

Code of Practice

For Members of the Economic and Social Research Council

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1. This Code of Practice sets out the basis on which the members of the Council for the Economic and Social Research Council (ESRC) should seek to discharge their responsibilities.

Public service values

2. The principles of public service on which this Code is based are those which apply to all public bodies. The Council must at all times:
 - Observe the highest standards of propriety involving **impartiality, integrity and objectivity** in relation to the stewardship of public funds and the management of the bodies concerned.
 - Maximise **value for money** through ensuring that services are delivered in the most economical, efficient and effective way, within available resources, and with independent validation of performance achieved wherever practicable. Value for money is not the lowest price: it is the optimum combination of whole life costs and quality to meet the user's requirement.
 - Be **accountable** to Parliament, users of services, individual citizens and staff, for the activities of the bodies concerned, their stewardship of public funds and the extent to which key performance targets and objectives have been met.
 - In accordance with Government policy on **openness and responsiveness**, comply fully with the *Freedom of Information Act 2000*.

Relationship with the sponsor department

3. The Minister of the Department for Business, Energy and Industrial Strategy (BEIS) is answerable to Parliament for the policies and performance of all public bodies sponsored by the Department, including their use of resources and the policy framework within which they operate. The respective roles of BEIS and the ESRC are set out in the ESRC Management Statement and Financial Memorandum (see Appendix I), which specify the terms on which the body receives and spends its funds.

The role of the Chair

4. The Chair has particular responsibility for providing effective strategic leadership on matters such as:
 - formulating Council's strategy for discharging its statutory duties
 - encouraging high standards of propriety and promoting the efficient and effective use of staff and other resources throughout the organisation
 - ensuring that Council, in reaching decisions, takes proper account of guidance provided by the responsible Minister or sponsor department

- representing the views of Council to the general public; and
 - providing an assessment of the performance of individual Council members, on request, when they are being considered for re-appointment to Council or for appointment to the board of some other public body.
5. The Chair should ensure that Council meets at regular intervals throughout the year and that the minutes of meetings accurately record the decisions taken and, where appropriate, the views of individual Council members.
 6. Communications between Council, in its capacity as ESRC's governing body, and the Minister of the sponsor department will normally be through the Chair except where Council has agreed that an individual member should act on its behalf. Nevertheless, an individual member has the right of access to Ministers on any matter which he or she believes raises important issues relating to his or her duties as a member of Council. In such cases the agreement of the rest of Council should normally be sought. The main point of contact between ESRC and BEIS on day-to-day matters will normally be the Chief Executive or another member of staff who is authorised to act on behalf of ESRC.
 7. The Chair should ensure that all members of Council, when taking up office, are fully briefed on the terms of their appointment and on their duties, rights and responsibilities. The Chair and other members of Council should each have a copy of this Code; and access to other relevant background material such as the body's Management Statement and Financial Memorandum (see Appendix 1); its latest Strategic Plan and Annual Reports and Accounts (available on the ESRC website); the Treasury's guidance on *Managing Public Money* (included at Appendix 8); the Treasury's handbook *Regularity, Propriety and Value for Money* (see Appendix 2); notes describing the body's organisational structure and statutory basis of operation; and the rules and procedures of Council. The Chair should encourage new Council members to attend an induction course on the duties of Council members of public bodies or some other suitable form of induction programme.

Corporate responsibilities of Council members

8. Members of Council have corporate responsibility for ensuring that the public body complies with any statutory or administrative requirements for the use of public funds. Other important responsibilities of Council members include:
 - maintaining high standards of corporate governance at all times
 - establishing the overall strategic direction of the organisation within the policy and resources framework agreed with the responsible Minister, and approving the ESRC Strategic and Delivery Plans

- overseeing the delivery of planned results by monitoring performance against agreed strategic objectives and targets
- satisfying themselves that ESRC operates within the limits of its statutory authority and any delegated authority agreed with BEIS, and in accordance with any other conditions relating to the use of public funds
- ensuring that, in reaching decisions, Council had taken into account any guidance issued by BEIS and the Treasury
- formulating a strategy for implementing the *Freedom of Information Act 2000*, including prompt responses to public requests for information, and meeting other requirements for openness and responsiveness as set out in Chapter 8 of *Public Bodies: A Guide for Departments*.

