlying causes, and
- k. lapses in compliance with the *Higher Education Standards Framework* are identified and monitored, and prompt corrective action is taken.

6.3 Academic Governance

6. Processes and structures are established and responsibilities are assigned that collectively:
 - a. achieve effective academic oversight of the quality of teaching, learning, research and research training
 - b. set and monitor institutional benchmarks for academic quality and outcomes
 - c. establish and maintain academic leadership at an institutional level, consistent with the types and levels of higher education offered, and
 - d. provide competent advice to the corporate governing body and management on academic matters, including advice on academic outcomes, policies and practices.
7. Academic oversight assures the quality of teaching, learning, research and research training effectively, including by:
 - a. developing, monitoring and reviewing academic policies and their effectiveness
 - b. confirming that delegations of academic authority are implemented
 - c. critically scrutinising, approving and, if authority to self-accredit is held, accrediting or advising on approving and accrediting, courses of study and their

associated qualifications

- d. maintaining oversight of academic and research integrity, including monitoring of potential risks
 - e. monitoring and initiating action to improve performance against institutional benchmarks for academic quality and outcomes
 - f. critically evaluating the quality and effectiveness of educational innovations or proposals for innovations
 - g. evaluating the effectiveness of institutional monitoring, review and improvement of academic activities, and
 - h. monitoring and reporting to the corporate governing body on the quality of teaching, learning, research and research training.
8. Students have opportunities to participate in academic governance.