

# Controlled Entities - Governing Policy

## 1. Purpose of policy

1.1 The purpose of this policy is to outline the powers and responsibilities of the Council to form, participate in the formation of, or be a member of controlled entities as set out in the *University of the Sunshine Coast Act 1998 (Qld)* (the Act).

## 2. Policy scope and application

2.1 This policy and any related procedures apply to all staff and members of University decision-making or advisory bodies.

2.2 This policy and any applies to the establishment, acquisition, and disposal of interests by the University of the Sunshine Coast in controlled entities including companies, trusts, joint ventures and partnerships.

In terms of the regulatory background, the University follows the relevant provisions in the *University of the Sunshine Coast Act 1988 (Qld)* and the *Statutory Bodies Financial Arrangements Act 1982 (Qld)*

## 3. Definitions

Please refer to the University's Glossary of Terms for policies and procedures. Terms and definitions that are specific to this policy and are critical to the effectiveness of it, which are not already included in the Glossary, are listed below:

control means the capacity of the University to lead decision making, directly or indirectly, in relation to the financial and operating policies of an entity so as to enable that entity to pursue the goals of the University.

controlled entity means an entity that satisfies the test of control in s50AA of the *Corporations Act 2001 (Cth)* and includes:

- an entity which the University wholly owns, or
- an entity in which the University holds a partnership interest or other legal or beneficial interest of any kind (including a shareholding interest or membership interest), and
- the University has control of the entity.

## 4. Policy statement

4.1 The University recognises the important contribution controlled entities can make in achieving its overall mission. This policy establishes a controlled entities governance framework that is consistent with the University's strategic goals, governance and risk management practices, to assist the University Council to discharge its responsibilities effectively in relation to controlled entities.

## 5. Principles

### 5.1 Establishing controlled entities

5.1.1 Controlled entities may be established or acquired by the University for a variety of reasons including:

- (a) to provide an appropriate governance framework for the management of specialised functions of the University, or
- (b) to separate the management of non-core functions of the University from core functions; or
- (c) to provide for a level of independence in the decision making or operation of a function of the University; or
- (d) to enable the University to establish a more flexible operational environment for the purpose of the management of specific functions of the University; or
- (e) to act as a holding entity for specific activities of the University; or
- (f) to assist the University in its objectives as contemplated by section 63 of the Act.

### APPROVAL AUTHORITY

Council

### RESPONSIBLE EXECUTIVE MEMBER

Vice-Chancellor and President

### DESIGNATED OFFICER

Chief Operating Officer

### FIRST APPROVED

5 December 2006

### LAST AMENDED

22 February 2021

### REVIEW DATE

23 February 2026

### STATUS

Active

5.1.2 Controlled entities operate at arm's length from the University and may have duties and responsibilities imposed by law, in addition to any duties, functions or limitations imposed under the Act.

5.1.3 As decision-making bodies controlled entities are capable of exposing the University to increased levels of risk and liability for their decisions and activities. Therefore, the Council must take reasonable steps to ensure that controlled entities operate at all times in the best interests of the University and are accountable to the University, in addition to meeting their own stated objects.

5.1.4 Where the University has approved the establishment of a controlled entity, the University must ensure that the controlled entity is accountable and operates within a system of internal controls that allows the Council to verify and assure the appropriateness of decision-making and management.

5.1.5 Subject to the requirements of this policy, a controlled entity will operate independently of the University and will manage its own operations in accordance with the Act, relevant laws, its constituting documents and, where applicable, any agreement with the University.

## 5.2. Requirements for controlled entities

5.2.1 Controlled entities of the University must operate in accordance with high standards of corporate governance which ensure accountability and meet community expectations, as identified in this policy and any related procedures, the law and any other rule of the University.