Strategic planning and control

9. One of the main tasks of Council is oversight of the production of a strategic plan. The process of preparing such a document provides an opportunity for agreeing, with the responsible Minister, or officials on his or her behalf, the policy and resources framework within which ESRC will discharge its duties; and for determining its key strategic objectives and priorities. Targets for each year are set out in the ESRC Scorecard, which is reported to Council quarterly. Such targets should normally cover areas such as the organisation's financial performance; the efficiency and effectiveness of its operations; and the quality of the services it provides. Some public bodies cannot easily measure final outputs. Where this makes it difficult to set suitable performance targets, Council should aim to agree carefully formulated strategic objectives and milestones.

Delegation

10. Council, as the governing body, is responsible for decisions on all issues of importance, principally issues of corporate strategy, strategic objectives and deliverables, and key decisions on the direction of funding. Responsibility for day-to-day management matters is delegated to the Chief Executive so far as is practicable, within a clearly understood framework of strategic control.
11. Council may decide to delegate responsibility for specified matters, where it has power to do so, to individual members or sub-committees. Where delegation takes place, the arrangements should be properly documented. The documentation should make clear matters reserved for decision by Council. The latter include issues of corporate strategy; key strategic objectives and targets; major decisions involving the use of financial and other resources; and personnel issues including key appointments and standards of conduct. The decisions taken by individual members or sub-committees under delegated powers should be recorded in written minutes made available to Council as a whole.

Responsibilities of individual Council members

12. Individual Council members should be aware of their wider responsibilities as members of Council. Like others who serve the public, they should follow the Seven Principles of Public Life set out by the Committee on Standards in Public Life. The principles are printed at Appendix 3. Council members must:
- bring an independent judgement to bear on all issues considered by Council and undertake on appointment to comply at all times with this Code of Practice and with rules relating to the use of public funds
 - act in good faith and in the best interests of the public body
 - not misuse information gained in the course of their public service for personal gain or for political purpose, nor seek to use the opportunity of public service to promote their private interests or those of connected persons, firms, businesses or other organisations; and to declare publicly any private interests which may be perceived to conflict with their public duties; and
 - ensure that they comply with Council's rules on the acceptance of gifts and hospitality.
13. Council members, whether full or part-time, are expected not to occupy paid party political posts or hold particularly sensitive or high-profile unpaid roles in a political party. Subject to that, part-time members are free to engage in political activities, provided that they are conscious of their general public responsibilities and exercise a proper discretion, particularly in regard to the work of the Council. On matters directly affecting that work, they should not make political speeches or engage in other political activities.
14. The restrictions in paragraph 13 do not apply to Council members who are MPs (in those cases where MPs are eligible to be appointed), to local councillors or to Peers in relation to their conduct in the House of Lords. The position of Peers in this regard is covered by a statement made by Lord Addison in 1951 in relation to Peers who are members of public bodies. See Appendix 4.
15. The arrangements for appointing individual Council members normally make it possible to remove them from office if they fail to perform the duties required of Council members to the standards expected of persons who hold public office.

Handling conflicts of interests

16. The Chair and other Council members should declare any personal or business interests which may conflict with their responsibilities as Council members. In the context of ESRC business, a conflict of interest can be defined in terms of close links with, or an interest in, a particular institution from which a grant or other funding application is being considered, or a private or commercial interest in such an application or any other matter under consideration.

