Corporate Governance and Internal Control

The University conducts its activities in accordance with both the Committee of University Chairs (CUC) Higher Education Code of Governance and Higher Education Senior Staff Remuneration Code, and in accordance with the Nolan principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership).

The University is committed to the highest standards of openness, probity and accountability, conducts its affairs in a responsible manner and has in place a Public Interest Disclosure policy to enable staff, students and other members of the University to raise concerns that are in the public interest.

CONSTITUTION AND POWERS

The University is an independent corporation, whose legal status derives from a Royal Charter originally granted in 1920. Its objects, powers and framework of governance are set out in its current Charter (‘the Supplemental Charter’), approved by the Privy Council in 2007, and it’s supporting Statutes the latest amendments to which were approved by the Privy Council in 2021. The University registered as a charity in October 2010 (1138342).

The Charter and Statutes require the University to have three separate bodies, each with clearly defined functions and responsibilities, to oversee and manage its activities:

COUNCIL

The Council is the governing body and thus the supreme authority of the University, which means that it is ultimately accountable for the conduct and activity of the University and its representatives. The Council is responsible for determining the strategic direction of the University, and for the finance, property, investments and general business of the University.

The Council meets at least four times a year and exercises its responsibilities through the executive management and standing committees set out below. During 2020/21, the Council held nine meetings, including five special meetings, that focused on governance, financial and regulatory matters, extraordinary business and the COVID-19 pandemic. All except one of these meetings was held remotely. The Council has also received regular reports on the University’s response to the COVID-19 pandemic.

The Council comprises independent (described as lay), staff and student members appointed in accordance with the Statutes of the University. The membership of the Council shall not exceed 19 and the majority of Council members are non-executive lay members who are not members of staff or registered students of the University. As the University is a registered charity Council also acts as the Board of Trustees and members of Council are also Charity Trustees. None of the lay members receives any payment, apart from the reimbursement of expenses, for the work they do for the University. Lay members of Council serve for a period of four years but may be re-appointed for one further period of four years. The role of the Chair of Council, which can only be undertaken by a lay member, is separate from the role of the University’s Chief Executive, the Vice-Chancellor.

CUC HIGHER EDUCATION CODE OF GOVERNANCE

The University is committed to high standards of corporate governance and to continuously improving its governance in line with best practice within the higher education sector. The University’s governance structure has been developed to align with the principles and practices set out in CUC Higher Education Code of Governance revised in 2020. The Council commissioned an External Effectiveness Review in 2019, which was undertaken by James O’Kane, former Registrar and Chief Operating Officer of Queen’s University Belfast. This External Review concluded that the Council was discharging its duties appropriately and effectively as the governing body of the University. A number of recommendations were identified to ensure the Council continued to, and enhanced its alignment with the Code, and to ensure a fit-for-purpose Council. The majority of these have now been implemented including several key recommendations concerning the membership of Council, including reducing the membership of Council from 28 to 19,
which required amendments to the Statutes. These amendments were approved by the Privy Council in March 2021 and have now been implemented. The remaining recommendations will be considered alongside the recommendations from the independent review of governance in Wales, led by Gillian Camm (the Camm Review), published in February 2020. The next independent review of governance effectiveness is scheduled to be conducted during the 2022-23 academic year. In respect of the year ended 31 July 2021, the Council can report that there was no primary element of the Code of Governance with which the University’s procedures was not consistent.

**REVIEW OF GOVERNANCE OF THE UNIVERSITIES IN WALES**

The Council is committed to implementing the recommendations from the Camm Review many of which align with recommendations arising from the Council’s own External Effectiveness Review and the action plan identified by HEFCW in December 2019. In September 2020, the Council formally adopted the Governance Charter for Universities in Wales and Commitment to Action published in response to the Camm Review. While some actions have been delayed due to the COVID-19 pandemic, good progress has been made through 2020/21 including:

