

Meeting
12/12/08

Agenda Item
9

Reference No
HEFCW/08/89

1 Issue

This paper invites the Council to carry out its annual review of its corporate governance arrangements.

2 Corporate Planning Implications / Rationale for paper

The Corporate Strategy and Corporate & Operational Plan 2007-10 specifically commits Council to undertake an annual review of its *Standing Orders for the Conduct of Council Business*, *Scheme of Delegation* and *Financial Regulations*, and also to review its committee structure over the planning period.

3 Recommendation(s)

The Council is invited to:

- i. Review and approve the proposed amendments to its *Standing Orders for the Conduct of Council Business*, (**Annex A**) *Scheme of Delegation* (**Annex B**) and *Financial Regulations* (**Annex C**);
- ii. Receive a report on the application of the Council's official seal during 2008.

4 Timing for decisions

There are no particular timing issues with respect to the issues presented in this paper.

5 Council members' interests

No Council member has declared any further interests to those set out in the Register of members' interests which are of specific relevance to the matters covered in this paper.

6 Further information

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7 Background

- 7.1 At its December meetings, Council traditionally reviews its *Standing Orders for the Conduct of Council Business, Scheme of Delegation and Financial Regulations*.
- 7.2 Since 2006, Council has also annually considered an assessment of its corporate governance arrangements against a checklist of best practice either at its December meeting or at the May workshop. This year the governance review has focused on the Council's committee structure and a separate paper has been prepared for this meeting that proposes a revised structure from 1 January 2009 for the Council's Committees and their standing orders and terms of reference. The Council will have several new members starting in December 2008, or shortly thereafter, and it is therefore proposed that the next review of the effectiveness of the Council and its Committees, in consultation with all members, should not be completed until new members have had an opportunity to attend at least a few Council and Committee meetings.

8 Standing Orders, Scheme of Delegation and Financial Regulations

- 8.1 The Council's Standing Orders for the Conduct of Council Business are attached at **Annex A**. All of the changes proposed are highlighted in Appendix A. The most significant paragraph changes are as follows:

4.3.2 – Observer status at other UK funding Council meetings – deletion of paragraph that describes the reciprocal arrangements in place for the Chief Executive, or his representative, to attend meetings of other UK funding Councils. These arrangements have not changed but it is not considered necessary to include this paragraph in the standing orders.

4.4 – Other participants – deletion of references to the Council's ability to co-opt Council members as all Council members are appointed by the Minister. The membership of Committees is separately considered in section 11.

5.1- Order of business – insertion of Chairman's Report as a standing item

5.6 – Chairman's nominee – insertion of a clause to allow Chairman to nominate a Council Member on an annual basis to Chair the meeting of Council in his/her unforeseen absence

11.0 – Council committees – this section will need to be updated following Council's approval of the revised Committee structure.

Council is invited to approve the revised 'Standing Orders for the Conduct of Council Business' at Annex A

- 8.2 The Council's Scheme of Delegation is attached at **Annex B**. The following changes are proposed:

Paragraph 15, that describes the Chief Executive's delegated authority in relation to the Council's Financial memorandum with institutions, has been updated to reflect the changes to the Financial memorandum with institutions that were approved by Council in October 2008.

Paragraph 15 (d) Delegation to the Chief Executive to make decisions on requests by institutions to enter into long term financial commitments under paragraph 48 of the Financial Memorandum, to be limited to those requests where the annualised servicing costs of the institution's long term commitments does not exceed 7 per cent of its total income. In circumstances where the 7 per cent threshold is exceeded it is proposed that the decision will be made by the Council.

Appendix 1 – replacement with the updated Terms of Reference for the Management Board

Council is invited to approve the revised 'Scheme of Delegation' at Annex B

- 8.3 The Council's Financial Regulations set out the responsibility for the financial operations within the Council. The revised financial regulations were presented to the Audit & Risk Committee in October 2008 for their review. The main changes reflected in the financial regulations attached at Annex C and agreed by the Audit & Risk Committee are as follows:

- Removal of redundant 'imprest and petty cash accounts' section.
- Para 3.7: Reference to the requirement for prior consent of the Director of Finance and Corporate Services for salaries' virements in running costs' budget.
- Paras 3.8 and 4.7: Inclusion of intranet cross reference to 'Budget and Cash Management' document in support of budgets' section.
- Paras 6.5 and 6.14: Replacement of appendices on tendering procedures with intranet cross reference to 'Purchasing Procedures' document.
- Paras 6.6.2 and 6.6.3: Purchasing thresholds for quotes and tenders updated.
- 'Fees and charges for services provided' section 8 truncated to match HEFCW's limited needs for recharging costs and charging for services.
- Para 10.9: Frequency of competitive tendering for banking arrangements amended to between three and five years, in line with the Financial Memorandum with WAG.
- Para 11.1: Inclusion of intranet reference to 'gifts, hospitality, awards and fees policy'.
- Paras 11.5 to 11.7: Losses' thresholds requiring WAG approval raised to £10,000.
- Para 11.13: New paragraph on 'gifts received'.
- Para 11.14: new paragraph on 'entertaining and hospitality received'.
- Para 11.15: Revised definition of fruitless payments.
- Section 12: Definitions provided of three main types of fraud from The Fraud Act 2006.

- Section 12: Appendix A, procedure 2, reference to HEFCW's 'Whistleblowing' policy included.
- Paras 19.2 & 19.3: Inclusion of intranet cross references to 'Staff Travel & Subsistence' and 'Council Members' Travel & Subsistence' policies.

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Council is invited to approve the revised Financial Regulations at Annex C

9 Application of the Council's official seal during 2008

9.1 Standing Order 10.5 requires an annual report to Council on the documents sealed during the year using the Council's official seal. The following documents required application of the Council seal in 2008:

- 1 The lease of building and premises by the Higher Education Funding Council for Wales from The Orchards (No. 1) Limited and The Orchards (No. 2) Limited. Of: the ground, first, second and third floors, Linden Court, The Orchards, Ty Glas Avenue, Llanishen, Cardiff (8 March 2008).
- 2 Three general Statements of Expenditure relating to the Knowledge Exploitation Fund in earlier phases. WAG required HEFCW to countersign in order to formally submit the appropriate Project Closure Reports. Use of seal required by WEFO (29 September 2008).

Council is invited to note the application of the Council's official seal during 2008.

10 Financial implications

There are no financial expenditure implications for the Council of agreeing to the recommendations in this paper.

11 Communications implications

The Council is committed through its Publication Scheme to publish information on its corporate governance arrangements. The Council's *Standing Orders*, *Scheme of Delegation* and *Financial Regulations* are published on the Council's website and intranet. General details of the Council's corporate governance arrangements are published in its Corporate Strategy and Corporate & Operational Plan.

12 Diversity and Equal Opportunities implications

12.1 In accordance with HEFCW's Equality Impact Assessment Guidance, the Council's corporate governance documents will be assessed for any potential impact on each equality strand (disability, gender, race, religious belief or sexual orientation etc.) and also for any Welsh language implications.

13 Risk Assessment

RISK	ACTION TO ADDRESS RISK
Council's corporate governance arrangements not documented, monitored or further developed to reflect recognised best practice, leading to potential breach of MS/FM with the Assembly and reputational damage	<ul style="list-style-type: none">• Council has in place Code of Practice for Members; Standing Orders; Scheme of Delegation, Financial Regulations• Corporate governance documents and arrangements regularly reviewed by Council, and by internal audit.