17. The Chair and members of Council should declare any direct or indirect pecuniary interests which members of the public might reasonably think could influence Council members' judgement. Council members should also register non-pecuniary interests which relate closely to ESRC's activities, and interests of close family members and persons living in the same household as the Council member¹. Council members must notify ESRC as changes occur.
18. A register of members' interests is held by the ESRC and it will be updated annually. This register will be available on the ESRC website. In addition, Council and Board members are asked to provide an annual declaration in connection with ESRC's Annual Accounts (see paragraph 22 below).
19. In the absence of specific statutory provisions, the common law requires:
- that members of public bodies should not participate in the discussion or determination of matters in which they have a direct pecuniary interest; and
 - that when an interest is not of a direct pecuniary kind, members should consider whether participation in the discussion or determination of a matter would suggest a real danger of bias. This should be interpreted in the sense that members might either unwittingly or otherwise unfairly regard with favour or disfavour, the case of a party to the matter under consideration. In considering whether a real danger of bias exists in relation to a particular decision, members should assess whether they, a close family member, a person living in the same household as the Council member, or a firm, business or organisation with which the Council member is connected are likely to be affected more than the generality of those affected by the decision in question. This would cover, for example, a decision to invite tenders for a contract where a firm with which a member was connected was significantly better placed than others to win it.
20. Where, in accordance with the above, members do not participate in the discussion or determination of a matter, they should normally withdraw from the meeting, even if it is held in public. This is because the continued presence of someone who had declared an interest might be thought likely to influence the judgement of the other members present. The minutes of a meeting will record decisions about conflicts of interests, any withdrawals for particular items and the reasons for these withdrawals. It is the responsibility of the Chair to ensure that this procedure is followed.
21. Whether or not Council members are able in the light of the considerations above to participate in the discussion or determination of a matter, they should declare as soon as practicable after a meeting begins if they have an interest, pecuniary or other, in a matter being considered. They should also disclose any interests in it of which they are aware on the part of close family members and

¹ Indirect pecuniary interests arise from connections with bodies which have a direct pecuniary interest or from being a business partner of, or being employed by, a person with such an interest. Non-pecuniary interests include those arising from membership of clubs and other organisations. Close family members include personal partners, parents, children (adult and minor), brothers, sisters and the personal partners of any of these.

persons living in the same households as the Council member. In addition, Council members should consider whether they need to disclose relevant interests of other persons or organisations which members of the public might reasonably think could influence the member's judgement.

22. Because executive Non Departmental Public Bodies (NDPBs) are required to follow generally accepted accounting practice, Council members must facilitate compliance with the need under International Accounting Standard 24 for material transactions with related parties to be disclosed in financial statements. "Related parties" in IAS 24 include (in addition to business contacts) close members of the family of an individual, who are defined for the purposes of the standard as those family members, or members of the same household, who may be expected to influence, or be influenced by, that person in their dealings with the reporting entity.
23. Council should adopt safeguards to prevent conflicts of interests arising from the acceptance by Members of outside appointments during or after tenure as a member of Council, taking account of guidance from their sponsor teams.

Personal liability of Council members

24. Although any legal proceedings initiated by a third party are likely to be brought against Council, in exceptional cases proceedings (civil or, in certain cases, criminal) may be brought against the Chair or other individual Council members. For example, a Council member may be personally liable if he or she makes a fraudulent or negligent statement which results in loss to a third party. Council members who misuse information gained by virtue of their position may be liable for breach of confidence under common law or may commit a criminal offence under insider dealing legislation.
25. However, the Government has indicated that individual Council members who have acted honestly and in good faith will not have to meet out of their own personal resources any personal civil liability which is incurred in execution or purported execution of their Council functions, save where the person has acted recklessly. Subject to their own specific statutory powers, NDPBs should issue to their Council members suitable indemnities consistent with this paragraph.
26. Council members who need further advice should consult ESRC's legal advisers via the ESRC Office.

