

Governance principles and supporting provisions



The Welsh Parliament is the democratically elected body that represents the interests of Wales and its people. Commonly known as the Senedd, it makes laws for Wales, agrees Welsh taxes and holds the Welsh Government to account.

The Senedd Commission serves the Senedd to help facilitate its long-term success as a strong, accessible, inclusive and forward looking democratic institution and legislature that delivers effectively for the people of Wales.

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Introduction

- 1.** Corporate governance is the way in which organisations are directed, controlled and led. It defines relationships and the distribution of rights and responsibilities among those who work with and in the organisation, determines the rules and procedures through which the organisation's objectives are set, and provides the means of attaining those objectives and monitoring performance. Importantly, it defines where accountability lies throughout the organisation.
- 2.** The Senedd Commission (the Commission) is established as a corporate body to provide property, staff and services required to support the purpose of the Senedd and its Members. This includes responsibility for the governance arrangements to facilitate the effective operation of the Commission to deliver against its strategic goals and objectives.
- 3.** Schedule 2 of the Government of Wales Act 2006 sets out principles in accordance with which the Commission's functions are to be exercised. They are that:
 - The Senedd Commission must make appropriate arrangements with a view to securing that its functions are exercised with due regard to the principle that there should be equality of opportunity for all people.
 - In the exercise of the functions of the Senedd Commission due regard must be had to the principle of promoting sustainable development.
 - In the exercise of the functions of the Senedd Commission effect must be given, so far as is both appropriate in the circumstances and reasonably practicable, to the principle that the English and Welsh languages should be treated on a basis of equality.
- 4.** Sitting alongside the legislative requirements is the Commission's Governance Framework. This Framework, which comprises the structures, systems, processes, policies, rules and procedures, culture and values by which the Commission is directed and controlled, is central to the effective operation of the organisation.
- 5.** The Senedd Commission is not a profit making corporation, but does need to be business-like and operate according to the following recognised precepts of good governance:

- **leadership** – articulating a clear vision for the organisation and giving clarity about how activities contribute to achieving this vision, including setting risk appetite and managing risk;
- **effectiveness** – bringing a wide range of relevant experience to bear, including through offering rigorous challenge and scrutinising performance;
- **accountability** – promoting transparency including through clear and fair reporting; and
- **sustainability** – taking a sensible, long-term view about what the organisation is trying to achieve and what it is doing to get there.

6. In line with this and its Governance Framework, the Commission has adopted the principles and supporting provisions set out in this document. As well as covering the leadership, effectiveness and accountability elements set out above, they also outline arrangements for governance, risk management and internal control; remuneration of Members of the Senedd, office holders and senior management; and relations with Members of the Senedd. Together they are intended to help instil an effective operational culture throughout the organisation which, in turn, will aid delivery of the Commission's goals and objectives and the management of key business risks.

7. These principles and supporting provisions, which will be used to guide the work of the Commission and its staff, are consistent with relevant elements of the following governance codes, with variations which are appropriate for a parliamentary organisation:

- the UK Corporate Governance Code, published by the Financial Reporting Council (FRC); and
- Corporate Governance in central government departments: code of good practice, published jointly by HM Treasury and the Cabinet Office.

8. They also take account of the International Framework: Good Governance in the Public Sector published jointly by the International Federation of Accountants (IFAC) and the Chartered Institute of Public Finance and Accountancy (CIPFA).

9. In terms of behaviours to support these principles and supporting provisions, the Codes of Conduct both for Members of the Senedd and for Commission staff outline the importance of adhering to the seven principles of public life (the

Nolan Principles)¹. These promote a culture of integrity and openness. The Code of Conduct for Members of the Senedd also includes an eighth principle of respect.

10. These principles and supporting provisions should be reviewed periodically to take account of any changes to governance arrangements and/or updated codes and guidance.

¹ www.gov.uk/government/publications/the-7-principles-of-public-life

Section A: Leadership

A.1 Role of the Commission

- 11.** The Commission is responsible for facilitating the long-term success of the Senedd, and helping to make it a strong, accessible, inclusive and forward looking democratic institution and legislature that delivers effectively for the people of Wales.
- 12.** The Commission (chaired by the Presiding Officer) and the Commissioners are charged with the governance of the organisation and are accountable to the Senedd. The responsibilities of the Commission as the "governing board" include setting the organisation's strategic aims, providing the leadership to put them into effect, overseeing their delivery and reporting and being accountable to the Senedd on the stewardship of its assets.
- 13.** The Commissioners have collective responsibility for decisions and have equal status in discussions. The Presiding Officer and other Commissioners should challenge individual Commissioners if they do not:
- respect constructive challenge by others;
 - support this collective responsibility for fulfilling the organisation's purpose;
 - work together towards intended outcomes for the Senedd and the people of Wales; and
 - appear to act in the interests of the Senedd as a whole but solely in the interests of the political group with which they are associated.

