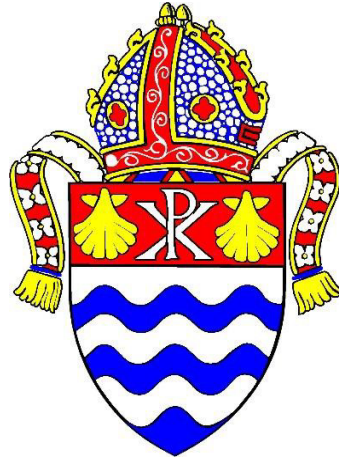


**THE CORPORATE TRUSTEES
OF THE
DIOCESE OF GRAFTON**



**GOVERNANCE
POLICY**

SUBJECT: THE CORPORATE TRUSTEES GOVERNANCE POLICY		REFERENCE NUMBER CTS-001
DATE APPROVED 1 September 2022 by Bishop-in-Council		VERSION 5 replacing version dated 27 January 2022
IMPLEMENTATION DATE Immediate	REVIEW FREQUENCY As required but at least 3 yearly	RESPONSIBLE FOR REVIEW The Corporate Trustees

CONTENTS

	Paragraph	Page
INTRODUCTION	1	3
Purpose	6	3
MEMBERSHIP RESPONSIBILITIES	8	4
RESPONSIBILITIES OF THE CORPORATE TRUSTEES	16	5
THE CHAIR	20	6
THE SECRETARY	21	7
INVESTMENT	23	7
INTERACTION WITH DIOCESAN ENTITIES	25	8
RISK MANAGEMENT	27	8
AUDIT	29	8
PERFORMANCE ASSESSMENT AND REVIEW	30	8
MEETINGS OF THE CORPORATE TRUSTEES	34	9
PROBITY	37	9
ADMINISTRATION	40	10
REVIEW	45	10

INTRODUCTION

1. The Corporate Trustees of the Diocese of Grafton (**The Corporate Trustees**) is a body corporate formed under the provisions of the *Anglican Church of Australia Trust Property Act 1917 (NSW)* (**Trust Property Act**) and Chapter 15 of the Diocesan Governance Ordinance 2008 (**Ordinance**), with the mission, ministry and purposes of:
 - (a) being the trustee of Church Trust Property for Ministry Units in the Diocese;
 - (b) being the trustee for the trust funds of Diocesan bodies; and
 - (c) receiving bequests on trust, which would otherwise be ineffective, on behalf of Ministry Units and other church entities in the Diocese.
2. The Corporate Trustees is a registered charity under the [Australian Charities and Not-for-profits Commission Act 2012 \(Cth\)](#) (**ACNC Act**) with the purpose of advancing religion and has been accepted by the Australian Charities and Not-for-profits Commission (**ACNC**) as a basic religious charity.
3. The Corporate Trustees seeks to be a good and prudent steward of the property and assets of the Diocese and its Ministry Units. To this end, The Corporate Trustees seeks to be a fiscally responsible commercially-minded entity which generates financial resources ethically to support and serve the Church that is the Anglican Diocese of Grafton.
4. The Corporate Trustees does not hold or have responsibility for the property and the assets of those bodies corporate of the Anglican Diocese of Grafton established in accordance with the *Anglican Church of Australia (Bodies Corporate) Act 1938 (NSW)* which have the trust responsibility for property and assets included in their constitution.
5. The Corporate Trustees seeks to act in the interests of the beneficiaries of all trust funds and property, maximise returns on investment funds within prudent limits, avoid speculative and high risk investments and seek investment diversity.

Purpose

6. The purpose of this Policy is to complement The Corporate Trustees' obligations under the Trust Property Act, Chapter 15 of the Ordinance, the ACNC Act and other relevant legislation through:
 - (a) governance principles appropriate to The Corporate Trustees' accountabilities, responsibilities and duties;
 - (b) mechanisms to establish and maintain an ethical culture through a transparent, committed, self-regulatory and efficient approach to governance;
 - (c) benchmarks against which to gauge The Corporate Trustees' performance.

7. The purpose of this Policy is also to help The Corporate Trustees to focus on its role and outcomes and to improve its governance by:
 - (a) assessing, reviewing and enhancing its performance;
 - (b) understanding and effectively managing risk while adding value;
 - (c) improving accountability;
 - (d) preventing and detecting fraudulent, dishonest and/or unethical behaviour;
 - (e) developing its capacity to discharge effectively its legal, financial and ethical obligations;
 - (f) safeguarding integrity in financial reporting.