Openness and responsiveness

27. Members of Council and ESRC staff should conduct all their dealings with the public in an open and responsible way and ensure full compliance with the *Freedom of Information Act 2000*. They should take account as far as possible of the Standard of Best Practice for Openness in executive NDPBs and NHS bodies in the [*First Report of the Committee on Standards in Public Life*](#) (Cm 2850-I). They must make publicly available annual reports, and, where practical and appropriate, should hold open meetings, release summary reports of meetings, and invite evidence from members of the public on matters of public concern. NDPBs

should seek to follow best practice in making available information to the public, particularly through the World Wide Web, and co-operate with other bodies, such as local authorities, to place relevant information in the public domain. NDPBs should aim to consult their users on a wide range of issues by means of questionnaires, public meetings, or other forms of consultation, proportionate to the size and resources of the body concerned.

28. Council should ensure that they can demonstrate that resources are being used to good effect, with propriety, and without grounds for criticism that public funds are being used for private, partisan or party political purposes. They will need to act consistently with the nature of the body's business and the possible need for confidentiality on commercial or other grounds, always subject to the rights of Parliament and the Comptroller and Auditor General to obtain information. There should be well publicised and easy-to-use complaints procedures which cover both maladministration and failure to provide access to information.

Accountability for public funds

29. Council members have a duty to satisfy themselves of the safeguarding of public funds - which for this purpose should be taken to include all forms of receipts from fees, charges and other sources - and the proper custody of assets which have been publicly funded. They must take appropriate measures to satisfy themselves that the body at all times conducts its operations as economically, efficiently and effectively as possible, with full regard to the relevant statutory provisions and to relevant guidance in Government Accounting.
30. Members of Council are responsible for ensuring that the body does not exceed its powers or functions, whether defined in statute or otherwise, or through any limitations on its authority to incur expenditure. They are normally advised on these matters by the Chief Executive and the Council's legal advisers.

Annual Report and Accounts

31. As part of its responsibilities for the stewardship of public funds, Council must ensure that it includes a full statement of the use of such resources in its Annual Report and Accounts. Such accounts should be prepared in accordance with the Accounts Direction issued by the responsible Minister and such other guidance as may be issued, from time to time, by the sponsor department and the Treasury, including [*Public Bodies guide for depts chapter 6 and 7 Financial Management*](#).
32. ESRC is required to produce an Annual Report, containing a full set of Accounts, including the auditors' certificates, as a single document and should give it appropriate publicity.
33. The Annual Report and Accounts should provide a full description of Council's activities; state the extent to which key strategic objectives and agreed financial and other performance targets have been met; list the names of the current members of Council, as well as senior staff; and provide details of remuneration of Council members and senior staff in accordance with Treasury guidance.

The role of the Chief Executive

34. The Chief Executive has responsibility, under Council, for the overall organisation, management, and staffing of the ESRC and for its procedures in financial and other matters, including conduct and discipline. This involves the promotion by leadership and example of the values embodied in the [Seven Principles of Public Life](#). Council members should support the Chief Executive in undertaking this responsibility.
35. The Chief Executive has been appointed by the Secretary of State as the ESRC Accounting Officer and is responsible to Parliament and the Accounting Officer of BEIS for the resources under their control. The essence of the role is a personal responsibility for the propriety and regularity of the public finances for which they are answerable; for the keeping of proper accounts; for prudent and economical administration; for the avoidance of waste and extravagance; and for the efficient and effective use of all the resources in their charge. The Accounting Officer has a responsibility to see that appropriate advice is tendered to Council on all these matters. Satisfactory performance of these responsibilities is fundamental to the role of the Chief Executive.
36. More detailed guidance on the role of an accounting officer is set out in chapter 3 of the HM Treasury guidance on *Managing Public Money*, which covers appearances before the Committee of Public Accounts of the House of Commons. All Council members should ensure that they have a copy of this document. The contents of the memorandum apply to the senior full-time official of an NDPB in cases where there is no formally designated accounting officer. The Treasury's handbook, [Regularity, Propriety and Value for Money](#), describes what these concepts mean in a financial context. Although the handbook is intended primarily for accounting officers, Council members should also familiarise themselves with it.