- in relation to understanding culture, the University has developed a University Strategic Vision and Purpose, through a wide ranging consultation process involving staff and students across the University, which places people, values, culture and behaviour at its heart and has incorporated a Leadership, Cultures and Values work stream in the University Transformation Programme to expand on work already undertaken to align and to create a values approach that promotes Swansea University’s culture and reflects the whole University. The University has also enhanced staff engagement through regular and timely communications, SLT webinars and Q&A sessions, Staff Wellbeing Surveys and a new Staff Intranet; and as part of the Internal Audit evaluation process identified areas which would benefit from cultural improvements;
- in relation to stakeholder engagement, the University has continued to engage with its key stakeholders including introducing weekly engagement meetings between the Trade Unions and the Executive and regular external meetings with the Local Authorities and Health Boards. The Council now has monthly informal meetings between the Trade Unions and the Chair of Council, is undertaking a review of the terms of reference of the Staff Consultative Committee in consultation with the Trade Unions, and during 2021/22 will review its practices in light of the anticipated good practice guide on stakeholder engagement. The University’s Court also plays an important and influential role on behalf of the University’s stakeholders;
- in relation to the size and shape of the Council, with the approval of the Privy Council (as set out above), the Council has amended the University’s Statutes concerning the Council membership to reduce the membership, to ensure a lay member majority, to restrict the length of membership terms, and to enhance the Governance and Nominations Committee’s role in leading on the appointment of all lay members. The Council has also reviewed and defined its governance roles and responsibilities for its statutory officer roles - the Chair of Council, the Pro-Chancellor and University Treasurer;
- in relation to ensuring effective strategic oversight, the Council has approved the University’s new Strategic Vision and Purpose, and, with the agreement of Council, the Senior Leadership Team is developing key performance indicators and other methods through which progress will be measured and monitored. Council also has undertaken a review of Council Committees with reference to regulatory requirements and best practice across the sector. Due to the COVID-19 pandemic no Council away days were held during 2020/21, however, away days held in September and in October 2021 the former of which dealt specifically with the development of key performance indicators;
- in relation to lay governor independence and conflict management, the University implements a robust approach to the identification and management of conflicts of interest for all staff, Council Members and any individual acting on behalf of the University. As part of the appointment process for prospective lay members of Council, individuals are required to make a declaration of interest which is reviewed by the Governance and Nominations Committee to ensure the individual has no vested interest which may affect their ability to challenge effectively and constructively and/or which may prevent them being appointed as a lay member of Council and/or as a Charity Trustee. Lay members of Council are required to make a declaration of interest on appointment to Council, to update their declaration whenever there is change, and to review their declaration at least annually. Declarations are reviewed by both the Chair and the Secretary of Council, in accordance with the University’s Declaration of Interest Policy and procedure, to ensure there are no potential or perceived conflicts, or if there are to ensure they are dealt with appropriately. The Council has adopted the role description for the Secretary to Council, developed in response to the Camm Review, which contains a clear statement of the Secretary’s accountability for highlighting issues of independence or conflict to the Chair. The Secretary to Council also maintains a register of interests for all members of Council, which is reviewed annually by the Governance and Nominations Committee. At the start of all Council and Council Committee meetings, all members are asked to identify any specific items on which a declared interests may have a bearing and, if required, members do not take part in the relevant discussion or decision, and/or may leave the meeting at the appropriate point. Any declarations identified and member’s participation in specific items is recorded in the minutes of the meeting. The University’s governing documents currently define ‘independent’ as not members of staff or registered students of the University. The Council is also reviewing its institutional practices in light of the guidance on independence for lay members developed in response to the Camm Review;
- in relation to lay member recruitment, the Council is committed to promoting equality and diversity, and endeavours to be inclusive, valuing the diverse nature of its staff, students and community. The Council, on the recommendation of the Governance and Nominations Committee, has reviewed its recruitment and appointment processes for all members of Council including its lay members to ensure that it is clear and transparent, to enhance its commitment to equality, diversity and inclusivity, and to ensure that it has due regard for the overall skills and experience of the Council, as part of which a new skills and experience matrix for lay members has been introduced. Vacancies for lay members of the Council are advertised externally, with expressions of interest particularly welcome from under-represented groups. The Governance and Nominations Committee is responsible for overseeing the recruitment process, for considering expressions of interest against the Council’s current skills and experience matrix to ensure that members possess the skills and experience that meet the Council’s requirements, and for recommending new lay members to Council for approval;
- in relation to remuneration governance, following a review of its remuneration governance in July 2018 and Council’s adoption of the CUC HE Senior Staff Remuneration Code, a further review of the Remuneration Committee’s terms of reference has been undertaken in light of the recommendations of the Camm Review and the outcomes of the independent UK review by Advance HE on behalf of CUC of the CUC Remuneration Code undertaken in November 2020;
- in relation to succession planning, following a review of Council Committees, Council has reviewed and enhanced the terms of reference of its Governance and Nominations Committee to include oversight for succession planning including reviewing the University’s approach to Council member succession planning and monitoring succession planning for key University roles;
- in relation to diversity and inclusivity, in addition to work around lay member...
The Assurance and Risk Committee receives in relation to whistleblowing, the Audit, Committee and the Chair of the Committee reviewed as part of the External Audit. The effectiveness of the internal audit function is Audit annually and meets separately with Assurance and Risk Committee exercises projects, including their governance, business are assigned as strategic, operational and managed in accordance with the following with the Strategic Vision and Purpose and are of Practice. During 2020, the University introduced a new risk management policy and framework ensuring that risks are aligned with the Strategic Vision and Purpose and are managed in accordance with the following core principles: clarity, scope, appropriate response, ownership, and responsibility and are assigned as strategic, operational and project. The Senior Leadership Team has also introduced a Strategic Opportunities Project Board which has oversight of all major projects, including their governance, business cases, and monitoring delivery. The Audit, Assurance and Risk Committee exercises oversight of Internal Audit, reviews the Internal Audit Strategy and the Audit Programme in the light of the University risk register, monitors the performance and effectiveness of Internal Audit annually and meets separately with Head of Internal Audit on a regular basis. The effectiveness of the internal audit function is reviewed as part of the External Audit. The Committee and the Chair of the Committee meet regularly with the Head of Internal Audit;