Principles

- The Commission should set the organisation's strategic goals, and provide strategic clarity.
- The Commission should provide leadership of the organisation within a framework of prudent and effective controls which enables risk to be assessed and managed.

- The Commission should ensure that the necessary resources are in place for the organisation to meet its objectives and ensure plans are in place to meet both current and future needs.
- The Commission should ensure that robust, clear and consistent management and performance information is in place to help drive continuous improvement and should also regularly review the performance of management.
- Commissioners play an important leadership role in helping to establish the culture of the organisation. They should act in accordance with the seven principles of public life (the Nolan principles) and policies around dignity and respect, and lead by example in order to encourage good behaviours throughout the organisation. The Commission should also ensure that policies and practices are consistent with the organisation's values.
- Commissioners should also abide by the Rules for the Conduct of business by the Senedd Commission.
- Commissioners must act collectively in what they consider to be the best interests of the Senedd, consistent with any statutory obligations.

Provisions

- The Commission should meet sufficiently regularly to discharge its duties effectively.
- The Commission's annual report should include a statement of how it operates, including a high level statement of which types of decisions are to be taken by the Commission and which are to be delegated to management. The annual report should set out the number of meetings of the Commission and individual attendance by Commissioners.
- The Commission should ensure mechanisms are in place for any conflicts of interests to be declared and captured.

A.2 Division of Responsibilities

Principle

- There should be clear arrangements setting out the Commissioners' overall responsibility for discharging their statutory functions and the

arrangements for the delegation to officials of executive and operational management functions relating to the discharge of the Commission's business.

Provision

- The Commission should agree an instrument of delegation that sets out the executive and operational functions delegated to the Chief Executive and Clerk, and the terms of any functions reserved to the Commissioners collectively.
- The Chief Executive and Clerk and appropriate officials should attend Commission meetings to present proposals and provide context and information to allow the Commission to make informed decisions.
- There should also be regular dialogue between the Chief Executive and Clerk, the Presiding Officer and Commissioners on pertinent issues.

A.3 Presiding Officer

Principles

- The Presiding Officer, as chair, is responsible for leading the Commissioners in collectively discharging their role.
- The Presiding Officer is responsible for ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues. The Presiding Officer should also promote a culture of openness and debate by facilitating the effective contribution of independent advisers (see A.4) and ensuring constructive relations.
- The Presiding Officer should facilitate and ensure effective communication with Members of the Senedd (see Section E).
- The Presiding Officer should report personally in the annual report how the principles relating to the leadership and effectiveness of the Commission have been applied.

A.4 Independent advisers

Principles

- The Commission should appoint suitably qualified and experienced non-executive independent advisers to ensure that Commissioners and the Commission's executive team are provided with constructive challenge and assurance that governance arrangements are correct, effective and appropriate.
- Independent advisers should provide specialist advice and support and challenge management in meeting agreed goals and objectives. As part of their role, they should satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible.

Provision

- Commissioners should be involved in the appointment of independent advisers.
- The Commission should consider inviting independent advisers to its meetings where appropriate to provide advice, support and challenge.
- Procedures and safeguards should be in place to ensure any conflicts of interests which independent advisers may have are appropriately declared and captured.
- Independent advisers should provide constructive challenge in areas they are involved with and should also be prepared to challenge any perceived unacceptable behaviours.
- Where independent advisers have concerns which cannot be resolved about the running of the organisation or a proposed action, they should ensure that their concerns are recorded. On resignation, an independent adviser should provide a written statement to the Commission if they have any such concerns.

Section B: Effectiveness

B.1 Commitment

Principle

- Commissioners and independent advisers should ensure arrangements are in place and that sufficient time is allocated to discharge their responsibilities effectively.

B.2 Development

Principles

- New Commissioners and independent advisers should receive appropriate induction on appointment.
- Senior management should provide the necessary resources for appropriate development and training that a Commissioner or independent adviser might require.
- To function effectively, all Commissioners and independent advisers need appropriate knowledge of the organisation and access to its operations and staff.