Audit Committee

37. Council has established an Audit Committee as a committee of Council. The Committee should consist of non-executive Council members and should be chaired by a non-executive member of Council, other than the Chair, who has experience of financial matters. The responsibilities of the Audit Committee will support those of the Accounting Officer. The Chief Executive will normally attend all meetings of the Audit Committee, unless, exceptionally, his or her own performance is being discussed. More detailed guidance on the role of the Audit Committee and terms of reference are at Appendix 5.

Council as employer

38. Council has ultimate responsibility for appointment of staff and their recruitment and retention. However, for the most part these responsibilities are exerted by the Chief Executive who is required to ensure:
 - That it complies with all relevant legislation and that it employs suitably qualified staff who will discharge their responsibilities in accordance with the

high standards expected of staff employed by such bodies. All staff should be familiar with the body's main aims and objectives.

- That the organisation adopts management practices which use resources in the most economical, efficient and effective manner.
 - That the body's rules for the recruitment and management of staff provide for appointment and advancement on merit on the basis of equal opportunity for all applicants and staff. In filling senior staff appointments, Council should satisfy itself that an adequate field of qualified candidates is considered, and should always consider the merits of full and open competition. In recruiting external candidates, this should normally be used.
 - That staff, and Council members, have appropriate access to expert advice and training opportunities in order to enable them to exercise their responsibilities effectively (in line with wider Government commitments on training strategies).
39. Council has a responsibility to monitor the performance of the Chief Executive and other senior staff. Where the terms and conditions of employment of the Chief Executive and other senior staff include an entitlement to be considered for performance-related pay, and where such payments are assessed by Council members, Council should ensure that they have access to the information and advice required to make the necessary judgements.

Appendix I – Management Statement and Financial Memorandum

The Management Statement and the associated Financial Memorandum have been drawn up by the Office for Science and Technology in the Department for Trade and Industry (now the Department for Business, Energy and Industrial Strategy), in consultation with the Economic and Social Research Council. The Statement sets out the framework within which the relationship between the Council and the sponsor department operates.

Appendix 2 – Regularity, Propriety and Value for Money

The Regularity, Propriety and Value for Money handbook was published in November 2004. It is primarily intended for the use of Accounting Officers in Government departments, but members of Council will also find it useful, as they have an important role to play in ensuring that ESRC operates with propriety and regularity.

Appendix 3 – The seven principles of public life

Selflessness

Holders of public office should act solely in terms of the public interest.

Integrity

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

Honesty

Holders of public office should be truthful.

Leadership

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

Appendix 4 – Addison Rules

1. A peer who is a member of a public board, whether commercial or non-commercial in character, is not by reason of such membership debarred from exercising his or her right to speak in the House of Lords, even on matters affecting the Board of which he or she is a member; and it is recognised that, in the last resort, only the Peer concerned can decide whether he or she can properly speak on a particular occasion.
2. The following guidance (based upon that given by the then Leader of the House Viscount Addison, after consultation and agreement between the parties) may be helpful to Peers, who are considering whether or not to take part in a particular debate.
 - a. When questions affecting a particular board or public board in general arise in Parliament the present Minister and the Government of the day generally are alone responsible to Parliament. The duty of reply rests with Ministers only, and cannot devolve upon members of public boards who may also be members of the House of Lords. There can be no question of Board members replacing, or usurping the functions of, Ministers and dealing with matters of Ministerial responsibility. In the Commons, of course, the possibility could not arise, because a Member of the House must resign his seat on accepting an appointment of this nature.
 - b. It is important that, as contemplated in the Statutes and, in the case of the BBC, by the Charter, the Boards shall be free to conduct their day to day administration without the intervention of Parliament or Ministers, except where otherwise provided. If Board members who happen also to be peers were to give the House information about the day to day operations of the Board or to answer criticisms respecting it, the House would in fact be exercising a measure of Parliamentary supervision over matters of management. It would also be difficult for the responsible Minister not to give similar information to the House of Commons.
 - c. There is no duty upon the board member to answer questions put to him in debate, and that no criticism should attach to any Board member who refrains from speaking in a debate. Nor should the fact that a member spoke in a particular debate be regarded in any way as precedent for him or any other member speaking in any other debate.
3. The above applies only to debates relating to public boards. Experience acquired as a member of a public board will often be relevant to general debates in which the same contributions do not arise, and the contributions of board members who are peers may be all the more valuable because of that experience.
4. The statement below, taken from the memoranda, best sums up the intentions behind Lord Addison's Rules.

