



illawarra health and  
medical research institute

# BOARD CHARTER

April 2014

## IHMRI Board Charter

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## **1 INTRODUCTION**

This Board Charter defines the role, responsibilities and authorities of IHMRI Directors, both collectively as the Board and also individually. In outlining the Board's purpose, composition, functions, relationships, and organisational detail regarding the conduct of the Board, it enables members of the Board to have a shared understanding of what the Board does and how the Board works. It is, in essence, a job description for the Board. It aims to assist the IHMRI Board and individual Directors to undertake their governance responsibilities with diligence and in line with best practice. It offers particular value in the context of inducting new members to the Board, in supporting Board evaluation processes and in promoting IHMRI as a professional and transparent organisation to stakeholders, funders and donors.

This Charter falls within a hierarchy of key governance documents, namely the IHMRI Constitution, this Board Charter and the Board Code of Conduct. The Constitution takes precedent and details a number of matters relevant to the Board, not all of which are reproduced in this Charter. The Board Code of Conduct complements the Charter by detailing what is expected of individual Directors and how matters of conduct of Directors will be managed. This Charter should be read in conjunction with these companion documents.

## **2 THE ORGANISATION**

IHMRI is a not-for-profit organisation, constituted as a company limited by guarantee subject to the provisions of the Corporations Act 2001 (Cwth). Its founding members (and key stakeholders) are the University of Wollongong (UOW) and the Illawarra Shoalhaven Local Health District (ISLHD).

Although established and supported by these two key stakeholders, IHMRI is an independent medical research institute with primary responsibility for driving the growth and development of health and medical research in the Illawarra region. A Memorandum of Understanding and an associated service agreement with each key stakeholder define the relationship between IHMRI and each stakeholder and how they collaborate and work together.

## **3 GOVERNANCE ROLES**

### **3.1 Role of the Board**

The IHMRI Board provides the overall governance control and direction, or stewardship, of the organisation, on behalf of the IHMRI stakeholders. The Board has responsibilities relating to the performance, compliance and overall operations of the organisation. Its work includes setting strategy and the policy framework for the organisation, the appointment of and engagement with the Executive Director, monitoring the organisation's performance, risk management and compliance, networking and stakeholder communication, and decision-making at the highest level.

In keeping with usual practice for the governance of Australian not-for-profit companies, the role of the Board and the roles of management are distinct and separated, although the Chief Executive Officer of IHMRI is also a Director, with these dual roles facilitating efficiency and improved communication between the Board and management. The Board maintains its attention on its 'governing' responsibilities. It sets the strategic direction and goals of the organisation and monitors rather than manages the operational conduct of the organisation's business, the latter being the role of the Executive Director and management. The specific responsibilities and functions of the Board are detailed later in this Charter.

### 3.2 Composition of the Board

The IHMRI Board comprises a minimum of six (6) and a maximum of ten (10) directors including:

- three (3) *Appointed Directors* from each of the two key stakeholders (the UOW and the ISLHD), with terms at the discretion of the appointing organisation;
- three (3) *Other Directors*, with one being the Chair and another the Deputy Chair, and who are appointed for three (3) years and able to serve for up to four (4) terms; and
- one (1) *Executive Director* who is also the Chief Executive Officer of IHMRI.

The *Other Directors* are highly regarded and well known leaders drawn from community and business and are independent from either UOW or ISLHD. They are identified by the existing directors to bring particular skills, experience, connections and balance to the composition of the Board.

From July 2014 the *Executive Director* will be a member of the Board. While many not-for-profit organisations maintain a separation between the CEO role and the board, it is common in professional organisations, including many medical research institutes, for the CEO to be a member of the board. This reflects the notions of collegiality and mutual respect that are typically strong features in professional organisation cultures.

### 3.3 Role of Individual Directors

In Australia, individual directors have a number of specific legal duties arising from the Corporations Act 2001, complementary state legislation and precedents in case law developed over time. The fundamental common law and statutory obligations of any director are to:

- act in good faith, in the best interests of the company
- act with care and diligence
- avoid conflicts between ones role as a director and other personal and professional interests.

In addition, directors have an individual responsibility in relation to the preparation of financial statements and avoiding insolvent trading.