MEMBERSHIP RESPONSIBILITIES

8. The Ordinance requires the Synod or Bishop-in-Council, in considering a nomination of a person for appointment as a member of The Corporate Trustees, to consider whether such person is a “fit and proper” person as defined by the Australian Prudential Regulatory Authority. Although being such a “fit and proper person” is not a legal prerequisite for being a member of The Corporate Trustees, The Corporate Trustees must take reasonable steps to encourage the Synod or Bishop-in-Council only to appoint persons who:
 - (a) possess the competence, character, diligence, honesty, integrity and judgement to perform properly the duties of a member of The Corporate Trustees;
 - (b) are not disqualified under the ACNC Act or any other law from being a member of The Corporate Trustees;
 - (c) either:
 - (i) have no conflict of interest in performing the duties of a member of The Corporate Trustees; or
 - (ii) have such a conflict of interest but The Corporate Trustees prudently conclude that the conflict does not create a material risk that the person will fail to perform properly the duties of a member of The Corporate Trustees.
9. The Corporate Trustees must check at least annually that each of its members meet the three criteria set out in clause 8 of this Policy.
10. A member of The Corporate Trustees who fails to meet the three criteria set out in clause 8 of this Policy must report this failure to The Corporate Trustees promptly after becoming aware of the failure.
11. Noting that The Corporate Trustees have extensive and, at times, complex duties, powers, and responsibilities, The Corporate Trustees must seek to obtain a knowledge and understanding of the law, legislation and ordinances relevant to its role.
12. The Corporate Trustees must review the mix of skills and experience of its members on a regular basis and take reasonable steps to ensure that it has appropriate expertise relevant to its role.

13. Where the appropriate expertise is not found among the members of The Corporate Trustees, it may make engage external consultants.
14. The Corporate Trustees, mindful of its current mix of skills and experience and the tenure of its members, must encourage potential new members who are eligible for appointment, who have appropriate skills and experience and, where possible, who can contribute to the diversity within The Corporate Trustees. Skills in law, finance, business and governance are pertinent to the work of The Corporate Trustees.
15. Each member of The Corporate Trustees must seek to apply appropriate personal qualities consistent with modern governance standards.

RESPONSIBILITIES OF THE CORPORATE TRUSTEES

16. Responsibilities of The Corporate Trustees include:
 - (a) setting the strategic direction of The Corporate Trustees and reviewing and approving the strategy to manage the substantial assets held in trust;
 - (b) setting performance indicators, reviewing performance against them and initiating corrective action when required;
 - (c) ensuring compliance with applicable laws;
 - (d) ensuring that risks facing The Corporate Trustees have been identified, assessed and are being properly managed;
 - (e) ensuring that policies on key issues are in place, are appropriate and reflect modern governance standards;
 - (f) fostering an appropriate culture matched to the Church's values and strategies.
17. Because The Corporate Trustees is a registered charity and a basic religious charity, it and its members are not required to comply with the ACNC's Governance Standards or the directors' duties in the *Corporations Act 2001* (Cth). Nevertheless, The Corporate Trustees believe that the ACNC Governance Standards and the general duties imposed by the Corporations Act on directors of companies are instructive for The Corporate Trustees and to be followed where possible. In particular, the members of The Corporate Trustees must seek to adhere to ACNC Governance Standard 5 which requires them:
 - (a) to exercise their powers and discharge their duties with the degree of care and diligence that a reasonable individual would exercise if they were a member of The Corporate Trustees;
 - (b) to act in good faith in the best interests of The Corporate Trustees and to further its charitable objects;
 - (c) not to misuse their position as a member of The Corporate Trustees;
 - (d) not to misuse information they gain in their role as a member of The Corporate Trustees;
 - (e) to disclose any perceived or actual material conflicts of interest;
 - (f) to ensure that the financial affairs of The Corporate Trustees are managed responsibly; and
 - (g) not to allow The Corporate Trustees to operate while it is insolvent.

