

Australian College of Theology Limited
ACN: 127 429 083

Statement of Corporate Governance

Introduction

The following statement of corporate governance is a revised version of the statement that was approved by the Board of Directors at its meeting on 28 March 2011. The revised statement is referred to in the 2011 Audited Statements and will be posted on the ACT website.

The Australian College of Theology Limited (“the College”) was constituted on 2 October 1891 by a Determination of the General Synod of the Church of England in Australia and Tasmania. It was incorporated in 1995 under the NSW Associations Incorporation Act and registered with the Australian Securities and Investments Commission (ASIC) as a company limited by guarantee in September 2007. Its constitution is a schedule to the Australian College of Theology Limited Canon 2007.

The College has approved a Statement of Mission, Objectives, Values and Vision which guides its dealings with its affiliated colleges and provides a framework for its strategic direction.

The objects of the College shall be to foster and direct the systematic study of theology and other disciplines related to Christian ministry by teaching and research in a manner and at a level comparable to the standards of Australian universities by:

- a) awarding higher education qualifications in theology and other disciplines related to Christian ministry equivalent to awards offered in Australian universities, and delivering the related courses in a variety of modes; and
- b) engaging in student-centred teaching and learning, through each affiliated Christian institution, that advances knowledge, encourages free and open enquiry, and enhances the pursuit of vocational excellence; and
- c) facilitating each affiliated Christian institution’s realisation of the full potential of its formational, educative and scholarly endeavour; and
- d) fostering and enhancing a culture of research and scholarship across the College that leads to new knowledge and original creative endeavour; and
- e) promoting the study of theology and other disciplines related to Christian ministry in the wider community; and
- f) enhancing the higher education status of the College; and
- g) underpinning these objects through governance, procedural rules, policies, financial arrangements and planning, and quality assurance processes which are sufficient to ensure the academic integrity of the College’s learning and teaching activities, and research.

This statement reflects the College’s governance framework, policies and procedures.

Governance

The College’s approach to governance is based on a set of values and behaviours that underpin everyday activities, ensure transparency and fair dealing, and protect the interests of the College and the General Synod of the Anglican Church of Australia.

This approach includes a commitment to the highest standards of governance, which the College sees as fundamental to the sustainability of the organisation.

In developing this statement, the college has used as a template the revised “Corporate Governance Principles and Recommendations”, published in August 2007 by the Australian Stock Exchange (ASX) Corporate Governance Council (ASXCGC).

Principle 1 – Clear roles and responsibilities

The respective roles and responsibilities of the board, its committees, and management are as follows:

Roles and Responsibilities of the Board

The Board is primarily accountable to the College as established by the Australian College of Theology Canon made at the 2007 meeting of the General Synod of the Anglican Church of Australia (“General Synod”).

According to the Constitution of the Act Ltd, the Board’s principal roles and responsibilities are:

- a) to borrow or raise money, to charge any property or business of the College; and
- b) to issue debentures or give any other security for a debt, liability or obligation of the College or of any other person; and
- c) to determine the strategic direction, annual budget and business plan of the College; and
- d) to confer academic awards of the College and by resolution passed by not less than two-thirds of the Directors withdraw awards of the College; and
- e) to grant scholarships, prizes, exhibitions, bursaries and other awards of the College and by resolution passed by not less than two-thirds of the Directors withdraw any such scholarships, prizes, exhibitions, bursaries and other awards of the College; and
- f) to execute an affiliation agreement with an Anglican Theological College or other Christian higher education institution and thereby approve that college or institution to offer an academic award and/or deliver a unit of the College.

In addition, the Board:

- a) appoints the Chief Executive (“CEO”) and evaluates his or her performance;
- b) ensures that the College fulfils the responsibilities imposed by law, and by the ordinances of the General Synod;
- c) monitors the performance of staff;
- d) ensures appropriate executive succession planning;
- e) maintains appropriate financial records and accounts for each trust of which it is trustee;
- f) maintains a dialogue with the auditor;
- g) approves the annual budget for the College and monitors performance against those budgets;
- h) ensures an appropriate risk management strategy and framework and that their effectiveness is monitored;
- i) ensures proper systems on internal governance, including delegated authorities, and monitoring resources available to staff.

Roles and Responsibilities of the Committees of the Board

The Board has two committees to assist it in fulfilling its roles and responsibilities, namely

- (i) the Academic Board, and
- (ii) the Audit and Risk Management Committee.

The roles and responsibilities of each committee are set out in policies which are reviewed periodically by the Board.