• in relation to whistleblowing, the Audit, Assurance and Risk Committee receives standing reports at each meeting on actions taken under the University’s ethical and other behaviors policies including whistleblowing. The University’s Whistleblowing Policy, which is available to all staff on the University’s website, has been reviewed to ensure it complies with guidance and legislation, and is fit for purpose, visible, easily accessible and user friendly. The Council will also receive an annual report related to whistleblowing;

• in relation to annual reporting, the University continues to make progress on implementing the new annual reporting template as recommended by the Camm Review;

• in relation to information, the University’s Strategic Vision and Purpose sets out the University’s overarching vision, as part of a tiered Strategic Plan approach, under which are a number of strategic pillars each of which will be supported by strategic enablers, which set out targets, activities and measures of success. The University is developing key institutional performance indicators to enable Council to evaluate the performance of the University against these targets, activities and measures identified;

• in relation to governor development, the Council, through its Governance and Nominations Committee, has in place a structured induction process to support all new Council members, as well as ongoing internal and external training and support for serving members, to ensure that all members are able to make a valuable contribution. The Committee continuously reviews this support and will also review its institutional practices in light of the work being undertaken by the sector in Wales around the development of a diversity strategy, and recruitment and induction of Council members, and will report to Council on strategies to ensure that Council is reflective of the community it serves;

• in relation to risk management, the Audit, Assurance and Risk Committee exercises oversight of Internal Audit and risk management and the Council has reviewed and agreed revised terms of reference for the Committee based on guidance in the new CUC HE Audit Committee Code of Practice. During 2020, the University introduced a new risk management policy and framework ensuring that risks are aligned with the Strategic Vision and Purpose and are managed in accordance with the following core principles: clarity, scope, appropriate response, ownership, and responsibility and are assigned as strategic, operational and project. The Senior Leadership Team has also introduced a Strategic Opportunities Project Board which has oversight of all major projects, including their governance, business cases, and monitoring delivery. The Audit, Assurance and Risk Committee exercises oversight of Internal Audit, reviews the Internal Audit Strategy and the Audit Programme in the light of the University risk register, monitors the performance and effectiveness of Internal Audit annually and meets separately with Head of Internal Audit on a regular basis. The effectiveness of the internal audit function is reviewed as part of the External Audit. The Committee and the Chair of the Committee meet regularly with the Head of Internal Audit;
Steve Wilks). During the year, three co-opted lay members stood down from the Committee having served for a number of years and one new member was appointed through the recruitment process for new lay members of Council. In line with HEFCW’s Financial Management Code, there is no cross-representation between the Finance and Strategy Committee and the Audit, Assurance and Risk Committee.

The Committee normally meets six times a year. During 2020/21, the Committee held eight meetings, two of which were special meetings that focused on the financial issues around the COVID-19 pandemic. All except one of these meetings was held remotely. Attendance at meetings during the year was high with over 90% of members attending seven meetings and 80% attending on the other.