B.3 Information and support

Principles

- The Commission should be supplied, in a timely manner, with information in a form and of a quality appropriate to enable it to discharge its duties.
- The Commission and Member Support Service is responsible for ensuring that the Commissioners receive accurate, timely and clear information.
- The Commission and Member Support Service's responsibilities include ensuring good information flows within the Commission and between senior management and independent advisers, as well as facilitating induction and assisting with other development that might be required.

Provisions

- Under the direction of the Chief Executive and Clerk, the Commission and Member Support Service's responsibilities include:
 - developing and agreeing the agenda for Commission meetings with the Presiding Officer, ensuring all relevant items are brought to the Commission's attention;
 - ensuring good information flows within the Commission and between senior management and independent advisers;
 - challenging and ensuring the quality of papers and information;
 - ensuring papers are received by Commissioners according to an agreed timetable;
 - providing advice and support on governance matters and helping to implement improvements in the governance structure and arrangements;
 - ensuring the Commission follows due process and advising on the Rules for the Conduct of business by the Senedd Commission; and
 - recording Commission decisions accurately and ensuring action points are followed up.

Section C: Accountability

C1. Accountability to the Senedd

Principles

- The Commissioners are responsible and answerable to the Senedd for the exercise of the statutory functions of the Commission. They have a duty to the Senedd to account and to be held to account, for all the policies, decisions and actions of the organisation.
- The Chief Executive and Clerk is the Commission's Principal Accounting Officer by virtue of Section 138 of the 2006 Act. He or she is personally responsible and accountable to the Senedd for the organisation and quality of management in the Commission, including its use of public money and the stewardship of its assets.

Provisions

- The Commissioners may allocate responsibility for oversight of a defined range of organisational work to an individual Commissioner.
- The delegation of Commission functions to the Chief Executive and Clerk, or to the Presiding Officer, should be documented and clearly set out any exceptions and reservations.
- The duties of the Principal Accounting Officer are set out in a letter of designation issued by HM Treasury. He or she should establish and document a clear allocation of responsibilities amongst officials, but retains overall personal responsibility and accountability to the Senedd for:
 - propriety and regularity;
 - prudent and economical administration;
 - avoidance of waste and extravagance;
 - ensuring value for money, judged in relation to the Welsh block and more widely for the Exchequer as a whole, not just for the Commission;

- efficient and effective use of available resources; and
- the organisation, staffing and management of the Commission.
- If the Principal Accounting Officer is instructed by the Commission, or the Presiding Officer acting on its behalf, to take a course of action that he or she believes to be contrary to their personal responsibilities, they must seek a written direction from the Commission. He or she may not rely on a Commission minute as an alternative to a formal written direction. Such directions will be forwarded to the Auditor General, who will normally draw the matter to the attention of the Public Accounts Committee.
- All such directions might be subject to public disclosure under the Freedom of Information Act 2000 if an appropriate request were to be made.

C2. Accountability to the public

Principles

- The people of Wales that the Senedd represents are key stakeholders and it is incumbent on the Commission to engage with them to ensure it is providing the highest possible standards of service.

Provisions

- Strategies for engaging and communicating with the public should be developed and maintained.
- Details of delivery against the Commission's goals and objectives and the use of resources should be included in the annual report and accounts.
- The Principal Accounting Officer should produce an Annual Governance Statement outlining assurances on the effectiveness of the Commission's governance framework in delivering its strategic goals and objectives. This statement should be published as part of the annual report and accounts.

Section D: Governance, risk management and internal control

D1. Governance, risk management and internal control

Principles

- The Commission and the Chief Executive and Clerk should ensure that there are effective arrangements for governance, risk management and internal control.
- As Principal Accounting Officer, the Chief Executive and Clerk is responsible for reporting on the effectiveness of these arrangements in the Annual Governance Statement which will be published with the Commission's annual report and accounts.

Provision

- The Commission should set out its appetite for risk and determine the nature and extent of risks it is willing to take in order to achieve its long-term objectives.
- The Chief Executive and Clerk should assure himself/herself of the effectiveness of the organisation's frameworks for governance and risk management and its internal control arrangements. He/she should ensure that:
 - there is a proper framework of prudent and effective controls, so that risks can be assessed, managed and taken prudently;
 - there is clear accountability for managing risks; and
 - officials are equipped with the relevant skills and guidance to perform their assigned roles effectively and efficiently.
- The Commission should ensure mechanisms are in place for any conflicts of interests pertaining to officials to be declared and captured.

D2. Internal audit and the Audit and Risk Assurance Committee

Principle

- The Commission and the Principal Accounting Officer should be supported by:
- an internal audit service operating to Global Internal Audit Standards; and
- an Audit and Risk Assurance Committee, chaired by a suitably experienced independent adviser.