The Board Code of Conduct outlines what these duties mean in practice and sets standards of conduct expected of individual Directors. The structure of the IHMRI Board is such that not all Directors are independent; IHMRI *Appointed Directors* are nominated and employed by the key IHMRI stakeholders. *Appointed Directors* are therefore especially mindful of their obligation to always act in the interests of IHMRI when making decisions as a Director of IHMRI, and to avoid any conflict that may arise as a result of their role and employment with the UOW or ISLHD. Similarly, while the *Executive Director* is an employee of IHMRI, they must also be aware of their obligation to act in the interests of IHMRI when making decisions as a Director and to avoid the conflicts that will often arise as a result of their dual role. The Code pays particular attention to how individual Directors can properly fulfil their obligations to IHMRI and how the Board will deal with conflicts of interest.

### **3.4 Role of the Chair**

The Board Chair provides leadership to the Board, promoting Board cohesiveness, effectiveness and proper functioning. The Chair is also pivotal in developing good relationships between the various stakeholders: the two IHMRI partners, the Executive Director, the Board, individual Directors, and industry, community and government leaders.

As the leader of the Board, the Chair:

- assists individual members, and the Board as a whole, to understand their role, responsibilities and accountability
- helps members understand their risks and liabilities as individual Directors and as a Board
- manages conflicts of interest and other matter concerning the conduct of individual Directors and the Board
- ensures the Board reviews and monitors its performance on a regular basis.

In chairing meetings, the Board Chair facilitates constructive contributions by all Directors and also provides an independent voice and even hand to ensure the Board acts as a whole in discharging its responsibilities. A key role of the Chair is to ensure that meetings are efficient and effective with:

- appropriate meeting agendas with sufficient time for each agenda item
- competent provision of information to the Board to support agenda items
- structured and open debate of issues followed by conclusions and decisions that are understood by all Directors and management and accurately recorded.

The Chair is the principal spokesperson for the Board when comment on the Board's activities is required. The Chair may also be called upon to speak publicly on behalf of the organisation. Whilst this will be the case in certain circumstances, generally the role of representing and being the spokesperson for the organisation lies with the Executive Director.

Finally the Chair provides the key link between management and the Board and provides a point of counsel, a sounding board and independent and objective view for the Executive Director as required.

### **3.5 Role of the Deputy Chair**

The Deputy Chair provides support to the Chair as required and will be responsible for chairing both Board meetings and general meetings of Members if the Chair is unwilling or unable to act.

### **3.6 Role of the Executive Director**

The Executive Director (also the CEO of the company) reports to and is accountable to the Board for the overall management of IHMRI, its research, its programs, and its affiliated researchers and staff, in order to achieve IHMRI's strategic goals and objectives. The Executive Director coordinates the development of IHMRI's strategic plan in collaboration with management and research leaders, to echo the strategic direction and goals set by the Board. The Executive Director has overall responsibility for the day-to-day conduct of the business in line with that plan. There is clear differentiation between the Executive Director's management and operational responsibilities and the higher-level stewardship work of the Board (i.e. strategic direction setting, high-level risk management and performance and compliance monitoring). When undertaking their role as Executive Director (as opposed to

CEO) the Executive Director must comply with the responsibilities required of them by law, the Constitution and those imposed by this document and the Code of Conduct as a director and in particular be mindful of avoiding conflicts of interest inherent in such a dual role.

With the benefit of high-level advice from a research committee of the Board, the Executive Director is responsible to the Board for directing all research conducted in the name of IHMRI. Shaping, influencing, leading, controlling and managing IHMRI's research program and research outputs is a major part of the Executive Director role. IHMRI's research fellows and other affiliated researchers and operations staff report to and are accountable to the Executive Director for their role in, and contribution to, achieving IHMRI's research goals.

(Note: IHMRI's research fellows and other affiliated researchers are academic and clinician researchers who conduct research under the direction of IHMRI and benefit from IHMRI's research programs, facilities and services. These arrangements are formalised under documented affiliation agreements signed between the researcher, their employing institution (most commonly the UOW or ISLHD) and IHMRI and which clearly articulate the scope and nature of the affiliation and the accountability and reporting relationships that apply. Specifically the arrangements require that affiliated researchers work under the direction of the IHMRI Executive Director in the conduct of the research falling under the affiliation.)

Specific Executive Director responsibilities and function are detailed later in this Charter.

