Review of National Governance Protocols

Submission from La Trobe University Council

La Trobe University has recently embarked upon a review of its governance arrangements. The review has been stimulated by a recognized need to evolve further its system of governance to ensure that decisions at a Council and executive management level are properly informed and are in the best interests of the University.

The National Governance Protocols have positively impacted on the University. Indeed, the Protocols provided a stimulus to the reform of the University’s internal audit committee, which resulted in the creation of a Corporate Governance and Audit Committee, the establishment of a Risk Management Unit, and the appointment of an external director who is highly skilled and widely recognized in the field of risk management.

Furthermore, and as part of its approach to the Workplace Productivity Program reform agenda, the University has submitted as part of its second grant application a project to continue the process of governance reform.

The University’s approach to the governance review and reform should be seen as an ongoing activity which is informed by our own experience and borrows from experience outside the University environment. In this context the University is considering processes and guidelines which can be traced back to the ASX Corporate Governance Council and the Australian Securities and Investment Commission.

The Governance Protocols coupled with our own experiences have reinforced the need by Council to require of management appropriate business cases and supporting information to assist it to make informed decisions. The Council has recognized that the University needs to improve its financial management and following its consideration of a formal review conducted by PriceWaterhouse Coopers recently appointed a Chief Financial Officer to develop a new financial framework for the entire University. This includes not only improved systems and practices but also includes financial reporting to enable it to monitor better the University’s financial performance.

As indicated above, the University has made a quantum step in the field of risk management and we believe that the activities and actions occurring in the Corporate Governance and Audit Committee are positively impacting upon cultural change around this discipline across the University. In the “Meeting the Challenges” report (2002), specific mention is made in paragraph 86 of the need to manage risk: the University has addressed this issue in a most positive manner.

The Council recognizes that good governance needs to take place in the context of a robust Strategic Plan, and in this context Protocol 2 (b) represents a very powerful guideline.

The Council also embraces fully the need for proper processes and procedures to be followed at all levels of decision-making within the University.

The Council has adopted a clear program of self-review which includes consideration of the National Governance Protocols, the Council committee structure, and accountability and performance management requirements of the senior executive. At its first workshop on 1 July 2007, the Council agreed upon the following underlying principles:
(a) to be a Council of governance overseeing the operations of the University and its associated businesses;

(b) to focus on strategic investments and objectives for which fully informed business cases are required;

(c) to hold the Vice-Chancellor and the senior executive accountable for the management of the University, including putting into effect the strategic objectives set by Council, and to support them in carrying out their responsibilities;

(d) that all members of Council have an active role in the Council’s operations either through committee membership or in another appropriate capacity;

(e) each member of the Council must act in the interests of the University, not the person or constituency which appointed or elected the member, and must be treated equally;

(f) it is the responsibility of each member to ensure that he or she has all necessary information.

At its second workshop, on 11 July 2007, the Council also decided to incorporate into its self-review process the specific issues raised in the National Governance Protocols discussion paper. These issues will be considered both in further special workshops and as a standing Agenda item for formal meetings of Council. A final report will be submitted to MYCEETA when these deliberations have been concluded.

Submitted by:

Council
La Trobe University

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