

Sydney Diocesan Secretariat

Governance Statement

As at 13 December 2017

Introduction

Sydney Diocesan Secretariat (“SDS”) is constituted by the *Sydney Diocesan Secretariat Ordinance 2017* (the “SDS Ordinance”) and is incorporated under the *Anglican Church of Australia (Bodies Corporate) Act 1938*.

This statement summarises SDS’s governance framework.

Governance

SDS’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 Synod of the Diocese of Sydney (the “Synod”) and its Standing Committee (the “Standing Committee”).

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

In developing this statement, SDS has considered –

- the governance standards applying to charities registered with the Australian Charities and Not for-profits Commission (“ACNC”), and
- the Corporate Governance Principles and Recommendations (3rd Edition) (2014) published by the ASX Corporate Governance Council (“ASXCGC”), and
- the Governance Policy for Diocesan Organisations adopted by the Synod in October 2014.

SDS is registered with the ACNC as a charity for the advancement of religion. The ACNC Governance Standards do not apply to SDS as it is a Basic Religious Charity. Nonetheless SDS seeks to comply with the Standards.

While SDS is not a listed entity it recognises that the Corporate Governance Principles and Recommendations of the ASXCGC reflect a contemporary view of appropriate corporate governance standards which are helpful to SDS in formulating its governance rules and practices.

The Governance Policy for Diocesan Organisations articulates principles which reflect the Synod’s expectation that each diocesan organisation will seek the highest standards of governance appropriate to the size and nature of that organisation. SDS has adopted those principles, where relevant and appropriate, having regard to the size of SDS and the nature of the work it undertakes.

1. Purpose and Not-for-profit character

The purpose of SDS, as set out in clause 4 of the SDS Ordinance, is to advance the purposes of the Anglican Church of Australia in the Diocese of Sydney through the regulation of the central administration of the affairs of the Diocese.

The principal organisations served by SDS are the Synod of the Diocese of Sydney and its Standing Committee and their subcommittees, parishes, Glebe Administration Board, Anglican Church Property Trust Diocese of Sydney, St Andrew’s House Corporation, the Endowment of the See Committee, the Mission Property Committee, and the Sydney Church of England Finance and Loans Board.

2. Roles and responsibilities

The members of SDS, acting collectively, are responsible for –

- providing leadership and setting the strategic objectives of SDS, and

- appointing the Chair, and
- appointing, and where necessary replacing, the Chief Executive Officer, and
- approving the appointment, and when necessary replacement, of other senior executives, and
- overseeing management's implementation of SDS's strategic objectives and its performance generally, and
- approving operating budgets and major capital expenditure, and
- overseeing the integrity of SDS's accounting and corporate reporting systems, including the external audit, and
- overseeing SDS's process for making timely and balanced disclosure of information to its stakeholders, and
- ensuring that SDS has in place an appropriate risk management framework and setting the risk appetite within which the members expect SDS to operate, and
- monitoring the effectiveness of SDS's governance practices.

SDS has an Audit Committee and a Nominations Committee to assist it in fulfilling its responsibilities.

The main role of the Audit Committee is to monitor report and make recommendations to SDS about the financial reporting processes of SDS, the internal control systems and the independent audit process. The charter of the Audit Committee is reviewed periodically by SDS.

The main role of the Nominations Committee is to make recommendations to SDS, for its advice to the Standing Committee, about the preferred skills and experience of a potential candidate to fill a vacancy in the membership of SDS.

SDS has delegated to the Chief Executive Officer, and through the CEO to the other executive staff of SDS, responsibility for the day to day management of the business of SDS. The scope of that delegated authority, and the limits on that authority, is documented and reviewed periodically by SDS.

3. Membership

Membership of SDS

The members of SDS are appointed by the Standing Committee under the *Sydney Diocesan Secretariat Ordinance 2017*.

Under the SDS Ordinance the board of SDS consists of 9 members elected by the Standing Committee and 1 member appointed by the Archbishop.

The name of each member, together with information about their qualifications and experience, is set out in the annual report of SDS.

At least 2 members are to be ordained clergy licensed in the Diocese of Sydney or persons with at least a three year degree from Moore Theological College or another college that is endorsed by the Archbishop.

Appointment of Members

SDS is to have an adequate number of members with appropriate skills and commitment to adequately discharge their responsibilities and duties.

SDS advises the Standing Committee about the preferred skills and experience of candidates to fill vacancies in the office of member.

The Standing Committee may appoint, as a member, a person other than a potential candidate recommended by SDS.

Independence of members

No member of SDS is an employee of SDS.

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

Each member is expected to disclose any business or other relationship which they may have with SDS.

Statement of Personal Faith

A person is not eligible to be elected as a member unless the person has first given the Secretary of SDS a signed copy of the Statement of Personal Faith set out in the Schedule of the SDS Ordinance.

Term of office

A member of SDS holds office for a term of 3 years.

Eligible members may offer themselves for re-election by the Standing Committee. SDS also makes recommendations concerning the re-election of any members by the Standing Committee. A person is not eligible for re-election if such re-election would result in that person being a continuous member of SDS for more than 14 years.

Induction of members

On appointment, a member receives a letter of appointment which sets out the expectations of the member and the conditions of appointment. A member is also offered an induction program to familiarise them with matters relating to the business, strategy and any current issues before SDS.

The induction program includes meetings with the Chair, and the CEO and senior executives, as appropriate.

SDS and each member enter into a Deed of Indemnity, Access and Confidentiality.