18. To fulfil their responsibilities, the members of The Corporate Trustees recognise that it is important that they:
- (a) understand their responsibilities: in particular, their responsibility for other people's money, property and investments and responsibilities under the law;
 - (b) have a healthy scepticism: The Corporate Trustees are accountable to the Diocese and to trust beneficiaries; the members of The Corporate Trustees must understand the state, direction and activities of The Corporate Trustees and associated financial data; the members of The Corporate Trustees must scrutinise, ask questions and be thorough;
 - (c) maintain a rigorous and reliable financial reporting system: an accurate, timely, comprehensible and reliable financial reporting system is essential. Monthly budgeting and detailed reporting against key performance indicators is necessary to maintain a correct picture of The Corporate Trustees' performance;
 - (d) cultivate trust: particularly important is the relationship The Corporate Trustees has with auditors and the Audit Committee and the trust and respect of Diocesan management and staff and other Diocesan stakeholders.
19. The members of The Corporate Trustees also recognise that they must:
- (a) demonstrate commercial and ethical reasonableness in their decisions;
 - (b) not allow personal interests, or the interest of any associated person, to conflict with the interests of The Corporate Trustees or the trust beneficiaries;
 - (c) make reasonable inquiries to ensure that The Corporate Trustees are operating efficiently, effectively, legally and ethically in achieving goals;
 - (d) undertake diligent analyses of all proposals placed before The Corporate Trustees;
 - (e) serve on committees established by The Corporate Trustees, as required.

THE CHAIR

20. The Bishop of Grafton is the Chair of The Corporate Trustees. However, in the Bishop's absence, another Trustee must be elected to be Chair for that time. The Chair's responsibilities include:
- (a) ensuring appropriate leadership and vision;
 - (b) recognising and managing risk and ensuring there is a culture of risk mitigation;
 - (c) establishing the agenda for meetings of The Corporate Trustees;
 - (d) presiding at meetings of The Corporate Trustees;
 - (e) encouraging a respectful and positive culture and environment at meetings of The Corporate Trustees, where members feel free to voice questions and concerns;
 - (f) directing discussions to effectively use the time available to address critical issues;
 - (g) ensuring The Corporate Trustees' minutes properly reflect decisions;

- (h) ensuring that The Corporate Trustees has the necessary information to undertake effective decision making and actions;
- (i) developing an ongoing and effective relationship with the Registrar as Secretary of The Corporate Trustees and other Diocesan staff;
- (j) guiding the ongoing effectiveness, learning and development of The Corporate Trustees for good governance and to manage risk.

THE SECRETARY

21. The Registrar, as Secretary, is responsible to The Corporate Trustees for the management of Church Trust Property and for policies held and determined by The Corporate Trustees as well as carrying out The Corporate Trustees' administrative requirements.
22. The Secretary's responsibilities include:
- (a) taking and approving actions and initiatives required to deliver The Corporate Trustees' strategic and operational plans as approved by The Corporate Trustees;
 - (b) ensuring transactions outside the Secretary's delegation levels are referred to The Corporate Trustees for approval;
 - (c) ensuring that all actions comply with The Corporate Trustees' policies;
 - (d) ensuring that the agenda for The Corporate Trustees' meetings is developed in a timely and effective manner for review and approval by the Chair;
 - (e) ensuring that the papers for The Corporate Trustees' meetings are developed and distributed in a timely and effective manner;
 - (f) coordinating, organising and attending the Corporate Trustees' meetings and ensuring that correct procedures are followed;
 - (g) drafting and maintaining The Corporate Trustees' minutes;
 - (h) in conjunction with other senior Diocesan staff, carrying out the instructions of The Corporate Trustees and giving practical effect to The Corporate Trustees' decisions;
 - (i) meeting statutory reporting requirements in accordance with relevant legislation;
 - (j) working with The Corporate Trustees to establish and deliver best practice governance;
 - (k) attending to such other matters as delegated by The Corporate Trustees.

INVESTMENT

23. The Corporate Trustees must put in place an Investment Strategy to reflect the following objectives, subject in all cases to trust obligations:
- (a) maximise, within prudent limits, the annual returns to the Diocese;
 - (b) be prudent as to the level of financial risk;
 - (c) diversify investment so as to spread risk;
 - (d) take into account the requirements of trust beneficiaries and the policies of the Diocese.

24. The Corporate Trustees may make investments or joint undertakings with other churches or investors where, in the view of The Corporate Trustees, it is prudent and beneficial to do so.

INTERACTION WITH DIOCESAN ENTITIES

25. The minuted decisions of the Corporate Trustees must be reported to the Bishop-in-Council promptly following confirmation of the minutes.
26. An overarching governance requirement is to avoid real or perceived conflicts of interest between The Corporate Trustees and other Diocesan entities. This is particularly important where there are specific Trustee legislative responsibilities. However, this does not mean that entities should operate in isolation from one another. That is, they should not operate as “silos”. The most productive approach is one of partnership.

RISK MANAGEMENT

27. The management of risk is one of the major governance responsibilities of The Corporate Trustees.
28. The Corporate Trustees must develop a risk management plan to complement Diocesan risk management policy. Consideration must be given to appropriate risk management strategies, ranking of risks and a detailed monitoring program. The Diocesan Audit Committee is to be asked to review this plan and its implementation on a regular basis.

