

Meeting
11/12/09

Agenda Item
8

Reference No
HEFCW/09/105

1 Issue

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

2 Corporate Planning Implications

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 Recommendations

The Council is invited to:

- i. Note the action points arising from the Council effectiveness review (**Annex A**) and the proposals for Governance review activity in 2010.
- ii. Review and approve the proposed amendments to its *Standing Orders for the Conduct of Council Business*, (**Annex B**); *Scheme of Delegation* (**Annex C**) and *Financial Regulations* (**Annex D**).
- iii. Receive a report on the application of the Council's official seal during 2009.

4 Timing for decisions

HEFCW's Corporate Governance arrangements are reviewed and the outcomes discussed and approved by Council every December.

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 At the Council Members' Workshop held 22 October 2009 an action plan was drafted based on the responses from members to the Council effectiveness questionnaires. The attached extract of the workshop notes in **Annex A** summarises the agreed action points that will be implemented during the next year.
- 7.3 A Members' Development questionnaire was issued to all members (excluding the Chair and Chief Executive) on 7 November 2009. All members have either completed and returned the questionnaire or indicated their intention to do so before the December Council meeting. The Chair has contacted each member individually to arrange a suitable time for an annual development review discussion with a view to completing these where possible before the Christmas holiday.
- 7.4 It is proposed that the next consideration of Governance arrangements at either the May or October 2010 Members' Workshops should be a comparison of the Council's Governance procedures with latest best practice.

Council is invited to note the action points at Annex A and the proposals for Governance review activity in 2010.

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 B**. One change is proposed and highlighted as follows:

- **Para 4.3 re: observers now reads:** Observers may be invited to attend Council meetings. They may, with the permission of the Chair, speak and contribute to discussions, but may not take part in Council decisions.

This replaces a paragraph that previously listed the names of the organisations invited as observers. As the list now requires updating to include the NUS Cymru President the changes suggested above have been proposed to remove the need to specify the list of observers.

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

- 8.2 Paragraph 5.7 of the Standing Orders refer to the requirement for Council meetings to take place in accordance with the principles set out in the *Code of Practice for Members of the Higher Education Funding Council for Wales (the Code)*. The Code has been in place since 1997 and officers are in the process of updating this document in consultation with the sponsor department. A draft of the updated Code will be presented to the Council at its January 2010 meeting.

8.3 The Council's *Scheme of Delegation* is attached at **Annex C**. The following changes are proposed:

- para 16 - removal of the reference in the Chief Executive's section to 'institutions in financial health category D' as HEFCW no longer use this categorisation;
- removal of the terms of reference of the Management Board as an Annex to the Scheme as these are not required to be included as part of this document as there are no delegations within the Scheme to the Management Board.

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

8.4 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 at its meeting held 8 October 2009 for their review. The main changes reflected in the financial regulations attached at **Annex D** and agreed by the Audit & Risk Committee are as follows:

- Para 2.2: An abbreviated summary of the requirement to submit an annual Operating Plan to WAG.
- Para 3.7: Running cost budget virements, other than those relating to the salaries' budget are authorised by the Head of Resources.
- Para 4.4: Monthly reports are issued to Budget Holders and their nominees and not to the Chief Executive and the Directors (who receive quarterly reports as part of Budget Group and Management Board).
- Para 5.1 (sub-section 2): Budget delegation procedures have been clarified.
- Para 6.6.1: The introduction of the electronic Purchase Ordering System (POP) supersedes references to the previous manual system of purchase requisitioning and ordering.
- Para 7.3: HEFCW's revised payment target to pay all suppliers within 10 working days of receipt of a valid invoice supersedes the previous practice.
- Section 12 on Fraud has been abbreviated and now makes reference to new policies to be found in the intranet (once approved) on HEFCW's Fraud Policy Statement and its Fraud Response Plan.
- Para 15.2(a): Computer passwords can no longer be held by any other person and this provision has been deleted.
- Para 15.3(b): Unauthorised software can no longer be introduced onto a HEFCW computer by non-ICT staff.
- Para 15.4: General data processing guidance has been clarified.
- Para 19.4(d): Authorisation responsibilities for Council Members' travel & subsistence claims have been updated.

Council is invited to approve the revised Financial Regulations at Annex D.

9 Application of the Council's official seal during 2009

- 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. No documents required application of the Council seal in 2009:

Council is invited to note that no documents required application of the Council's official seal during 2009.

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, Code of Practice for Members of the Higher Education Funding Council for Wales, Scheme of Delegation and Financial Regulations* are published on the Council's website and extranet. 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.