“The House of Lords is a sensible body; and the latitude to speak or refrain from speaking, inherent in a peer, is not likely to cause embarrassment. Indeed, any

attempt to lay down a hard and fast rule would be more likely to cause embarrassment”.

Appendix 5 – Guidelines for Audit Committees

1. The Guidance on Codes of Practice recommends that all public bodies, unless otherwise agreed with their sponsor department, should set up an Audit Committee as a committee of the board. This note provides further guidance.
2. The Audit Committee is an advisory body with no executive powers. Its main functions are:
 - a. to help promote the highest standards of propriety in the use of public funds and encourage proper accountability for the use of those funds
 - b. to improve the quality of financial reporting by reviewing internal and external financial statements on behalf of the board
 - c. to promote a climate of financial discipline and control which will help to reduce the opportunity for financial mismanagement; and
 - d. to promote the development of internal controls systems which will help satisfy the board that the body concerned will achieve its objectives and targets and is operating:
 - i. in accordance with any statutory requirements for the use of public funds
 - ii. within delegated authorities laid down by the sponsor department and the public body's own rules on what matters should be referred to the board
 - iii. in a manner which will make most economic and effective use of resources available
3. The Audit Committee should be chaired by a non-executive board member, other than the Chair, who has relevant experience and expertise. Other members of the Committee should be non-executive board members.
4. The Treasury has issued *The Audit and Risk Assurance Committee Handbook* for Accounting Officers in departments and Executive Agencies. Treasury Guidance at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/512760/PU1934_Audit_committee_handbook.pdf points out that the handbook has been developed based on the accountability structure of a department or Executive Agency and that Non Departmental Public Bodies (NDPB) may need to translate the guidance to suit their own particular circumstances.
5. The Terms of Reference for the ESRC Audit Committee are shown at Annex I. A checklist for evaluating Audit Committee arrangements is available from the National Audit Office: <https://www.nao.org.uk/report/audit-committee-self-assessment-checklist-2-2/>

Annex I – Terms of Reference of the ESRC Audit Committee

Constitution

Council has established an Audit Committee to support it and the Chief Executive as the Accounting Officer in their responsibilities for issues of risk, control and governance and associated assurance. The Secretary of the Audit Committee is the Director for Policy and Resources.

Role

The role of the Audit Committee is to support the Accounting Officer and Council by offering advice on items concerning the risk, control and governance of the organisation and associated assurances.

Membership

The Chair and members of the Audit Committee will be appointed by Council. The Chair shall normally be a member of Council who is not the chair of any other Board or Standing Committee. The Committee will normally consist of not less than three members of Council. In addition up to two independent external members may be directly appointed to the Committee to contribute additional relevant experience. The Committee will consist of five members overall, with a quorum of the Committee consisting of a minimum of three members.

Meetings

- The Audit Committee will meet at least three times, and normally four times, a year.
- The Audit Committee may call ad hoc meetings as necessary.
- Audit Committee meetings will normally be attended by the Chief Executive, the Director for Policy and Resources and the Head of the Professional Support Unit. Other ESRC Directors will also attend as appropriate.
- Meetings will also normally be attended by the Head of Audit and Assurance Services group (AASG) (or a representative) and representative(s) of External Audit.
- The Audit Committee may ask any other officials of the organisation to attend to assist it with its discussions on any particular matter.
- The Audit Committee may ask any or all of those who normally attend, but who are not members, to withdraw to facilitate open and frank discussion of particular matters.
- The Accounting Officer (or Council) may ask the Audit Committee to convene further meetings to discuss particular issues on which they want the Committee's advice.
- Opportunity will exist on at least one occasion each year for a closed consultation to take place allowing Committee members to meet separately with internal and external auditors.
- The Head of AASG and the representative of External Audit will have free and confidential access to the Chair of the Audit Committee

Reporting

The Audit Committee will formally report back to Council after each meeting, and minutes of meetings of the Audit Committee will be provided to Members of Council.