Meetings of members

The SDS Ordinance sets no minimum number of meetings, but instead provides that the members are to meet at such times as they may determine. The general practice of SDS is for the members to meet quarterly during the year (March, June, September and December) and at other times when required.

SDS has operating protocols for its meetings which cover matters such as the business of the meeting, attendance at a meeting, and how matters are to be discussed and determined at a meeting.

The CEO attends all meetings. The Chair, on the recommendation of the CEO, determines which other staff members or external consultants will be present at a meeting.

At each meeting, there is the opportunity for members of SDS to discuss matters in the absence of the CEO and other staff members.

Review of performance of members

The members of SDS regularly review their performance and effectiveness.

Learning & Development

SDS endorses and supports the appropriate development of its members, and expects that they will undertake ongoing learning and development which is relevant to their role as a member. SDS has a Member Learning & Development Policy which describes how SDS will provide support to members in undertaking learning and development.

4. Accountability

SDS is accountable to the Archbishop, the Synod and the Standing Committee being the representatives of the Diocese of Sydney for whose purposes SDS is constituted.

In accordance with its obligations under the SDS Ordinance, SDS –

- provides the Archbishop with copies of its agendas, if the Archbishop so requests, and
- reports to the Standing Committee from time to time about its affairs and is to cause minutes of its meetings to be tabled at a meeting of the Standing Committee at least once every quarter, and
- provides the Standing Committee with such information regarding the affairs of SDS as the Standing Committee may require from time to time, and
- answers any question on any matter relating to the affairs of SDS asked by any member of the Standing Committee and which has been referred to SDS by the Secretary of the Standing Committee.

The Archbishop is President of SDS, and may attend any meeting and may address SDS on any pastoral or policy issue concerning the Anglican Church as it applies to SDS. The Archbishop may request a copy of the agenda for any meeting of SDS.

SDS also complies with the provisions of the *Accounts, Audits & Annual Reports Ordinance 1995* which include provisions as to reporting.

SDS publishes its annual financial statements and its annual report on its web site.

5. Acting ethically and responsibly

SDS promotes ethical and responsible conduct.

Responsibilities of members at act ethically and responsibly

In undertaking their responsibilities, members of SDS are –

- to act with reasonable care and diligence in the performance of their functions
- to act in good faith in the best interests of SDS and to further its purpose
- not to misuse their position as members
- not to misuse information they gain in their role as members
- to promptly disclose actual or perceived conflicts of interest
- not to participate in discussions, or vote on any matter regarding an actual or perceived conflict of interest without the approval of other members
- to ensure the financial affairs of SDS are managed responsibly
- not to allow SDS to operate while it is insolvent.

Conflicts of interest

SDS's conflict of interest policy provides guidelines for recognising and managing potential conflicts of interest of members and specifically requires that –

- all members are required to disclose any actual or potential conflict of interest upon appointment and are required to keep those disclosures to SDS up-to-date, and
- any member with a material personal interest in a matter may not participate in discussion or vote on that matter, unless SDS resolves otherwise.

In addition, staff of SDS are not permitted to participate in activities which involve a conflict with their duties and responsibilities or which are prejudicial to SDS.

Compliance with Australian law

SDS is subject to a number of specific legal and regulatory obligations by reason of the activities it undertakes. SDS has identified those obligations and monitors compliance with those obligations.

The members of SDS collectively, and each member individually, may seek independent professional advice, at SDS's expense, to help them carry out their responsibilities. The Chair's prior approval is required, but will not be unreasonably withheld.

6. Safeguard integrity in financial reporting

Core principles

SDS's approach to financial reporting reflects the following core principles –

- its financial reports present a true and fair view, and
- its financial reports fully inform the members as to financial exposures, and
- its accounting methods are comprehensive and relevant and comply with applicable accounting rules and policies, and
- appropriate internal controls are maintained, and
- its external auditor is independent.

Integrity in the financial reporting system is maintained through –

- the work of the Audit Committee, and
- the work of the External Auditor, and
- CEO and CFO assurance.

Audit Committee

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

Members of the Audit Committee are chosen on the basis of relevant skills and experience. The Audit Committee has the flexibility to augment its skills and experience by appointing persons who are not members of SDS, subject to SDS approval.

The performance of the Audit Committee is reviewed as part of the annual performance review undertaken by members.

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

Given the relatively small size of SDS an internal audit division is not warranted. SDS has instituted internal controls and appropriate division of duties. The accounting controls monitor for breaches of authority.

External Auditors

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 SDS and its Audit Committee.

The external auditor submits an annual declaration of independence to SDS.

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

The external auditor attends all meetings of the Audit Committee at which a report is presented by the auditor about management, monitoring of financial risks, significant and unusual transactions, any correspondence with regulators and asset valuations.

CEO and CFO Assurance

The members of SDS receive a letter of representation, signed by both the CEO and the Chief Financial Officer, assuring SDS 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
- that appropriate 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.

7. Recognise and manage risk

Risk Management

SDS 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

SDS approves the organisation's risk identification and management strategy and periodically reviews that strategy.

The CEO and senior managers 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 SDS.

The CEO and senior managers ensure that risks are quantified, appropriate risk limits (tolerances) are set and that financial exposures are fully reported to SDS.

Compliance Reporting

SDS monitors its compliance with key risk matters, by requiring periodic confirmation certificates from management.

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

Compliance reporting is the responsibility of the Corporate Secretary of SDS.

STEVE LUCAS
Corporate Secretary

13 December 2017