### **3.7 Role of the Company Secretary**

The IHMRI Board has appointed the IHMRI Chief Operating Officer as the Company Secretary. The Company Secretary plays a significant role in ensuring that Board meetings are run efficiently and resolutions of the Board are actioned by:

- working with the Chair and the Executive Director to prepare the agenda
- ensuring timely preparation and provision of quality board papers and minutes
- ensuring attendance of the right people including managers and advisors as required
- sourcing and making available expert advice as required
- assisting the Board in enhancing board practices and procedures
- advising the Board on matters of the IHMRI Constitution as needed
- ensuring the maintenance of records and reporting to meet legal requirements, including statutory reporting and auditing requirements
- keeping abreast of, and informing directors of, any changes to legislative requirements or governance expectations.

## **4 KEY RESPONSIBILITIES AND FUNCTIONS**

### **4.1 Board Functions**

In order to meet its overall governance role and to ensure it pays proper attention to both its performance and conformance responsibilities, the Board undertakes a range of specific functions outlined as follows.

#### ***Setting strategic direction and high-level policy frameworks***

- establishing the organisation's vision, mission, values and ethical standards
- approving the strategic plan, as developed by the IHMRI Executive Director, research leaders and management

- ensuring the organisation's long term viability and enhancing its financial position
- monitoring developments in relevant industry sectors (research and development, health, university and business) and the operating environment generally
- assuming responsibility for the relationship with the Executive Director including appointment, succession, performance, development, assessment, remuneration and dismissal
- approving business plans and annual budgets and agreeing key performance indicators
- endorsing high-level research directions and plans
- considering reports and approving recommendations put forward from Board committees
- delegating appropriate authorities to the Executive Director (and approving a framework for delegation of authority to management)
- reviewing and endorsing high-level organisation, research leadership and staff structure
- approving and monitoring capital expenditure, capital management and acquisitions.

#### ***Liaising with stakeholders and engaging in public relations***

- ensuring effective communication with the key stakeholders and strategic partners
- demonstrating leadership in relevant industry sectors, business and in the community generally.

#### ***Ensuring compliance with statutory requirements***

- understanding and protecting IHMRI's financial position
- requiring and monitoring legal and regulatory compliance including in relation to the company constitution, directors' responsibilities, accounting standards, trade practices, fundraising, and workplace safety
- requiring and monitoring compliance with all relevant codes and standards including in relation to the conduct of research and provision of health services
- ensuring an effective system of internal controls exists and is operating as expected
- approving annual financial reports, annual reports and other sensitive reports
- appointment of the Company Secretary.

#### ***Managing risk***

- overseeing a risk management framework and monitoring business risks
- overseeing and monitoring governance, control and accountability systems, including those associated with clinical and research governance and quality control.

#### ***Monitoring organisational and Board performance***

- monitoring and assessing IHMRI's performance and major projects against agreed business plans and KPIs
- monitoring and reviewing the performance of the Executive Director, and in conjunction with the Executive Director the performance of research leaders and high-level management
- establishing such committees, policies and procedures as will facilitate the effective discharge of the Board's roles and responsibilities
- monitoring and reviewing the performance of the Board, individual Directors and its committees.

## **4.2 Executive Director Functions**

The Executive Director (directing and working in conjunction with research fellows, other affiliated researchers, the management team and staff) is responsible to the Board for:

- recommending strategic directions and developing IHMRI's strategic plan for approval by the Board, and translating the strategic plan into effective operations

- leading and directing the research endeavours of IHMRI and in particular all research conducted under the name of IHMRI
- building and maintaining effective and productive relationships with stakeholders, funders and other partners
- leading and managing IHMRI's affiliated researchers and other staff and managing physical and financial resources to achieve organisational objectives
- assuming responsibility for the organisation's conformance with relevant laws, regulations and codes and developing, implementing and reviewing its research governance and general compliance framework
- developing, implementing and reviewing policies and procedures
- being alert to trends in the research and development, health and university industry sectors and the operating environment, including changes in government funding policy and programs
- providing high quality information and briefings to the Board
- acting as a conduit between the Board and the organisation
- leading, supporting and mentoring researchers to strive for and deliver research excellence.

## **5 BOARD PROCESSES**

### **5.1 Meetings**

The Board meets six times each year, approximately at two monthly intervals, and as required if important special business arises and must be promptly addressed. The Board sets the schedule of meeting dates at the commencement of each year to facilitate Directors' planning and attendance.