The Finance and Strategy Committee’s key responsibilities are (i) to ensure the medium and long-term financial sustainability of the University through regular reviews of the University’s financial position, (ii) to ensure the University operates a robust system of internal financial control, (iii) to monitor financial performance and compliance, (iv) to have financial oversight of all relevant strategies and (v) to play a critical role in applying the University’s reporting framework and external governance requirements. Following a review of Council Committees, Council approved revised terms of reference and membership for the Committee in July 2020 and in February 2021 updated the constitution to increase the number of lay members from two to three to ensure the Committee had a lay majority. The Committee is chaired by the Chair of Council (Mr Bleddyn Phillips) and during 2020/21 its membership comprised of the Pro-Chancellor (Sir Roderick Evans), lay members of Council (Ms Elin Rhys, Professor Keshav Singhal and Ms Anne Tutt), the Vice-Chancellor (Professor Paul Boyle), staff members appointed by Senate (Professor Elwen Evans GC and Professor Ryan Murphy) and the President of the Students’ Union (Elin Davies). The Committee normally meets four times a year. During 2020/21, the Committee held five meetings, one of which was a special meeting that focused on Council membership and recruitment key recommendations arising from the External Effectiveness Review of Council and the Camm Review. All meetings were held remotely. Attendance at meetings during the year was high with over 80% of members attending three meetings and 100% of members attending two meetings.

The Governance and Nominations Committee’s key responsibilities are (i) to ensure compliance with external governance requirements, (ii) to review the membership of Council and its Committees ensuring it has the necessary balance of skills and experience to enable it to fulfil its responsibilities, (iii) to review and make recommendations on changes to the University’s governing documents, (iv) to review, advise and make recommendations on the recruitment and appointment of lay members of Council and its Committees, (v) to review, advise and make recommendations on succession planning, (vi) to oversee the induction, development and appraisal of Council members, (vi) to monitor the University’s Register of Interests and ensure a robust process is in place to identify any potential conflicts of interest and (viii) to review the diversity of Council and its Committees. During 2020/21 the Committee’s business focussed on the implementation of the recommendations from the External Effectiveness of Council and the Camm Review, and the revised HE CUC Code of Governance. In particular the Committee implemented revised recruitment and appointment processes for members of Council and Council Committees, oversaw the new declaration of interest processes and register for Council members, reviewed and recommended to Council amendments to the University’s Ordinances on the role of the Secretary to Council, and reviewed and recommended to Council a new role descriptor and appointment process for the Pro-Chancellor role including considering the roles and responsibilities of a Senior Independent Governor as identified in the Camm Review.

The Remuneration Committee is responsible for determining the reward strategy of the University and the remuneration of the most senior staff of the University including the Vice-Chancellor. The Committee is aligned with the CUC Higher Education Senior Staff Remuneration Code (published in 2018) and publishes an annual report, which is available on the University website. The Committee has a wholly independent membership. It is chaired by a lay member of Council appointed by Council - Prof Angus Muirhead was appointed Chair in September 2020 replacing Mr Gordon Anderson whose term as a lay member of Council was coming to an end - and during 2020/21 its membership comprised of the Chair of Council (Mr Bleddyn Phillips), the Pro-Chancellor (Sir Roderick Evans) and a further lay member of the Council (Ms Elin Rhys). In July 2021, following a review of the constitution of the Committee, Council agreed to increase the number of lay members of Council on the Committee in total from 5 to 6 in line with sector practice and to appoint Professor Edward David and Professor Kathryn Monk as members of the Committee.

During 2020/21, the Committee’s business focussed on the recommendations from the External Effectiveness of Council and the Camm Review, and the revised HE CUC Code of Governance. In particular the Committee implemented revised recruitment and appointment processes for members of Council and Council Committees, oversaw the new declaration of interest processes and register for Council members, reviewed and recommended to Council amendments to the University’s Ordinances on the role of the Secretary to Council, and reviewed and recommended to Council a new role descriptor and appointment process for the Pro-Chancellor role including considering the roles and responsibilities of a Senior Independent Governor as identified in the Camm Review.

The Remuneration Committee’s key responsibilities are (i) to develop an overall reward strategy and policy for senior employees of the University, (ii) to review and determine the remuneration, benefits and conditions of employment of the University sector and elsewhere as appropriate, (iii) to agree an annual framework of work and (iv) to review and report to Council on progress through its annual report which is transparent and meets the requirements of good governance.

During 2020/21, the Committee held 4 meetings and the Committee’s business focussed on considering and agreeing proposals regarding the remuneration process and remuneration arrangements for senior roles, discussing and agreeing the frequency of Remuneration Committee meetings and receiving reports on severance arrangements. All meetings were held remotely. Attendance at meetings during the year was high with 100% attendance at all four meetings.