AUDIT

29. The accounts of The Corporate Trustees must undergo an annual independent audit by a professional audit firm approved by Bishop-in-Council. The audited financial statements are subject to review by the Diocesan Audit Committee and are presented to the Synod for adoption.

PERFORMANCE ASSESSMENT AND REVIEW

30. Performance assessment and review is a key part of The Corporate Trustees’ governance and operations.
31. Financial data prepared for each Corporate Trustees’ meeting must include explanatory notes on significant variations and a sub-split of items that are of particular importance and sensitivity. The Corporate Trustees must compare outcomes with budget and with previous periods.
32. Key Performance Indicators (KPIs) must be directly relevant to the Corporate Trustees’ circumstances and activities, value-add, facilitate risk management and assist in providing early warning of potential problems.

33. KPIs must address, among other things:
- (a) liquidity/cash flow management;
 - (b) debt versus realisable equity;
 - (c) investment performance;
 - (d) trustee performance (e.g. attendance at meetings; notification of perceived as well as actual conflicts of interest; experience and competencies; and an annual review).

MEETINGS OF THE CORPORATE TRUSTEES

34. The Corporate Trustees must meet as a minimum on a bi-monthly basis, with urgent matters dealt with by “Flying Minute” or special purpose telephone or video conference as appropriate.
35. The members of The Corporate Trustees are to be actively involved in the development of agenda for meetings.
36. Agenda papers and reports for consideration must be circulated no later than 5 days before each meeting.

PROBITY

37. The Corporate Trustees are committed to due diligence and probity to ensure:
- (a) sound decision making and accountability for decisions;
 - (b) fairness, integrity and impartiality;
 - (c) identification and management of conflicts of interest;
 - (d) appropriate security and confidentiality arrangements;
 - (e) transparency, consistency and comprehensible processes.
38. The Corporate Trustees are to apply a high level of probity to their business activities and contractual dealings and must not:
- (a) inappropriately use market power or influence;
 - (b) except in exceptional circumstances, seek to vary the terms of any existing contractual arrangement provided, however, that it is acceptable to renegotiate the terms of any new arrangement arising at the expiration of any existing arrangement; and
 - (c) give other than genuinely held opinions or feedback, constructively and based on reasonable criteria, in relation to any service provider or entity.
39. Members of The Corporate Trustees must disclose, and take reasonable steps to avoid, any conflict of interest (real or apparent) in connection with their responsibilities as per GEN-010 Conflict of Interest Management. In this context, each member of The Corporate Trustees must provide a Conflict of Interest Declaration covering the following:
- (a) personal and other family investments in institutions or entities in which The Corporate Trustees has invested or has an interest;

- (b) personal and other family involvement in Diocesan organisations or institutions;
- (c) personal and other family investments in financial products or equities that are, or are being considered as, the subject of Diocesan investments;
- (d) other interests and relationships, including real estate investments, trusts or nominee companies, company directorships or partnerships, significant sources of income, significant liabilities, gifts, employment, voluntary, social or personal relationships or faith-based involvement that could, or could be seen to, impact upon their responsibilities.

ADMINISTRATION

- 40. A Property Register in both electronic and hard copy must be maintained and contain at least:
 - (a) a photograph of each property;
 - (b) real property description;
 - (c) insurance and valuation details;
 - (d) the name of the Ministry Unit utilising and/or managing the property;
 - (e) details of mortgages, history and other relevant matters.
- 41. The Property Register, or relevant pages, must be readily available upon request to all members of The Corporate Trustees, Bishop-in-Council members and representatives of the relevant Ministry Unit.
- 42. Declarations of Trust must be prepared for all trusts accounts, specifying the source of the trust funds, the beneficiary and the purpose for which the trust fund and its income may be used. The Declarations of Trust must be kept safely in the Registry and be available upon request to all members of The Corporate Trustees, Bishop-in-Council members and representatives of the relevant Ministry Unit.
- 43. A copy of all leases entered into (whether as lessor or lessee), tenancy agreements and licences concerning real estate must as far as possible be maintained in the Registry. A register of leases must be maintained and be available upon request to all members of The Corporate Trustees, Bishop-in-Council members and representatives of the relevant Ministry Unit.
- 44. Insurance must be taken out on all The Corporate Trustees' property, including that held as investment.

REVIEW

- 45. The Corporate Trustees Governance Policy was endorsed by The Corporate Trustees on 17 July 2008 with amendments endorsed on 14 July 2016, 19 September 2019, 27 January 2022 and 28 July 2022. This policy is to be reviewed as required but not less often than every three years.
