

## External Entities Policy

### Table of Contents

1. Purpose
2. Scope
3. Definitions
4. Oversight framework
  - 4.1. Controlled Entities
  - 4.2. Other External Entities
5. Controlled Entities
  - 5.1. Governance, financial and operational framework
  - 5.2. Directors
  - 5.3. Reporting
  - 5.4. Administration
6. Other External Entities
  - 6.1. Establishment and dealings
  - 6.2. Directors
  - 6.3. Reporting
  - 6.4. Administration
7. General
  - 7.1. Support and resourcing
  - 7.2. Legal arrangements
8. Authorities

### 1. Purpose

This policy provides a framework for the governance of the University's controlled entities to ensure that they operate with the necessary financial, commercial, legal and operational capability and rigour. It also provides a framework for the oversight of the University's interest in other external entities.

### 2. Scope

- a. This policy applies to controlled entities and other external entities.
- b. In the case of controlled and other external entities existing before the publication of this policy, the [authorised delegate](#) will designate an accountable executive who will use best endeavours, subject to the legal and other arrangements already in place, to ensure that the requirements of this policy are complied with.
- c. This policy does not apply in relation to the University's involvement or membership of:
  - i. industry bodies, professional associations and the like where there is no commercial objective associated with the involvement
  - ii. Cooperative Research Centres.

### 3. Definitions

<b>Controlled entity</b>	An entity or association that would be regarded as a subsidiary or under the control of the University under the Corporations Act 2001 (Cth) or Australian Accounting Standards
<b>Director</b>	Includes a member of the governing body or committee of a controlled entity or other external entity
<b>Other external entity</b>	An incorporated entity or association which is not a controlled entity but which the University is a member of, holds shares in or has directors appointed to <b>Note:</b> the investment of funds by way of acquisition or disposal of shares by the University's Finance & Procurement Services Division is not part of the scope of this policy

### 4. Oversight framework

#### 4.1. Controlled Entities

The University exercises oversight over controlled entities, as set out in more detail in section 5, by:

- a. setting the appropriate governance, financial and operational framework at the outset when establishing the entity;
- b. appointing directors who possess the skills, knowledge and experience necessary to provide proper governance and stewardship of the entity;
- c. establishing clear reporting expectations and risk management systems and practices; and
- d. designating an accountable executive who will be responsible for the performance of the entity against approved objectives and targets and ensuring that the requirements of this policy are complied with.

#### 4.2. Other External Entities

The University exercises oversight over its interest in other external entities by adopting a similar framework, as set out in more detail in section 6.

### 5. Controlled Entities

#### 5.1. Governance, financial and operational framework

- a. A controlled entity may only be established with the approval of the [authorised delegate](#).
- b. Approval may be given on such terms and conditions as the [authorised delegate](#) determines, provided:
  - i. the establishment of the entity is in the interests of the University
  - ii. there are clear advantages of pursuing the proposed activities through a controlled entity rather than through the University, and
  - iii. there is a sound business case, setting out the entity's proposed activities, objectives, expected benefits, risks and other relevant information.

**Notes:**

1. It is expected that the business case will include the following information, although this may vary depending on the size, nature and other relevant circumstances of the proposed entity or business venture:

- i. a clear business strategy which includes the strategic benefits and risks, a 3-year budget, and short and long term performance targets;
- iv. how the establishment of the entity is in the interests of the University (including the advantages of pursuing the activities through a controlled entity rather than through the University);
- v. any potential conflicts between the proposed business and activities of the entity and the University;
- ii. the background and credentials of any business partner(s) or co-shareholder(s) and their proposed contribution to the business venture;

- iii. the funding and resourcing plans (including any proposal for staff, payroll, insurance and other support from the University);
- iv. the governance, risk management and reporting framework—it is expected that the operations and activities of controlled entities will be subject to the University's risk management (including, if applicable, operational risks such as WHS matters) and external and internal audit processes and programs, unless the size and nature of the controlled entity's business warrants it having its own risk management and internal audit program and/or external auditors;
- v. the proposed directors and senior management of the entity including the terms and conditions of appointment; and
- vi. the proposed accountable executive who will be responsible for ensuring implementation of the business case and compliance with the requirements of this policy.

2. It is expected that the head of the Corporate Services portfolio as well as Finance, Legal, Risk, Governance & Policy units will be consulted and their input included in the business case and recommendation to the [authorised delegate](#).

- c. Any material departure from the business case at the time of approval e.g. a material change in the nature or scale of the business contemplated, requires further approval by the [authorised delegate](#).
- d. The [authorised delegate](#) will be the corporate representative of the University for the purposes of exercising the University's rights and powers as a member of the controlled entity.

**Note:** If the [authorised delegate](#) is also a director, and a shareholder's decision is required, it may be more appropriate for the decision to be taken by another [authorised delegate](#).

**Note:** In exercising the University's rights and powers as a member of the controlled entity, the [authorised delegate](#) is expected to have regard to the University's policies including delegations. For example, the [authorised delegate](#) must not approve any activity or transaction of the controlled entity which would otherwise require Council approval. Similarly, an accountable executive must not approve any activity or transaction of the controlled entity which is outside their authorised delegations

## 5.2. Directors

- a. The appointment by the University of non-staff members as directors (and the removal of those directors) requires Council's approval. The appointment (and removal) by the University of a staff member as a director requires the approval of the [authorised delegate](#).