The Audit, Assurance and Risk Committee is responsible for advising the University’s Confederation Council in respect of the entire assurance and control environment of the University. All members of the Committee and its Chair are appointed by Council, on the recommendation of the Governance and Nominations Committee, and all members are independent of the University’s management, although senior executives attend meetings as necessary. The Committee is chaired by a lay member of Council appointed by Council - Dr Kerry Beynon was appointed Chair in September 2020 replacing Mrs Rosemary Morgan whose term as a lay member of Council had come to an end - and during 2020/21 its membership comprised of lay members of Council (Mr Gordon Anderson (until March 2021), Professor Kathryn Monk and Ms Anne Tutt (from October 2020)) and co-opted lay members (Ms Alison Vickers and Mrs Navjot Kalra (from June 2021)). In line with HEFCW’s Financial Management Code, there is no cross representation between the Audit, Assurance and Risk Committee and the Finance and Strategy Committee.

The Committee normally meets four times a year. During 2020/21, the Committee held five meetings, one of which was a special meeting focussing on reviewing draft assurance and regulatory reports. All meetings were held remotely. Attendance at meetings during the year was high with 100% attendance at all four meetings.
was high with 100% of members attending four meetings.

The Committee’s key responsibilities are to ensure that the University complies with statutory, University and external regulatory requirements in relation to both its financial and non-financial activities and in respect of the issues within its terms of reference, and the Committee has the authority to make recommendations to the University, its organisational units and its members.

During 2020/21, the Committee’s business focused on ensuring suitable arrangements were in place to ensure the sustainability of the University particularly in relation to the impact of the COVID-19 pandemic, internal and external audit arrangements including approving and monitoring annual audit plans, reviewing risk management arrangements and the implementation of a new risk framework, and overseeing the University’s policies related to ethical and other behaviours. The Committee also reviewed its terms of reference and operation in light of the CUC HE Audit Committee Code of Practice published in May 2020, and which were approved by Council in November 2020.

INTERNAL CONTROL
The Council is responsible for ensuring there is a sound system of internal control to support the achievement of the University’s aims, strategic objectives and policies, while safeguarding the public and other funds and assets for which it is responsible. The system of internal control is risk based and designed to manage, rather than eliminate the risk of failure to achieve strategic objectives and as such, the system provides reasonable, but not absolute, assurance against material misstatement or loss. Council acts in accordance with the responsibilities assigned to it in the University’s Charter and Statutes, and the regulatory framework in which the University operates.

The key elements of the University’s system of risk identification and effective risk management include the following:

- linking the identification and management of risk to the achievement of institutional objectives through an on-going annual planning process;
- all risks, including governance, management, quality, reputational and financial are included within the University’s Risk Register, which is managed and maintained by the University’s Senior Leadership Team through a clearly articulated policy and approach. The Risk Register produces a balanced portfolio of risk exposure which focuses on the most important key risks;
- evaluating the likelihood and impact of risks becoming a reality as part of that same process and establishing mitigating controls;
- having review procedures that cover business, operational, compliance and financial risk;
- embedding risk assessment and internal control processes in the ongoing operations of all units;
- reporting regularly to the Audit, Assurance and Risk Committee, and then to Council, on internal control and risk;
- the Audit, Assurance and Risk Committee receives regular reports from internal audit and the internal audit and strategy plan is approved by the Audit, Assurance and Risk Committee;
- reporting annually to Council the principal results of risk identification, evaluation and management review;
- regular monitoring and review of the effectiveness of the internal control system processes and procedures is informed by the University’s professional Internal Auditors giving rise to monitored action where necessary and appropriate.

The University’s Senior Leadership Team has formal processes in place for evaluating and managing significant risks faced by the institution on an on-going basis. This involves identification of the types of risks through a top down and bottom up process at both corporate and departmental level, which are prioritised in terms of potential impact and likelihood of occurrence in accordance with an established and risk management policy. Risks are monitored along with the associated controls and risk mitigation actions on an on-going basis by the Senior Leadership Team. The Audit, Assurance and Risk Committee receives an update on risk at each of its meetings, the Finance and Strategy Committee receives updates on relevant risks at meetings and appropriate reports and recommendations are presented to the Council.

The University has a process for dealing with significant control issues, which involves immediate notification to the Chair of Council, Chairs of the Audit, Assurance and Risk Committee and the Finance and Strategy Committee and necessary senior staff, along with notification to HEFCW and the Charity Commission and any other relevant authority as appropriate depending on the nature of the issue.