Provisions

- The Chief Audit Executive should periodically be invited to attend senior management meetings, where key issues are discussed relating to governance, risk management or internal control.
- The Commission and the Principal Accounting Officer should be supported by an Audit and Risk Assurance Committee, comprising at least three independent members, one of whom should be its chair. At least one, but preferably more, of these committee members should have recent and relevant financial experience. A Commissioner with responsibility for governance and/or finance should also be a member of the Committee. Following each meeting of the Committee, information should be reported to the Commission.
- The Audit and Risk Assurance Committee should not have any executive responsibilities or be charged with making or endorsing any decisions. It should take care to maintain its independence. The Committee should be established and function in accordance with HM Treasury's Audit and Risk Assurance Committee Handbook.
- The Audit and Risk Assurance Committee should review the comprehensiveness, reliability and integrity of assurances on issues of governance, risk and internal control and whether they meet the Commission and the Principal Accounting Officer's needs.
- Advising on key risks is a role for the Commission and senior management. However, the Audit and Risk Assurance Committee should support this role.

- The Committee should also provide assurances on the independence of both internal and external audit.
- The Annual Governance Statement is published with the annual report and accounts. In preparing it, the Principal Accounting Officer should assess the risks facing the organisation and ensure that its risk management and internal control systems are effective. The Audit and Risk Assurance Committee should support this assessment.
- The terms of reference of the Audit and Risk Assurance Committee, including its role and responsibilities should be made available publicly. The Committee should submit an annual report to the Commission who should report on the work of the Committee in its annual report to the Senedd.
- In line with good practice the effectiveness of the Audit and Risk Assurance Committee should be periodically evaluated.

Section E: Remuneration

E.1 Members

Principles

- The Remuneration Board ('the Board') is an independent Board established by the Senedd. It aims to ensure that Members of the Senedd and Senedd office holders, are remunerated appropriately and are equipped with the financial resources necessary to operate effectively in a modern parliamentary institution.
- Regular communication and dialogue between the Commission and Remuneration Board is important. This is in recognition of the statutory roles and interdependency of the two bodies in providing support and services to Members of the Senedd.

Provisions

- The Board is not subject to the direction or control of the Senedd or of the Commission. The decisions of the Board are final and not subject to ratification or approval.
- It is the responsibility of the Commission to implement the Board's Determination.
- The Board operates in accordance with its own Governance Principles and guidance on the conduct of its business.
- The Commission is required to provide secretariat support for the Board to enable it to operate effectively. The Commission and Member Support service is responsible for implementing the Board's Determinations and advising Members of the Senedd and their support staff on issues relating to the Determination.

E.2 Remuneration of senior management

Principles

- Levels of remuneration should be sufficient to attract, retain and motivate senior managers of the quality required to run the organisation

having regard to wider issues of pay and remuneration within the public sector.

- There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of the Chief Executive and Clerk and directors. No individual should be involved in deciding his or her own remuneration.

Provisions

- The Commission should appoint a committee consisting of at least three independent advisers, one of whom should be the chair, to give advice on the remuneration of senior management. The remit of the committee can be wider than advising on remuneration but for the purposes of this document it will be referred to as the Remuneration Committee.
- Where senior management are involved in advising or supporting the Remuneration Committee, care should be taken to recognise and avoid conflicts of interest.
- The Remuneration Committee should have terms of reference, explaining its role. Where remuneration consultants are appointed, a statement should be made available of whether they have any other connection with the organisation.
- The Remuneration Committee should produce an annual report to the Commission outlining the work it has undertaken.

Section F: Relations with Members of the Senedd

F.1 Dialogue with Members of the Senedd

Principle

- The Commission and Chief Executive and Clerk should establish a regular dialogue with Members of the Senedd based on the mutual understanding of objectives.
- The Chief Executive and Clerk and the Presiding Officer should ensure that all Commissioners, and independent advisers, are made aware of Members of the Senedd's major issues and concerns.

Provisions

- The Presiding Officer and Chief Executive and Clerk should ensure that the views of Members of the Senedd are communicated to the Commission as a whole.
- The Commission and Member Support Service should establish communication with Members of the Senedd by a variety of means to ensure that they are kept up to date with the Commission's deliberations and to receive and handle any concerns and issues that Members might have.
- The Commission should state in the annual report the steps they have taken to ensure that the Commissioners develop an understanding of the views of Members about the organisation, for example through direct face-to-face contact and surveys of opinion.