**Note:** It is usual practice for directors to be appointed by shareholders (with the exception of short-term casual vacancies). The University's rights (if any) to approve the appointment and removal of directors by other shareholders will depend on the size of the University's shareholding and the terms of any agreement. For the sake of clarity, the requirement in 4.3a for Council approval of "external directors" does not apply to the appointment of directors by other shareholders of the controlled entity.

- b. Directors will be appointed:

- i. on the basis of their financial, business, operational and governance skills, knowledge and experience;
- ii. taking into account any actual or potential conflicts of interest, particularly when they are a member of the University; and
- iii. having regard to the requirement for them to act in the best interests of the controlled entity, particularly when they are a member of the University.

- c. It is expected that at least one of the staff members appointed by the University as directors to the controlled entity will be an executive from or who reports into the Corporate Services portfolio.
- d. Staff members who are appointed a director of a controlled entity will not receive any remuneration in respect of their appointment and role as director unless the [authorised delegate](#) approves otherwise, in which case the remuneration will be paid to the University.

**Note:** It is usual practice for external directors to be paid for their role. In any event it is usual for the Constitution of the entity to provide that any remuneration of directors will require shareholder approval.

- e. Staff members who are appointed by the University to be a director of a controlled entity are entitled to be covered under the University's Management Liability (or equivalent) policy, which provides protection against claims made by third parties against directors.

**Note:** It is the staff member's responsibility to check with Insurance Services to ensure that they are included under the policy.

## 5.3. Reporting

- a. An annual report will be provided to Council through the Finance & Investment Committee and Audit Committee in relation to each controlled entity which will include:

- i. a review of the entity's business strategy and performance against approved milestones and objectives;
  - ii. a forecast of the performance of the entity for the next year, and longer term if appropriate; and
  - iii. the entity's financial, operational and other material risks and the risk management strategies.
- b. The [authorised delegate](#) or the Chief Financial Officer may require controlled entities to provide other reports and information to enable the University to monitor the performance of the entity and meet its financial reporting obligations.

#### 5.4. Administration

- a. It is expected that the University Secretary (or delegate) will be:
- i. appointed company secretary of the University's controlled entities; or
 

**Note:** an example of when this may not be possible or appropriate is when a business partner or co-shareholder does not agree to it and prefers to have someone independent of the University and the business partner appointed
  - ii. if not appointed company secretary, nominated as the contact point for the University responsible for receiving financial reports, notices of meetings, resolutions and correspondence from the controlled entity.
 

**Note:** this is to enable the University Secretariat to coordinate and act as a central contact point for the University's controlled entities
- b. The University Secretary will maintain a central record of all controlled entities.

## 6. Other External Entities

### 6.1. Establishment and dealings

- a. The University may become a member of, acquire or dispose of shares or an interest in other external entities only with the approval of the [authorised delegate](#).
- b. Section 5.1b – d of this policy applies equally in relation to other external entities, subject to any modifications as may be approved by the authorised delegate having regard to the size and nature of the University's interest in the relevant entity.

### 6.2. Directors

- a. The appointment (and removal) by the University of a director to other external entities requires the approval of the [authorised delegate](#).
- b. Section 5.2b – d of this policy applies equally in relation to other external entities, subject to any modifications as may be approved by the authorised delegate having regard to the size and nature of the University's interest in the relevant entity.

### 6.3. Reporting

The [authorised delegate](#) or the Chief Financial Officer may require the accountable executive to provide such reports and information to enable the University to monitor the performance of other external entities and meet its financial reporting obligations.

### 6.4. Administration

- a. It is expected that the University Secretary (or delegate) will be nominated as the contact point for the University responsible for receiving financial reports, notices of meetings, resolutions and correspondence from other external entities.
- b. The University Secretary will maintain a central record of other external entities.

## 7. General

### 7.1. Support and resourcing

- a. The University may provide support and resourcing to controlled and other external entities with the approval of the head of the Corporate Services portfolio including staffing, payroll, insurance, accounting and other services or support.

- c. The arrangements for such support and resourcing will be documented in appropriate agreements including any fees and costs charged by the University.

## 7.2. Legal arrangements

The necessary legal arrangements will be put in place to give effect to the requirements of this policy, the governance, risk management and reporting framework approved by the [authorised delegate](#) and, to the extent appropriate, the University's policies, in the management and operation of controlled and other external entities.

**Note:** for example, the Constitution of the controlled or other external entity could contain provisions which:

- authorise the University appointed directors to act in the best interests of the University
- enable the University appointed directors to provide the entity's financial and other information to the University
- require the entity to make available its records for inspection by the University and participate in the University's risk management and audit processes
- require shareholder approval for certain activities and undertakings.

## 8. Authorities

Authorised delegate	Authority
Vice-Chancellor or sub-delegate appointed in accordance with the <a href="#">Delegations Policy</a>	<ul style="list-style-type: none"> <li>• Take all actions and exercise all powers contemplated to be taken or exercised as the authorised delegate under this policy</li> <li>• Approve, if appropriate due to the relevant circumstances, any departure from an expectation under this policy (e.g. where this policy says "it is expected")</li> </ul>

<b>Approval Authority</b>	Vice-Chancellor, in relation to those sections applying to other external entities Council, in relation to the rest of this policy
<b>Responsible Officer</b>	University Secretary
<b>Approval Date</b>	18 June 2018
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\* Unless otherwise indicated, this procedure will still apply beyond the review date.

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