FLINDERS UNIVERSITY

VICE-CHANCELLOR'S MANAGEMENT REPORT TO COUNCIL 2004

Preamble

As part of the accountability framework established by Council, the Vice-Chancellor makes an annual report to Council on the operation of key aspects of University governance and management.

I am pleased to submit the management report for 2004.

In my view, it demonstrates that the University has effective decision-making structures, procedures for sound financial and risk management, rigorous processes for planning and performance review, and high standards of corporate behaviour.

Governance and decision-making

The University has a well-established governance and decision-making framework which is consistent in almost all respects with the requirements of the Commonwealth Government’s National Governance Protocols.

In the light of the Protocols, and Council’s own Working Party on Governance, improvements in governance arrangements have been made this year to:

- ensure effective oversight of the development, approval and risk management of commercial ventures
- establish reporting and monitoring arrangements for controlled and partly-controlled entities
- enhance procedures for the management of conflict of interest for Council members
- enhance procedures for the appointment of Council members to ensure that Council has access to an appropriate mix of skills
- clarify the formal relationship, as set out in terms of reference and delegations, between Council, Resources and Audit Committees
- improve the flow of information about the University to Council members.
- Establish a formal structure for induction and professional development of Council members, and for self-review.

In addition, the University has a devolved management structure whereby decision-making authority is exercised at the lowest efficient and effective level. Evidence of the effectiveness of this structure is found in the low level of student and staff grievances, or student appeals against academic decisions, in the University.

Council has established a schedule of financial and contractual delegations and has, over the years, established other delegations in regard to a range of administrative matters. The University intends to conduct a systematic review of administrative delegations in 2005 to ensure that they remain current and appropriate in the light of developments in the University.
Financial management

The University has in place a range of controls designed to ensure sound financial management.

The Vice-Chancellor:

- oversees the preparation of the draft University Budget, in consultation with the cost centre heads (via the Infrastructure Committee and Vice-Chancellor’s Committee) and on the advice of the Manager, Financial Services Division; and
- meets regularly with cost centre heads to monitor the cost centre’s performance against budget.

The Resources Committee:

- provides expert analysis and advice to Council on the University Budget, as prepared by the Vice-Chancellor, and on the strategy underpinning the budget allocations;
- oversees the operation of the University Budget, including the Capital Infrastructure Plan, and monitors the quarterly financial statements;
- reviews the annual financial statements and the Capital Infrastructure Plan; and
- reviews the financial statements of controlled entities and related organisations.

The Audit Committee:

- reviews the annual financial statements and provides expert advice to Council on their compliance with relevant accounting standards.

Risk Management

The University established a Risk Management Framework and Policy in 2002. The Policy recognises that the management of risk is an integral part of the overall management and decision-making structures of the University. Senior managers, assisted by officers with a specialised risk management role (eg Occupational Health and Safety, insurance, research ethics and legal) are responsible for the operational management of risk in their portfolios areas.

The operational management of risk is underpinned by a sound policy framework covering areas such as contractual delegations, intellectual property, controlled entities, undergraduate and postgraduate courses, offshore programs and, most recently, management of commercial ventures.

Risk management in the University is monitored closely by the Audit Committee and/or the Resources Committees via:

- reviews of internal controls and procedures and statutory compliance
- monitoring the financial performance and activities of controlled entities and affiliated organisations such as the student organizations
In addition, proposals which have a significant risk for the University are brought to Council for approval on a case by case basis.

Management of commercial ventures

As noted above, the University is progressively improving its internal controls and procedures in regard to the management of commercial ventures. Because of the increasing significance of this area of activity for the University, it is appropriate to highlight the work which has been done arising from the recommendations of the Council Working Party on Governance.

As a result of the report of the Working Party on Commercial Ventures, adopted by Council at its meeting in August 2004, the University now has clear definitions of the types of commercial ventures it is engaged in and the approval processes and risk factors which apply in each case. During 2005, and with the ongoing assistance of the external members of Council on the Working Party, the University will be developing a comprehensive website designed to ensure that staff understand the approval pathways and risk factors associated with ventures in which they may be involved, as well as their own obligations and responsibilities.

Strategic planning, quality assurance and institutional performance management

The University’s strategic plan, the Flinders Strategic Priorities and Future Directions (FSPFD) 2001-2005, provides the basis for planning and development in the University. The plan has been reworked during 2003-4, resulting in version FSPFD Mark II, and a fully integrated framework for planning, quality assurance and review has been established. The University now has in place processes for annual monitoring and reporting on achievements against the plan’s goals and objectives. These processes include reports and presentations to Council from the Vice-Chancellor and the Deputy Vice-Chancellors on each of the key areas of the plan: education, research, international and community engagement.

Since 1998, the University has undertaken an annual quality and performance review using designated Key Accountability Measures, and national benchmarks where available, across all areas of activity. During 2004, these measures were reviewed in the light of the revised strategic plan, to ensure that there were mechanisms in place to assess achievement against each of the goals of the plan. Reporting processes were modified to ensure alignment between the implementation of the strategic plan and review of performance.

Policy development and implementation

The University has an extensive policy framework covering all key areas of University activity, including areas of significant risk. Active and ongoing consideration is given to the adequacy of this framework and action is taken to address policy ‘gaps’ where they are identified. In addition, policies are reviewed regularly in the light of emerging risks or changing expectations or external regulation.

The University has extensive procedures in place for the identification, evaluation and management of significant risks, including those associated with commercial ventures. These procedures include the development of risk assessment tools and the establishment of a risk management framework which is regularly reviewed and updated.
for this: in some cases, this highlighted the need to better communicate policy requirements to staff; in other cases, it signalled that the policy was in need of review. In each case, action will be taken progressively during 2005 to address these issues.

**Staff and student relations**

The University enjoys an harmonious industrial environment and has been free of industrial action for many years. In certifying the Enterprise Agreement 2004-2006 recently, the Industrial Relations Commissioner commented on the quality of the document and noted that the strategies which had been put in place for communicating and consulting with staff amounted to ‘best practice’.

Notwithstanding the events of this year in regard to HECS Plus, relations with the student organizations and their representatives are, in the main, positive and mutually respectful. The University values the structures which are in place to facilitate consultation with students and would wish to see these maintained in the future.

**Recommendation**

That Council note this report.

Anne R Edwards
Vice-Chancellor
6 December 2004