Responsibilities

The Audit Committee's overall responsibilities are to advise the Accounting Officer (and Council) on:

- the strategic processes for risk, control and governance;
- the accounting policies and the accounts of the organisation;
- the planned activity and results of both internal and external audit;
- adequacy of management response to issues identified by audit activity;
- assurances relating to the corporate governance requirements for the organisation.

Note: Funding will be made available to the Committee to seek independent advice if required.

Specific responsibilities/objectives are as follows:

Internal Controls

- a. To advise and make recommendations to the Chief Executive and Council on ESRC's Risk Management Strategy and the adequacy of risk management processes.
- b. To review and advise on stewardship reports and other forms of outcomes used by the Chief Executive.
- c. To review the annual internal control statement signed by ESRC's Chief Executive under Corporate Governance requirements.
- d. To consider the system of managing risk and contingency planning for all business critical projects and to report to council on any aspects which may prejudice delivery of Council objectives.
- e. To review arrangements made by ESRC management to secure compliance with the Management Statement/Financial Memorandum set by BEIS.
- f. In cases where research awards have been recommended to be made to Council or Board members the proposals will on propriety grounds be referred to the Chair of the Audit Committee for clearance.

Internal Audit

- a. To agree the scope for the internal audit activity to be carried out by AASG.
- b. To approve contracts or Service Level Agreements, as appropriate, for the provision of internal audit services.
- c. To monitor and review the quality of delivery of the internal audit service.
- d. To agree planned annual programmes of audit work and ratify material changes to plans.
- e. To receive routine reports from the Head of AASG on performance of work and consider any major findings, and the adequacy of follow-up action.
- f. To receive and review each AASG annual report and consider any need for further action.

Financial Reporting and External Audit

- a. To consider reports from Council's external auditors on their examination of ESRC Accounts and clearance of associated Management Letters, and any other matters relating to the external audit remit covering financial reports and VFM.
- b. To review and endorse ESRC's draft Annual Accounts, as presented for audit.

- c. To consider changes to accounting policies.
- d. To ensure there is optimal co-ordination between external and internal audit.

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Appendix 6 – Evidence to Select Committees

1. Departmental Select Committees have an important role in examining the expenditure, administration and policies of Non Departmental Public Bodies (NDPBs). The Government fully supports this role. Lords Committees and other Committees may also seek evidence from NDPBs from time to time.
2. NDPB Board members² may, on occasion, be invited to give evidence to Select Committees. When they do so, they should be as helpful as possible in providing accurate, truthful and full information refusing to provide information only when disclosure would not be in the public interest. This should be decided in accordance with the relevant statutes and the *Freedom of Information Act 2000*. Board members should bear in mind in this context the need to respect legitimate Board confidences.
3. Before giving evidence, Board members may find it helpful to see *Departmental Evidence and Response to Select Committees* (also known as the *Osmotherly Rules*). This gives general advice on dealing with Select Committees including their powers to summon witnesses and papers and responses to Select Committee reports. Copies are available from the Propriety and Ethics team in the Cabinet Office and can be accessed at:
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/364600/Osmotherly_Rules_October_2014.pdf
4. Similarly, the Chief Executive of an NDPB may be called, as an Accounting Officer, to give evidence to the Public Accounts Committee (PAC). Guidance on giving evidence to the PAC is set out in the *Accounting Officer Memorandum* which can be obtained from the Treasury Officer of Accounts.
5. Board members wishing to give evidence should, as a matter of courtesy, advise their Chairman and colleagues on the NDPB Board and its sponsoring department of their intention. They should discuss with them the handling of any oral or written evidence they want to submit and whether they expect to be giving evidence on behalf of the NDPB or in a personal capacity. The Select Committee should be advised of the status of the witness.
6. Subject only to a Committee's power to decide to require the attendance of a witness, the decision on whether to give evidence is solely for the individual concerned. There must be no pressure placed on individuals to deter them, or action taken against them as a consequence of giving evidence to a Select Committee. Any such actions might be regarded as contempt of the House, with potentially serious consequences for those involved.