Roles and Responsibilities of Management

The College has delegated to the CEO, and through the CEO to staff, responsibility for the day to day operations of the College. The scope of that delegated authority is set out in the Schedule of Delegations, which are reviewed periodically by the Board.

Principle 2 – Structure the Board appropriately

The Board is to be of a size that conforms to the guidelines laid down in the National Governance Protocols and is comprised of members with appropriate skills and commitment to adequately discharge its responsibilities and duties.

Board Membership

Directors are elected by the members of the College at every third annual general meeting (AGM).

The number of Directors is to be not less than nine members and not more than eleven. The AGM must elect nine members. The Board can co-opt one or two members.

A majority of the members of the Board must be independent, i.e., they must not be employees of the College, students, members of the College, or employed by an Anglican theological college or an affiliated Christian institution of the College.

The Chair of the Board must be an independent person.

Members of the Board with senior higher education, finance and business expertise are independent persons.

The names of each member, together with information about their qualifications and experience are set out in the annual report of the College.

Member's Independence

Each director is to be free from any business or other relationship that could interfere with the exercise of their unfettered and independent judgement as a member.

Each director is expected to disclose any business or other relationship which they may have with the College.

The independence of nominees is assessed by the Nominations Committee prior to the election.

The Selection of the Chairman

The Board elects one of its members to be Chairman of the Board, for a term of three years.

The Chairman's role includes –

- providing effective leadership to the board in relation to all Board matters, and corporate governance,
- convening regular Board meetings throughout the year, and ensuring that minutes of meetings accurately record decisions taken and, where appropriate, the views of individual members, and
- guiding the agenda and conduct of all Board meetings, and
- overseeing Board succession and CEO succession, and
- promoting constructive and respectful relations between the Board and management.

Meetings of the Board

The Board usually meets five times each year and meets at other times when required, usually by email.

Each year the Board reviews the strategic direction of the College. Reviews of specific matters of strategic importance are undertaken during the course of the year.

The CEO attends all Board meetings. Senior ACT staff attend when invited.

At each meeting, there is the opportunity for the Board to discuss matters in the absence of the CEO.

Nomination and Appointment of New Members

The Board considers the preferred skills and experience of candidates to fill vacancies in the office of director.

New members receive a letter of appointment, which sets out the expectations of the role, conditions of appointment, including expected term of appointment.

Terms of Office and Retirement and Re-election of Directors

A director holds office for a term of three years.

Eligible members may accept nomination for re-election.

Induction of Members

On appointment, directors receive a letter of appointment which sets out the expectations of the roles and conditions of appointment. Directors are also made familiar with matters relating to the operations, strategy and any current issues before the Board.

New directors meet with the Chairman, CEO, the chair of each of the Board's committees, and senior staff as appropriate.

All directors are invited to attend at least one Australian Institute of Company Directors (AICD) course (or its equivalent) during each term of office with the approval of the Chair and the CEO.

Board Access to Information and Advice

All directors have unrestricted access to records and information of the College and receive regular detailed financial and operational reports from management.

There is an exit interview with each director on the retirement at which he or she is reminded that they will have access to all board papers should they be the subject of litigation arising out of their time on the Board.

The Board collectively, and each director individually, may seek independent professional advice, at the Board's expense, to help them carry out their responsibilities. The Chairman's prior approval is required, but will not be unreasonable withheld.

Review of Board Performance

The Board undertakes ongoing self-assessment as well as an annual performance review of its activities, its committees and individual members.

Board Committees and Membership

Members of the committees of the Board are chosen on the basis of relevant skills and experience. All committees have the flexibility to augment the skills and experience by appointing non-Board members, subject to Board approval.

The performance of each committee is reviewed as part of the Board's overall performance review.

Principle 3 – Promote ethical and responsible conduct

The Board promotes ethical and responsible conduct.

Conflict of Interest

The board has a conflict of interest policy to provide guidelines for recognising and managing potential conflicts of interest –

- all directors are required to disclose any actual or potential conflict of interest upon appointment and are required to keep those disclosures to the Board up-to-date, and
- any director with a material personal interest in a matter may not participate in discussion or vote on that matter, unless the Board resolves otherwise, and
- employees of the College are not permitted to participate in activities which involves a conflict with their duties and responsibilities or which are prejudicial to the College.

Concern Reporting and Whistle Blowing

The CEO encourages employees to raise issues with him and he adopts an open door approach for employees.