5.2.2 The constituting documents of the controlled entity, and any subsequent amendments, must be approved by the Council and must address the following:

- (a) the objects of the controlled entity, which shall not be inconsistent with the objects of the University as set out in the Act;
- (b) whatever restrictions on the functions of the controlled entity as may be necessary to ensure compliance by the University with the Act or any other legislation, in relation to:
  - (i) borrowing funds other than from the University
  - (ii) issuing shares, or options to acquire shares, to other parties
  - (iii) acting as agents of the University or making warranties or representation on behalf of the University
  - (iv) committing University resources into contractual arrangements with other entities
  - (v) entering into joint ventures or partnerships
  - (vi) providing loans or benefits to directors, other than directors' fees
  - (vii) incurring any debt or contingent liability
  - (viii) investing any funds
  - (ix) such other matters as may be determined by the Council.
- (c) provide for the appointment of members of the governing board by the Council, in such proportion as may be necessary for the management of the University's risk, such appointments to be for a period of two or three years, with reappointment subject to satisfactory performance and continuing suitability of the appointee, to be assessed by the governing board. The Vice-Chancellor and President must be consulted in relation to all appointments and reappointments.

5.2.3 The financial statements of controlled entities if required to be audited, must be audited by the Queensland Audit Office or by other arrangements approved by the Queensland Audit Office.

5.2.4 A controlled entity will be subject to internal audit as specified in its constitution or by agreement with the University. The controlled entity must make its financial and other records available to the University's internal auditors, upon request.

## 5.3. Requirements relating to the governing board

5.3.1 The governing board of a controlled entity is responsible for managing the entity with particular regard to the best interests of the University and in accordance with the law and this policy and any related procedures.

5.3.2 The constituting documents of the controlled entity must specify the role and responsibilities of the governing board as being responsible and accountable to the University for:

- (a) oversight of the controlled entity's performance;
- (b) documenting a clear corporate and business strategy;

- (c) adopting a risk assessment and management policy in accordance with the standards required by the University;
- (d) establishing and monitoring systems of control and accountability consistent with the requirements established by the Council; and
- (e) for controlled entities that are operating, providing an annual report on the activities of the controlled entity to the Vice-Chancellor and President by the end of February each year. The report would normally include the following:
  - (i) a review of performance of the past year, as measured against the entity's approved objectives;
  - (ii) a prognosis of performance for the next year, and longer term if appropriate;
  - (iii) an annual review of the entity's corporate and business strategy;
  - (iv) a summary of risk management strategies and practices;
  - (v) any significant changes in the governance or operation of the controlled entity;
  - (vi) a set of audited financial statements or certified financial statements, where the entity is not required to be audited; and
  - (vii) a list of entity directors and the numbers of meetings each attended.

## 6. Authorities / responsibilities

The following authorities are delegated under this policy and associated procedures:

ACTIVITY	UNIVERSITY OFFICER
Approve the establishment, acquisition or disposal of a controlled entity.	Council
Approve the monitoring systems of control and accountability in relation to controlled entities.	Council
Establish the requirements regarding reporting by governing bodies of controlled entities to the Council.	Council
Ensure, as far as is reasonably practicable, that the governing bodies of controlled entities:	Council
(a) possess the expertise and experience necessary to provide proper stewardship and control, and	
(b) comprise, where possible, at least some members who are not members of the Council or members of staff, or students, of the University, and	
(c) adopt and evaluate their own governance principles, and	
(d) for operating entities, document, and keep updated, a corporate or business strategy containing achievable and measurable performance targets.	
Recommend to the Council proposals to establish, acquire or dispose of controlled entities.	Vice-Chancellor and President
In consultation with the entity's board of directors, appoint the Chairperson of a University controlled entity.	Vice-Chancellor and President
Appoint a secretary.	Vice-Chancellor and President
Report to the Council in relation to the operation of controlled entities.	Vice-Chancellor and President
Conduct assessments and recommending reviews of controlled entities to the Council if considered necessary	Vice-Chancellor and President
Negotiate with third parties in relation to the proposed establishment, acquisition or disposal of a controlled entity on the basis of compliance with that the requirements of this Policy.	Vice-Chancellor and President
	Chief Operating Officer
Responsible for maintaining a register of the University's interests in all controlled entities	Chief Operating Officer

END

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#### RELATED DOCUMENTS

- University Governance - Governing Policy

#### SUPERSEDED DOCUMENTS

- Establishment and Operation of Controlled Entities - Governing Policy

#### RELATED LEGISLATION / STANDARDS

- University of the Sunshine Coast Act 1998 (Qld)
- Statutory Bodies Financial Arrangements Act 1982 (Qld)
- Corporations Act 2001 (Cwlth)