² The Council of ESRC is a Non Departmental Public Body Board

Appendix 7 – Conflicts of Interest of Members of Council

1. All members of Council will be required, on taking up their appointments, to declare any private, professional or commercial interests that might conceivably conflict with the interests of the ESRC (see Annex 1). Such interests will include company appointments, directorships, consultancies and honorary appointments. These interests will be registered centrally and updated annually and used as indicated as below. This register will be open for public inspection.
2. Before each meeting, the Chairman of Council will be briefed on any potential conflicts of interest that might be generated by items of the agenda. The register of interests will be used as source material for briefing. At the beginning of each agenda item the Chairman will draw attention to any potential conflicts of interests and invite the Council to agree what action to take (e.g. a member with a conflict of interest should be required to leave the meeting for that item). In the case of studentships, grant or other funding applications it will be normal practice for any member whose own application is under consideration or who is from the same department as an applicant, to be asked to withdraw from the meeting for that item. Note that whilst a conflict of interest does not necessarily apply in the case of a member from a different department in the applicant's university, it will still be a matter to be drawn to the Council's attention and for the Committee to decide what action to take. Members will also be expected to declare at meetings any interests that may be perceived as conflicting and which are not identified by the Chairman.

Annex I - Register of private, professional and commercial interest that may potentially conflict with ESRC business

Name:

Name of University
and Department or
other employing body:

Council/
Board/
Committee:

Please give brief details below of all company appointments, directorships, consultancies and honorary appointments held by yourself, and interests of close family members that might conceivably give rise to conflict of interest with Council business:

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I have read the Code of Practice for ESRC Council members, and agree to abide by the terms of the Code. I undertake to declare at meetings on ESRC business any private, professional or commercial interests that might be perceived to conflict with ESRC interests and which have not been listed above.

Signature: Date:

Appendix 8 – Publications and Links

Committee on Standards in Public Life, First Report, Cm 2850-I, 1995, (ISBN 0 10 1285027), available from The Stationery Office

The Government's Response to the First Report of the Committee on Standards in Public Life, Cm 2931, July 1995, (ISBN 0 10 129312 7), available from The Stationery Office

[www.public-standards.gov.uk /](http://www.public-standards.gov.uk/)
<http://www.tsoshop.co.uk/bookstore.asp>

Public Bodies: A Guide for Departments*

<https://www.gov.uk/government/publications/public-bodies-information-and-guidance>

Managing Public Money

http://www.hm-treasury.gov.uk/psr_mpm_index.htm

Public Sector Internal Audit Standards: good practice guide, June 2013

<https://www.gov.uk/government/publications/public-sector-internal-audit-standards-good-practice-guidance>

Audit Committee Handbook, May 2013

http://www.hm-treasury.gov.uk/audit_committee_handbook.htm

Freedom of Information Act 2000

http://www.ico.gov.uk/Home/what_we_cover/freedom_of_information.aspx
<https://ico.org.uk/for-organisations/guide-to-freedom-of-information/what-is-the-foi-act/>

ESRC Management Statement

<http://www.esrc.ac.uk/files/about-us/governance-and-structure/esrc-management-statement/>

Regularity, Propriety and Value for Money

<http://www.esrc.ac.uk/files/about-us/governance-and-structure/regularity-propiety-and-value-for-money-hm-treasury-see-annex-21/>

*Equivalent Northern Ireland guidance is available from Accountability and Financial Management section, Department of Finance, <https://www.finance-ni.gov.uk/topics/finance/accountability-and-financial-management>.