### **5.2 Attendance and Quorum**

The Constitution provides that the quorum for a Board meeting is a majority of Directors holding office at the time of the meeting. Directors are expected to attend all meetings. If unable to attend a Director conveys an apology to the Board and such apology is recorded in the minutes of the meeting. Repeated non-attendance is noted and if necessary raised with the Director by the Chair in order to assess the Director's continued ability to contribute and to discharge his/her duties effectively.

### **5.3 Meeting Chair**

Board meetings are chaired by the IHMRI Chair. If the Chair is unable to attend the meeting, then the Deputy Chair will chair the meeting and if they are unable or unwilling to chair, the Directors will elect one from amongst them to chair the meeting.

### **5.4 Meeting Agendas and Papers**

Meeting agendas are prepared by management in consultation with the Chair and are developed to maximise robust discussion time for key agenda items while avoiding lengthy presentation time on matters for information. The Board maintains a Board Meeting Calendar to guide its work and the content of meeting agendas throughout the annual cycle of Board business. The Board endeavours to allocate some time at each meeting to engage with research leaders and their groups in order to understand their research challenges and to celebrate their research endeavours. As a general rule, the Board agenda and

accompanying papers are distributed to Directors seven (7) days prior to scheduled Board meetings. A template of the Calendar of Agenda Items is at **Attachment A**.

## **5.5 Board Decision-making**

The IHMRI Constitution provides for two types of Board decisions: ordinary resolutions passed by a simple majority of Director votes at the meeting; and Special Majority Director Issues that require a 75% majority of votes of all Directors. The Special Majority Director Issues include appointment to fill a casual director vacancy, delegation of Board authorities to a committee or officer of the company, appointment/removal of the CEO and approval of any secondary appointment or role of the CEO with another party, appointment of a person under power of attorney for the Company and consenting to circular resolutions.

However, the traditional notion of a board voting on each matter put to it is rarely used in boardrooms today and the IHMRI Board applies a consensus decision-making approach, which focuses on securing the agreement of the full Board. Likewise, it is no longer necessary and not required under the IHMRI Constitution, to have matters 'moved' and 'seconded' before a decision is made. In the usual course, Board agenda papers will flag the decision being sought from the Board, and when this is not the case the Chair will summarise the resolution or consensus outcome of discussion to be confirmed and recorded when closing off an agenda item. The Board Code of Conduct provides more guidance and detail on this consensus-style Board decision-making and what is required of individual Directors to ensure its effectiveness.

## **5.6 Minutes**

Proceedings of all meetings are minuted by the Board secretariat and then reviewed by the Chair of the meeting as soon after the meeting as possible. Minutes of Board meetings are circulated to Directors, approved by the Board at the subsequent meeting, and signed by the Chair (or the Director who chaired the meeting concerned).

## **5.7 Board Committees**

The Board may establish committees (or task forces) to assist it in its work. The need for committees may occur when the Board wishes to distribute the workload, enable detailed consideration and particular expertise to be brought to an important issue or function, and/or to offer advice on sensitive matters.

Committees must be constituted according to a Terms of Reference adopted at a Board meeting. Such Terms of References will outline the:

- name of the committee
- committee purpose
- membership of the committee and the Chair
- scope of the committee's work and delegated authority (if any) and/or advisory functions
- operational procedures (meetings, quorum, minutes)
- reporting requirements
- duration, including revision, and term.

Any committee of the Board must include in its membership at least one Director.

The IHMRI Board follows general practice in regards to the reporting requirement of its committees; any committee, even one with delegated functions, must submit its recommendations for Board approval and has no full executive power of its own.

### ***Scientific Advisory Committee***

The Board has established the IHMRI Scientific Advisory Committee on Research to provide advice and counsel to the IHMRI Executive Director and the Board on strategic research directions and opportunities, and to assist in building international and national connections and research collaborations. The Committee members are highly regarded international and national health and medical research leaders in fields of relevance to IHMRI's research program and priorities.