Principle 4 – Integrity in financial reporting

The College's approach to financial reporting reflects 3 core principles –

- its financial reports present a true and fair view, and
- its accounting methods are comprehensive and relevant and comply with applicable accounting rules and policies, and
- its external auditor is independent.

The Audit and Risk Management Committee reviews and assesses any significant estimates and judgements in financial reports and the processes used to monitor and comply with laws, regulations and other reporting requirements.

The role of the external auditor is to provide an independent opinion that the financial reports are true and fair and comply with applicable regulations.

The external auditor has access to the minutes and papers of the Board and its committees.

The external auditor submits an annual declaration of independence to the Board.

Any advisory services by the external auditor are detailed in the notes to the annual financial statements.

The external auditor attends the first meeting each year of the Audit and Risk Management Committee to present his draft audited statements and to answer questions from members.

The external auditor attends the AGM to speak to the audited statements.

The Audit and Risk Management Committee may meet with the external auditors without management being present.

The relatively small size of the College does not warrant an internal audit division. The college has strong internal controls and appropriate division of duties.

Compliance with policy is monitored by the Finance Officer.

Principle 5 – Effective Communications

Effective Communications

The CEO forwards quarterly financial statements to all members of the ACT Ltd.

The full annual report, as submitted to the AGM, is placed on the ACT website as soon as it is approved for release by the Board.

Principle 6 – Identify and Manage Risk

The Board will identify and effectively manage risk.

Approach to Risk Management

The College regards managing the risk that affects its business as a fundamental activity, as it influences its performance, reputation and future success.

Effective risk management involves achieving an integrated and balanced approach to risk and reward, and assists us in achieving our objectives of optimizing financial growth and mitigating potential loss or damage.

Risk Management Roles and Responsibilities

The Board is responsible for reviewing and approving risk identification and minimisation strategy at least annually.

The committees of the Board assist the Board in identifying and managing risk according to their charters.

The CEO and senior executives are responsible for implementing the risk management framework, systems, controls and procedures for identifying risk and management of risks adopted from time to time by the Board.

Compliance Reporting

The College monitors its compliance with key risk matters, by requiring periodic confirmation from the CEO.

The compliance coverage and depth of review is reviewed in response to changing circumstances.

Compliance reporting is the responsibility of the Finance Officer.

Chief Executive Officer and Finance Officer Assurance

The Board receives a letter of representation signed by both the CEO and the Finance Officer, assuring the Board that in all material respects –

- the financial records have been properly maintained to correctly record and explain its transactions, and
- the financial statements and notes required comply with the accounting standards, and
- the financial statements and notes give a true and fair view of the financial position and of the performance of the organisation, and
- the internal controls and risk management systems are sound, and continue to run in an efficient manner, and
- that proper retention processes are in place to ensure these records are recoverable and useable for a period of seven years.

Corporate Policies, Guidelines and Procedures

Board Policies

The Board has developed, or is in the course of developing, a range of policies, guidelines and procedures.

Lay Solid Foundations

- Delegation of Authority
- Committee terms of reference
- CEO performance objectives
- Senior staff objectives
- Corporate and Academic Governance Policies
- Committees of Academic Board Policy
- Board Composition Policy
- Induction Procedures
- Remuneration Policy
- Risk management framework

Board Structure

- Annual report insert regarding the experience, skills, period in office
- Board progressive review of strategic matters
- Member nomination process
- Board performance review

Ethical Behaviour

- Code of Conduct / Statement of Mission, Objectives, Values and Vision
- Conflicts of Interest Policy

Financial Reporting

- Independent Auditor
- Meeting with Auditor
- Internal Auditor
- Experience of Audit & Risk Management Committee members

Disclosures

- Material matters (the extent of the ACT's liability to the Department of Education, Employment and Workplace Relations (DEEWR) for FEE-HELP loan moneys)

Stakeholder Interests

- Annual report on website

Risk Management

- Risk management strategy
- Risk appetite

Remuneration

- Remuneration policy / procedures

Management Policies (in addition to policies noted above)

The CEO and senior staff have developed policies, guidelines and procedures as they relate to their respective roles and responsibilities.

Principle 7 – Remunerate fairly and responsibly

The Board will ensure that the level and composition of ACT staff remuneration is sufficient and reasonable and that its relationship to performance is clear.

The Board's consideration of reward structures is based on fairness, business performance, legal obligations and high standards of corporate governance.

Directors have not been remunerated.

26 March 2012
Board of Directors
Australian College of Theology