### ***Fundraising Foundation***

In 2014, the Board intends to establish a Fundraising Committee, to be chaired by one of the independent Other Directors and to drive a fundraising strategy and program for the benefit of IHMRI's research programs and researchers. The Committee will include representation from the fundraising arms of each of the UOW and the ISLHD and provide a point of synergy and coordination (and avoidance of conflict) between the fundraising efforts of the various players. This foundation committee will be formed under a committee Terms of Reference or Committee Charter outlining the matters listed above and approved by the Board. The Terms of Reference will specify the responsibilities of the Committee, but also specific responsibilities for the Committee Chair and the IHMRI Executive Director.

## **6 BOARD EFFECTIVENESS**

### **6.1 Director Protection and Access to Advice**

IHMRI maintains Directors and Officers Insurance that provides certain insurance coverage for Board members and senior management undertaking their role with the company, subject to the limitations on that insurance imposed by the Corporations Act and the terms of the policy. Documentation of such insurance cover is provided to Directors on request. IHMRI Directors are also entitled to seek independent expert advice on sensitive issues or matters of risk to IHMRI or themselves, and such advice will be funded by IHMRI on the approval of the Board.

While it is within a Director's rights to pursue this, IHMRI has a number of controls to ensure the process is properly managed. The process for seeking independent expert advice is as follows:

- with consent from the Chair, an individual Director or a Board Committee may engage outside advisors at IHMRI's expense
- where it is appropriate and at the discretion of the Chair, the advice will be circulated to all members of the Board or committee
- all Directors have access to the Company Secretary who will assist in obtaining external advice.

### **6.2 Board and Director Development**

The Board undertakes board development exercises from time to time to ensure it remains abreast of trends in best practice governance. The Board will also apply resources to support the development of individual Directors as deemed beneficial to IHMRI and as approved by the Board. A comprehensive induction program is provided for all new Directors and Board Committee members.

### **6.3 Board Evaluation**

The Directors undertake an annual Board evaluation exercise in order to assess their effectiveness collectively as a Board, and also as individual Directors. In undertaking this evaluation the Board considers: its performance against good governance standards; the workload of the Board and its past and future capacity to meet work demands; and the contribution of individual members against pre-determined criteria.

### **6.4 Director Selection and Succession**

Although the IHMRI Constitution sets requirements for the composition of the IHMRI Board, the Board is cognisant of the importance of, and value in, ensuring the Board is broadly representative and includes a mix of skills and attributes (including among *Appointed Directors*) to support good governance. To this end the Board conducts an audit of the background and skills of Directors as part of its annual Board evaluation and will maintain a skills matrix to assist it and IHMRI's key stakeholders in Director selection and succession processes.

### **6.5 Director Remuneration**

IHMRI Directors undertake their role in an honorary capacity. Travel and out of pocket expenses incurred by Directors in undertaking their duties with IHMRI will be reimbursed in accord with the relevant IHMRI policies as applicable from time to time.

### **6.6 Director Induction**

IHMRI Directors are provided with a Director Induction Pack and other induction briefings and opportunities (e.g. visit and tour of IHMRI's headquarters etc.) if desired.

## **7 PUBLICATION AND REVIEW OF CHARTER**

Key features of this Charter will be outlined in IHMRI's Annual Report and a copy made available on the IHMRI website at ([www.ihmri@uow.edu.au](mailto:www.ihmri@uow.edu.au)). The Board will review this Charter every two years to ensure it remains consistent with the Board's objectives and responsibilities.

## Board Calendar of Agenda Items

TOPIC	FEB	APRIL	JUNE	AUG	OCT	DEC
<b>Annual General Meeting</b>						
• AGM timetable and notices						
• Audited financial statement & directors report						
• Draft annual report						
<b>Institute Performance</b>						
• Draft Y/E financials						
• Strategic plan – annual review						
• Business plan and annual budget						
• Y/E Institute performance review						
• Quarterly activity and performance reports	(to end Dec)	(to end Mar)			(to end Sep)	
• Monthly financial reports	(Dec, Jan)	(Feb, Mar)	(Apr, May)	(Jun, Jul)	(Aug, Sep)	(Oct, Nov)
• Research themes & leadership (SAC input) – research strategy						
• Institute Director annual performance review						
<b>Board Governance</b>						
• Annual board calendar						
• Risk and compliance assessment						
• Board evaluation						
• Governance development plan/constitution review						
• Directors induction program (as required)						
<b>Policy/Strategy</b>						
• Delegations policy						
• Researcher and staff satisfaction/engagement						
• Facilities and capital projects strategy						
• CRTU performance/growth strategy						